$1 Million, 10 Years, Zero Excuses

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We've gotten some mail regarding our requirement for posting here. Which is a $1M+ net worth and at least 5 years of front office experience. For some, this seems "impossible". But. The math simply doesn't lie. If you're 27 years old and you've made Vice President in a revenue generating role, you're already making ~$500K per year (yes we're back to 2006 compensation levels already). In less than 3 years you'd have at least $600K assuming you saved $0 during the years you made ~$200-300K per year. Enough of that. We're going to outline a step by step process for *anyone* to generate $1M in net worth even if you *don't* want to work on Wall Street. Will it be easy? No. Nothing worth doing ever is.

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JOB, CAREER AND BUSINESS

If you found this blog you're in luck. You can easily tell the difference between a Job, Career and a business as follows: **1) Job:** Trading time for money (Hourly wage or fixed Salary), **2) Career:** trading performance for money (Income is primarily from performance. Delivering results.), **3) Business:** You have created an establishment that will make money while you sleep (product sales, outsourced work flow)

That summarizes every single position in the world. 80%+ of people will not understand the paragraph above (luckily our blog is targeted to the 20%) and they will continue to trade their time for money. This makes it impossible to become rich and around 33-35 years old they become bitter/jaded as they did not hit their goals.

Job: A job is only acceptable as a temporary position. You can take a job only under the condition that it is 1) not minimum wage and 2) you can transfer the skills to your future career or business. No exceptions to this rule.

People who are willing to work for free are *begging for help*. In addition? The only person willing to hire free labor does not have the power to afford *quality* paid for labor. How are you going to learn from someone who can't even afford to pay you $15-20 an hour? You're a human being and deserve to cover your bills even if you are learning for the most part. Besides. If he's willing to pay you? He's thinking of ways to leverage your skills long-term as he finds what type of intelligence you have.

To drive the point home. If you're even thinking about taking an unpaid position, we're going to assume you're lazy. Why? If you're actually willing to work hard (60-80 hours a week when you're young)… Then? You would have put in the time to find a position you *would* be paid for! Doesn't get much simpler than that. The only person who is willing to work for free is simply a fool.

Perhaps there is an exception to this rule? We haven't seen it. Maybe if you get to work with Warren Buffet you can go ahead and work for free. But. Working for any large company for free (or even worse a small one) is simply a bad move. Your time is worth *at least* $15 an hour.

Career: A career is a performance based position. Do not be fooled by high salaries or high hourly wages. Even if you're making $100 an hour that is only $200K per year. The Company will do everything in its power to prevent you from making more money than that.

The deadliest company trick in the book is paying someone *more than they are worth* in the early years (22-27 years old). Then… proceed to pay them *less than they are worth* as they remain at the Company. This is a classic move done in high salaried positions such as consulting. Dangle the carrot of making partner, burn them in their early thirties. One out of ~40 make the partner jump and get that equity. You see this trick time and time again in many industries.

Reiteration: *A career is a performance based position.*

Many careers (pure sales in particular) provide extremely *low* salaries with large performance upside. Think 30/70 split where 30% of your compensation comes from salary and 70% comes from performance fees on a quarterly, semi-annual or annual basis. Absorb the pain. The beauty of a sales role is that the skills are transferable into *any* industry! If you are good at sales you will always have income. If you can convince someone to fork over $50K for an enterprise B2B product, you're going to have no problem selling cars if you hit a rough patch in your life.

The second variation of performance is *equity*. This is where the engineers come into play, not the ones who work solely for a capped salary. Equity is just a cute word for ownership. You are in a performance based position because your net worth is directly tied to the valuation of the Company you work for. If you can expand the Net Income line by $100K… and it obtains a 10x earnings multiple… That's a million bucks. Just make sure you're able to negotiate a fair slug of equity so you get more than $2 of that $1M valuation increase.

Business: In this situation you leverage all of your skills. Every single talent you have is poured into your business. A business is something that makes money even as you do nothing. Of course if you do nothing for multiple years it will likely die. But. You've created a system that makes money in your sleep.

Etch this quote into your brain: *"You are hardworking or you're smart. You cannot be both."*

When you have no skills, you're forced to become hardworking. You're killing yourself day in and day out to learn valuable transferable skills. Eventually, you have learned enough. You jump from working hard to leveraging all of your talents into scaling an actual company/business. At this point, once you're generating meaningful revenue, you're looking to *hire* hardworking people who don't have the skills to start a company *yet*.

This is a huge jump. The building phase takes a lot of effort and once you're generating a meaningful amount of money… you need to be able to *spot* talent. If you can do this, they will help you build a meaningful business.

After they learn the ropes? They will probably leave to start their own venture. Long-term, you both win.

In Short: If you're young, you may need to take a job to build small skill sets to get into the career you are longing for. Once you hit age 22 you should not work in a job ever again. Business or career only. In our opinion, it is best to learn the ropes in a career for at least 3-4 years before starting a business. If you're already running a scalable business, then this entire section could be skipped!

BUILDING TRANSFERABLE SKILLS

Now that you've got the framework… It is time to define what a "transferable skill" is. In short, a transferable skill is an *intangible skill*.

Funny. Many people think that tangible skills are the best but those can be outsourced. We talk about this a lot on the blog. Anyone can learn how to build a financial model. Anyone can learn how to read a graph. Anyone can copy and paste numbers from an SEC filing. Anyone can do basic arithmetic. In short, if it can be learned in less than a month it's *not* a transferable skill.

Transferable skills are any skills that are unique to you. A simple person to person example? A fast twitched athlete would be unique to you. This would directly oppose a slow twitch endurance athlete. Neither is good nor bad. They are simply unique to you and your development of them will determine how good your talents are.

On a more important note, lets focus on transferable skills for money making:

Sales: You already knew this one was coming. If you're good at sales you will always make $200K+. Emphasis on good. You sell to people with money (primarily older women worried about their fading looks) or you sell extremely expensive items to wealthy men. That's generally how the market is split up. If you are good at sales you are not selling to your typical middle class man. Why? He is usually a weird frugal guy who refuses to buy anything. *You sell to either women or you sell to wealthy men* who are willing to pay a premium for high quality products/services.

Networking: This is somewhat similar to sales. The only difference is that you don't need to transfer a feeling. It is a lot easier than sales. Become a trusted source of good information. Then? Link two people who will *mutually* benefit. You will collect a commission for doing this. Why? It has a lot of value. If you're able to realize that Person A needs Person B's skills… And you're the person who figures it out? That skill cannot be taught. *It is valuable and not replicable by a sweatshop in India*.

Production Improvement: This is *largely* overlooked. Many people say "I can't think of a new idea or product". So what? It doesn't matter. What about improving the actual efficiency of the product or business. This is either on the cost side or on the revenue side of the equation! If you tell a company that you can reduce its costs (Total Cost of Ownership = TCO) by 25% at a cost of just 5%? They are going to hand you money. On the other side… If you can improve their sales funnel that results in a revenue increase of 5-10%? They will pay you a few hundred basis points for that product. *You don't need to recreate the wheel. Make the wheel run smoother.*

Basic Maintenance: The most obvious example would be property management. Creating a quick stream of income in a niche neighborhood and managing properties for wealthy individuals. Once you gain the trust of a few wealthy men? They will refer you to other wealthy individuals looking for some monthly income. Once you've gotten the tasks down (insurance, good tenant screening, solid marketing of each rental property) it becomes a easy monthly paycheck. Notably, you can do this for many other industries as well. Just look at TaskRabbit as an example of outsourced services for menial needs.

Continuity: Ah yes, the holy grail. You affiliate marketers who keep visiting the site from StackThatMoney are all nodding in agreement. You're able to private label your product and you've set up a monthly rebill. All your income comes from the re-bill and gaining the customer is the real headache. The manufacturing of the product is meaningless since anyone can set up the infrastructure in China (even an imbecile can do this!). The real skill is getting the quality up, getting the sale up and making sure other people don't try to steal all of your market share.

The best example is one everyone knows of… NetFlix. Probably the best re-bill on the planet.

In Short: We don't know what you're good at. Maybe you're better at creating the product. Maybe you're better at selling. Maybe you're better at improving efficiency. We simply don't know. What we do know however, is that you need to find your niche skills and begin leveraging them. Time is not on your side and if you waste it trying to target meaningless niches you're going to go belly up in a hurry.

THE QUICK AND DIRTY $1M MATH

Many people skipped the first two sections and jumped here. A million bucks in 10 years is not that difficult. We would wager that you'll clear this figure in 7-8 years instead of 10.

*"Can't be too upset as I've made it many times over already based on your benchmark of 1 mil by 30, but had to stop for a moment to **think about how much more could have been achieved if I had read this post 10 years ago**"* – Stealthy1Percenter

Before we simply brush off this number as easily obtainable we're going to outline the requirements here. Assuming you start at $0.

1) Give up three years and you will be free; 2) You will not work less than 70 hours a week for the *first* 3 years; 3) You will have two forms of income by year 5-6 at minimum; 4) You will not waste your time fixing weaknesses and will focus on your strengths; 5) You will not try to regurgitate another product unless it is *the only* product and you will take second place (Pepsi vs Coke as an example)

If you break one of these rules you're unlikely going to succeed. We're not too worried about your spending habits or your current skills because it is incredibly easy to make $100K a year if you work 70 hours a week for three years. After year three you will be efficient and you won't crack more than 50-60 hours a week unless you made bad decisions. Besides. To make $100K a year you only need to make ~$27 an hour. A typical career will pay you north of $100K out the gate if you're in a major city. If not? Well follow the path below anyway:

Year 1: As stated above. Your first three years are going to be dreadful. You will encounter many battles with self doubt. You will fail many times over and over and over again. You will work hard. By the end of year one you will realize that the only people who watch motivational videos are for weak people. You will fade into the abyss as you are forced to drop contact with many people due to your rigorous work schedule. In year one here is your goal. **Find your talent.** Only in year one are you allowed to work a "job". You will likely work *two* jobs if you haven't found a career yet. You work in one that is focused on Intent (sales, people connection) and you will work in another focused on Synthesis (networking, efficiency). Once you find out which one you're good at, you jump into that career. **Net Income: $80-100K. Net Worth ~$40K.**

Note: Numerics is left off. If you are good at numerics you don't need to find where your talents lie

Year 2: You are now in a performance based position. It does not matter which type of performance you choose. You are simply leveraging *your* talents. Do not listen to what other people are "telling you to do" you're following *your* talents. Why? The masses don't know anything anyway! By year 2 you must have a career at *minimum*. If you're extremely talented go ahead and jump into business. But. Generally, you're going to spend a couple years in the career zone. You work on your business ideas on the side. Finally, if you're only working 50 hours a week, find a side job for another 20 hours. Don't settle and break the rules. **Expected Income: $120-140K. Net Worth ~ $80-100K.**

Year 3: The last two years have been awful. You feel like you haven't accomplished much but in reality you have. Your skill set is currently being honed and you've got some money in the bank to show for it (likely near $100K). For some, you're going to spend more time on a side business (section 2 on using your transferable skills) while others still need a bit more time in their career. This is typically a dark and boring year but you're much more efficient. 70 hours are clipped and you're only up about 10%. **Expected Income: $135-155K. Net Worth ~$150K.**

Year 4: By now you know what you're doing. You have at least one idea for a business that is based on your transferable skills: Sales, Networking, Production Improvement, Basic Maintenance and Continuity. In an ideal world everyone hits the continuity button! That said, you're now going to focus about 45 hours into your career and that remaining time is going to be spent on your side business idea. You're going to see a minimal increase in earnings for the year and build up a brand/reputation. **Expected Income: 150-170K. Net worth ~$225K.**

Year 5: This is typically a banner year for those in a serious career. Around year 5 you're finally generating real revenue for a firm. You are also hitting your stride in efficiency. If you're still working 60+ hours a week then you're either a poor employee or you are not well positioned politically within the firm. When you make the leap on Wall Street this usually means a 50% move in compensation. If not? Well you're still in the low 2s range. Since we don't know a person's specific career path we'll assume another 10-15% move as you're still spending a good 20 hours or so on your side business. **Expected Income: $170-200K. Net Worth $310K.**

Year 6 – 8: Now we're into the good years. You should be hitting your stride and getting ready to pull the event button soon. If your side business has been growing for about 3 years, this is usually where the traction starts to show up. If you wasted your time trying to copy products or you wasted your time targeting niche fields with no money… You're going to be in pain. Since you're reading this post we assume you didn't make that foolish mistake and you've got traction. Either A) it's now generating a decent amount of money for you ~$50K or B) you're realizing the growth is outpacing your career income growth! You either quit or gather a team so you can have two forms of income (we suggest gathering a team, but if you're real greedy… quit and go it alone). Your income should continue to go up by about 10% but we'll flat line you at $200K + $50K from the side… You're saving $125K easily. **Expected Income: $250K. Net Worth: $685K as of year 8.**

Year 9 and 10: Well you've made it already. By giving up three years of your life (pretty meaningless since your early 20s are the most energetic years) you're now a millionaire. You're about 31 years old and you put away another $250K + market returns on all of your investments. We can squabble all day about how much you will actually have at 30. But. In reality, $1M by thirty is easily attainable with this game plan. In fact we'd go ahead and say you'll *exceed* this number over the course of a decade. Using Wall Street as an Example by 27 years old you should be at the $350-500K marker and that alone will push you over the next 3 years. The real smart ones simply build that second form of business income and throw it into the bank. $50K a year is an easy sum to achieve even if you are lazy and decide to write copy on the side. **Expected Income: $250K. Net Worth: $1M+… Call option with an *event* sale of the company.**

In Short: Now you realize why it is important to put the big blocks up first. If you're trying to catch someone who is already in year 5 of the described plan you will be hurting. Year 1 effort is always significantly harder than year 5 effort from an energy standpoint. In addition, this is a clear step by step year by year outline of how to leverage your skills to make money. Don't bother listening to other people who claim it is not possible because they are not willing to put in the work.

Find that career. Find that side income. Scale. The side income will *more likely than not* be neck and neck with the career income by year 8 on the time-line. Will happily bet money on that one.

TARGETING AND SELLING TO THE RIGHT MARKET

Now that you've got the 10 year *blueprint* lets make sure you don't throw up a huge mistake on the side income piece of the equation. The career debate is already dead as you simply look for performance based income. Anyone arguing for hourly wage non-sense is simply drinking far too much kool-aid.

How Do You Find the Right Market?

1) The Right Market is Willing to Spend Money: The word choice here is critical. This is also why we laugh when people try to target middle class men for money. Middle class men are generally cheap guys who are having their money spent by their wives (hint right there). The "right market" is the market that is going to spend the money. Not necessarily the one that is making the money. If your buddy is making $100K a year but he's the same guy haggling for a $10 discount for his broken iPhone screen… He's a tough guy to sell to. If your friend is hitting 28 and she's single looking to find her man by maximizing her looks… She'll be easily sold to (okay enough with the hints you already get it)

2) The Right Market is the Masses or the 1%: Those are the two segments. Rich men are willing to *pay up* for quality and status. This is why Ferrarri's exist and this is why the largest companies in the world cater to the high end or they cater to your regular Joe Blow (80% of the population).

Generally speaking, a rich guy knows that he gets what he pays for. But. He is also smart. He will research your product and prod with intelligent questions.

Average Joe is the reverse. He is driven by emotion and will buy based on how he feels. If you can make him "Feel good" or make him think something will "easily solve his problems" without doing work… He'll buy. This is exactly why products sold to the masses come with ridiculously idiotic statements like "guru's hate him" "this one weird trick" "research science approved" (typically unrelated) so on and so forth. Joe average is going to buy based on feeling. This is why he likes motivational junk, quick fixes, and of course **pain.**

3) The Right Market is Sold in the Right Way: As long as your product is legitimate should you care about the sales technique? No. So long as you're not doing anything illegal it does not matter "how it is sold" the only thing that matters is *if it converts!*. Remember this when you're starting to sell your product.

Rich People (top 20%): If you're targeting smarter and richer people (this blog) you're not going to use phrases like "one trick!", "approved by Kim Kardashian" so on and so forth. You're going to have to spend a lot of time building a brand before even mentioning products you use. Even then? Simply disclose you make a few bucks off the recommendation.

Average People (bottom 80%): Now… If you want to make money faster… You're targeting Jane regular. Yes we've switched to Jane regular for a reason. The number one complaint about women is as follows: *"women are emotional"*. This is a wet dream. This means they are easy to sell to! If a person's mood is easily influenced… It means that they are easily convinced to buy!

Take it to the extreme. If you're trying to sell to a Monk or a girl who is scared of losing her looks… Who's easier to sell to? The answer is easy. The emotional one. The girl.

Reiteration. So long as your product works and does as advertised, it does not matter how you sold it. An emotional person is *not* going to respond to logic and reason so don't use it! Type in 8th grade level English and make the sale. There is no value in using "verbose" language. Funny. Even with the word "verbose" in quotes it looks like a junk sentence.

In Short: You're really looking for three things. You're looking for people who will actually spend money. You're looking to target a lucrative market. You're looking to sell "correctly" and the correct sale is an emotional one. This is the topic of the next section.

THE ONLY SALE THAT MATTERS IS THE ONE THAT CONVERTS

The best part about this section is we *can* give you "one quick trick". **Stop trying to sell with logic. Start selling with emotion.** This is the most mind boggling concept for people who focus primarily on numeric based skill sets. Engineers and Quants in particular attempt to apply logic to humans and it simply doesn't work. People make their purchasing decisions based on emotion and feelings. This applies to wealthier people as well. The only difference is that the wealthy person *does research* and makes sure he clears enough "utility" from the purchase.

"A person is in *Pain* or they are seeking *Pleasure*. Provide a solution to *get rid of the pain or provide a solution to obtain pleasure*. That is how you sell" – Wall Street Playboys

Generally speaking, pain sells more. Everyone knows this. This is why men who seek money will shell out thousands of dollars for get rich schemes and women who seek beauty will pay top dollar for any physical improvement. That really boils down the two sexes in a single sentence. Men want money to elevate their worth. Women want looks to elevate their worth.

Now that we've given you the "trick" to selling… It is 100% easier said than done. You must communicate at a much lower level to sell to the masses. Do not bother with insane vocabulary. Do not bother with logic. Do not bother with statistics.

The typical phrase is "Keep it Simple Stupid" or (KISS). You can go ahead and remove the first S in that equation when targeting the masses. Keep It Stupid (KIS). If your sales page or advertisement cannot be understood by a 12 year old… It is not a good advertisement. Lets look at some examples:

Infomercials: Infomercials are not there for fun. They are spending money on the airtime. Notice… What products are being sold? Primarily: 1) lazy products, 2) depression/insomnia products and 3) alcoholic recovery products.

Lazy Products: This makes complete sense. The type of person watching lame infomercials is likely a stay at home mom or a lazy person. They see a "cool gadget" that will save them 5 seconds on dicing tomatoes… This gives them an extra 5 seconds to watch more television! Hooray!

Depression/Insomnia Products: This also makes sense. A lot of *late night* infomercials are targeting people with sleeping issues. Someone is up watching TV all night at 2 in the morning. Typically, before these commercials come on, at around 10pm or so they have "dating products" because if you're at home watching TV on a Friday/Saturday night you're likely lonely.

So sign up for eHarmony! Then when the viewer has not taken action and feels depressed at around 1am… Boom! Here are some depression/insomnia medication products!

Alcoholic Recovery Products: The last subset is the alcoholic recovery section. A lot of people come back from another depressing night out trying to score at the bar and stumble onto their couch to watch TV. Many of these people have serious alcohol issues and the infomercial is right there to "save them".

Pleasure Commercials: This is obvious and you don't even need to read this section. Go watch the commercials for any major sporting event and you'll primarily find beverage and insurance commercials. Alcoholic commercials are clear as day. You're watching a fun event. You want to be entertained. Nothing better than a "cold one" to increase your pleasure.

Alternatively, there is the insurance side. You think this has nothing to do with pleasure? It does. In fact it's *both* pain and pleasure. The other main audience (besides younger people watching for fun) are middle aged people with families. They constantly think of their kids (they probably play the sport as well) so here's a great way to take a hold of your family. Get solid insurance in case anything happens (fear of loss, family combined with pleasure, feeling responsible).

Now if these examples were "obvious" then you're in great shape. It's time to create your own ads! Learn how to write good copy and see how good you are. Be warned. This is easier said than done.

If you've watched ads and wondered *"why in the world is that a popular ad"* you're going to "un-learn" those thoughts! Chances are… if the ad is on prime time television… it is Return on Investment (ROI) positive.

We're not kidding when we say Keep It Stupid instead of Keep It Simple Stupid.

In Short: The primary lesson here is the same. It does not matter "how you sell" so long as the product is legitimate. If the best advertising technique was to show overweight people mud wrestling on television… You should do it (note: never works!). The only good advertisement is the one that *converts*.

CRUISE CONTROL AND REAL WORK LIFE BALANCE

Now that you've read this post and everyone who sees this is a millionaire (joke) it's time for a more serious matter. *Real work life balance.*

If you've followed this path and find yourself with a solid 7 figure net worth and multi-six figure income streams you're allowed to find balance. For the vast majority of people, they have not earned this right (yet). They should align their ducks and get to work.

Once you feel comfortable, you should now focus on your health and the power of 1%.

Health: No lies. During your first 3 years, your health will likely suffer a bit. You're going to work so hard you will *actually break* at least once. Once you reach this limit you'll know when you've gone too far. After a good 5-6 years of nearing the line but never crossing it… You should now shift your focus to *maximizing* your health. Again and again. While money is immensely important, the reason why you have it is to keep your health! By being rich you're able to eat healthy, get some sun, live without stress and help people who have helped you in the past. The point of getting money is not to buy a Tesla (you can if you'd like) it is to eliminate every negative aspect of your life.

If you hit your first million in your late twenties this may mean working 40 hours a week still. If you hit it when you're in your mid 30s it may mean 25 hours of work per week. We don't know. Just make sure you're maximizing your health because that was the entire point. If you're rich and stressed out/unhealthy you're doing something terribly wrong.

Make Small Adjustments: Begin fiddling with your business and your career. Can you give up some of your income stream in exchange for time? How much time will you save? How much will it cost you?

Many people attempt to do everything in a small group of 3-5 people. This works… until? You cross a certain net income level. At that point you have to expand. Do your best to maintain your equity and simply offer a higher salary to the person looking for a job.

The power of 1% is certainly real. Do this five times. **5% of a full week is 8.4 hours.** That is a lot of time! That is literally a full day of work you just avoided. In other words you could spend 8.4 hours at the gym, eating healthy, reading a book and taking your dog for a walk. It really is up to you. But. 8.4 hours is a long period of time to have freed up!

In Short: If you've followed the path outlined here, your goal is to *avoid money addiction*. We really need to do a post on this but most wealthy people are *not* addicted to getting the money. **They are addicted to making the money!** It is simply a game they are playing and it is the hardest game in the world (picking up girls gets easy after about 3-4 years). But. Once you're free, you're allowed to strike a balance. Consider your health. Consider your social life and don't fall victim to the money *making* addiction.

CONCLUDING REMARKS

We've reached the end of the post. It truly is possible for anyone to obtain $1M in 10 years. Maybe we have too much faith in our readership but who knows. Below are the bullets:1) A job is a time for money exchange only done to *temporarily* build skills for a future career or business; 2) Never work for free or for minimum wage; 3) A career is a performance based income stream and a business makes money while you sleep; 4) Find transferable skills: Sales, Networking, Efficiency, Maintenance, Continuity; 5) Simplistically, if you can average ~$200K+ a year over a decade starting at $100K and scaling to $300K+ you will easily become a millionaire if you want. You won't have time to blow through all the money anyway; 6) Again and again, frugality is a joke. If you're busy earning? The saving part takes care of itself. You don't get rich if you don't invest in your skills. Example: "research ways to save $5" vs. "spend same amount of time making $25". Option one leads to $5… Option 2 leads to $30 with the same time spent!; 7) Target the right market. Either emotional people in the 80% or wealthy people in the top 1-20%. 8) Sell with emotion not logic. Logic does not work. 9) Pain sells much better than pleasure. Particularly if you can target an insecurity.; 10) If your product is legitimate, how you sell it is irrelevant. The only thing that matters is if it *converts*; 11) Creating good ads/copy is *NOT* easy. Particularly if you're a logical person. You're going to have to dumb down your writing and intellect to an 8th grade level at *maximum; 12) You didn't get rich to be an unhealthy fat person. Your health is number one. Your money can also help your friends and family who were there for you when you needed them during the dreadful "down" years.

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10 Free Copies of Gorilla Mindset

We've been busy to say the least. That said, we did get the chance to purchase our friend mike's book "Gorilla Mindset". The bad news? We are only 30 pages into it and will read it when business slows down.

We see eye to eye with Mike on a lot of topics and think that many readers here will benefit so we're going to give it away (a hard copy) to ten readers of the blog.

1) Leave a quick comment on why we should send you a copy

2) Please provide a one paragraph review when you've finished reading the book (5 or more clean sentences)

That is it. Provide your contact email when you leave your comment and we'll take care of the rest privately via email.

*****the giveaway is already over. For those that are skeptical we are paying mike cash and will not alter any words on the actual book review. We simply don't have time to read at this time so this is a cheap option. Coins really.*****

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10 Obscure Reason We're Happy to Be in the USA – Also Q&A Announcement

Being born in the United States immediately vaults you into the top 5% in the world (roughly speaking from a "luck" point of view). You don't need to do anything special and you get to start well ahead of everyone else on planet earth. Sure there are exceptions such as rich families abroad, but we're talking about a general rule of thumb. Also. You're born in the platinum age for making money which means there is absolutely no excuse for failure.

1) No Talent? Clear 6-figures: We've already done a post on making 6-figures if someone is as talent-less person. Having no talent means that the only skill is "working hard". Individuals can easily make this by going into the looks industry or any sales role for medium value products. Seriously. People think we're trolling or clowning on people but we're not. We have verifiable proof that you don't have to have any skill to make 6-figures. You don't need to be a good athlete to become a personal trainer for example. All you have to do is get in shape and show up. Again. We are all for this idea if someone doesn't have any skills. We'd never take fitness advice from these people but the market exists since so many people will pay for "hand holding".

Secondarily, you can just work in multiple sales roles. If you have no talent you won't convert a lot of your leads but you'll still be employed for a long time. Why? Most people are too scared to pick up a phone and "dial for dollars". Even without a knack for sales, you'll improve through sheer volume and the income will become stable. Good economy or bad economy, someone needs to sell the products.

2) Flattened Access: Unlike other countries, everyone has access to the most important tools. The Internet is free (libraries if needed) allowing you to learn about anything you like. People like to claim that it's not possible to move up socioeconomically… and it just isn't true. The truth is that a flattened access market allows for the cream to rise to the top. If you're in a developing country the opportunities are far, far, far smaller. In developing countries (for those with real travel experience), there is merit to the whole "you need to be born rich to have a chance" argument. In the USA… it just isn't true which is fantastic. Before the complaints come in… an **incredible** 80% of millionaires first generation.

3) Speed In General: Speaking of internet access… If you've tried to use the internet in third world countries it can quickly turn into a disaster. Moving slowly is a general "rule-of-thumb" in developing countries. People don't show up on time (5x worse than the United States), coming to an agreement can take days or weeks when it would normally take hours and older infrastructure makes overall movement slower. Moving slowly is probably the biggest reason for remaining in developed countries as it's difficult to offset the long-term costs associated with this.

4) Limited Freedom: If you're rich, it's a lot more dangerous outside of the United States. Being rich in a developing country can lead to kidnappings/violence. A short trip is perfectly fine as you won't develop a reputation in a specific city/country if you go out a few times a year. Try living there for an extended period of time popping bottles 4 days a week and the crime will come out and find you. This is the second largest reason to remain in a developed country. You can do what you like to an *extreme*. The only exception is if you become famous and ultra-rich… then you're forced to have body guards (likely an awful experience).

5) Access to Leverage: Leverage and debt allows you to increase your net worth over multiple years. By being born in the USA you're given access to the "carry trade". High-yield currency funds low-yield currency (spread gained). This is something that you will likely do in the future and the first time you set it up you'll realize how fortunate you were to be in the United States to begin with. Even the rich families in developing countries have to jump through hoops to invest in other currencies. Complex set-ups like this are simply unavailable.

6) Ample Communication Avenues: It's pretty easy to keep in contact with people across long distances. Smartphones and computers allow for seamless video chats making the human connection a lot stronger. Just 20 years ago this would have been laughable as a voice chat is just not "personal enough". Since the vast majority in the USA have access to smartphones you're given an opportunity to develop real tangible contacts without leaving your office/home. This is unbelievable. In fact, we will all but guarantee that you'll work with someone without ever meeting them face to face. It has already happened to us several times and the result was positive.

7) Food Quality: If you live in a major city you get access to food from across the world. Good luck trying to have various choices in a mid-sized city in a developing country. The options fall off a cliff! If you're in New York, Los Angeles, Chicago or any other Tier one/Tier two city, you can "see the world" from a food point of view. While major cities in developing countries have a lot of options, it's not even close to a major US city.

8) Lots of Insecurity – Money and Friends! This is actually a benefit. The vast majority are deeply insecure about "where they are in life". This causes them to try and claim they are important at all times. All you have to do is make them feel that they are important and you'll get the next sale. Seriously. This gets easier by your 30s. At this point the winners are already in the limelight so the ones that "didn't make it" usually try to pick fights and nit-pick. It's actually entertaining at this point. As soon as you see someone in his 30s being overly competitive about everything or "working really hard"… You know his life went to hell. So unlike other countries in the United States you can meet all of the important contacts without any effort. Guys in the USA try to "fake" being rich, "fake" being important and then claim being well off doesn't "work" for socializing. The joke is on them because they don't know what a rich guy acts like… since they aren't actually rich.

9) Lots of Autonomy: There are a lot of rich people in the United States which allows you to blend into the crowd or stand out depending on the mood you're in. This allows for extreme levels of freedom. You don't have to react to anyone. The only people who struggle to reach high levels of autonomy are in debt (unfortunate for them). Unless someone is easily influenced by peer pressure (no one over the age of 18 should feel this), you can live life based on your own principles.

10) No Need for Lots of Help: It's the same cliché, everyone talks about needing people. The reality is we've seen people make hundreds of thousands of dollars while having next to no help or friends (software is crazy!). This isn't a path we'd recommend, simply stating that it's possible. In other countries politics and contacts are a lot more important than in the United States.

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Q&A this Friday July 12.

It has been an insanely busy year. People can call us crazy but we're sticking with our belief that by 2021 or so we'll see a downturn. Money is being made hand over fist right now. Debt is cheap. Unemployment is at record lows and the Fed is helping pump up the stock market for an even longer period of time (hinting at a a rate decrease soon). If we're right this will be the best decision we've ever made (killing ourselves now and striking when the iron is hot). We are praying this market does last another 1.5 years, the more S&P all time highs the better (already exposed). Therefore we apologize to all of you! For lowering the content this year but it's just part of the game.

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10 Ways to Change Your Life Today!

[10 Ways to Change Your Life Today!]

The title speaks for itself. Every year the world is going to get tougher, but you're smart enough to put in the work. If you continue to challenge yourself mentally and physically the punches that life throws your way will seem like a cake walk.

1) Get Rid of Bad Information: In the age of the internet this is probably the number one skill we can all improve upon. Obtain good information. If you've read this blog before you know we don't enjoy writing articles that do not have actionable steps so here is a good cheat sheet for getting good information. ***Do not take advice from people with zero real life experience, do not take advice from people who had an easier life than you and do not take advice from people who complain.*** It will be difficult to hit all three items on the list but that is the point. You wouldn't allow an accountant to perform plastic surgery on you and you wouldn't take "game" advice from a guy who is clearly a 9.5/10 on the looks scale. Life just doesn't work that way. No matter how well someone sells you on his opinion, he or she doesn't have the right to an opinion unless they have accomplished something. The manosphere gets angry when feminists attempt to tell men how to be men… Well men in the manosphere should not be giving any advice based on zero real life experience either. If you're not a millionaire or a billionaire you certainly don't have the right to give advice on what you would do with a million dollars or a billion dollars, get it first then state what you have actually done with the money. If you look at the Ask Us Anything section of this blog you quickly see we don't answer questions about consulting, working as a chef etc. ***Why? We have never done it before, we don't have the right to an opinion and we are not in a position to give advice on those topics.***

"How can you criticize someone who is better than you at X? Life 101: if they are better than you, you're opinion doesn't matter" – @WallStPlayboys

2) Smile in the Morning: Yep you're laughing at the computer screen right now. These guys are turning into hippies! Nope. We're dead serious. If you wake up in the morning you probably feel a bit bad, the alarm clock is annoying and you simply are not in a good state of mind. Before you do anything, walk to the bathroom and smile for a full minute (60 second straight!) and place the palm of your hand on your head. After looking in the mirror for 1 minute you'll immediately notice two changes 1) you're in a better mood and 2) you're suddenly awake. As much as we humans like to believe we are in control of our emotions, physical changes will absolutely impact your mood. You should also talk to yourself every day.

"The next time you wake up and walk to work start singing out loud" – @WallStPlayboys

3) Read Daily: We went through Google analytics and generally speaking the readers of this blog are between 18 and 35. This is the perfect age range for reading… well every single age is perfect for reading, but no matter what you do, you should have a regimen where you spend 30 minutes to 1 hour reading ***everyday.*** Not every other day, not 360 days out of the year, 365 days out of 365 days. If you are not reading something that helps you earn more, become healthier or in some way improve your life, you've wasted the entire day.

"Go to bed smarter than when you woke up." — Charlie Munger

"read 500 pages like this every day. That's how knowledge builds up, like compound interest." – Warren Buffet

Both of the men mentioned above have more knowledge and power than anyone you will ever meet in your life time and they have the same routine of reading hundreds of pages per day. In-line with point number one in this post, if the vast majority of successful people read daily, it is probably a major life tip.

4) Remove an Unhealthy Habit: While we believe in themes instead of goals, lets at least remove one nasty habit today. If you work in Investment Banking, Private Equity or a Hedge Fund, we already know what habit you can replace. **Stop drinking redbull.** This is a lot easier said than done. While \$2-4 a day is not going to be noticed by your bank account, the health impact will be immense. Switch to the free coffee provided at work or stick to water. If it isn't natural the chances of it being good for you are quite low.

Assuming you don't work in finance, then we suggest you find a simple daily habit you can remove. Maybe you have an addiction to chocolate, chips or fast food. Cut one of the habits out and do it today without looking back.

"Health over Wealth" – @WallStPlayboys

5) No More Negative Friends: If you read our post on choosing friends you likely have a good core set of people to turn to. Lets turn it up a notch. Even if someone is making more money than you, it may be time to find a new mentor for making money. At the end of the day, negative people are a waste of your time. ***Complain Complain Complain and no actions to fix anything.*** Yes life can suck, yes you're going to have horrible awful things happen to you… but? ***There is nothing you can do about it.*** You have two choices in life 1) fix the situation or 2) leave the situation. If the person you are speaking to is doing neither, they are losers.

We know, you're thinking that is harsh! Well it is the truth. You cannot control what people wear on a daily basis, you can't force someone to lose weight, you can't force someone to do anything because it is beyond your control. ***Do what you can do to fix your own life and help others fix their life.*** Control the controlables. The rest is noise.

"The first person to complain can withstand the least amount of pain" – @WallStPlayboys

6) Upgrade One Outfit: We will always be minimalists and that does not mean you have to dress like a homeless man. You can have flash without spending a lot of cash. Take one item in your wardrobe that looks hideous (we all have a few shirts/pants that should have been retired in the 90s) and throw it away, forever. Spend some time and pick out a new outfit to wear. The rule of thumb is this, ***you should physically feel different when you put it on.*** If you wake up in the morning and change into your new outfit and don't feel some bounce to the ounce… then it is not the right outfit.

"The room should improve when you walk in, because you're better dressed than the rest" – @WallStPlayboys

7) Revamp Your Resume: Read our guidelines on writing a resume and get to work! 2014 plans and budgets are currently being set at major investment banks, hedge funds and private equity firms. Even if you're not in the finance industry, if you have not updated your resume in the last 12 months, it has no value anymore. The macroeconomic climate is 10-20x better than it was back in 2009, don't sit around waiting for opportunity to knock on your door. How important is a resume? Well if a good resume hits an interviewer during the initial screening period (phone calls) they might even call you and schedule an interview that week. How do we know? ***We've done this before.***

"Did you get that job because you did well in the interview? No you got that job because you sent out hundreds of resumes" – @WallStPlayboys

8) Pick a New Hobby: Even if you are 30, 35, 40, 50, 60 or even 70! It is time to add a new hobby to your life. Do not live a life of slow death. As we get older we will certainly develop preferences (favorite wine, favorite food, favorite restaurant etc.) the trap is you're not expanding your horizons. Are you going to die from the new hobby? No? Then it's a good one to pick. If you decide to take up piano, tennis, chess, cooking, singing (we can go on forever) for a full year, you're going to learn something. A new hobby for a full year means you're going to learn something about the subject and even more importantly you'll learn something about yourself. You may even like it.

"If you're not expanding your comfort zone, you're dying" – @WallStPlayboys

9) Become a Kid: This is probably as cheesy as point number three if you don't read the whole paragraph. Turn back the clock. When you were 5 or 6 years old you had so much energy your family had to reign you in. Why? You were happy to be alive. If you want to have the same energy as a 5 year old child you should be happier than a 5 year old child. Kids don't want to go to sleep because they are happy running around and having fun. Your life themes have absolutely changed but if you are taking actionable measures to achieve them you should be a happy go lucky person. You will never meet an unhappy person who wakes up and works towards the things he truly wants. This is no different than being a kid. ***They wake up and say this is what I want and they do what they can to get it.***

"Why bother sleeping in when you can make your dreams a reality" – @WallStPlayboys

10) Befriend an Enemy: Yep. No matter what you do or who you are, you're going to get haters, trolls, losers, weirdos, idiots, and straight up psychos who dislike you. Even the president himself has a low approval rating, you just can't win them all. Instead take one person, someone who does have a lot going for them and turn them around. Make them like you. For those that can read between the lines, this is called sales and or game. This will do two major things for you it will 1) teach you to never spend your time trying to bring someone down and 2) it will improve your interpersonal skills. Similar to your new hobby, you may end up liking the guy as well.

"You gain nothing by bringing someone down. Even if you succeed you're creating a mindset of negativity and anger. You lose either way" – @WallStPlayboys

Good luck to everyone who tries to complete this list!

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10 Ways To Evolve Your Game

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You'll look back in several years and laugh at who you used to be. Instead of going through the easy changes here's a side by side sample of what you may be doing wrong.

1) Dress Code

Old You: You're getting ready. Your clothes are all over the place. Colors range from white to black with a few "lucky shirts" jeans and multiple colors of the black shoes. You haven't decided where you're going but you always end up at the same spots your friends recommend. You jump out of the shower and you opt for the safe bet. Dress shirt with collar, untucked, sleeves rolled up, jeans and a pair of those black shoes.

New You: Blazer and slacks is the minimum. The longest distance of the tie matches the longest distance of your lapel. Your tie does not match your colorful pocket square. You've had the jacket tailored because your chest is 8+ inches larger than your waist outgrowing the classic European 7″ drops suit. If you don't have a date, you already know what night it is and what the best spots are, a quick check in the mirror and you're good to go.

2) Preparation

Old You: Your boys come over. Or you go to your boys spot… Shots. You start talking about how this is going to be the best night ever as you cling your $2 glasses together for those shots of grey or patron. Amped up and nearing high intoxication you are ready to go, smartphone in hand texting some guys who are running late and "missing out". Before you head out you jam to the latest top 40's song, something like this:

New You: You have a small brown paper bag with ingredients for a 12 ounce juice. Collards or Kale, and just enough apples or pears to make the juice tolerable. You take it down to make that hangover softer the next morning. You pour a single glass of champagne and do a few stretches to warm up. In the background your simplistic sound system is popping happier low-key music and you are a few minutes away from heading out the door.

3) Entrance

Old You: You enter with your buddies, likely getting ID checked due to the wardrobe and pack of guys with you. As you enter you B-line it for the bar to order the first round of many. It is too early in your mind to engage with anyone so instead of scouting the setup you simply post up at the fastest place to grab a drink. You all order similar drinks, either beers or one drunk guy in the group is asking for yager bombs already.

New You: You enter quickly. Instead of heading to the bar you go straight to the bathroom so you can diagnose the traffic spots, the people who are in large groups and who is in pairs. You decide on the most optimal place in the bar, usually the direct line from the bathroom to the bar and you step up to order something with strength if it is crowded or a light glass of champagne if it is currently slow. You turn your back to the bar at an angle to allow people to order but maintain the spot since you'll be doing a quick chat up soon.

4) First Interaction

Old You: It's real early in the night. You are already borderline drunk and you see a girl is eying you. You don't have to do much to start the interaction so you simply say hello. After 5 minutes in the conversation you think she is not really ready to have a long conversation so you ask if she would like a drink, she says yes. You order the drink, chat for a few minutes after handing it to her and she quickly states "I need to find my friends". Nexted. You place your hands in your pockets.

New You: It's real early in the night. You are sober and you can tell a girl is eying you. You simply say hello, but mentally note she is furiously checking her iPhone, likely to meet the rest of her group. After 5 minutes in the conversation you say "what do you drink" she says her favorite drink and you motion her over. You move to the most open area of the bar and stand directly next to a semi drunk man in jeans and a rolled up collared shirt. After grabbing drinks you say cheers smile, take a sip motion for "one second" and walk away for what she thinks is a moment. As you walk the drunk guy begins talking to her and you note that she'll be glad to see you later in the night.

5) A Foreign Accent

Old You: You hear a few people nearby talking in Spanish. Naturally you ask if they are from (Spain/Mexico/Cuba etc.). Conversation goes okay and one catches on and she mentions she just graduated college. You say "oh what do you do out here", her eyes gloss over but you don't notice it because you're fairly drunk. She gives you the basics of her life. She tells you her major, you tell her yours, her feet are already pointing to the dance floor as she scans for other suitors.

New You: As you're walking to a different area of the club, likely near the stairs, you hear people speaking Spanish. Instead of making the assumption you listen one extra time to make sure you got the accent right. Nope, Portuguese. A glance over and you catch eye contact and say "Oi, tudo bem?". They laugh and one asks how you know and you simply say you went to XYZ city for work. One chimes in "What do you do?" (you notice this will veer into a boring conversation) "I sell drugs for a living". They laugh since no attractive girl actually cares about what you do for a living. At this point you're deciding to continue the interaction or go back to girl one who is standing tapping her foot out of boredom once all her friends have arrived. You grab her number by handing her phone over with the add contacts feature showing to the most interesting one saying "you have to go talk to a friend".

6) Dance

Old You: A popular song comes on and you catch eye contact with a decent looking girl. You go chat for a few minutes. Both of you are tipsy so you dance in American style which consists of barely moving your hips and flailing one or both arms in the air. You got lucky today so she leans in and is giving you obvious cues she likes you. You make out with her immediately… You didn't note her friends 5 feet away as they laugh at how drunk you guys are. After 5-10 minutes you meet her and her friends and end up spending the next 35-45 minutes of the night hanging out with them.

New You: You hear a specific song related to group two, you know they can dance and head over for a second ending the interaction with girl one for now. By your surprise only one girl knows how to dance and she can only speak Spanish. Instead of letting the interaction turn into a long 30-40 minute spell you simply say, "Vamos" and stand within eye sight of the group. You dance on one because she looks bored, she missed the entire previous interaction. After 2-3 minutes before the song ends you head back to the same group who are undoubtedly happy and cheerful.

7) Logistics

Old You: You live with your roomates and can't find a way to bring the whole group because they won't leave the girl with you alone. Your boys have all blacked out and did the classic Irish good-bye. Tough situation. You settle for a number and give the girl a kiss on the cheek to neutralize the obvious caveman game you were running in direct sight of her friends. Not that bad. You head back out and stumble on your way home grabbing some Street Eats on the way home.

New You: You notice girl one is a bit annoyed you didn't dance with her. You tell the second group you have to go and dance with your "friend" and you will call the original girl soon. She smiles and says okay. You walk over to girl number one and she's a bit annoyed "so you don't want to dance with me?". You laugh and say "Of course, lets go" and head to the dance floor. You dance on three instead, slowing down the pace so its easier to convey body language. Naturally giving some isolation dance moves for her to have a great time, laughing and smiling. During one of the spin moves you glance at your wrist and see it's getting late but you know of a cool spot just down the Street. You bounce with her, friends already approve as they haven't seen a sloppy makeout session on the dance floor.

8) Texting

Old You: You abide by a 24-72 hour rule and text with the same message every time. No process a simple "hey how are you" or a "how's your day". You don't notice a varying response rate based on her interest. Instead you simply try to set up a meet as fast as possible. You shoot maybe 5-10%.

New You: You have a system. If she responds to your initial message from the night before she's sending emotionally charged messages or she's flat. Instead of wasting your time, you stack your messages. You call the ones with heavy interest and let the other ones slide with a text since you know they are low probability. Luckily you've learned to not get stuck in text messaging hell.

9) Voicemail

Old You: WTF is voicemail?

New You: You assume the sale if she doesn't pick up. Letting her choose to hit you with a call or text, by stating they can do either. You don't waste your time asking for her to respond. Within an hour a message hits your phone.

10) Date Game

Old You: You know of a few cool spots in town and take her out to drinks. You show up late. You are wearing the same jeans and collared shirt. Your go to move is to hit the dance floor and aggressively escalate.

New You: You dress based on her personality, conservative with a tie or relaxed without. You hit a spot with light food and drinks. Everyone in the spot knows you because you're a regular. You quickly bounce to a new venue a block away, no line for you. After slipping through you chit chat, sitting side by side of course, with a drink in hand. You dance but it's on beat, on three and you don't bother with going aggressive. You sell her on going back to your spot for champagne…

Are you evolving?

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10 Working Life Truths You Don't Learn From Business School

We got quite a few emails on how important being political is within an office environment, reading between the lines it seems that many people believe simply being friendly with the "right" people will get you promoted and moved up. Believe it or not this is false. One or two of you may be right next to the CEO's son (yes you're screwed) but at the end of the day performance will get you to revenue generation much faster than politics as you can quickly use your performance to give you the correct political footing. With that said here are ten items no one tells you about the work force.

1) Performance Is First: Nowadays, many people come into the Street and likely other professions as well, with the belief that if they do not have the right "politics" they will never get promoted. This is simply false. Most companies will have a handful of political elites, people hired solely because of their connections, but the vast majority get jobs by having the right credentials. Since this is a website dedicated to Wall Street the best way to break down performance on the Street (entry level) is as follows: 1) error free work, 2) punctual, 3) thinking 1-2 turns ahead and 4) sanity checking numbers. Once you jump to revenue generation, your performance is practically entirely tied to your revenue numbers.

Unfortunately more and more candidates come into the Street and believe if they simply "suck up" to the right revenue generators they will be promoted. Instead they are shown the door. If you want to have a long career on Wall Street you cannot simply do an average job, you need to do work ahead of time that you believe will be handed to you during the next turn. In short as an entry level hire **your job is to save the team time.**

2) 80/20 Politics: Once you've established yourself as one of the high performers in your class now you can position yourself amongst those that matter. Some firms require that every single higher up pulls for your promotion, but at most banks, there are likely 1 or 2 out of every 10 higher ups that do not matter. These people should simply be pushed to the side in terms of your work load and your goal is to consistently be teamed up with the correct groups.

3) Responsibility Over Prestige: Another major issue that comes up is the balance between responsibility and prestige. Always choose responsibility. At the end of the day if you're generating revenue for Jefferies, you'll be making more money than an Associate at Morgan Stanley. Your responsibility level and actual tasks at work will determine the speed at which you get promoted and the speed at which your bank account will grow.

4) Generate Revenue, No One Cares About Education: Another major trick to Wall Street is that as soon as you start making the firm money, no one cares about your background anymore. Every business in the world has the same rule: find a way to make me money. If you have a MBA from Harvard or a BA from Williams College, at the end of the day if the person with a BA from Williams College brings in more deals, trading volume or has a better P&L… The person with the BA will always be paid more. To reiterate, as soon as you begin making the firm money, no one cares about your credentials.

5) Attitude Only Matters for Entry Level: It is terrible to type out, but it is the truth, as soon as you begin bringing in revenue no one cares if you are a tyrant to work with. Naturally this causes an intense environment as entry level employees are expected to be happy regardless of the workload/mundane task and the revenue generators do not care about the happiness of their underlings. Knowing this dynamic the best move to make for an entry level employee is to turn in perfect work for the first year and position yourself away from the tyrants. Secondly, when you begin generating revenue, attempt to de-load the quality entry level workers so you will have the best resources when you need them.

6) Personal Email is Only Personal: Another goal you should have is to never use your personal email for work purposes ever again. In an ideal situation all job applications should be sent in from an alternative email address, a connection to the opportunity. Putting yourself in the hiring managers shoes, you will always choose a resume in front of you that has been recommended to you from a close contact than an obscure but strong resume that was handed to you by HR. **Always.** With this in mind, do everything in your power to avoid 1) online resume submissions, 2) Linked-in applications, 3) cold networking and 4) headhunters. By the time you've established yourself on the Street the higher paying jobs, more likely than not, will come to you via word of mouth.

7) Headhunters Don't Care: Now that we have mentioned them above, headhunters do not care one bit about you. Repeat that once or twice if you need to, headhunters do not care one bit about you. Instead they are simply there to generate revenue as they get a commission when you sign the dotted line. Tread carefully.

If you decide to use a headhunter you need to treat each interaction intensely: 1) pre-sell them on your experience, 2) push them for guidelines on all in compensation and 3) up sell your current position. Lastly, one dirty trick they attempt to play is the "prestige jumping role" where they simply try to slot you into a more prestigious bank for the same or worse pay. **Don't take the bait.** If you must go down the headhunter route, keep the rules above in mind and a few opportunities may come down the pipe.

8) Careers Are About Momentum: Another thing you don't learn in school is the importance of momentum. Many times you see analysts or associates on the fast track to a promotion and they decide to jump ship to a new segment of Wall Street (typical examples Analyst to PE shops, Associate to Buyside long-only etc.). Unfortunately, this may **cost you hundreds of thousands of dollars**. Before you jump ship from any platform, assuming you are liked, sit down and ask if you can obtain more responsibility at your firm. If the answer is yes 9 times out of 10 you should stay.

Why? If your group is interested in keeping you for the next jump, regardless of what that jump is they are interested in keeping you around for a longer period of time. You have built forward momentum at your firm.

9) Financial Independence Improves Your Work: You would think it would be the reverse and you would be wrong. As you accumulate assets and eventually pass the point where you can live off of your savings forever, you have **less stress in your life.** With less stress in your life you can actually perform better on the job as a large weight has been lifted off of your shoulders. You no longer enter a state of mind fog, looking into every intricate detail and begin operating smoothly. Notably, the bias in this example is if you reach financial independence quickly, the job itself is likely quite easy for you.

10) Never Burn a Bridge: Finally, the last thing you want to do is burn a contact at your old firm. More likely than not you will work with people that will dislike you and you'll have a few people looking to put a knife in your back at a moment's notice, but do not purposely burn a bridge.

That wraps it up, all of the above should be taught in college but unfortunately there is no class on career management.

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20 Rules for Your Twenties

20 Rules for Your Twenties

Many of our emails tend to come from MBAs and college students so we decided to compile a post of twenty rules that you should abide by in your twenties. Notably, we have each messed up on at least one of these rules in some form or another but if we could go back and become twenty again this is the blueprint. You can make tweaks to this list as you wish. In addition? You will likely make some of these mistakes even though you've been warned! That is simply part of life. Don't beat yourself up too hard and good luck out there!

1) Minimize Debt: This is one of the biggest items on your to do list. Debt is a vice around your wrists that is slowly cutting off your blood circulation, if you don't release the pressure you'll be dead before thirty… the Prime of your life. If you are able to spend money on assets that depreciate in value (cars, clothes etc.) you better be debt free and saving large amounts of cash.

2) Change Your Friends: We have given a quick blue print to choosing friends, however the biggest mistake is not upgrading your social circle as you move on. We know, you read the word upgrade and immediately thought the word is heartless. It is not. You need to surround yourself with like minded individuals, even if you have known a childhood friend for 15 years, if they begin using drugs for entertainment purposes and falling off of the grid you have to say goodbye. Your life is too short to spend catching falling knives.

3) Learn to Help Others: This sounds contradictory to point number two, however it is paramount that you learn to help those that wish to improve. The key is their interest in improving, if you attempt to convince a man of self improvement when he does not care, you'll burn a bridge. Hyper competitive and intelligent young men tend to develop a "put down" mentality where you compete at each others throats 24/7. Not only is this not sustainable, it is not healthy and does not help you in your career. Instead, pass along helpful information and you will find your friend count increasing.

4) College Should Be Tough: Everyone else goes to college to drink and try to sleep with hundreds of women. These guys usually end up unemployed or making $40K a year at a soul crushing job with no skill set to jump into another industry. Their entire life is now 100x more difficult to fix and you'll be shocked at how difficult it is to come back when you've built no foundation. Build a foundation. You can have fun in your spare time.

5) Get Internships: Even if you have a 4.0 GPA from a top university, no one will care if you have zero work experience. In addition to obtaining line items on your resume you will realize that your network expands drastically. You'll be in contact with people in their 30's who are well outside of your current social circle of 20 somethings.

*Note internships was intentionally plural.

6) Find Mentors in Their 30's: By the time you are in your low twenties you should have a handful of men to speak to regarding life decisions. Each man does not need to know every aspect of life, however the more the merrier. You'll quickly realize that your peer group is older than you as soon as you receive your Diploma (MBA or Bachelors). This is a good thing. Generally speaking, older men make hiring decisions.

7) Your Co-Workers Will Screw You: This is the most common miss. If you are in the same peer group, none of your co-workers are out for your best interests. If you party with your direct co-workers, as soon as layoff rumors begin making the rounds, be certain you'll be thrown under the bus . See point number one for why they would be more than happy to see you fail.

8) Read Books Daily: If you are not reading books outside of the classroom you are allowing the collegiate system to have more influence on your upbringing than it should. The topic of interest is less important than the act of reading. You can read about health, fashion, coal mining, animals, chemistry, art and the list goes on. Reading is similar to investing as the payoff is far in the future, one day you'll have a chance to make a connection with a higher up on an obscure topic and ideally you'll have the ability to add to the conversation. Don't forget that wealthy men and women are typically eccentric.

9) Learn About Basic Fashion: Before we get comments about books beyond finance, you can simply start with learning about basic fashion. Learn what colors work for your skin tone, eye color and hair color. Once this is mastered find the right brands to accentuate all of your positive features and build a sustainable wardrobe. Better to learn and earn before you have some cash and see it burned.

10) Exercise Five Days a Week: Unless you are forced to burn through 100+ hours a week for several weeks straight, you should find time to lift weights five days a week. No excuses. Your health is the only thing that will outweigh your aspirations for wealth. A man who has a healthy mind and body with a heavy wallet is free. There is nothing more valuable than complete freedom to do as you wish.

11) Procrastination is Valueless: If you find yourself procrastinating on tasks it means that you have nothing to do with your free time. In an ideal situation you are constantly moving and improving your life. You don't have time to procrastinate because you're too busy taking action. The day you find yourself sitting and staring at a computer screen for 2-3 hours in a row is the day you either walk outside to exercise or immediately buy a book online. This is the minimum.

12) Ignore the Lazy: You will meet many people who suggest you simply relax and live in the moment. Avoid these men like the plague. You should live in the moment for a calculated risk not to simply feel good for a short period of time at the detriment of your future. Much like investing, 20 years from now they will have a hard time getting by while your life is already on cruise control because you've built an unbreakable foundation.

13) Don't Get Married: No matter what you do, do not tie the knot in your 20's. The truth is that many women in their twenties are most attracted to men in their low thirties. **Run the math.** Your future ex-wife is still in high school right now, so don't fret over anyone within ear shot for a long-term relationship. We recommend not getting married but if you decide to keep one, wait until your 30's.

14) Go International: By the time you're in your mid 20's you should have some international exposure that will wreck a lot of your current beliefs. By experiencing a new culture you'll quickly see how many of your ideals are based on a US cultural phenomenon. You can do this with a single briefcase and you can do it alone. You'll force your body into survival mode in an unknown city, your confidence level will grow by leaps and bounds.

15) Face a Major Fear: Heights, snakes, fights, the major fear you have does not matter compared to your ability to tackle it. If you're afraid of being beaten down in a street fight, you should get into a ring and take a few kicks and punches. You should jump out of a plane if you fear heights and you should even consider purchasing a snake. There is no substitute for repeated exposure to eliminate a major fear in your life.

16) Turn Family Into Friends: For many, your family members are dragging you down and for others they are a positive in your life. The key is to separate your life decisions from their opinions – their opinions should have no weight on your emotions. At this point you should not use your family as a safe haven in life. If you lose your job, if you want to move cities, if you want to take a risk, it is on your shoulders. Remove the safety net.

17) Stop Complaining: Maybe you didn't land that Bulge Bracket job, maybe you didn't get ranked number one in your class, maybe you hurt your wrist and can't lift for a month**, no one cares.** By the time you're well into your 20's your interest in complaining should be zero. Complaining gets you no where. All it does is increase your stress levels. When you are stressed out, no one wants to be your friend. If no one wants to be your friend, your contact list is not improving and if your contact list is not improving…. you're dead.

18) Wake Up Early: Unless you've obtained a job in investment banking where you'll eat garbage for multiple years straight to earn your stripes, you should wake up early to get ahead of the rest. Read, go to the weight room, build a website, it does not matter. Your brain functions well in the morning, use your most productive time to invest in the most important person in the world. Yourself and your future.

19) Earn a Voice: Many men will destroy their careers in a few short years by never earning a voice. When you are in your twenties there is not a single person who will care about your world view so it is best to remain quiet and diligently improve while waiting for an opportunity. Instead of dishing out advice, take advice and remain quiet. As soon as people begin asking you for your contributions you're officially of value. You have earned your keep in a specific niche.

20) Fail: The last piece of the puzzle is the most obvious and the most undervalued. Fail as many times as possible in your twenties while you have the time to recover. We do not recommend dropping out of college as a failure or taking up a humanities major as a failure (this is simply financial suicide for most), instead we recommend you fail at trying to create value. Try to create a mobile app. Try to learn how to code. Try to learn a foreign language in a year. Try everything.

Assuming you follow these rules, you'll look back on your life when you hit thirty and know, not believe, you have done everything to make your life better. If anyone attempts to say you've worked too hard, write them off as whiny complainers who have to live with the knowledge that they could have been better. They could have improved, they sold themselves short.

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20 Things You Should Realize After 1 Year On the Job

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After you graduate college within one year you should have multiple realizations. To help you jump ahead in the learning curve, or in other cases question your own decisions, here are twenty things you should realize after a single year of work experience.

1) $100K is Not a Lot of Money: In short it is not. Not even close. Looking at the facts, if you are making $100K a year that is approximately $5,000 in post tax income per month. With the average rent for a studio in a major city like NYC at $2K+ this means that you cannot even afford to live there (using the 1/3 of income as rent rule, you need at least $6K post tax). If you cannot afford to live in your own place in a major city… You're no where near rich. Times have changed.

2) Successful People are Nice: In college you're taught to hate the rich and believe that they are all a**holes. In reality, the elite are actually easy to get along with… the catch is they don't enjoy wasting time. If you're of no value and don't have potential they will quickly move on since there is no point in building a relationship. This isn't mean, this is realistic. There are many other promising people that they can spend their time with. In short, no one is a snowflake.

3) 60 Hours is Longer Than You Thought: When you graduated, you believed that 12 hour work days (or 16 hours for those on the Street) would not be that bad. In reality it causes you to be excruciatingly efficient. If you work 14 hours in a day, your mind becomes tired by hour 10. You have not had the chance to work out, do laundry, or relax… Time to make adjustments.

4) Your College Friends Go Away: As mentioned,if college was the best time of your life, you did it wrong. You may keep one or two around who are equally successful, but if the gang from college is primarily together, there are serious problems. Your friends in college will be quickly replaced by business associates, as they say *"It is hard to hate someone that makes you money"*

5) Reading Increases Communication Skills: You will be writing an email or talking on the phone one year after graduation and you'll struggle. For some reason the words are not flowing as much as they used to… The reason? You're not reading as much as you should. Pick up a few books and begin reading 100+ pages a week at minimum. It keeps your brain fresh and you will come off as more mature and polished.

6) Consistent Sleep is Better than Hours Slept: In short, it is best to sleep at the same time every single day of the week. While 9 hours a day may sound better, if you are not sleeping at the same time your biological clock goes haywire. Waking up at the same time on a daily basis will allow your mind to run like a well oiled machine.

7) Women Are Not Honest: Women are better liars than you. They have better people skills in general. What this means is you'll believe a lot of the smoke and mirrors. Once you realize that they are simply human, you'll intelligently adjust your phrases to catch them in lies that determine their level of loyalty. You won't be surprised that less than 5% will pass.

8) You Can Get Stronger: Assuming you are dedicated to being fit, there is no reason to be in worse shape than you were in college. Your body continues to get stronger through your late 20s. Use this to your advantage. Negatively, you need to walk around more frequently since you'll be sitting at a desk for the most part.

9) Complainers Are All Losers: There is no debating this one, as soon as someone complains about topic X, be certain they know absolutely nothing about that topic.

If they complain about the economy? They are broke and unsuccessful. (S&P at ~2,000 today by the way)

If they complain about women? They are not doing well with them.

If they complain about office politics? They have poor social skills.

If they complain about Life? You get the picture.

10) Cost Doesn't Matter: The idea of "big purchase" versus a "small purchase" should be squashed. The only question you need to ask is "What is my return?". If an item costs $500 or $5,000 the only thing that should matter is the return on investment. If you need to spend $10,000 but it is going to return

$20,000 in value to you, there is no need to spin-wheels on the decision. Buy it. Price doesn't matter.

11) Learn to Enjoy Sales: There are few professions that pay well. This creates an issue where you must choose between a performance based sales position or a performance based analytical position. The rare positions that are 100% analytical (quants/engineering) usually come with a steep social cost… Terrible people skills and a poor social life. If you don't believe this, go find some engineers/quants and take a hard look at their girlfriends. You won't be happy.

The choice is clear. You need to learn to sell. Selling includes promoting yourself as a brand and selling yourself in an interview. It includes selling a product or service. It even includes convincing a girl to go on a date. This is a much better skill to learn than any Excel or PowerPoint which can be outsourced to India for pennies on the dollar. You can apply it to everyday situations as well.

12) Becoming a Millionaire is Not Impressive: Run the math. You'll see that becoming a millionaire is not a difficult task at all. You should reach this mark by your 30s and becoming a multi-millionaire before 40 is not a far stretch by any means. Over a 15 year period, if you put away just $1K per week you're looking at $1.3M+ (7% return assumed). At this point you're ~36/37 years old and this assumes your income has not increased since your second year as a 23 year old investment banking analyst…

13) Your Contact List > Your Degree: When you graduated college, you looked up to your professors. If this is still the case after a single year of work… you're in the wrong industry. Regardless of your profession, your contact list will determine your pay grade much more than your degree. A top degree is certainly a pre-requisite… but as soon as you begin your career your focus should shift. Obtain more contacts, contacts and contacts.

14) You Dressed Like a Slob: This happens to everyone, after a year passes by you should be donating clothes to charity like you're doing laundry. You'll realize your wardrobe did not reflect your skin tone appropriately. Your clothing did not fit. Oh… and your hair needs to be redone as well.

15) You Never Worked Hard in College: There are extremely rare exceptions, but for the most part… You'll realize college was a cake walk. Even if you worked 1-2 jobs, took a full course load and stayed in shape. It is still absolutely nothing compared to real life. You'll be put in your place quickly when you see your first credit card bill… with hundreds of convenience store purchases. Adapt or die.

16) You Must Embrace Technology Quickly: The world is going to evolve. Stay on top of it. Conveniences that were previously relegated to the rich (chauffeurs – Uber, full disclosure – SnapChat, direct criticism – Yelp) are going to be available to the masses sooner than later. If you are not embracing it, then one of two things has occurred.

1) you were unable to adapt or 2) the technology shines the light on your weak spots

Don't let this happen to you, once technology passes you by it will take significantly more effort to catch up again.

17) Learn to Avoid Technology Addiction: This is a tough line to draw. While you should be on top of new changes you cannot become glued to a single application. This will cause you to miss new changes and will distract you from more important matters. Find a time frame for each usable app, email checks 2x per day at max, automatic alerts for important applications and a synced calendar should solve your headaches.

18) Always Choose Responsibility: Most people are afraid of responsibility. You should jump at it. You're not going to get paid a lot more by doing the same task over and over again, it is not how businesses work. Any time you have to make the choice between a few thousand dollars and a change in responsibility… always choose responsibility. You will be seen as more mature and much more qualified for the next big project that comes down the pipe.

19) Mediocre People Will Ruin Your Life: Once you realize a person is mediocre you need to leave them. There is no exception to this rule. As soon as you realize a person is mediocre you need to leave them. Mediocre people will try to compete with you, they believe they are smart and they will never show any meaningful improvement over time. When they catch a few lucky breaks here and there, they are first to jump on twitter/facebook/group text messages/emails and play their sirens loudly. Just ignore them and move on.

If you are unsure if a person is mediocre put them in a position to lie. If they bolster simply cut them off. Now, if they sandbag you… temporarily reconsider your position.

20) You Should Embrace Embarrassment: Every year you'll take a look at your old beliefs and laugh at how wrong you were. Take this in stride and strive for more embarrassment. If you consistently change major views, this means you're getting better. As you know, if you're not getting better… Well you may as well be dead.

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2014 Book Recommendations

We received a few requests via email, twitter and the blog for additional book recommendations. Instead of giving out loads of financial analysis books and self improvement items we complied seven books for improvement and an additional seven for fun and entertainment value.

Seven Must Read Books for Improvement

1) How to Get Rich: Simply put, this should be the first book on your list if you're interested in becoming wealthy. This is not for people who believe that $1,000,000 is a lot of a money, it is for people who truly want to approach the nine figure net worth area. You'll learn quite a bit, from a high level, regarding wealth creation. If you don't want to pick up the book here are the key highlights: 1) you'll never be wealthy working for someone else, 2) America is still a power house – look up GDP numbers for proof, 3) if you are not willing to suffer through tremendous amounts of pain, you'll never be wealthy, 4) you will lose friends and even family members on your path to wealth and 5) even if you complete all four steps you might not make it.

2) How Rich People Think: This is second in line. We listed How to Get Rich first because everyone should aim as high as possible and they should understand the amount of sacrifice it takes to become wealthy. How Rich People Think is more example oriented and is tailored to people who are interested in becoming multi-millionaires. You will find that many people (see average people who don't matter) will dislike this book. Overall, you're picking this up for the following reasons: 1) to destroy a poverty mindset, 2) force yourself to become someone of value, 3) improve your ability to distinguish between poor and rich people upon hello, 4) eliminate some poor financial planning ideas and 5) gain inspiration to start a business <– noticing a trend?

3) Guide to Rational Living: We have read this book a few times and it is particularly important for a young twenty something male to read. Today, everyone attempts to make a mountain out of a mole hill. If someone dislikes your post on Facebook many youngsters act as if the world is ending. This is not only unhealthy but completely irrational. We recommended this book, in particular, for people who are struggling with depression. The truth of the matter is that the modern world has very few life threatening issues so our minds create stress over things that do not matter one bit. Remember… If a person you do not know can ruin your day, you've lived a privileged and pampered life (ie: you're being irrational).

4) What Every BODY is Saying: This book will help you in both the workplace and in social settings. It is said that 80% of all communication is body language driven and 20% spoken. This book will change how you carry yourself from a primal standpoint. You won't walk the same, you won't talk the same, you won't sit or stand the same ever again. You become conscious of the room/environment and you're now able to get messages across in a much more intelligent manner. As stated in the first sentence of our review, if you're looking for a book that is going to help you in both the work force and in your personal life, this book is for you.

5) Trust Me, I'm Lying: It is one thing to read the news it is another thing to believe it. If you're reading this blog you are likely of above average intelligence and realize big media is a large scam where they simply come up with new fads for diets, products and services you don't need. This will open your eyes even wider. You'll go through new blogs, products and services and laugh at all the lies they are trying to make you believe. You'll find that many top tier websites have articles written by people who have accomplished absolutely nothing. The most glaring and obvious ones are in 1) personal finance where the writers are all broke, 2) diet where the authors are selling magic pills and 3) economics where people make macroeconomic commentary but can barely make $10,000 a month. Simply put it is a joke. They use the platform which has established trust, abuse it and sell you products you don't need. Before we continue rambling here, simply pick up the book and begin questioning where you are obtaining your information.

6) How to Win Friends & Influence People: Many people prefer a book titled "Influence: The Psychology of Persuasion" however we prefer Dale Carnegie as it allows you to build a framework. Both books are great but this is our choice. After reading this book you'll change your word choice and you will definitely see an improvement in your game. Instead of ruining the book for you, since it is also a must read, one major tenant is this "the vast majority of people do not like criticism". Needless to say, you can use this as a measuring stick for finding out who will be successful in life… those that enjoy receiving criticism and thrive in stressful environments.

7) Steve Jobs: Likely the most influential inventor of our generation, Steve Jobs highlights a lot of working principles of success: 1) sickening work ethic, 2) perfectionist and 3) clarity of vision. After you read this book you will realize that if people call you extreme or crazy or too much to handle… You're walking down the path to success. The only way to be successful is to be extreme, that is how a bell curve works. To be at the right tail of the bell curve means you are an extremity. If you are a sports fanatic, we suggest reading a biography of a top athlete (Tiger Woods, Michael Jordan, Pete Sampras.. etc) and reading this book immediately after. You'll find a startling amount of overlap in mindset and work ethic.

Seven Entertaining Books

1) Al Capone: Say what you will about criminals but they are generally some of the smartest people on the planet. They are not nice and you certainly do not want to end up in jail but these books can teach you a lot about human nature and are certainly entertaining. If you have an interest in how a criminal enterprise is run (see an intricate business) and want to be entertained, this is a great book for your long, legal, business flights.

"When I sell liquor, it's called bootlegging. When my patrons serve it on silver trays on Lake Shore Drive, it's called hospitality" – Al Capone

2) The Accountant's Story: No mainstream media website is going to tell you this but… the vast majority of successful people have used drugs to get ahead. With that said, you'll likely become interested in how illegal drugs are made/processed/sold and how this multi-billion dollar business can continue without being shut down. Well… look no further, since Pablo Escobar is the undisputed king of the cocaine business. While the book is choppy (jumping time periods multiple times – ie: it is not chronological). You'll learn a lot of startling facts and you will no longer knock on the IQ of high end criminals. They are smarter than us and smarter than you as well.

3) Catch-22: Sticking with our non-chronological theme from book two, we also recommend Catch-22. We all know you cheated in middle school/high school by using cliff notes to pass the examination so pick up the book and read it cover to cover. Any book that is able to enter the English language is certainly going to grab your attention, remember to read carefully as the chapters will intertwine.

"A catch-22 is a paradoxical situation from which an individual cannot escape because of contradictory rules."

4) Fear and Loathing in Las Vegas: Title is self explanatory. Drugs, partying and delusion. Really gotta stop reading all these drug related books… Needless to say it's entertaining. If you're looking to turn off your brain and relax this is the best step down from a television (which you shouldn't own). At least you can tell people you're reading.

5) Brave New World: Another book off the reading list you never actually read, Brave New World should make you appreciate the ups and downs in life. If your life is truly a utopia where specific medications are made to make you happy, you will feel that something is missing. Without the downs in life you will never appreciate the up times. This is quite appropriate today, where people are unable to go a single day without their Smartphones.

6) Striking Thoughts: Bruce Lee is known for being a martial artist however he is also a prolific philosopher. This is in between self help/improvement and entertainment since the book is written by an outstanding athlete. If you are into zen type readings, not sure how else to describe it, you'll enjoy this book.

7) King of the World: Follow the intensity to find the answer. Simply put if an athlete is both charismatic and on top of the world, you should listen. Muhammad Ali is another great athlete who should be recognized more for his mental strength and views of the world. Like all great athletes and successful people he is inspired by competition and does not allow people to tell him what can and cannot be done. Instead of spanning his entire life the book focuses on his life during the 60's but it is a great read nonetheless.

"Impossible is just a big word thrown around by small men who find it easier to live in the world they've been given than to explore the power they have to change it." – Muhammad Ali

Note: If you have outstanding book recommendations please feel free to leave it in the comments. As a side note we have no interest in television or movie recommendations

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2015 Review and 2016 Outlook

2015 Review and 2016 Outlook

2015 is coming to an end. It has been the best year in history to make money. The best year in history to be single. And. The best year in history to start another company. 2016 is looking better than ever but instead of putting the cart in front of the horse we'll review the year (both positives and negatives) and move onto 2016 expectations.

2015 Positives

Writing Style Established: We've finally established a consistent *writing style* although we continue to mix up the format. Overall, happy with the progress here as the blog was abysmal back three years ago with chaotic content that could have been summarized in a solid tweet. Importantly, with the new and established writing style all of the terrible posts have been turned into solid tweets causing our twitter account to grow.

Twitter Use Solidified: We've also established the point of the blog and the point of the twitter account in 2015. It will continue to be a micro blog about topical items and will *not* be used as a "connect" feature unless we get bored. Running a micro-blog is more helpful and we won't waste our time dealing with trolls. We'll continue to build our own audience separate from any sort of "movement".

User Base is Up: We're on the line here with creating our first product. Yes it will likely be an information based product but we're not going to sell anything until our metrics are hit. Will it make us a lot of money? **No.** The blog continues to grow and we make a lot more money elsewhere (Wall Street is not our primary source of income). In short, user base continues to grow at a nice clip despite materially lower post count.

2015 Negatives

Decline in Posting Rate: To no surprise to our readers, an actual company (or companies in this case) and a career is significantly more important than a hobby blog. This blog took a massive hit in posting rate and we've tried to ramp it up now that things have cooled off. Disappointing.

Still Arguing With Failures and Losers: We wasted time arguing with people on the internet and even more-so in real-life. While the rate was down a solid 50% we're going to try and decrease this again by another 50%. If a person is too slow to figure out what is legitimate and what is not, we're simply going to click ignore and move on (we've already met multiple people in real life including some of our excellent commenters!). Mediocre people *practically* never turn it around. It is much more efficient to find someone who is above average but younger… than find a fool in his early 40s and $200K to his name… Sad and pathetic.

They had 40 years to figure it out, while there is still a "chance", the probability is so low it is not worth your time. Hat-tip to Felix Dennis for that one.

User Base Not High Enough: While we've mentioned this as a positive, it didn't actually hit our metrics. Both a success and a failure. If we were able to keep the posting cadence up we would have been ready for a product launch already! However. The user base increased more than expected given that were only posting 1x per month! In short this was both a win and a loss for 2015.

2015 Articles We Didn't Write

Since we failed to post as many times as we wanted we're going to highlight interesting articles from 2015 that we didn't write! Here are some interesting posts we read while in transit.

The Paradox of Rest – Mikael Syding: *"If you want something done, give the task to a busy man. Ask somebody with all the time in the world, and it will take exactly that long"*. This is probably one of the best quotes we've read and it is entirely true. Resting is not limited to sitting in front of a TV screen or taking cat naps. Resting is really a form of changing tasks in your brain. Using this blog is a great example, it's fun, we don't take it seriously and it activates the creative part of our brains.

How Much Do Independent Authors Make? – Mike Cernovich: *"Every author keeps their sales data secret because of an "embarrassing" reason."* In short, Mike outlines the e-book industry and gives you an idea for how much money you'll make by being an author. It isn't great. People write to us asking if we're "hating" on the sales and the answer is always **no**. We actually ***agree*** that writing online is definitely not the best way to make a living *if you want to make money and get rich.* In fact, his sales numbers are incredibly impressive. Generating $100K as a one man shop selling e-books to a market for *men* is no joke. We wouldn't even sell a fraction of that based on his data! Read the article before you believe you'll get rich selling books and stop complaining that he has monetized 10+ years of effort.

5-MeO-DMT, The Spirit Molecule, Pineal Gland, Consciousness, and Atheism – Mike Cernovich: We actually feel uncomfortable posting that link here, which is exactly why it belongs here. There is no reason to add an explanation, when you read or listen to the post you will believe what you believe and we will all move on. Yes we realize it was written in 2014 but we found it this year.

How To Write A Sales Letter For Your Blog – Robert (30 days to x): *"It will take you between three to five years before you figure out how to actually make any money. Most niche sites will cap out around $15,000 a year. If a website is earning more than $30,000 per year it's almost always operating off of paid traffic. The owner is* ***buying advertising space somewhere.*** *Sites that get organic traffic and less than 10,000 visitors a day aren't going to earn a more than a $10,000 to $20,000 per year."* Simply well said and true. This is why we aggressively hammer the point down of needing *paid advertising* to make money.

Machiavellian Maxims – Illimitable Men *"When people don't like you, their questions are attacks. Sometimes these attacks are disguised as concerns, other times they are blatant. Whenever you're asked a question, judge the legitimacy of the question. Insincere questions must be met with insincere answers, if any answer at all."* This post is almost a darker refresher of the book 48 laws of power. We usually do not like list posts but this is a solid summary of the dark side of human nature. We found this blog this month and will check it sporadically.

2016 Expectations

No Q&As for the Masses: We made this change in 2015 (for comments) and it was probably one of the best decisions we have ever made. **Going forward we will only provide Q&A's to **email subscribers** and they will be held on Twitter on a Monthly/Quarterly basis depending on schedule.** We are shutting down the free-for-all Q&A's on Twitter as too many of the questions are terrible so we never respond. Importantly, for every single subscriber you will have significantly less people to compete against.

– Facebook will be the first place to receive post updates

– Twitter will be a micro blog and also provide post updates

– Subscribers will receive access to Q&A's and we will respond with @ instead of .@ to minimize interactions with regular people

Continued Page Growth: We have three triggers in place before we start a product to sell. Page views, users and email subscribers. If the three triggers are hit we'll get started. Until then we'll keep steady with the stream of information/content.

Final Comments

On a personal note, reading took an enormous hit this year so we were unable to 1) read as many books as we wanted and 2) were unable to read as many blog posts as we wanted as well. With that said we're happy to hear about interesting posts/books that people found in 2015.

*****No Questions Allowed They Will Be Deleted*****

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2019 Investment Banking Compensation

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We are updating the total Investment Banking compensation numbers for 2019. Excluded from this overview is investment banking analysts as the variability has not moved much. Simply put an investment banking analyst should make $165, $190K, and $215K in years one, two and three (plus or minus $5K depending on how good or bad the bank did). The reason we have excluded the exact break out of base and bonus is two-fold: 1) analyst base salaries are a bit less standardized now with $85-90K being the rough mid-point, 2) the bonus is being adjusted and despite a weaker market (explained later) the non-revenue generators won't take a large hit in mediocre markets. We made similar points last year, the only adjustment really is that most banks have moved to about 85-

90 Base/ ~75 bonus for the good analysts for a first year payout (as usual 100% of base as bonus is reserved for the top-tier performers, we focus on the top 25% or so). Note if the bank did poorly, you're going to see even more volatility and the total could very well be below last year.

Budget Setting and Bonuses: As always, bonuses are set in Q4, despite being paid out around February-April, so it is relatively easy to get the Street range, this year bonuses will be down for revenue generators and likely a tad up due to talent retention of junior employees. This is better than expected if you are a junior banker and bad news if you're a VP or above.

Why? This is an important concept since it is the first time we've had a clean down year for revenue generators in quite some time. Investment banking is a "long sales cycle" business, meaning lots of nothing followed by a large deal due to a great relationship. If we look at this year as a whole deal flow is certainly softer in aggregate. This means less fees so by definition the revenue generators had a smaller pie to work with since the entire market was down slightly.

Now you'd think that the "bottom always gets burned" but investment banking is a bit different. They don't want to burn the "cogs" of the organization because it doesn't make a lot of economic sense. Even if you take the entire investment banking analyst class and pay them down… This is still peanuts compared to paying the under performing MDs down 20-40%.

The long story short is that you don't want the entire junior class to leave. Technology companies are certainly on par with investment banking (corp dev at a top company for example) when you look at dollars per hour. So you want to make sure you don't have to deal with more turnover than usual.

So Who Takes the Hit? All under performing revenue generators and even senior management (extremely heavy hitters who can clear $10M in a year, head global investment banking to take an extreme example). The extremely high paid individuals will move their number down to keep the high performers happy as a lot of their money is tied up in Company stock. Hopefully we've done a good enough job of explaining this and it makes logical sense from a business model that has a long sales cycle measured in years.

The Punchline: Numbers will be down about 5-9% if you include everyone (associates to senior management) at all the major/relevant firms. Some will be down a lot though. The under performing MDs will be down 20-40%, the top performing MDs will certainly be up if they were on the major deals and the senior managers at banks that struggled will be down more than double digits (oh and if you get a classic "zero" they are telling you to leave as usual). In general, assume numbers are down and depending on how the market ends it could be down double digits but we're somewhat optimistic since the market was really the issue (not a lot of deal flow).

What is a Top Person: A top person is someone that is either generating a large amount of revenue or someone the firm is promoting. The first one is obvious and people who are working on the larger deals are typically the ones being promoted anyway (funny how that works!). Essentially, a top person is someone who is already generating a ton of money or someone who works for a guy generating a lot of money. If you're a good junior banker the top person will want you on his squad, simple as that.

Overview: Generally, the lower level (excluding new hires who have only been around for 6 months),will see less volatility. Banks view junior employees (anything below Vice President) as fixed costs so they typically don't see much volatility. As are minder we're attempting to build a picture across the Street which includes everything from bulge brackets, elite boutiques and middle market firms(excluding the tiny shops that have limited deal flow). If you look at the numbers, you'll see that the real money is made when you're generating revenue(Vice President, Director, Managing Director). This is because Wall Street is no different than playing in the World Series of Poker. We've said this before but it needs repeating.

No one is going to get rich working as an associate and you're only making money at the revenue generating role and more specifically once you close a few deals (Directors typically have brought in quite a bit of money). In addition, once you reach Director level or even Vice President you'll quickly realize starting your own company will make you more money than working for someone else (hint, hint, hint, never put all your eggs into Wall Street).

If ~$300K seems like a lot of money, look at the real math. If you live in a major city like NYC, then you can assume that you'll see about 64% of what you make (figure is around ~$192K). This means you're getting around~$16K per month. Rent alone is going to run around $5K if you're living in a good part of town and the rest of your living expenses will usually approach $4K a month or $9K in spending per month… Saving around $80-100K a year isn't going to get you anywhere soon. Once you hit $500K or so, then you'll see an inflection as a single person because you can put away ~$200K and not see much of an impact to your life style.

Before the Debate Begins: The "average" or "median" is becoming extremely difficult to calculate. Why? Well more and more of the top people are paid more and the bottom tier people are being asked to leave via a terrible bonus. The strategy of making sure you're barely in the top quartile is material. You absolutely do not want to risk being in the middle anymore as it swings your pay down by a wide amount. To give an example, while the "average" Vice President makes around $500K, you could easily make 50% more if you're at the top (yes that's a quarter million dollar difference or more!). This difference only gets bigger and bigger as you move up the chain. Also. If you are the same Vice President but you're awful at your job, you'll receive a fast and swift "F You" bonus that could cause you to make less money than you made as a top tier associate(okay *easily could*). The "conference room" will be the next call.

To add to this volatility here are some incredible numbers that have occurred over the past 3 years and anyone in the industry would know the right banks (hint major M&A shops). A top VP in an extreme year has cleared a million, a top Director has gone to $2-3M if a major deal was made. That's an enormous spread. Enormous. Remember… these are so rare so you should go ahead and assume more normal numbers, around $500K at VP level around $800K at Director level and over $1 million as an MD

How Do You Calculate Your Bonus as a Revenue Generator? You will get around 10-15% of what you kill. This is the rough math and makes all those occupy Wall Street people scoff and get on their knees. To generate a $1M bonus you'd need to bring in $10M to the top-line at the firm, roughly speaking. This is certainly not an easy task and most people will get stuck in the $300-400K bonus range where they get some small deals, sign up some retainers, some poison pills, some fairness opinions etc… but never really get the big money.

Things Have Actually Changed! You're seeing a bigger and bigger change between banks. When looking at the chart we have to emphasize that there is a big difference between being at Joe's Investment Bank and a top tier Boutique. This will cause a lot of people to look at the chart and say "that's way too high" (bad bank or group) and the top banks to say "wow that's terrible I am never leaving here". We can't decide if this is a good thing or a bad thing but one item we will say… We'll make a bet that numbers actually pull back again (we made this comment in 2018 as well and were actually correct! Get a lot of things wrong but this one was right as 2019 looks like it will be slightly down) .

The Buyside Story is Still Seeing Pressure: For another year, passive investing has outperformed active managers impacting the number of roles on the buyside at hedge funds& mutual funds. Private Equity has seen low rates help their investments (this may change if rates continue to go up) as cheap money has improved the ROIs on investments particularly if the debt is set at a fixed rate. We think you're going to see headcount reductions at hedge funds and long only funds in the near future. You have already heard of several if you follow financial news.

Key Way to Avoid Confusion: If you're looking for one line, just assume you'll be down as a revenue generator on a "like for like basis" and similar to maybe even up a tad as a junior banker (Banks avoiding additional attrition). Given all the base salary changes we adjusted them throughout all levels to reflect the evolving environment. This means some of the totals look better than the other ones depending on *when* the base salary was moved up for the group. Also, remember that *getting a promotion usually leads to bigger jumps* and if you were simply going from associate 1 to associate 2, not much happens and that would be reflective of a "10% like for like" jump. We've said it before and we'll say it again, do not switch banks if you can get promoted since it's just too much money to leave on the table (yes we are sure there are rare exceptions, but highly unlikely it ever makes sense)

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24 Hour Q&A is Here

Now closed thanks.

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7% Return Profile and Beating the Market

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For various reasons this has been under attack lately.

"Given all the changes in the economy how are we ever going to get 7% returns!"

Well the good news is anyone (not everyone) can get 7%+ returns over the long-run assuming that you are able to ***control your emotions***. As mentioned previously, it is psychologically more difficult to handle a 50% downtick, this is also why the short end of a long-short book is much more difficult to control. Notably, the largest reason why the 7% return profile is under attack is the interest rate in your bank account which is roughly 1% if you stash it in a money market account. ***Get everything excluding your emergency fund out of there.***

"7% is impossible"

Bonds: Starting with the more obvious lets look at long-term bonds, how about the Barclays Capital Long-term bonds. The total return has been 45% since June of 2007 excluding dividends this alone represents a 6% CAGR, add in a couple percentage points and you're already there.

Many naysayers are going to look at the numbers and say "but this is just one index" or "this is a short time period" so with that said here is a list of bonds you can buy, simply pick what you like. (iShares Barclays 20+ Yr Treas.Bond, Vanguard Long-Term Bond Index, iShares Barclays MBS ETF, Vanguard Extended Duration ETF, Vanguard Long-Term Bond Index, iShares IBoxx $ Invest Grade Corp). Effectively find a large long-term bond index, low fees and continue to invest monthly and you're good to go.

Stocks: If for some reason, you believe stocks will continue to outperform bonds over the long-run (as it has over many decades) simply buy SPY. It really is that simple, yields 2% and should warrant a long-term 5-10% growth profile with a higher standard deviation.

That is all. Stop reading. Do not pass this line until you are 100% committed to the idea that you're doing nothing but losing money sitting on over 2 months in living expenses.

"Above Market Rate Returns"

Alpha: Lets move onto beating the market or "alpha". Of course, more naysayers will point to "average hedge fund return" in a particular time period and say you can never beat the market. ***Ignore them.*** By saying you cannot find a good security effectively means you "cannot find a good business to invest in". Considering that the entire business of Private Equity is to lever up and fix a company, you would then need to say that Private Equity is a bad business and should not be profitable long-term… KKR, TPG and the like have held up just fine. There are always good businesses to buy, ie: invest in. Working for a start up, is no different than putting a large sum of cash into a single company, in fact, it increases your risk and reward profile as your job is also liable if the company goes under.

Know a Space: With that said, the best way to find a strong business to invest in is no different than any other part of life, spend hundreds of hours researching a specific space. Know it well. Diligently go through every single SEC filing, read hundreds of transcripts, read hundreds of research reports, be able to understand the dynamics to the T on everything in one space and start hunting. ***If you're unwilling to spend many grueling hours learning a niche space, or don't have the time, go back to the top of this page*** and invest all of your capital into baskets of long-term bonds and stocks with no fees attached to them.

Reap Rewards: To hammer in the point that above market rate returns can be seen, just pull up Berkshire's stock relative to the market… here it is.

The Company's portfolio has consisted of many securities over time (Sees Candy, Wells Fargo, IBM and others), and the relative return is quite impressive. Back of the envelope if you look at the beginning of Berkshire, it grew 2x the market rate… a CAGR that exceeds the S&P by 2x is beyond phenomenal over roughly 30 years.

Conclusion: If you have any doubt that you'll be unable to watch your investment decrease by 60-70% in a single year, you should stick to the long-only camp. In addition, we believe it is possible for anyone to learn one space and get smart to achieve above market rate returns. Notably, the number of people ***willing and able*** to put in the work is likely well under 1%, so buy a basket and get your money out of that checking account.

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8 Takeaways: Brief Hangout with Mike Cernovich – Danger and Play

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Recently had the chance to touch base with Mike Cernovich from Danger and Play. We don't spend too much time together as we are both busy pursuing multiple projects… But we do have one thing in common…. We hate wasting time.

With that said we generally meet once maybe 1.5x per year to catch up and here are the main takeaways (WSPBs perspective).

1) People in their 20s don't have their priorities straight

It took less than 15 minutes to figure this one out. For some reason people in their 20s are constantly asking for "game advice" and how to "get chicks". You can see the tension in the nightlife environment. It is practically a war zone of men trying to one up each other.

Why is that? It is a product of men in their 20s having backward priorities.

Lets assume that you master the "game" and get "the one" for you. Now she enters your life which is full of… nothing. You didn't put the big blocks up first so you have nothing to maintain her interest. How long are you going to be able keep hand in the relationship? Maybe a year. Maybe less… Then she'll begin making demands of you. You lost.

Then these men jump back on the treadmill ignoring the big blocks (financial security, health, ***long-standing relationships with high quality men)***and return to asking more game related questions. ***What a waste of time.***

Mike is actually a much nicer guy than us, he won't say it but we will.

If you're picking the brain of a guy who is netting 500K page views a month, a successful lawyer and a well educated health freak about how to land "one night stands" you're wasting his time and your own. Asking a successful person to be a relationship coach over a girl who dumped you or a girl who flaked on you says one thing about your life. You have nothing meaningful going on. At all.

Harsh? Probably. True? Absolutely.

Here is a good proxy for when you should seriously worry about game. *If you're on track to be worth $1M+ by 30 and you're unhappy with your sex life, you can now ask for game advice.* Otherwise, get to work on something more meaningful.

2) You will be happier if you live your life honestly

If you are constantly putting on an act, you're going to be stressed. Yes cultural decline is real and most women you meet will be sluts who have hooked up with 20+ men on tinder. Ignore them.

You should know what type of life you want to live and that will naturally attract the type of girl you want as well. Going to the clubs, getting blacked out and stumbling around as your buddy asks you to pick him up with other "hot chicks" is about as appealing as 45 shots of 151.

If you live your life as you actually want to live it, you're going to attract different types of women and male friends. The law of attraction is absolutely true. Start approaching women as you live the life you actually envisioned and a lot of your unhappiness will fade away.

3) Holding men and women to the same standards is ludicrous

If you are dating an attractive woman who is your opposite, holding her to the same standards as you will not work. Period. Double standard? So what. It is simply true. No attractive woman is going to put herself through the same amount of pain as you, which is why she is there to be a supporter and cheerleader.

Besides, she is not going to respect you in the first place if she thinks you're her equal or lesser.

Click here for a review of the basic ground rules.

4) People have no emotional control

During our catch up we did have a chance to meet some quality people. Even then, one thing stood out… When it comes to money people have no emotional control. We didn't realize it but this short post can change a person's life if they simply practice the simple steps outlined.

Successful people, men and women who make $1M+ per year were actually concerned about "timing the market". This is exactly how people lose their life savings. After you personally watch a few investments go both north and south (30%+) you should be able to stomach the volatility. Yet our email got blown up after a 5-7% correction. In addition, it was a hot topic of discussion.

Sadly there is nothing to discuss. Just dollar cost average and move on. As stated over and over again, 99% of people won't be able to do this.

5) Talent is wasted everyday

With the ugly realizations out of the way, here is a mixed realization. There are a lot of talented people out there who are simply refusing to tap into their potential.

Lets step up to the plate with two examples:

Example 1

Twenties Mentor – This blog concept should be netting 6 figures. How do we know? The demand for this type of mentoring program would be through the roof if the author could simply do the heavy lifting instead of regurgitating a few select manosphere posts/ideas. Don't get us wrong, we're happy for a few clicks here and there but the bigger issue is the lost potential. Lets write this out again.

Twenties mentor is a 6 figure opportunity that is being half-assed.

It is being half assed because the author, whomever he is, is not addressing the niche appropriately. How so? Check out the starting video.

In short the author states he "wants to be the best at fitness, women, starting a business". Wonderful. Why isn't the blog taking up any traction? Easy. There is no action.

How should the blog be improved? Choose one action step and go down that path quickly. Write 2,000+ word posts every single day.

Based on the video, the author currently lacks certainty. Therefore… we would suggest the following series: "How to become a great speaker". Take classes, record your voice, show proof of effort and see how your readers respond to your new videos. We guarantee it will be interesting. **Take what people in their 20s are afraid of and show them real time it is achievable.** The #1 fear is the public speaking.

Is the author going to continue half assing the blog? If he does, then it better be a hobby because it certainly won't garner readership with regurgitation/summaries of the blogs he reads. Take out the machete and go down your own path.

To reiterate, **you can make 6 figures** off of that blog concept if done correctly.

Example 2

Kidstrangelove – The author of this blog has the reverse issue of twenties mentor (opinion). While twenties mentor is unwilling to get out and pave the trail (so far), kidstrangelove appears to be an engineer who is uninterested in the limelight. It took him all of 6 seconds to create manosphere.com which is a blog aggrigator that helps every single author it tracks.

The author is able to quickly cut through media BS and synthesize data (like any good engineer!). But… He's not putting much effort into building a brand off of his technology know how. The potential is certainly there.

6) The USA has everything you need

No the USA is not perfect and there are a lot of issues (kangaroo courts, fat acceptance and otherwise) yet if you look hard enough you can find the diamonds in the rough. Once you do, you'll bask in the glory of having your cake and eating it too. After traveling to enough international destinations you will find that you're trading one headache for another.

In short you're trading cultural dating headaches for business/trade headaches.

You can choose headache number two and make all of your income online or you can keep headache number one and simply adjust your lifestyle to find the girls that fit your needs. One thing is for sure, complaining won't do anything.

7) Intelligent 3rd party observations lead to immediate results

If you are spending time with an intelligent person on Topic X, it's wise to put them in a situation to give you feedback on that topic. As an example, if you're a great salesman but are in the room with an even greater salesman… You should show him a video of your latest presentation.

In less than 30 minutes you'll find multiple tweaks to improve your situation. Net cost? Practically nothing.

In short, the largest room in the world is always the room for improvement.

8) #GamerGate

Still do not understand what this is truly about. But if you're looking for some LULz simply follow Mike's twitter. In short, they are barking up the wrong tree since he doesn't have a boss to report to. *Popcorn*

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A Basic Post on Minimum Leverage and Several Announcements

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When it comes to leverage there appears to be two camps: no leverage and a ton of leverage. This is simplifying things, but if you talk to rich people they typically talk about leverage positively or they got wealthy without leverage buying lots of assets with cash (significant business cash flow). Another interesting item here is we've noticed that people with a large sales background – constantly talking a big game since it's their career – use more leverage. On the other side. Those with a technology background or another industry with high cash flow lean towards a de-leveraged approach. Naturally, there is a middle ground here between zero leverage (decreasing your long-term net worth) and over leveraged (buying tons of cars on credit)

The Problem With No Debt: While you can still get rich without debt, the major issue is that you're decreasing your long-term net-worth. If you receive a million dollars with a low interest rate of 2-3% and cannot figure out a way to generate value… You're simply not trying hard enough. Realistically, to receive the extremely low interest rate in the first place, you would need a high income (allowing you to obtain preferential treatment). While there is some truth to avoiding "the top of the market", at extremely low interest rates, you should be able to weather any storm over a 20-30 year time frame.

If you want a rule of thumb we'd recommend calculating the "spread" and multiplying this over a 15 year time frame. For example, if you were able to get a 2.5% interest rate and your long-term annualized return was closer to 6% this would be a 3.5% spread. While you can certainly deduct the interest from your taxes (mortgage situation for example), this rough math means you're growing your net worth by an additional 3.5% per year (on the amount you borrowed). If we play this out over time on our $1 million dollar example, it would result in an incremental $35,000 per year. ($60K-$25K = $35K)

In year 1 and year 2 not much of this is a big deal. An extra ~$3,000 a month won't sound like much. But. If we reinvest that same amount of incremental money then you're looking at a significant change in cash flow. While $35,000 per year times 20 years would be $700,000… the return is actually much much higher. To keep the numbers "less risky" we assume you can earn 4% on the $35,000 per year.

So after 20 years what does this mean? It means you've generated $1,042,000 not $700,000 over a 20 year span. *This is how people get rich using other people's money.* If you want a good rule of thumb, every twenty years assume that you're going to recoup the entire loan amount. This is an extremely simplistic way to think about the number but also helps explain why zero debt does not make sense for a long-term investor. If your return versus the interest rate is 3.5% or higher… you're essentially losing out on that money (notice we didn't say risk free as everything has risk even treasuries).

The Problem With too Much Debt: On the other side of the equation is where you run into payment issues. If this is ever the case and you're "concerned" about making a monthly payment or quarterly payment… it's time to de-lever. Or more importantly. It is best to avoid getting into this situation in the first place. Unlike the other section, this situation is dire as you could be forced to sell assets to make payments (see people in credit card debt). In fact, this is similar to buying a car on credit as you're levering up into a guaranteed loss.

Using the same $1 million dollar loan example, this is only a good idea if you're 100% certain that you'll be able to make the $25,000 a year monthly payments. This is not a large amount of money relative to the loan size (assumes you're a high income earning individual). But. You better not rely on a single source of income when you decide to lever up with a large sum of money. If you're missing any of the payments the game is no longer fun. Why? Well if you're forced to sell items to pay the interest it probably means your cash flow statement blew up. That's the downside of debt. When it goes in the other direction there is significant pain and suffering.

The Minimum Leverage: The above is pretty basic knowledge, so the more interesting question is a minimum leverage amount. Notice we said leverage amount and not "leverage ratio" since this is more of a personal finance item than it is a company specific item. If your business could blow up any second, leverage is likely not in the playbook (while recurring revenue businesses can take on more risk). So. From a personal finance perspective? *We'd look at your passive income as the best determinant for your debt load.*

Facing the facts here, unless you're levering up to flip houses and it's part of your actual business, you're really just trying to juice your returns over a 20 year time frame. This means you're looking for extremely low interest rates and for a medium risk asset that will unlikely decline over a long period (stocks after a recession, housing after a recession, so on and so forth). To make sure you're always able to hit the interest rate payment, *simply match your passive income.*

Continuing with the same example from above, if you have an interest payment of $25,000 per year, this would require passive income of around $25,000 per year. While this sounds like quite a bit of money, we'll leave it up to the reader to decide what classifies as passive income as there are multiple forms (passive and semi-passive). If you're bright enough to have found this blog and make good money, you're likely sitting on two streams of income where you could easily classify stream two as "passive income" since you could start up a third one if one of them didn't work anymore.

Currently, you can get near-risk free returns of around 3%, this would mean that with $1M in investable assets you should actually have $1M in debt. Why? Well with $1M generating $30,000 a year… it's highly unlikely that you'll miss those interest payments of $25,000 per year. If you're unable to pay for your own food, water and shelter by yourself in a worst case scenario… we doubt the person would make it to a million bucks in the first place. This is less of a jab at regular people and more of a confidence booster for the future rich people!

Does This Always Work? Of course not. Sometimes you'll be forced to make tough decisions on leverage. Looking at markets in general, you want to have some broad views of when you're rejiggering your exposure. We've already made our opinions clear from 2012 till the end of 2018 there was nothing to do but buy stocks as we were still working out of a recession. At current time frames, we're just not as interested and are not *adding*. This is a significant change since you're not dumping stocks and "unloading all of your exposure" instead you're de-risking by tossing more money into cash. Why? Well if you toss more money into cash and have more accessible money, the interest rate you will get typically improves (everyone wants to know how much liquid money you have M1)

The other important concept here is that there is no way to time the bottom at all. While we're sure a few people will hit the exact bottom and a few people liquidated all of their stocks in the first week of October of 2018… No one needs to be a hero to get rich. What is more important is getting the broad trendline correct. We know that most bull markets last about a decade and up to around 12-13 years. We know that real estate and stocks should go up mid-single digits over a 20-year frame, so on and so forth.

Putting these two broad items together what you want to do is have enough cash on the books to *allow* you to buy the bottom. When de-leveraging occurs and people unwind their positions the last thing that people have is *cash*. So you'll be in a fortunate position to do just that. Borrow money near the bottom. As a final rule of thumb when you hear that we're officially in a recession, we suggest looking at your debt load and increasing it. Then you just need to play the waiting game.

Side Note and Important Announcement: First, we've officially decided to write a final product to complete the trilogy… it will be on effective spending. Being brutally honest, it has not been easy as 1) there are no real books on this topic as they are all typically about frugality and 2) we want to cover everything as maximizing your "status" over time is an important art. Second, we'll go back to posting regularly here (likely more frequently for the next month or two) to make up for the pause over the past couple weeks. Third, we'll drop the introduction/outline well ahead of the launch of the book. This is because it will likely take a good amount of time to do it properly and will need some feedback. It will expand from not just "when you're rich" but when you're lower on the economic totem pole all the way up to $20K/month or so… After that it becomes too personal (for many reasons to be explained). Fourth, to cap it all off. One frustrating part about doing all of the work is that many people don't bother to read important sections. So there will be a surprise section in the book to reward people that actually take the time to read it.

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A Castle in the Jungle

A Castle in the Jungle

You're dropped into the middle of a jungle. No contacts. No resources. The immediate reaction is to find a source of water to survive. You quickly take to a perch near a river and realize you need food as well. You observe the wild life taking notes and quickly devour anything edible in sight based on your observations. You may live another day.

A few days pass and you catch wind of edible fish in the river. You don't know how to fish. You create a slew of fishing mechanisms, a sharp stick and a woven net seem the most promising. While you didn't catch anything with your last twenty concoctions, you pay it no mind. You haven't failed yet, you only found twenty ways to do it incorrectly. **You'll find a way since there is no other option.**

A week passes by and you wake up early one morning to see a fish consuming a worm. It clicks. You re-wrap your net to accommodate a few worms. You chug several extra cups of water before you go to sleep for the night. This causes you to wake up just before sunrise and wait with your worm laced trap.

You fail thirty times in a row, you fail more times than you have fishing gear but the thirty first one gets caught in your trap. The fish tastes significantly better than all of the food you consumed previously. Maybe it is because you prefer fish, or maybe it is because it took you several days of effort to obtain the fish. **A wise man will bet on the latter.**

You establish a solid routine of fishing, building out your home by the river and venturing further downstream searching for human life. One day you stumble upon a tribe of men. You startle them. With minimal viable ways to communicate you quickly offer up some freshly caught fish to the group. You leave your home upstream. You pick up the language. You adjust.

With a significant amount of trust established from your simple skills in catching fish the head of the tribe asks you to take over more roles within the group. You immediately accept. You are given the task of building a castle.

Five months pass and you have personally built the foundation for the castle. The tribe leader is quite happy but believes more can be done. Instead of asking for resources you turn back to the basics from your initial inauguration. You seek out to make friends. Recruiting several members to contribute a few hours of work per day. In just a few short months you have a four bedrooms of the castle completed. The tribe leader returns from a long excursion and is shocked at the change and work that has been done. You are given a team to manage for the completion of the project.

Ten years pass by.

You are now one of four men who live next to the king of the castle. You are no longer tasked with physical work, the tribe has many young eager and strong men to complete such requests. A change has occurred. You are now taking questions and are fed, clothed and sheltered due to your opinions. After all, anyone who can move from a river bank to the kings quarters should have valuable suggestions. You work long hours answering questions ranging from catching fish to building a team and establishing relationships across various sub groups within the growing tribe. You speak to every member of the tribe on an annual basis.

Another five years pass and the king has fallen ill. The king will now choose one of four men to be his successor… each of whom has a comparable skill set. After a long rest the king steps out to make his decision. **The decision was certainly made long before this night.** As each candidate is praised for his efforts the crowd is anxiously waiting the decision. A twinge of fear spreads over the crowd when the other candidates are mentioned. You are asked to be the successor. The crowd erupts.

In your own head you don't register the praise but instead are reminded of the first fish you caught on the river bank.

(pause)

What is the point of this story?

It is how you should approach life:

1) When you are young, you are trying and failing over and over again searching for a solution. You put in the work, you are inefficient at first due to minimal guidance and inexperience. *The only way to gain experience is through effort.*
2) You copy success around you, even if you are surrounded by animals with no human contact they are a source of information. *Everyone you meet will be a source of at least one piece of useful information*
3) You adjust to achieve results, it is not pleasant to wake up before dawn to catch a fish but it does not matter if it is pleasant or not, *what matters is if you wish to capture a fish.*
4) By the time you are independent and standing on your own feet, you should expand your network, if this means swimming downstream, so be it. *A man with just three real friends is a man of great value. A man with hundreds is wealthy.*
5) When you meet a new group of superior men the last thing on your mind should be competition. Contribute what you can to be near superior men. *Even if you could burn down the entire tribe, you would be left with ash.*
6) When offered new responsibility you jump at the chance. No one grows by staying in the same position. *You deliver results on an individual basis making it much easier for you to create a team in the future.*
7) As your tasks continue to grow, you make many friends. What makes a castle strong is not the walls but the relationships within the community. *Without their trust they will not work for you.*
8) As you age your physical skillet declines, however the skills you developed when young and energetic should make your thoughts more valuable than your muscles. You are not financially independent until people will pay a handsome sum for your opinion, *now you are a walking business*.
9) At the top of the food chain, leadership qualities begin to trump experience. Anyone who can make it near the top of the food chain will have a plethora of life experience, *but only a small percentage of those men can develop healthy relationships as well.*
10) Throughout your life, the greatest amount of happiness you feel will directly relate to the hours you put in to achieve your goals. If you have a life theme of improvement, your happiness can increase each and every year. This is why you should catch your first fish early in life, *train your brain into the mindset it needs to succeed forever.*
Lets assume you've transgressed a few laws within this story. Maybe you don't see the connection between work and happiness, *maybe you're spending your time trying to take down a castle someone has built in stead of building your own* and maybe you are not infiltrating the right tribes at this time. No matter. Instead we will leave you with the following Chinese Proverb.

"The best time to plant a tree was 20 years ago. The second best time is now."

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A Day In The Life

Below is an outline of how to efficiently run your life at the mid-level in high finance. It assumes you'll be working in the realm of 60 hours a week and you want to maximize… sex and money.

7:15am: Alarm goes off. Check email do 10 push ups, shave, shower and change.

7:35am: You walk out the door with your pre-packed food for breakfast and lunch. Yesterday you set up a news article to go out, anything interesting to send to your team. They assume you are in the office but really you're on your way to work. Notably, the 25 minute time difference is enough for them to avoid checking in on you, if you show up 10 minutes before people may try and compete with you.

7:50am: You arrive roughly 10 minutes before everyone else and toss food in the fridge. Grab breakfast and eat while taking supplements you need such as fish oil and milk thistle for the massive alcohol binges and begin your day.

8:00am: If you're a banker this involves meandering around waiting for the staffing meeting where you're going to be assigned to check some analyst/associate's work and twiddle your thumbs looking at offering memorandums. If you work in a market centric job, hedge fund or otherwise you're going to be checking out futures markets, trying to find a catalyst in your space and working on long-term projects. The next four hours involves daily work that we've outlined previously. Update models, write notes, do pitch books, attend conference calls and read as much news as possible.

11:30am: Head out to "lunch" and go solo. At this point you don't need to go to group lunches if you're established, in two words? Day Game. You already packed your lunch so you walk down to Times Square with food in hand and open up the first 3 girls you see with "Hey where is a good seafood spot around here". ***Go direct*** after 2 minutes and say "Honestly I don't care about seafood I actually work just over here and thought you were ***kind of*** cute so we should hang out sometime". Get at least 3 approaches in over the next 20-25minutes. Depending on looks you can get 1/6 numbers or so, no problem.

12:00pm: Eat lunch back in the office while doing moderate work. At this point most people now leave for lunch, while they are out grabbing lunch use this time to practice a new language, type up the next post for your blog, read up on investment ideas or simply read a book. A good trick for reading a book is to get PDF copies as well, forward them over and have your fingers hovering over windows and D so you can flip down all your screens while your background shows a fake excel spread sheet.

1:00pm: From now until you leave the office at 6pm or so you're going to focus on automating as many tasks as possible for work, get ahead on projects and set them up for distribution. Finish all work 2 days ahead and deliver them roughly ½ a day ahead of plan. ***Always*** ***Lower expectations, higher than expected results***.

4:00pm: Search out a good interesting article to send to the team and send it out for distribution some time the next morning, begin texting a few girls you're currently seeing and catch up on your current date pipeline. As soon as you can, leave work for the gym. Leave some work items near by so people believe you are going to come back. Start texting girls in your pipeline, see if any will come through relatively easily.

6:30pm: When you head off for the gym, turn on any sort of music to get you back into spitting game mode. You're going to talk to at least 3 people while at the gym. You should be friends with the gym rats or staff at minimum. Between sets you can send out text messages and continue racking up dates for the week or weekend. Keep building rapport with the cutest girl you can find in the gym and go for dates/numbers after roughly 3 days.

8:15pm: Swing by the office for protein shake, supplements and all other necessary items.

8:40pm: Walk into your apartment and head straight for the fridge. Chop up juicing material and food for the morning. Throw items into a bag and throw some food in that needs to be microwaved such as baked potatoes and set it up for 7 minutes and 30 seconds. You now have 7 minutes and 30 seconds to shower (you do not have girly long hair).

9:10pm: You walk out of the shower, beeper on the microwave goes off. You pack the rest of your food up and juice. Clean everything up and throw your mason jar in the freezer.

9:30pm: Set alarm clock, you drink a warm glass of milk. Not to be a two year old but because it releases melatonin, you can also take that if you wish. You have 1 hour to read, learn a language or add value to someone else's life.

10:30pm: Sleep.

Notes:

- No TV or checking media or Facebook. If their opinion actually matters you'd have their cell phone number.
- The 1 day a week you do not work out, you can substitute for a nap and go out on a weeknight for learning a new fun activity (dancing, art, bartending etc.)
- Your iPad/Kindle can be an asset, ***do not browse through the web, you have a computer at work***
- Juicing is done 2 days a week as you have a set of mason jars, more free time
- You will also get days where you get burned by work, make this your new rest day for both juicing and lifting weights, never allow 2 days in a row to break your routine
- No time to complain about life or what you don't have because you're busy consuming good information and improving yourself, success is inevitable
- 8:30-10:30pm can also be set up for friends with benefits, mix and match

Conclusion: During a working day alone, you'll approach and talk to at least 4 women. This does not include your weekends and your weeknight out for fun. You'll be perceived as hard working at your job at minimum come bonus time, this puts you in an okay position at worst. You'll consume good information, books, languages and zero clicks on "Yahoo News" or "Fox News". The last thing to remember is always being happy at work because people have a difficult time giving more work to someone they already like as a person**.** Psychologically harder to screw over someone you like as a person, even if their work is just "okay".

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A Day In the Life: Hedge Fund Associate Edition

A Day In the Life: Hedge Fund Associate Edition

Intro

We've previously outlined a day in the life of someone working in high finance (and someone not), however… we have received requests for similar overviews that provide more depth for specific roles within Wall Street as a whole.

This will detail such a "day in the life" for someone working as a hedge fund associate with an investment banking background. The focus here will be on job responsibilities, as opposed to any particular associated lifestyle habits.

Here is the typical answer to the question: *"there is no such thing as a typical day"*

While this is somewhat true outside of morning / evening routines, no day is the same as the next. That said, within the course of any given week or month there are a finite number of tasks that you will perform on any given day.

As such, instead of providing a detailed single day (maybe example), this post will outline: 1) Routine / rough outline and 2) Typical Activities

Routine

Wake up early (highly recommended) – This will differ depending on which coast you are on and when the market your hedge fund operates in opens, but for an Equity Long / Short associate working in NYC, for example, this is typically around 5:30-6am. For those operating in less liquid markets this could be later, while for those on the west coast this will be much earlier.

Workout: Most people work out either first thing in the morning or immediately after work depending on preferences and how feasible it is to squeeze one in first thing (i.e., if you have to be in the office by 4am then you're probably going to wait until after the market closes before hitting the gym). Many funds also have gyms and trainers on site, so it's also possible to do it in the middle of the day if your schedule permits.

The Commute: Some choose to take a short commute to work where you will typically catch up on news / market data / economic indicators on your phone and read/respond to any overnight emails that came through.

Day Outline: Once you get in at the start of the day you setup, check email, get coffee, get breakfast (many funds provide catering for most meals), etc. and begin to plan your day.

Sleep / End of Day: As stated, your hours will vary depending on fund and location, but rest assured you are not going to keep your banking hours – you are paid to think, you are no longer paid to process. With this in mind it's in the fund's interest to keep you well rested and healthy. Days don't tend to be more than 12 hours long, so save the occasional all-nighter for time sensitive material. A lot of your work can also be done from home if logistics permit.

Typical Activities

Now that we've gone over the outline, from here out, your day could be filled with any number of the following:

1) Working on New investments / Investment Memos: The primary focus of what you are doing at a hedge fund is researching and evaluating investments. Much of your day to day will involve different ways of getting information that you can use in order to do so. Once you've done your diligence on a potential new holding and come up with a thesis, you will typically pitch it to your PM either on the fly or in a regular (weekly or monthly) strategy meeting. Sometimes this means an email outlining the most relevant points about the investment, while other times it means a full blown investment memo ranging anywhere from 5-30 pages (depending on the complexity and level of detail necessary to understand the investment). They will typically have the same structure as the case study you beasted when you first got the job, only with more depth and more focus on what is relevant (as opposed to just background information that is easy to pull up on CapIQ or Bloomberg).

2) Source and Structure Deals: For funds where the focus is on less liquid assets or private / semi-private deals, you may need to work on structuring the terms. In addition, large individual investments where your fund or a group including your fund is negotiating with a company directly may be an issue as well. Similar to banking, this involves modeling potential deal scenarios, putting together update presentations, coordinating with lawyers and other funds to negotiate and arrange terms, etc.

3) Working on Investment Updates: For current holdings, you will need to provide updates for any events that may have a large impact on the investment itself. This can include items that may require a full thesis update (ex. legal judgment, big earnings miss, anything that would significantly impact the thesis to necessitate re-evaluating the investment) a short memo (ex. quarterly and annual earnings updates, smaller news items that still affect thesis somewhat), or just an email (ex. earnings previews, market moves).

4) Work on Marketing Materials: Depending on the size and resources of your fund you may put together marketing materials to pitch to potential new investors, as well as materials sent to existing clients such as quarterly letters, annual meetings, performance updates, and other presentations and analyses about the fund's performance (vs. benchmarks, alpha / beta, sharpe ratio, etc.) and strategy (see Howard Marks).

5) Backoffice Support: Similar to marketing materials, your involvement here will depend on your fund, but you may also need to coordinate the activities of the fund as it pertains to backoffice functions such as compliance and accounting.

Calls / Meetings:

1) Strategy Meetings: Most funds have weekly or monthly strategy meetings led by the PM in which fund performance is reviewed, investment updates are provided, and potential new ideas are discussed (this is usually when you present your investment memo). However, meetings are often held for special situations and time sensitive issues which can't wait until the monthly meeting. More regular update meetings may also be common (i.e., Monday Morning Meetings).

2) Conference Calls (i.e., earnings calls, investor days, etc.): This is typically for any current holdings. However… This can also be done for potential investments on your "Watch List" – i.e., companies that you are keeping an eye on or developing a thesis for in your downtime. It can also be for ideas you've diligenced in the past. But your firm passed. You continue to track it in the case that they become available at a more attractive price, etc.

3) Diligence Calls: While your own personal network can be helpful for diligence, more specific insight is needed for individual investments you are evaluating. This is where other sources of information, such as expert networks, come in. Most funds use a service like GLG to arrange informational calls related to investments they are looking at seriously. These calls are with industry experts, former employees, employees of competitors, or anyone who may be knowledgeable about the space you are looking at. These calls can be anywhere from 30mins to an hour long. Other sources of information can include finding people on LinkedIn (yes, seriously), your own personal network, talking to sell-side analysts and rating agencies. In short? Anyone who can provide you with relevant information.

4) Calls / Meetings with Management: There are clear benefits to talking to management teams on a one on one basis (if you can). This give you time to ask them about their strategy and anything else they may be able to disclose regarding their thinking and the company itself.

5) Talking to Other Funds: This is where effective networking comes into play. If you are looking at an attractive investment then in all likelihood you are not going to be the only one looking at it. Whether from business school, undergrad, your IBD analyst class, or anywhere else, it helps to have a large network of people at other funds to talk to. You can speak directly with multiple people on various topics such as 1) current holdings that they are also knowledgeable about 2) new investments you are evaluating that they are either looking at, already hold, or have held in the past and 3) what new ideas they are thinking about – many hedge funds want to remain secretive lest someone else capitalize before they do, but there are often cases where it wouldn't hurt if XYZ fund knows what you are looking at if it means they can give you insight (and vice versa).

Other Fun Stuff:

1) Reading: In addition to calls and meetings, the biggest part of analyzing the investment will involve reading as much as you can about it. In particular, you are looking for things that other may overlook (i.e., always check the footnotes). This can include filings, research reports, news articles, industry reports, emails, etc – anything you can get your hands on that will help give you a better investment decision. You also want to stay on top of any industry news / market data / economic indicators relevant to the fund as a whole – specific holdings, or anything that may present a new investment opportunity to look into.

2) Dealing with Lawyers: If you've ever uploaded a dataroom before (you have if you have worked in banking) then you will know what this entails… Those 300-page legal documents have to be read by someone and while lawyers will handle much of this work, specific issues may arise and you may be responsible for this. This is more relevant if you are on the fixed income side, as almost any investment you will evaluate will necessitate reading over an associated credit agreement in order to 1) know the credit terms (rate, length, covenants, etc.) and 2) peculiarities. There are also cases where you are investing in industries (airlines come to mind) or situations where a legal decision is a significant factor.

3) Modeling: There is a saying that in investment banking, modeling is the most interesting part of the job, while at a hedge fund it's the least interesting part. **This is true.** Modeling itself is often a methodical process once you have the basics down. You are more interested in what the model tells you and how it relates to your thesis than how good of an excel ninja you can prove yourself to be at this point.

Some notes to clarify… Modeling at a hedge fund is more similar to equity research than it is to banking – while you do create a new model for each new investment it can be put into a simple template if you are consistently looking at the same kind of company. If you are at a more generalist fund then this will be less common, but still relevant depending on how many asset classes are under your purview. Further, much of the modeling you do is updating existing models based on new information (earnings announcements, relevant news, legal decisions, changes in the market, etc.). You may also need to model the fund's portfolio itself in order to provide performance updates and inform marketing and LP materials.

4) Creative Research: On top of reading and diligence calls, which are to be expected for pretty much every opportunity you are looking at, other investments may involve doing more creative research. This can include the following: 1) diligence trips to the company you are evaluating to "kick the tires", 2) meeting with management, 3) calling every Walgreens in the tri-state area to analyze their inventory on a particular SKU etc. There are many ways that you can go about obtaining material public information. We could try to list them all here or you could read Bill Ackman's HLF presentation to get an idea of what we mean. *(See page 270 for a particularly interesting example)*

5) Conferences: Most of the bulge brackets will hold annual or semi-annual conferences for just about every industry and asset class they handle. These are often in NYC, but can also be in places where the weather is more "agreeable" such as Arizona, Florida, Nevada, California and others.

The conferences are held by banks in order to strengthen their relationships with their clients. They organize information sessions and company presentations where you can obtain information on the Company directly from management. The conferences also serve as an opportunity to network with other investors and pick their brains for ideas (similar to the calls mentioned above).

To reiterate, how frequently (if at all) you do any of the above will depend entirely on your particular fund, with some obviously being more "typical" than others. However, this should provide a basic overview of what its like working at a hedge fund…

Well what are you waiting for? Start blasting those emails we know you don't want to stay in investment banking for long!

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A Day in the Life of a Loser

A Day in the Life of a Loser

7:45am: Alarm clock does off. (Snooze)

7:50am: Alarm clock goes off again (Snooze)

7:55am: Alarm clock goes off, hits snooze button and finally gets out of bed to change. 8:00 hits and the alarm clock goes off again because he keeps his clock next to his bed so he doesn't have to stand up to get to the desk.

8:20am: Just got out of the shower and is now running **10 minutes late** see above.

8:30am: Gets into his car. "Oh my god I can't believe this traffic I don't think i'll be able to make it to Starbucks!"

8:55am: "Well I've got about 5 minutes i know the Barrista I have been trying to hit on for the last five years knows my drink I should be okay." Gets his drink, pays $4 and heads to work.

9:03am: Arrives at work. The three minute delta is no big deal because no one cares about his work anyway.

9:05am – 10:15am: Reads a bunch of important news articles on "Yahoo" and "Shine" about dating and lifting weights. Ignores the fact that the articles are written by overweight 40 year old women.

10:15am: "All corporations are gross so I better check my paystub to make sure I am still getting paid!". Logs into overdrawn checking account. "Yep still making $10 an hour"

11:00am: It's getting close to lunch. "Hmm that girl over 7 cubes is really cute, I haven't talked to her in person for the last two years but its probably makes sense to ask her out to lunch out of the blue". Messages girl 7 cubes over through internal message system. Her response "Hey sorry I don't think so i have other plans".

11:30am: It's lunch break time. No time to pack lunch because he was **wayyyyy** too busy this morning. Goes out to Chipotle to buy lunch where for some reason CNN is playing in the background. It's about Wall Street. "Oh my god those dirty corporate bankers are taking all of my money with no work ethic whatsoever, I could 'EASILY' do their job any day of the week."

11:45am: Sits down to eat his Chicken burrito (may as well save 50 cents right?), he eats lunch with his *friends*. Over the next 45 minutes they refresh their Facebook, Twitter, Instagram and Pinterest accounts 75 times checking out that "cute girl" from when they were back in high school. Living in the past.

12:30pm: Arrives back at his desk. Goes onto Doostang, Indeed and other job search boards realizing he has similar qualifications for multiple jobs that pay $10K higher on an annual basis. Does not send in resume. Begins doing work for the first time in the day.

1:30pm: Gets email from admins in the office. "Company Happy Hour Today!". Jumps for joy! "Oh man i can't wait I love happy hour we get drinks for like $2 and maybe that cute girl i just messaged will tell me she likes me!!!!!! Continues to do some minimal work.

3:00pm: Does minimal work. Reads a few fitness articles on "cross fit". Doesn't realize all of the people on cross fit look awful and the program is tailored for women. Also realizes he signed up for the gym but has not gone for the last three years and likely looks like exhibit 3.

5:00pm: Well at least he got some work done between 12:30 and 5:00pm. It's time for happy hour! I can't go to the gym today because maybe that girl likes me!

5:30pm: Arrives at happy hour. Cute girl does not show up. The ball game is on, March Madness. "Oh my god man i can't believe people think XYZ team is going to win, that's not possible, Number 33 averages 26.72364617176525 points per game and 6.28363345 rebounds. No way the other team wins man, I bet you, I bet you whatever you want man." His boss turns to him and says okay I'll bet you $10. "Nah man I don't bet money on stuff man, lets just make it a friendly bet." Boss looks at him, squints "sure".

8:00pm: **His** team lost. Of course he has never played a sport before in his life. Now the conversation is turning *philosophical* "Man yeah, i can't believe those sports players get paid so much its dumb they shouldn't be paid more than doctors they should be paid much less". His friend slightly nods his head, his boss already left the building. A man in a suit is standing behind them and asks "If he's overpaid why do people pay so much to watch the games?". Neither of them have an answer.

9:00pm: On his way home he remembers that there were over 20 attractive women at the bar who he did not speak to. Man that guy in the suit was a real jerk. He was probably some uptight Wall Street guy I'm going to **fight him** the next time something like that happens.

10:00pm: Finally goes to bed with an extensive hangover and a slightly lighter bank account. "Man I wish i had time… I wish I had time".

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A Detailed Look at Financial Institutions Group (FIG)

A Detailed Look at Financial Institutions Group (FIG)

We are testing a detailed look at sectors within Wall Street. Today the focus is on FIG. If you have no interest in the working of FIG or investing in FIG, we suggest you run for the door. However… If this is of interest to you, take a seat, read and take notes! You'll be able to get an edge on your competition by knowing all of the key metrics to look for and going in with a handful of skills on day one… Just remember you're going to do investment banking for period of time as you transition to creating your own online business.

Introduction

To build on what we learned from modeling Apple, we're doing a test run on detailed articles by sector to introduce and explain certain industry silos in more detail. First up is the Financial Institutions Group, or "FIG", which includes: Banks, Insurance Companies, Asset Managers, Diversified Financial Companies (Credit card companies and the like), Intermediaries / Securities Firms / Other Financial Companies (Custodial Banks, Exchanges, Brokers, Financial Technology, etc.)

This post will lay out a framework for understand FIG companies, starting with banks. It will do so by exploring the business model and typical operating and valuation metrics important for each major FIG subsector, in particular how they are different from other companies. Like Energy and Real Estate, FIG is a slightly different beast from your typical EBITDA / cash flow driven companies ("Widget" companies) because the balance sheet drives the income statement, and not the other way around. The assets of FIG companies (loans, investments, cash and securities, etc.) are what generates revenue for them, in the form of interest and investment income.

Basically, FIG companies "borrow money" (i.e., source capital) cheaply and then "lend money" (invest that capital) expensively. Much (though not all) of their income is generated by the spread between those two rates of return. Additionally, because of the sources of some of their capital (largely individual consumers), there is strict regulation surrounding what kind of assets FIG companies can and cannot hold on their balance sheet, and in what quantities.

There are a multitude of additional complexities involved with FIG companies which will not be covered here, but this should help to provide a basic understanding of how FIG companies operate and function and how people think about them. Lets go ahead and start with banks

Banks

How Do Banks Make Money? *Net Interest Income (50-75% of revenues).* The interest they receive on their interest-earning assets (loans), less the cost of: The interest they pay on their interest-bearing liabilities (deposits) The cost of bad loans (mortgages they foreclose on)… Banks hold deposits, for which they pay little interest, and use them to make loans, for which they earn as much interest as they can. They also have to eat the cost of loans that default, how much of which is dependent on the quality of said loans and what collateral (if any) is associated with them.

Besides just deposits, banks can also fund their lending activities using wholesale funding from other financial institutions, the government (i.e., the Fed), and the capital markets. Together, these comprise a bank's **interest-bearing liabilities**. Equity contributions are also a source of capital, though it is usually fairly limited because of how banks deliver value to shareholders and the capital requirements associated with how they maintain their balance sheets.

The investments banks "**interest-earning assets**" are primarily composed of loans (mortgages, commercial financings, construction loans, etc.), but can also include investments in other sources (securities, proprietary PE-type investments, stocks and bonds, etc.) depending on a bank's capital position.

The reason that interest expense is included "above" the top line (in net revenues) is because interest expense for a bank is analogous to COGS for a widget company. The uses of the liabilities drive bank interest expenses are fungible between being operational and being a traditional source of financing since again, their assets are their capital.

Non-interest income (25-50% of revenues): Mostly composed of fees, but can include other fun stuff as well. Banks charge fees for pretty much anything they can get away with – likely the best know examples are investment banks charging advisory fees and commercial banks charging lending and deposit fees (think ATM fees and the like).

Besides fees, other common sources of non-interest income include: **Principal Transactions**– for certain sources of their capital, banks are not limited solely to fixed income able to make principal investments which are slightly more risky – merchant banking, for example.; **Asset Management** – Detailed further below, but also a fee – on the assets being managed; **Credit cards** – Besides the loans associated with the card, banks also use them to generate interchange fees (essentially a transaction fee – the reason so many delis in the city don't take AmEx is because their interchange fees are much higher than other issuers); Some investment income not included in interest income (typically from principal transactions); Anything else that doesn't involve interest income.

Income Statement and Profitability Ratios

Income Statement: Now, taking the above and walking through the rest of the Income Statement, we have the following (explanations below):

Interest Income

Less: Interest Expense

= Net Interest Income

Add: Non-interest Income

= Total Revenues

Less: **Non-interest Expense**
= Pre-Tax, Pre-Provision Earnings

Less: **Credit Loss Provisions**

= EBT

Less: Taxes

= Net Income

Definitions:

Non-interest Expense – Essentially SG&A. Includes compensation expense, technology and equipment, marketing and sales, etc.

Credit Loss Provisions – Banks have to assume that some portion of their loans are going to default. In anticipation of that, they set aside a certain amount of capital each period to match what they estimate the losses will be for the loans they originated.

This is charged against the I/S in the period during which the loan is originated – i.e., not when the loans actually default (if they default).

The capital they set aside and charge against their revenues goes to a reserve fund (a contra asset) on the B/S called **Loan Loss Reserves** – discussed below.

Key Profitability Ratios:

Net Interest Margin (NIM) – Net Interest Income / Average Earning Assets

– Higher is better

– How effectively bank is using assets to generate income

Efficiency Ratio = Non-Interest Expense / Net Revenues

– Lower is better

– Measure of operational efficiency

Return on Average Assets (ROAA) = Net Income / Avg. Assets

– Higher is better

– How effectively bank is using assets to generate income

Return on Average Common Equity (ROAE) = Net Income / Avg. Common Equity

– Higher is better

– Ability to generate returns to investors in its common stock

Loan Loss Reserves and Asset Quality

Loan Loss Reserves

As mentioned above, banks set aside a provision each period based on the loans they originated in that period. This goes to a contra asset called Loan Loss Reserves, which is basically an “emergency fund” for when loans go bad and the bank has to cover the cost of default.

Where it gets tricky is that a loan can be behind on payments and not be considered a default. The process of disposing of bad loans therefore involves the following steps: 1) Loan is made; 2) Borrower stops repaying loan; 3) Up until 90 days past due, the bank accrues the interest on the loan as if it will eventually be paid back.; 4) After 90 days past due, the loan goes to nonaccrual (they stop assuming they will get paid back any interest) and is considered a **Non-performing Loan (NPL); 5)** The NPL is appraised (based on the value of the collateral and any money the borrower can repay) and the expected loss from the loan is charged against the reserves (the **Net Charge-offs, or NCO**); 6) After the loan is foreclosed, any collateral is sold, and any recaptured principal is added back to the reserve as **Recoveries**. In the case of mortgages or real-estate loans, the collateral is called **Other Real Estate Owned (OREO) –** basically all the houses the bank has repossessed that they haven’t been able to sell yet.

Each period, the reserve calculation is as follows:

Loan Loss Reserve, BOP

– NCO

+ Recoveries

+ Credit Loss Provision Expense (from I/S)

= Loan Loss Reserves, EOP

Asset Quality Ratios

A banks asset quality is determined by what portion of their earning assets are not performing – i.e., not paying up. A bank with a lower portion of NPLs and **Non-performing Assets (NPAs)** (any earning asset that isn’t earning, whether due to default or non-payment) is going to perform better, so banks want to minimize these kinds of loans while also making sure they have enough reserves to cover the loss potentially associate with them.

NPLs / Loans and NPAs / (Loans + OREO)

– Lower is better

– Reflect the portion of assets not earning money

NCOs / Avg. Loans

– Lower is Better

– Amount of loan losses caused by customers default and lack of collateral

Loan Loss Reserves / Total Loans

– Higher is better, but too high means a bank could have money used for reserves that could be put to better use

– Indicates adequacy of size of reserves

Capital Adequacy and Regulation: To reiterate, a bank wants as many interest earning assets as possible… and it wants to earn as much interest on those assets as possible…. The problem is that, generally, loans with higher interest rates are also loans with higher risk profiles. Since the deposit base utilized by banks is one of the foundations of the financial system, there are all sorts of capital requirements regarding what a bank can and cannot use different types of capital for. Taken to an extreme, if a bank took everyone's deposits and lost them all betting on red, then a lot of people would be SOL (the FDIC only covers up to $250k). Regulators don't want that to happen, so they put in rules saying "You can't bet people's money on red, because that's too risky, but you can invest this money in treasuries or something we think is safe".

To determine if a bank has enough capital to handle a "worst-case scenario" (think stress tests), banks use a variety of capital ratios to determine how solvent they really are and how big the risk that they lose everybody's money is. The numerator of these ratios is some definition of what a bank's "safe" capital (sources of funding) is, which is divided into tiers of decreasing safety thusly:

Tier I (Tangible Common Equity (TCE) – Equity less goodwill and intangibles; Preferred Stock; Trust Preferred Securities (TRUPS) – A hybrid security primarily used by banks)

Tier II (Loan Loss Reserves; Subordinated Debt)

While the denominator is some representation of a banks total assets (i.e., loans and other investments):

Tangible Assets (TA) – Total assets less goodwill and intangibles (i.e., assets that could be reasonably recovered in bankruptcy)

Average Tangible Assets (ATA) – Average TA over a given period

Risk-Weighted Assets (RWA) – Total assets, where each asset class is weighted based on it's level of risk. The risk-weightings for cash, for example, is 0%, since cash is "risk free". Most government securities are weighted at 20% ,since they are "kind of safe", while commercial loans and ABS / MBS are weighted 100% of their value, and can be rated higher than 100% if they are below investment grade (BB).

Capital Adequacy Ratios

Tangible Capital – Simple, conservative approach to evaluating bank solvency

Tangible Equity Ratio = (a+b) / TA

Tangible Common Equity Ratio (TCE) = a / TA, essentially tells you the amount of losses a bank can take before shareholders equity goes to zero

Regulatory Ratios – Used by bank regulators to capture the difference in risk between asset classes

Tier 1 Common Capital = a / RWA

Tier 1 Risk-Based Capital = (a + b + c) / RWA

Tier 1 Leverage = (a + b + c) / ATA

Total Risk-Based Capital = (a + b + c + d + e) / RWA

Valuation: As opposed to industrial companies and due to the nature of their business, banks are valued based on cash flows. to shareholders only (in contrast to cash flows to shareholders and debt holders), as debt funding is directly correlated to the bank's assets and its profitability. Banks tend to trade primarily based on Tangible Book Value (book value that would be available to shareholders in bankruptcy) and Earnings (P/TBV and P/E). **1) P/E** – Because of the capital adequacy concerns mentioned above, banks are only able to dividend a limited amount of their earnings each period to equity holders, since they may have to retain some portion of their earnings in order to improve and/or maintain their capital position. Higher multiples are driven by higher quality (i.e., consistent) earnings; **2) P/TBV** – A representation of how many income producing assets a bank has. Higher multiples are driven by higher ROTCE ratios. **3) DCFs –** While DCFs are rarely used to value banks, they can be applied to an estimation of future dividends (assuming a constant capital ratio) though this method is heavily dependent on cash flow and growth assumptions.

Insurance Companies

How Insurers Make Money? This can be broken down into two ways again:

Underwriting Income
The premium payments they receive, less:
The claims payouts they make
The operational costs associated with generating the policies that pay those claims

Investment Income
Money they make by investing the cash they receive from premiums before they have to pay out claims

Most of their income typically comes from investments. Insurers can and do make money from their insurance operations, but they usually price their products competitively so that they receive as many premiums as possible. Sometimes this means that they break even (or even come out negative) on a given insurance product because if they price it any more expensively then a competitor will capture that premium.

Premiums are analogous to a bank's deposit base – they represent cash with almost no cost-of-capital (or even negative cost of capital if an insurer is able to turn an operating profit) that insurers can invest for themselves (hence why Warren Buffet loves insurance so much). They want the investment income they can make on the cash they have lying around while it's waiting to be paid out for policies.

Life vs. P&C

The insurance industry is broadly divided into two categories: Life Insurance, and Property & Casualty (P&C) Insurance (i.e. car / house / medical insurance – anything that isn't life insurance).

The reason for the distinction is because of the nature of the payout periods for life insurance vs. other kinds – life policies, by definition, last longer than any other type of insurance a consumer may purchase. Therefore, once they sell a policy, they know with reasonable certainty that they have the capital they get from those premiums for a fairly long amount of time, allowing them to make conservative, long-term investments that will generate more investment income than ones with lower time horizons.

P&C insurers, on the other hand, have much shorter policies and payout periods. As such, in addition to investment income, they tend to rely slightly more on the income they can generate from their actual underwriting operations because they're churning through policies.

Accounting Quirks

The total value of a given insurance policy is not static. The revenue and expenses associated with a policy (both historical and projected) can change over multiple periods. As such, there are a lot of accounting quirks associated with how insurers report their financials, mostly to do with how to reconcile the timing mismatch and estimates informing their underwriting profit. There are a boatload of variables that can affect how a policy is valued.

Example to demonstrate:

Let's say you have a 3 year renters insurance policy, which you paid entirely up front. The insurer now has your cash in its hand, which it can use to invest, but it doesn't actually "earn" the money for years 2 and 3 until years 2 and 3 happen, so what's the fairest way to recognize it? And what about the associated investment income?

Then, let's say halfway through year 2, you get robbed and they have to pay out the full value of your claim. The recognized claim expenses associated with the policy to that point had actually been nil, but the reported expenses had been estimated (based on actuarial statistics). Now the insurer has to take this actual expense amount (the claim payout) and spread it out over the 3 years, including retroactively updating the recognized year 1 expense amount.

Then on top of that it turns out the salesman who sold the claim had a clause in his contract that he would lose his unvested bonus if a certain amount of his policy sales resulted in claims, so now the commission expense associated with the policy also has to retroactively change for year 1 and the estimate for commission expense may have to be lowered for year 3.

You also have the investment income / losses, which include both realized and unrealized interest income, dividends, capital gains and losses, etc, and all the fun accounting rules that get associated with them.

Add to all this the fact that most insurers also take out their own insurance policies (called re-insurance) in order to hedge / manage their overall risk, so if your policy was reinsured it was likely ceded, or "given" to another insurer, who is actually the one now responsible for paying you (though indirectly).

Oh, and don't forget the taxes associated with all of the above.

As a result of these complexities, a lot of understanding insurers comes down to understanding the accounting rules associated with them.

To oversimplify, there are basically three kinds of accounting insurers use:

– GAAP / IFRS – Traditional accounting required by the SEC. This focuses on trying to what an insurer "earned" in a given period so that shareholders can see that the business is healthy

– Statutory – Accounting required by state insurance regulators (insurers are primarily regulated at the state level). This focuses on the cash insurers actually receive from premiums and pay out as claims so that regulators know that an insurer will have enough cash to cover their required payouts in the future. It also informs the rules surrounding when insurers are allowed to issue dividends to their shareholders (similar to bank capital regulation)Associated with Statutory accounting is what is called **Statutory Capital & Surplus (C&S)** – similar to shareholder's equity, but with some adjustments. C&S is used by regulators to determine the maximum amount of dividends that an insurer can pay out to shareholders. The differences are basically that the income or earnings added to C&S each period are closer to actual cash earnings than in GAAP. Examples of specific differences include: Bonds are generally recorded at amortized cost (vs. as securities); Acquisition costs (cost of new and renewal policies) are charged as incurred and not "as earned"; Realized capital gains/losses resulting from changes in interest rates are deferred and amortized over the life of the associated security

– Embedded Value (EV) – While not required disclosure, EV accounting is used by life insurers as a way of determining the intrinsic value of all the policies on their books. If XYZ insurance company suddenly decides to stop doing business , then their existing policies they have would still generate premium revenue and have claims to pay for many years into the future. EV tries to estimate what the implied value of these policies would be.

Income Statement and Profitability Ratios

Basic Income Statement

Direct Premiums

Add: Assumed Premiums

= Gross Premiums

Less: Ceded Premiums

= Net Premiums

Insurers will report both Gross and Earned premiums for each of the above, the difference being that Gross Premiums represent the premiums expected to be received over the full life of a given policy, while Earned Premiums represent, predictably, the value of the premiums from a policy that an insurer actually earned over a given period based on the contracted length of the policy.

Net Premiums Earned

Add: **Interest & Investment Income**

= Total Revenue

Less: **Losses and Loss Adjustment Expenses (LAE) Incurred**

Less: **Commissions**

Less: **Underwriting Expenses**

Less: Other SG&A Expenses

= Operating Income

Less: Interest

= Pretax Income

Less: Taxes

= Net Income

For statutory accounting purposes, net income is slightly different:

Pretax Income
Less: **Increases (Decreases) in Deferred Acquisition Costs (DAC)**

= Statutory Pretax Income

Less: Taxes

= Statutory Net Income

Definitions

Direct Premiums = Policies the insurance company wrote themselves

Assumed Premiums = Blocks of policies the insurer took from another insurance company (in order to provide reinsurance)

Ceded Premiums = Blocks of policies the insurer gave to another insurance company (in order to get them re-insured)

Interest & Investment Income – Similar to interest income for banks, though there is no associated interest expense in the top line

Losses and LAE = The claims the insurer actually had to pay out in a period, along with any associated adjustments to previously paid out claims

Commissions = Commissions paid for the policies generated in the period

Underwriting Expenses = Expenses associated with actually implementing the policies they have – office

Deferred Acquisition Costs (DAC) = DAC is an asset on the balance sheet that represents the expenses associated with acquiring (generating or purchasing) new policies that have been paid but not yet been incurred (since per GAAP rules they must be spread over the life of the policy). Change in DAC represents a non-cash item on the income statement, so Statutory Net Income adjusts for it in order to get a picture of what actual cash earnings are

Unearned Premium Reserve (B/S Item): Similar to a bank's loan loss reserves (though not a contra asset), insurers create a reserve for premiums insurers they up front on multi-year policies. They create a liability called an that increases when they receive upfront premium payments and decreases when over time as they actually earn the said premiums.

Ratios

Retention Ratio = NWP / GWP

– Tells how much reinsurance an insurer relies on to balance their risks

Weighted Investment Returns = Interest and Investment Income / Total Value of All Cash and Investments

– Higher is better

– Tells if an insurer is putting its money to good use

Loss & LAE Ratio = Losses & LAE Expense / NEP

– Lower is better

– Ranges between 50 and 75% for P&C

Expense Ratio = Total Expenses (Commissions + Underwriting Expense) / NEP

– Lower is better

– Typically around 25%

Combined Ratio = Loss Ratio + Expense Ratio

– Lower is better

– Typically 90-110%. Under 90 is unusual

– Underwriting margin is 1 – Combined Ratio

Reserves Ratio = (GWP or NWP) / Reserves

– Lower is safer

– Typically around 150%

Solvency Ratio = C&S / NWP

– Higher is safer

– Usually around 70%, minimum of 10-20% depending on regulator

Risk Based Capital (RBC) Ratio = Total Adjusted Capital (TAC) / RBC

– NAIC regulatory ratio, similar to bank solvency ratios

– TAC = Statutory surplus

– RBC is calculated in a similar way to RWA for banks, with different weightings given for their various investments and other assets

– Above 200% is good, anything below 150% is bad. Under 70% requires state regulators to take control unless is corrected in 90 days.

Valuation: Valuing insurers is slightly different for Life vs. P&C insurers. Both generate investing income, so valuation based on balance sheet (including ROE and ROA) is important in the same way it is for banks. Because P&C insurers generate more of their income from underwriting, their valuation is also informed more by their operational performance. **Ratios Both:** (P/BV or P/ TBV – Higher for higher ROE; P / GWP or P/ NWP – Higher for higher premiums growth); **For P&C:** (P/E – Higher for higher quality earnings); **For Life:** (P/Embedded Value – Higher for higher ROEV)… DCFs are also possible for insurers in a similar way to banks – they can be valued based on their expected future dividends assuming constant capital requirements.

Other FIG Sub Sectors (Yes we likely missed a few here)

Diversified or Specialty Finance: These include FinCos (payday lenders, etc.), "Non-Bank" Credit Card Companies (Visa / AmEx / MC), Mortgage REITS, Business Development Companies (BDCs), and agency (GSEs). The main source of revenue for both banks and specialty finance companies is net interest spread earned on loans and leases, with the funding model as the primary differentiator. Whereas banks primarily extend loans by expanding credit through fractional reserve banking, i.e. "deposit funding", specialty finance companies must secure its loanable funds in the capital markets

Deposit funding is a unique legal privilege granted to banks, but comes with significant regulatory strings attached limiting the potential scope of banks' lending activities Hence, there is a need for specialty finance companies to deliver credit products that do not fit well within a bank regulatory construct Specialty finance companies also compete directly with banks in certain areas. Diversified financials are valued in the same way that banks are.

Asset Management: Asset managers include both traditional long-only firms, like Franklin or Fidelity, and alternative asset managers like KKR or Fortress. Working on Wall Street, you should be familiar with the asset management business model. They invest (and hopefully make) money for people (or endowments, insurance companies, etc.) in return for a fee. Broadly, there are two kinds of fees asset managers can take: **1) Management Fees** – This is a % of the total AUM, and is paid regardless of performance; **2) Performance Fees** – this is a % of the returns generated by the asset manager, with fees usually assessed on any performance above a given benchmark or high water mark

Because of this, one of the most important metrics for asset managers is their AUM, and how quickly it is growing (or shrinking). AUM can grow (shrink) in 3 ways: 1) Investment gains or losses; 2) Organic Flows = Money given to or taken out of an asset manager by their clients; 3) Acquired Flows = AUM acquired from another asset manager

The net organic flows of an asset manager or highly predictive of it's market value, with higher flows obviously being better.

Besides AUM and flows, however, asset managers are valued and treated similarly to other EBITDA companies, so we won't go into more depth here.

Securities: Finally, there is "all the rest" – other financial firms that don't fall into the categories outlined above. These are primarily in the securities industry, and are valued and analyzed in the same way as Widget companies. Examples of securities companies include: Brokers (online and retail); Boutique investment banks or advisory firms; Exchanges; Execution Services Firms; Financial Technology / Software Companies; Market Data Providers; Financial Processors

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A Detailed Look at Technology Media and Telecom (TMT) – Part 1 of 2

A Detailed Look at Technology Media and Telecom (TMT) – Part 1 of 2

Given the positive response to our post on FIG, we are starting our TMT overview. Part 1 will cover Semiconductors, Telecom, Hardware and Internet. The second piece will cover Networking, Software and other technology.

Introduction

Technology Media and Telecom (TMT) is an interesting space particularly for those that enjoy seeing valuations that can range from "WTF was that" (internet) to a classic DCF model (older technology companies). With that in mind, it is best to break the sector into smaller sub-segments to understand how and why certain companies obtain higher multiples than others…. While there are hundreds of ways to break down the sector, we'll go with the following subsectors: 1) Semiconductors, 2) Telecom, 3) Hardware, 4) Internet, 5) Networking, 6) Software and 7) other components.

Before we dive into each subsector, we should note that technology focuses less on various equations (which FIG relies on heavily as you can see from our previous post) so don't be surprised if you don't see a lot of calculations. With that said… what are the key points to understanding tech?

1) Total Addressable Market (TAM): For each company you need to understand how big the opportunity is. It can be as simple as knowing how many Laptops and Desktops are shipped world wide to as large as "how many internet users are there on the planet". Using this same example, the PC market (desktops and notebooks only) could be a ~$200 billion revenue opportunity with total PC shipments of roughly 320 million… In comparison? If you look for the Internet, you can get to a TAM of $14 trillion… We don't have to explain why everyone fights about a firm's Total Addressable Market, it matters… a LOT. Now you understand why bankers fight tooth and nail over positioning a company within a specific sector/comparable group in Technology.

2) Growth rates: In lock step with the above point, you also want to know if the TAMis growing or shrinking. Piggy backing on the same example above you would quickly understand that it would be better to have exposure to Internet for growth because users continue to increase while the number of desktops and notebooks are flat to down as people move to their mobile phones and tablets. If the PC market suddenly sees innovation and the TAM is expected to grow to $300+ billion, you can bet anything that multiples will expand for companies with PC exposure (HPQ as an example). Similarly, if the number of internet users suddenly doubles for a specific company, say Facebook doubles its user base, get ready to see the stock move up as well.

3) A Real Technology Lead: This is where the engineers and techies step in.Lets say everything checks out so far, you have a product in a sector that is growing and has a large TAM… Now the rubber meets the road. **Is this product differentiated?** You should pound that question into your head after you've done a great job looking at parts 1 and 2. If you have a product that can be easily copied by a larger competitor because you have no Intellectual Property well… you are screwed (half-joke tone).

Side Note for Tech Nerds: Differentiation is vague. We're using Intellectual Property as the example since it is the easiest to relate to but it can mean a lot of things. It can also mean they have an extremely large install base and were a great first mover (think WhatsApp /SnapChat/ Uber).

We're not going to use this post as a time to debate the valuation of any of these since they do have specific technologies associated with them, but to give you an idea WhatsApp was able to process 27 BILLION messages in a single day with JUST 55 employees. You'd have to be a tech nerd to understand how crazy this is because the stick rate on low-end international phones has to be sky high.

Tangent – remember that differentiation/technology lead matters a lot and just because you see a high price tag doesn't mean it was always a bad deal (remember Google acquiring YouTube?). In addition, we strongly doubt anyone reading this is smarter than Mark Zuck in terms of understanding tech, that **includes** the authors of this post, so if you see an expensive acquisition try to understand the technology before jumping to any conclusions.

Valuation: We'll go into specific valuations for each subsector but the main ones you should know if someone asked you inside an elevator are as follows: 1) EV/Sales for companies with high growth and no profits yet – think companies you would take public, 2) P/E – main benchmark valuation methodology for medium to larger more establish companies, 3) FCF multiples, for large cap tech, think IBM/MSFT/AAPL/ORCL etc of the world 4) EV/EBITDA usually for internet based companies once they are relatively well established and 5) DCF: for the large cap high cash flow names.

With the introduction out of the way go ahead and jump to your sector of interest and take a glace.

Semiconductors (INTC, AMD, NVDA, ARMH, BRCM, TXN)

Semiconductors can be explained in many different ways, however, to boil it all down semis are the integrated circuits which act as the critical electronic components needed in system designs. Semis can serve in various functions from microprocessors, to memory, to analog, to logic to discretes and sensors. In general, semis account for ~30-35% of the BOM in electronic systems (think servers, smartphones, computers) etc. The total market was just over $300bil in 2013 with growth generally pegged to WW GDP growth.

What Matters in the space? i) Inventory Cycles – the space has traditionally been traded off of inventory cycles, mimicking ~6:2 ratio of builds to subsequent correction. Investors want to own through the early build quarters (6) and sell through the late build-early correcting quarters (2). ii) Return of FCF: The growth phase is transitioning into a more mature era, and slower unit demand is leading to excess capacity and broader industry underutilization, which we expect to persist through 2016. Given this backdrop, lower capital investments are needed as today's capacity is sufficient to meet demand. Consequently, we are likely to see greater FCF generation in the industry with companies endorsing shareholder-friendly capital-allocation strategies.

iii) Newer technologies: Rising technical standards (i.e. LTE) are demanding greater complexities out of solutions where system design is increasingly challenged. Semi companies that are solving these problems are poised to benefit from both a rising unit and ASP perspective – a trend (upwards unit and ASP slope) that is most appealing to semi investors looking for revenue growth.

Main Industries to understand from a high level.

Computing: In 2014 the market is estimated at $100 billion, -9% Y/Y accounting for 32% of total semiconductor revenues. Impacted companies: Intel, Marvell, Micron, SanDisk, Texas Instruments, NVIDIA and Broadcom.

Consumer: In 2014 market will be ~$55 billion, +5% Y/Y, accounting for 17.5% of total semiconductor revenues. In general, the Consumer market benefited from rising content trends, including more wireless connectivity ("the internet of things", TVs, household appliances), higher penetration of general consumer electronics in emerging markets, mix-shift to faster internal processing (embedded SoCs) and rising touch-enabled devices across multiple platforms. Impacted companies: Broadcom, Marvell, Cypress, Freescale, Texas Instruments, Analog Devices.

*Semiconductor Wireless:*In 2014 the market is ~$75 billion, +9% Y/Y accounting for 25% of total semiconductor revenues. While the growth in handsets and tablets are slowing at the high end, the market is seeing considerable uptake in the mid-range and lower end, which have become increasingly feature-rich.

*Semiconductor Wired:*In 2014 the market will be ~$15 billion, +2% Y/Y accounting for 4.5% of total semiconductor revenues. Within the data center, 100GE adoption is beginning to materially ramp as Ethernet content also benefitted from growth trends. Other components that are slated to benefit are network and multi-core processors.

*Auto:*In 2014 the market is $25+ billion, +31% Y/Y, accounting for 9.0% of total semiconductor revenues. The Automotive market stands to benefit from higher units (industry expectations +4% Y/Y) as well as semiconductor content. In 2014, total unit growth is expected to be ~4% growing to 85 million driven by increasing wealth in emerging markets. The content increases are largely due to 'infotainment' and safety systems which are benefitting analog ICs and MCUs.

Top Themes:

Theme #1: Enterprise Data: NAND Use to Broaden into Higher Value Applications

Theme #2: The Rise of Sector FCF

Theme #3: RF Integration

Valuation: Traditionally, the semiconductor industry has valued the space off price-to-earnings (P/E) multiples and EV/EBITDA multiples, as operating profits were always paramount in evaluating the effectiveness of on-going operations. This valuation method was prudent given the growth nature of the industry. However, the growth phase is transitioning into a more mature era, and slower unit demand (particularly in trailing edge) is leading to excess capacity and broader industry underutilization, which should persist through 2016. Given this backdrop, lower capital investments are needed as today's capacity is sufficient to meet demand. Consequently, we are likely to see greater FCF generation in the industry with companies endorsing shareholder-friendly capital-allocation strategies. Through this dynamic we should see five main characteristics unfold: i) lower capex as a % of sales; ii) rising industry FCF/share; iii) semiconductor leadership in FCF growth within the S&P500 sectors; iv) increasing emphasis to drive FCF vs. EPS; and v) rising P/FCF multiples across the industry, where the sector is trading at about six turns below the S&P500.

Financial Statement Dynamics: For semiconductor companies, the three most important criteria to follow are those impacting revenues, gross margins and CapEx cycles.

Revenues: As previously stated, industry revenue is generally pegged with GDP, and perhaps up to 5% on a forward basis. Revenues are impacted by ASPs (on average ~$0.45/component), units shipped (which may include distribution sell-through), mix-shift impacts (which affects ASPs) and product cycles. Mix shifts could be impacted by a move to higher technology standards (think 3G to LTE), increasing integration (think an integrated baseband + applications processors in mobile) or increasing software functionality (think GPU processing into big-data and cloud applications). Regarding product cycles, it is important to take into account seasonality which could lead to greater than expected volatility in the revenue line (think AAPL iPhone and Samsung Galaxy s4 ramps).

Gross Margins: Industry gross margins are ~45-50% range. In addition to revenues (see above), the moving parts of the gross margins are wafer costs, depreciation costs (GAAP basis), and cost efficiencies (think integration). In addition, foreign exchange may play a role if costs are overseas.

CapEx: Semi companies are either operate their own fabs (think Intel, Texas Instruments, and Samsung) or fab-less (majority of industry). A fab is where a semi company will design and fabricate its own integrated circuits. The cost of new fabs range from $2-$10bil (where costs are recognized using SL depreciation, usually over 10years). Thus CapEx cycles are important in assessing FCFs. The major foundries in the industry are TSMC, Global Foundries, UMC and IBM.

Telecom (T, VZ, AMX)

This space is on the borderline of technology as well but we'll include a short summary of the space for high level educational purposes. Everyone on these boards is familiar with the major telecom companies who make up the space IE: AT&T, Sprint, America Movil etc. The reason we consider it on the "border" is when most people think of tech they think of IBM/AAPL/MSFT etc, not major CAPEX intensive companies like T/VZ. We did not want to bucket this space under networking (CSCO, JNPR etc.) as it would be confusing and incorrect.

Main Items to Understand: The answer here is quite clear. You want to know how many post paid and prepaid adds a company is acquiring. Naturally, post paid adds are more important. What you would like to see is – AT&T for example – adding multiple post paid subscribers (recurring monthly revenue) and to a lesser extent seeing the Company sell a few of the cheaper junk prepaid phones to help with cash flows a tad.

Quick Sub Segment: Keeping it simple here again, there are two main segments to look at Wireless/Wireline. You can pull up a recent filing by T to pull the majority of the information necessary to understand the two sectors. In short wireless is going to be your phone plan (could include tablet plan – if you're talking about gigs of data purchased instead of WiFi only) and wireline is going to be your TV/Internet subscription.

Top Numbers to Know:

*Smartphones:*Roughly 1 billion smartphones in 2013/2014 This is expected to grow in the at ~20%

*Tablets:*Looking at 200M+ units (annual) as tablets replace PCs in the corporate/consumer world ("cannibalize" is the term they use) arguably. Arguably growth in the 20%+ range

Internet Users: About 2.5-3.0 billion

Financial Statement Dynamics: For the first time we're going to lead with a DCF/dividend valuation method and not have it as a joke comment. In general a DCF/dividend model can be used as part of the valuation because we are talking about enormous carriers that will unlikely go bankrupt and have been established for a multitude of years. Assuming user/subscription growth is solid, looking for 1) DCF on FCF, 2) EBITDA multiples, and 3) P/E Mutiples

Hardware

Many of you will be familiar with the hardware names (HPQ, AAPL, IBM etc.). In this space your larger players are essentially selling a hardware product such as an iPhone, Server or PC and layering on software/services to keep you coming back for more and generating recurring revenue (emphasis on operating systems such as iOS/Android etc.). Notice we are already mixing software with hardware causing a bit of confusion… but lets focus on the hardware side of the business and what you should know.

What Matters in the space? As noted, at the top of the post the focus is going to be on growth and a technology lead. In this case you can start with 1) growth which will be related to how many units or "volume" of the product you can sell [simplistically this would be iPhone units for a company like AAPL], 2) TAM expansion [another simplistic example would be how the smartphone market will grow in the future] and 3) hardware focuses a lot on margins, because higher margins will be a proof point that their technology is leading edge.

Before moving on, to expand on the last point, think of it like this. If Company A has 10% operating margins but Company B has 40% operating margins and they sell the exact same product and the exact same unit volume… There must be some sort of technological/operational edge because they are charging a much higher price than Company A. So in short, margins are eyed keenly in the hardware space, hence all the news articles speculating on gross margins at IBM, AAPL's iPhone/iPad and all of the Build Of Materials or "BOM" break downs you see on technology blogs.

Main Industries to understand from a high level, with example companies in brackets

*PCs [HPQ, Lenovo]:*As stated above, you're looking at a ~320M unit shipment industry with revenue of $200B (annual). As a rule of thumb the space is expected to be flat to slightly down as tablets become more and more widely deployed

Servers [IBM/HPQ]: You're looking at ~9-10M units with total revenue in the $50B+ range (annual). This space is also seeing contraction/flat unit expectations as it has matured. A signal? IBM's exit of its x86 business.

*Smartphones [AAPL/BBRY/Samsung]:*Lots of growth here. Depending on how you slice the market (again remember TAM slicing is important) you are looking at 1+ billion units and revenue of $250B+ (annual). More importantly? This is expected to grow in the future with expectations for annual unit growth in the 20%+ range

*Tablets [AAPL/MSFT/Samsung]:*Again growth here. You guys are familiar with the major players, to give the jist $50B+ revs, looking at 200M+ units (annual). As tablets replace PCs in the corporate/consumer world ("cannibalize" is the term they use) arguably Tablets will be the biggest growth item within the "PC space". Notably, we have only included desktops and notebooks in the first bullet as PCs to highlight the difference. Arguably growth in the 20%+ range

*Storage [EMC/ORCL/Hitachi – Private]:*Here is where we get more tech focused and don't want to explain the difference between Network Attached Storage (NAS) and Storage Area Networks (SAN)… Have we confused you yet? Essentially all the stuff you create, all the words on this screen, the nudes you send on SnapChat are all eventually screen "shotted" and saved somewhere. IE – Storage. This is put into a data center and industry analysts try to analyze both 1) how much data is stored in terms of Terabytes and 2) how much revenue will be generated from the purchase of storage items. These numbers are honestly mind boggling, you're looking at ~40+ Zettabytes of storage by 2020 in a ~$25 billion market. Again don't want to get into the technicals because this space is highly confusing for a beginner but improvements to storage "efficiency" ie how much can be stored on a single device offsets a lot of the growth, so call it low to mid single digit long term growth.

Notably, we could include more subsectors here, for example… by splitting the phone market into smart phones and low end cheaper phones without internet access. We could also begin breaking up each segment, such as business only PC sales (ie: how you're reading this post) versus consumer PC sales (ie: how you watch stuff that is blocked on your computer at work) to show growth rates in an enterprise versus the regular consumer/retail market. For an overview of hardware, the above units should be just fine.

Valuation: For the hardware sector you're looking at the same metrics we outlined for tech in general, however you should be more familiar with 1) P/E metrics both on a GAAP and non-GAAP basis, 2) DCF for Large Cap hardware, 3) Sum of the Parts and 4) EV/Sales for growth hardware.

P/E: This is self explanatory, however the point is earnings growth is eyed a bit more in the space as companies are expected to grow EPS faster than sales (assuming we're talking about larger companies)

DCF: Again focused on large cap tech, as your EPS becomes larger, companies look for quality earnings. As a rule of thumb GAAP net income growth should begin to mirror FCF growth, so a DCF becomes more viable at this point.

Sum of the Parts: As you can see, many of these hardware companies will inevitably have software and services as line items. Sticking with Apple again, their iTunes would be an example of non-hardware related sales which should be valued differently from the sale of the actual hardware item (ie: it can be considered more of a software or services line item). Here you're valuing each piece with a different multiple, add them up and see if it reflects the Company as a whole.

EV/Sales: When you have no profits and you're operating at a loss… You better grow like a weed. This is where EV/sales becomes crucial. The idea is that if your company is growing at 50 or even 100%+ that you have a major technology lead, a major company could then become fearful of you and buy your entire company. This is where you see the "wtf multiples" come into play and sales multiples are much more common for companies that are going public (TWTR as a clear example).

Financial Statement Dynamics: For hardware, as noted above you'll usually see revenue breakouts by segment. This is called a "bottoms up analysis" where you look at each segment and give a detailed look at how it is going to grow in the future. Sticking with AAPL since it is going to be easy for readers to understand, you would model out revenue for iPhones and iPads differently and you would also have specific unit volume estimates for iPhones and iPads as well, since they will unlikely grow at the same growth rate over the next 12-24 months.

In addition, if you think of a Company like IBM, you would have to look at the margin structure by business line as well. Considering that the server sales (hardware) would have lower margins due to cost associated with it, but their software product line would naturally have significantly higher margins. So an alternative way to model would be Revenue and Margins by segment, to build up to a consolidated corporate gross/operating margin line item.

Finally, from a balance sheet and cash flow perspective. Since it takes a lot of cash to manage inventories of all of these products and new machinery needs to be made to test and develop new products, CAPEX (cash flow) and Inventory (balance sheet) changes are eyed.

Internet

This is far and away the easiest sector to understand in terms of what a company does and what the value proposition is. Negatively? It is also quite difficult to value as growth rates can climb or sink at a moments notice. This is the Ferrari of Tech, high risk high reward. If you want to take a look at some disasters look no further than GRPN or ZNGA… A turnaround? FB… Wild success? OPEN, recently acquired.

Since the space is growing at rapid rates lets go ahead and look at the high level trends that people need to be aware of:

More Users, More Money: Roughly 2.5-3.0B internet users on a global basis. This is going to benefit the space as more users means more revenue. This is relatively simple to understand and industry analysts attempt to size the total internet business which leads to numbers in the trillions of dollars ($4T+)

Move to Mobile: Simply put, people are interacting more with their mobile devices than they are with legacy desktops and notebooks. This moves in lock step with the above sector analysis on hardware, the growth is in tablets and smartphones. Therefore? Investors/bankers are looking at what percentage of revenue companies generate from mobile sales versus desktop/notebook. So if you're looking to sell your company, or take it public, you should have a clear explanation of a mobile strategy to help monetize your company. This will help you understand how a company like Facebook sees its valuation move up as mobile is a higher % of revenue and help you understand why Uber receives such a high multiple (all mobile revenue).

E-Commerce: Here is a space that can mix a bit with consumer bankers/investors as well. If your company sells products both online and in retail stores, the different businesses may need slightly different valuations. A good example of a clear internet e-commerce business? Gilt. We all remember Zappos as well (acquired by Amazon). This is incredibly simple, but as sizing preferences are established people will shop more online instead of at retail stores (doesn't take a genius to figure out how that will help margins!).

Social: More and more people are purchasing based on the preferences of their friends. IE: if your two best friends all buy XYZ product you're much more likely to buy it on their recommendation. Enter… Facebook, twitter, etc. This space is also seeing a lot of the issues talked about above come into play (move to mobile, people looking for increases in users etc.). A long post on Facebook is already up so no need to go further, you can check it out here.

High Level Numbers: Since this space is growing rapidly, the numbers are more difficult to pin down when you compare it to the other technology sectors (hardware, semis, components, etc.) but lets go ahead and write down some back of the envelope numbers: **Internet Users:** about 2.5-3.0 billion; **Internet Value:** $4-8 trillion (obscure high level, McKinsey values the internet at ~$8 trillion – 2011 data); **Total Internet Advertising Market:** ~$50B+ annual; **Mobile Payment Market:** $70B+ annual; **Online Gaming Market**: $30B+ annual

Valuation: Here is where the fun begins… Valuing internet stocks. Since a lot of these hyper growth companies are going to be driven by users and many don't turn a profit you can look at 1) Sales growth, 2) User Growth, 3) EBITDA metrics, 4) P/Es and 5) FCF. As you move to larger and larger companies you would go to valuation metrics 3-5 (google as an example) but many of these companies do not have high (or negative) earnings so sales becomes the primary metrics along with user growth. No need to take a deeper look here since we'll be debating for days on the most important metric for each stock.

Financial Statement Dynamics: The long story short here is Growth. You're tracking more metrics that will impact the top line such as MAUs (Monthly Average Users) and use the user growth rate as a leading indicator for future revenue growth.

Conclusion so far? If you want to have a solid career in tech, of the four items listed above you're likely best off in internet as it stands today. Yes there is going to be debate about what sector to join but essentially you want to join a sector where there is a lot of growth. Internet and Software would be the two biggest ones. We'll cover software in part 2.

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A Detailed Look at Technology Media and Telecom (TMT) – Part 2 of 2

A Detailed Look at Technology Media and Telecom (TMT) – Part 2 of 2

We're wrapping up our discussions on technology from a Wall Street perspective. Part 1 covered internet, hardware, telecom and semiconductors… Part 2 is going to cover 5) networking, 6) software, and 7) Other Tech to touch on all the remaining topics.

Networking

Networking is valued in a similar fashion to hardware. When you think of networking the biggest player that should jump out for your average person is Cisco Systems – the $130B networking giant.

As you can imagine there are a lot of mature product categories in this space and when you hear the word mature it usually means slower growth, less deals and more maintenance work and tuck-in acquisitions.

Positively, there are still some bright spots in networking and this post would not be doing the space justice without mentioning some of the hotter pieces of networking IE: Palo Alto Networks for example. So lets go ahead and break down, in simple bullets, what networking comprises of starting with CSCO since it has the vast majority of the product lines.

Switching – Essentially fixed, modular and storage expected to be flat to slightly up on a y/y basis in the future. Think closer to IT spend

Routing Products – you're all familiar with routers both on corporate environments and in your home for internet/TV connections – similar growth expectations at IT spend flat to slightly up

Service Provider Video –cable access, connected devices, essentially as video becomes the medium of choice this space will grow. Expected to be up mid singles annually

Collaboration – unified communications

Data Center – Growth. As expected by the name, anything related to additional sales into the growing data center space – expect 10-20% here (debatable)

Security – Self explanatory, helping keep enemies out of the network, flattish last year in 2013 but should grow at least mid single digits

Wireless –older legacy products call it IT spend growth

What should you move toward? With this backdrop it is clear the space does have some similarities to hardware in that a lot of the areas are mature but… there are some bright spots. The growth rates alone should point you to the bright spots Security, Data Center and Service Provider Video

Security (PANW): "According to IDC, the worldwide enterprise network security market, defined as IDC's Network Security market and Web Security market, is estimated to be $10.0 billion in 2012 and is projected to grow to $13.4 billion by 2016." – pulled directly from PANW IPO filing.

*Data Center (ANET): "*Nearly all consumer applications today are delivered as cloud services. Enterprise applications are rapidly moving to the cloud as well, since cloud services are easier and more cost effective to deploy, scale and operate than traditional applications. Internet leaders like Amazon, eBay, Facebook, Google, Microsoft and Yahoo! pioneered the development of large-scale cloud data centers in order to meet the growing demands of their users, including business customers. These U.S.-based Internet leaders increased their capital spending from $8.9 billion in 2010 to $19.4 billion in 2013, representing a 29.6% compound annual growth rate." – pulled directly from IPO filing

Video Services (CSCO): Keeping it simple and referring back to CSCO since there is nothing public that we would refer to for a specific sizing number (feel free to chime in if you know of a pure play here). Service provider video: 4%-6% y/y growth in the future.

Valuation: For the networking sector you're looking at the same metrics we outlined for hardware, this is a copy paste job below but good for reference if you're interviewing for a networking slot and want to print this out. You should be more familiar with 1) P/E metrics both on a GAAP and non-GAAP basis, 2) DCF for Large Cap hardware, 3) Sum of the Parts and 4) EV/Sales for growth hardware.

P/E: This is self explanatory, however the point is earnings growth is eyed a bit more in the space as companies are expected to grow EPS faster than sales (assuming we're talking about larger companies)

DCF: Again focused on large cap tech, as your EPS becomes larger, companies look for quality earnings. As a rule of thumb GAAP net income growth should begin to mirror FCF growth, so a DCF becomes more viable at this point.

Sum of the Parts: As you can see, many of these networking companies will inevitably have multiple business lines. Ideally you will value each sub-segment separately to come up with a fair valuation. Growth rates and margin profile will determine the appropriate multiple.

EV/Sales: When you have no profits and you're operating at a loss… You better grow like a weed. This is where EV/sales becomes crucial. The idea is that if your company is growing at 50 or even 100%+ that you have a major technology lead, a major company could then become fearful of you and buy your entire company.

Software

This is going to take the bulk of part two, because similar to internet, it is the "hot space" in the Tech industry. Before jumping in it's probably a good idea to explain in layman's terms why the space is coveted. The best example we can use is a subscription based model.

Basic Software Business Model: Everyone knows Netflix and Hulu (internet not software). These business models are attractive because individual *consumers* purchase a subscription or access to content that has a fixed/flat cost base. What this means is there are limited costs of good sold so you have higher gross margins and this flow through the financial model. The more users you get, the better since the content you're selling doesn't change in price and you simply need to scale.

How does this relate to Software? Well to put it simplistically a successful software company has this on an **Enterprise** level. Meaning your recurring revenue is coming from companies not consumers.

Using a simple example, you buy software from Microsoft for your company… Now this software has recurring annual license / subscription revenue and your software company now makes a huge margin as they sign up more and more enterprise companies on your software. Again the gross margins here are high because the software is a code and this flows through and your main overhead is essentially R&D (ie: the guys you hire to make the new codes)

Now we can go ahead and take this a step further and explain that enterprise users for major software companies also pay for services (be it maintenance or essentially trouble shooting) but the crux of the matter is that extremely valuable software can be scaled quickly, deliver value to an enterprise immediately and give the software company a "long tail" of future revenue assuming they sign an enterprise up for a 2-3+ year agreement.

What Type of Companies Fall into this Space?

You can find hundreds of ways to splice the space "Platform as a Service" (PaaS), "Software as a Service" (SaaS), "Big Data Analytics" (BDA), "Virtualization" (Desktops/Servers), "Cloud Based Companies" (don't get us started on anything that falls under the cloud).

Instead of going through and trying to bucket exactly where all these companies and segments fall we'll look at the big level trends and name a few players who touch on each space.

Virtualization (VMW/CTXS/MSFT): This was a bit hotter back in the 2009-2010 time frame when server virtualization was ramping up to speed. For those that are unaware of what virtualization means, in layman's terms, it essentially *allows a server to perform multiple tasks.* Previously a single server would be dedicated to just *one* application or task, but now with **Server Virtualization** you can install software and divide the physical server into multiple *virtual* environments.

Moving forward, the next phase is the move to desktop virtualization. Again to put this in layman's terms what this means is your desktop will now be more secure as it is linked up to a bunch of storage/servers inside a data center. The best form of explanation is as follows:

Non-Virtualized Situation

1) Joe has his laptop stolen

2) Joe reports the laptop stolen to his IT administrator

3) Joe has to explain all items on his desktop/accessible in order to make sure no confidential information is breached

4) Thief tries to steal information in the mean time

Virtualized Situation

1) Joe has his laptop stolen

2) Joe reports the laptop stolen to his IT administrator

3) Due to desktop virtualization and working off servers + storage all the IT guy does is cut off 100% of all access and shut down the computer for life

4) Thief gets nothing because zero information is on the drive, he simply picks up the cheap hardware product that no longer has information on it

There is much more to this, but with the two examples of server and desktop virtualization it should give good reason to see the value.

Business Model: Now in this space you're looking at around 10-12% long-term revenue growth, gross margins of 85%+ and operating margins in the 30% range. To avoid getting into the weeds too much, the big debates in this space are as follows: 1) what happens when all servers are virtualized and we have finally converted all physical servers to virtual servers?, 2) how much will it really cost to convert all desktops/notebooks to a virtualized environment? 3) Which company will have the best overall solution for the enterprise.

Big Data Analytics (SPLK, DATA and Pivotal a division of EMC)

This space is currently *hot* ie: many are talking about it and the valuations here are getting quite rich as people are looking for the best of breed in Big Data Analytics.

What is big Data Analytics? In short, it is essentially the ability to take a slew of information about a topic and make a decision as to what the information means in real time… And to do this in seconds not minutes hours or days. From a college student perspective think about it like this, big data analytics is trying to come up with a thesis paper… full and complete in less than 3-4 seconds! Okay that was a bit extreme… But that really is the idea.

As a real time example, lets say you *Joe Target School* walk into a local clothing store. With all the information you have given out in the past 1) your previous purchases, 2) your facebook posts, 3) your emails – which Google is free to read and 4) your history with the store…. They will immediately try to sell you the product you're looking for. Now… Take this a step further… They are looking to do this on a geographic basis as well. If you own the same clothing store in Austin Texas versus Spokane Washington, the clothing store will reorganize the entire store to match the buying preferences of the community as a whole.

Business Model: In this space you're looking at hyper growth of up to 50%+!!! In addition you're looking at gross margins of 85%+. Notably, operating margins are generally negative, IE: these companies are *losing money* because they are reinvesting in R&D to make sure they have the best analytics software and in addition are searching for ways to obtain more sales (marketing and sales expenses). Most of our tech savvy readers already know this is how high growth new software companies work, negative operating margins as you build a book of recurring revenue then you should scale appropriately and see the profits flow in at a later date.

Cloud Based Companies (CRM, WDAY)

Now we're getting into the cross over and broad topics in software. Cloud based companies can be literally any software company that primarily functions on applications for the Cloud or "Platform Three". A company that uses internet based computing to give a service/product is going to be considered cloud. As you can see this opens up a large large large can of worms in terms of what can be considered a cloud based company. Certainly a software company that has all of its revenue derived from the cloud would count… but deciding if you include a security company as cloud is difficult (looking at you FireEye).

If you wanted to look at one company and say this is a large "cloud" based play, then a good place to start would certainly be salesforce.com (CRM). Even on a $1.2B+ quarterly revenue run rate, the company is growing at 30%+. This is a tall task for any company. The Company operates in 4 segments sales cloud, service cloud, marketing cloud, salesforce1 platform.

Again putting this into simple terms, think of CRM's business model as access to proprietary software/applications through the internet. Simple as that. Using CRM as the leading example a *service cloud* would be creating and tracking calls and the ability to prioritize importance (through internet medium), *sales cloud* would allow collaboration in tracking and helping close a client/business lead and again escalating to different members as they near purchasing, *marketing cloud* allows customers to bring in outside data and integrate into their customer profile to help analyze and later sell more products in the future.

Business Model: Would like to reiterate that many companies can be considered cloud, but if we're speaking towards large scale growth (like a CRM) you're looking at ~30%+ growth this year and 20%+ over the medium term (call it 3-5 years). The Gross margin profile in this space is slightly lower than a pure software company but you're looking at 75%+. In addition, sales and marketing expenses are higher given the larger support and services piece of the business model, but you're looking at 10%+ op margins.

Software as a Service… For those that work in technology investment banking… you'll know why this was listed last… It is simply because you can technically call CRM/MKTO/Netsuite/Workday and other companies mentioned within this write up as… "Software as a Service" companies.

Since we don't want to go over every single company that is considered SaaS which would take a post in itself, we would recommend this short article that simply talks about high level valuation of SaaS Companies:

http://www.scalevp.com/a-valuation-framework-for-saas-companies

Valuation: Here's the basics for Software Companies, if you're talking about larger firms such as a CRM a Free Cash Flow multiple may work along with a DCF. When you're talking about high growth companies (see losing money) then you're forced up the income statement and you're looking at Sales multiples. If you're not using any of those four metrics then you're likely moving to a P/E metric and lastly a EBITDA metric…. Software is a huge space, we missed out on a lot here and didn't even scratch the surface (examples RHT/LOGM/LPSN etc etc.) and the fact that there are so many large companies lets you know that there will be a lot of IPOs/consolidation in the future. That's always music to a banker's ear.

Want to reiterate here, unlike Internet which can be more or less understood when looking at the business model at a glance, Software has a lot of overlaps and can be difficult to "position" particularly for a pitch or comp sheet. When push comes to shove you're going to have to understand how your banker thinks about splicing up the space and how to spin your company into the right "buzz word" areas such as cloud and big data analytics. As a quick note, a smart way to justify your comps/valuations is to stack up like for like growth rates and margin profiles regardless of it being a XYZ software play instead of a ZYX software play. Long story short software can have a full 10+ pager in seconds

Other *Tech*

Here we are going to attempt to tie in all the loose ends that could be considered technology. As an example you can use 1) manufacturing, 2) distributors and what we'll deem 3) electromagnetic devices as "Technology"

For those that work in industrials you see how we begin to blur the lines between "technology" and "industrials". As an example if a company creates the components within the technology device (think the nuts and bolts connecting everything inside a server or a laptop) is this considered "technology" or is this considered "Industrials". Without debating how to splice the group we can name a few types of industries that could be considered tech but could also fall into the lap of a few different industries person.

Main Industries that can qualify as *Tech*

Media/Gaming (CBS, GA, SINA, FOXA): Okay… fair we should have another section on this, since it is calledTechnology **Media** and Telecom… However the issue is the space is generally fragmented (gaming) or quite consolidated (media).

Looking at gaming, upstart gaming companies are quickly scooped up by one of the larger companies such as GA. In this case, when interviewing for a media/gaming based position you should expect to work on a LOT of 1) small sell-side M&A transactions or 2) advising a large gaming company on a lot of small M&A transactions.

Now if your focus is more on media you're going to be referring to CBS and we would refer back to telecom based valuations for simplicity: focus in on 1) entertainment vs cable revenue growth, 2) subscriber growth 3) Contract renewals with operators such as DirectTV, Cable Vision etc., 4) capital allocation policy – dividend changes and 5) Free Cash Flow. In short, refer back to valuations for "mature technology" since the big names are unlikely to trade on sales multiples gives the growth rates.

Distributors/Value Added Resellers (VARs) – [TECD, AVT]: These companies essentially buy products, warehouse them and resell them. Lets say you're a small company and can't afford a massive sales team like the big technology companies. You reach out to distributors/VARs to help sell your product. They generally provide some technical support as well.

[Note: *technically* distributors and VARs should be slightly separate as a VAR is supposed to provide additional features or services at all times before reselling, but we're just making this easier to clump together]

Manufacturing [Hon Hai, FLEX, Catcher]: All these severs, computers and phones being made someone has to put this stuff together right? Simply put, the job of technology manufacturing is to find ways to efficiently pump out those billions and billions of SmartPhones, laptops, printers, Servers etc. You see this in the news quite a bit with China wage laws and all the other associated manufacturing issues brought up by main stream media.

Electromagnetic Devices [GLW, TEL, BDC]: Lumping a LOT of categories in here, but think about it like this… all of the "stuff" inside. The antennas, the batteries, the sensor for your fingerprint scanner, the control that notices you have turned your iPad up and then back to the side to view a movie etc. All of this "stuff" is going to be technology in some cases. You could also call it "industrials" simply put the guts of the technology product.

Valuation: For this space we're really looking for P/E and FCF. For the extremely large companies that create the guts of the products you can have a sum of the parts for the different businesses (since they command different margins) but we're going to avoid extreme detail and stick with P/Es and FCF.

The bigger idea when thinking about valuation for these types of companies is this… They are heavily influenced by the macroeconomic climate. This makes sense. They are trying to sell anything and everything to everyone, or trying to create anything and everything. So if the macro economy suddenly improves their revenue numbers jump and if the macro were to suddenly decline, they would quickly fire all of their employees making all of these products.

Financial Statement Dynamics: Since these companies are creating large volumes it would be clear that inventories need to be monitored. Here is where you can look at working capital swings as proper management of capital is going to impact your FCF.

Finally, this group of "other" tech companies are generally prone to charge offs or one time restructuring as they resize their businesses on a relatively frequent basis to adjust for the macro climate. This should be taken into account when one looks at their performance over a specific time period, IE: a full bull and bear market should give a much more reasonable idea for how the company operates (positive or negative). Can they manage a down turn? Can they take advantage of an upswing? Etc.

Concluding Remarks: At this point we're burned out with the typing. We have ~20 pages written now on Tech and ~10 pages written on FIG. The big issue? We hardly scratched the surface! Media should be talked about more, same with software, internet and a few other segments mentioned on here. That said the combined pieces should provide more than enough of an overview for someone interested in either sector…. Good luck and as always 1) do your own research, 2) remember to network and learn about each group so you know what *type* of companies you'll be working with since growth technology and mature technology companies are certainly valued differently and 3) finally… never, never, never tell a banker he is in a mature industry, always be up beat and pretend you think there is a lot of *opportunity* in the space even if you know the segment is mature.

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A Guide on How to Spot Rich People

A Guide on How to Spot Rich People

Welcome to a post designed for people trying to "network" and for gold diggers (God Bless them). We're not exactly sure how this information will be used but it doesn't matter to us. The post can be used to triangulate liars, people who are sandbagging and of course the "richest guy in the room". Before we begin, we have to give the standard disclaimer. Most rich people have odd quirks. This means you have to build a mosaic from the items below. One single item is not a good indicator of wealth (although we will highlight the most obvious ones) and many people break these rules. But. If you use the mosaic approach, you'll be right the vast majority of the time (85%+ or so).

Levels of "Rich": This is going to be a one to five scale. We're using this so we can help explain the ranking system. Number 1 will be the lowest and represents a person who is completely dead broke, homeless, massive amounts of debt or worse. Number 2 will be people who are in credit card debt and struggle to get by living paycheck to paycheck. Number 3 will be your standard middle of the road person saving a few thousand dollars to ten thousand dollars a year (yes a wide range since most fit here). Number 4 will be your first "pretty rich guy" who is a millionaire but isn't able to buy anything over the top like a Lamborghini, Mansion or $100K+ watch. Number 5 is the "ultra rich" area, can afford practically anything and you're looking at someone who is already worth 9 figures or could easily get there in the next 5-10 years. In short, these levels are essentially a "doubling" of buying power.

Levels of Rich Clothing Edition

The below tweet and photo is the summary but we'll also explain why. There is a psychological reason for the tiers to look like this.

> Levels of rich (clothing edition)
> 1) Broke: tattered clothing
> 2) Poor: doesnt fit but clean
> 3) Break even: "name brands" low end, (ex. Michael Kors plastered)
> 4) Middle class: Brooks brothers
> 5) Rich: custom clothes or hoodies in tech
> 6) ultra rich: jeans, t-shirt, $100K+ watch
>
> — Wall Street Playboys (@WallStPlayboys) September 7, 2018

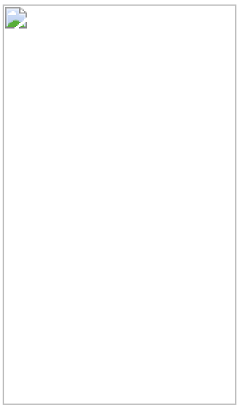
Wealth Level 1: This won't surprise anyone. People with tattered clothing, poor hygiene and a focus on second hand clothing are usually in a bad place economically. We're not going to burn time talking about why they are here or what to do about it since we really don't know. What we do know is that older tattered clothing that is likely not washed as well = no money. Tough to argue this one.

Wealth Level 2: One of the easiest ways to tell if someone is in level 2 but not in level 3 is the fit of their clothing. It's a small nuance but tells you quite a bit. When you're able to buy the same low-mid level brands but there is something "off" about either the fit or the color schemes they choose relative to their skin color… this is usually the sign. A great example is a lot of horizontal striped clothing or long-sleeve clothing where the arms are baggy. You're more likely to see this in Tier 3 level cities in the USA and less likely to see it in Tier 1-2 cities since they eventually assimilate based on how other people dress.

Wealth Level 3: The vast majority end up in this category and it's quite a wide range. This is where people buy clothing that fits and have a splattering of random "brand name" items. Good examples are guys wearing Brooks Brothers clothing or wearing Ferragamo shoes. We get it though. It would make rational sense to think that people wearing Ferragamo's or that $10,000 submariner Rolex are rich. We'll take the under on those bets every day. Why? Usually it's just a guy who makes $100-200K a year who spends on a few choice items but isn't really rich. They feel the need to impress.

Wealth Level 4: Here come the tell-tale signs. If a guy is wearing those brand name items *and* has a suit and shirt that are custom made, it is wise to re-calculate expectations. Why? Everything is matching. If someone has a few "random" choice items this isn't enough for displayed wealth. The watch could be a gift, the shoes could be his Christmas present to himself. A custom made suit (custom made clothing in general) is almost never a gift. Combine this with a guy who seems relaxed all the time and some other choice items (could be a watch value of $2,500-$30,000 and shoes valued at $500-700) and you're likely at level 4 wealth (millionaire). This again isn't perfect science but the difference should be clear. Custom items are not cheap since no one would know a person's exact measurements. As a side note, be careful if you're in the technology sphere because none of these rules apply and the guys who are rich usually wear hoodies and other low key items. An Asian or White male wearing a hoodie in tech could very well be rich (ver rich). But. This is just one strange situation.

Wealth Level 5: Welcome to the ultra-wealthy club. As usual in this club there is no exact outfit but more of a "most common" outfit. In this case it is a t-shirt jeans and a really, really, expensive watch such as a Patek or Richard Millie. It could certainly be a different watch like a Rolex or Audemars Piguet, but, the key is that the price tag has to register near $100K (rough range of $75-150K). We don't know why this is the case but it is a good item to be aware of. You won't see any low 7 figure guys sporting these types of watches since they are too far out of the price bands (unless it's another insane gift situation). For fun see Exhibit A (RM watch) below… his website is here



Levels of Rich Word Choice and Speaking

There are numerous studies on this topic and we're sure some of our assumptions here will be wrong. It's a mosaic approach where you look for all of the items in each section here.

Wealth Level 1 and 2: Unlike the other category there are only three real tiers here. At the lower levels you'll notice the following: 1) constant belief that any topic is about them, 2) they will refer to people dying as "he's with god now" or some similar statement with religious/spiritual undertone, 3) easy to anger and constantly giving out opinions despite lack of knowledge and 4) high amounts of vulgarity. We don't need to spend a lot of time here since most people will know if someone is in this area quickly. Their responses to questions will also be quite slow.

Wealth Level 3: Here is the vast majority of the general population (as usual). Common items here are: 1) passive aggressive behavior with commentary *and* belief that others are passive aggressive, 2) they will refer to people dying as "he passed away" –notice that somehow relates to #1 – odd coincidence in wording, 3) generally a lot more cynical, since they are moderately successful they always look for signs of "how someone is getting something out of the deal" this translates to more sarcasm and 4) constantly stating they were "better in the past" at any activity since it helps save face in any particular social situation. A few of these probably sting for people constantly surrounded by middle class people, but you'll notice it more and more now that you've read this paragraph. Most never make it out of this section.

Wealth Level 4 and 5: Welcome to the low stress arena. We know the level 5 guys are still way above the level 4 guys. And. It's damn near impossible to tell the difference in most situations. Why? If two couples walk into a high end restaurant and one couple spends $600 and the other $700… if one is worth 10x the other… you won't be able to see any difference. Funny how that works. After you get to a certain level it becomes near impossible. Anyway. Here are the common items: 1) they only talk about money if asked about it and are generally upbeat on the topic and excited. This creates a vibe where most people think rich people are "money obsessed"… they aren't. They are just excited to talk about it if forced to because they have a positive relationship with money, 2) they will refer to people dying as "he died", much more to the point, 3) very difficult to anger and rarely have any emotional outbursts, anything that happens is either good and they are excited or something bad happens and they shrug it off as if nothing happened, 4) wide ranging vocabulary, unless they are talking to audiences then they purposely dumb it down (7th grade reading level for sales and 3rd grade language for broad audience), in rich people events they'll use more complex words. Oh one small one we notice but likely just a coincidence, rich people tend to have a strange lisp/pitch issue. Not sure why but lots of rich people have a strange pitch when it comes to using certain letters/words that are extremely unique. We're still flushing that one out. Oh and by the way, most rich people do speak directly despite regular people saying they are "nice and elaborate". They are only nice and elaborate when they know they are speaking to a regular person so they keep their image up, if you try to give elaborate emails to a rich guy he'll delete them. Try it yourself if you feel like cold email networking (those life stories will not get responses)!

Levels of Rich: Home Edition

This is probably self-explanatory but many people put way too much emphasis on home and value of the individual. Many individuals and families live in situations where the primary residence is a huge chunk of the net worth.

Wealth Level 1 and 2: Low quality housing. It is no surprise that people in this category typically live with multiple other people (usually more than just one) and don't live in the best parts of town. It's pretty difficult to enjoy life in these situations since people don't want to go to these areas and the quality of the facilities is usually lower.

Wealth Level 3: As usual the middle class comes in once again. There are usually two different camps. People in cities will have a wide range of living in studios or even two bedrooms assuming it's a nice one in a prime location with another working professional. This certainly sounds crazy to people who live in more suburban areas where the middle class lives in basic homes/apartments in the low $100Ks value. For this level instead of assuming the person is rich or broke, think about the cost of living, location and the lifestyle the area affords. In suburban areas, cars are needed… this means the lifestyle is less location dependent.

Wealth Level 4: We'll take a break from level 5 since there is usually a big difference. In level 4 the person may live in a basic place or they might live in a high end place. There really is no real way to know. If you find someone lives in a basic one bedroom apartment in SoHo (Manhattan) the guy might actually be loaded (or he is somewhere between level 3 and 4). The reason for this is his spending style. While one guy might enjoy spending more time alone (higher end place) the person with a basic but nice apartment might spend $10K+ a month on having fun. This is an interesting arena to us since the range is so wide. You could be talking to a guy worth millions or a guy who is still on his way. Tough call and why we're leaving this here to be aware of.

Wealth Level 5: Here is the rub. If the person is in a high end place but *still* travels a ton, it is difficult to say this person is in level 4 anymore. Why? Well the costs would pile up. In the fourth level of wealth you have some barriers (you can't choose the super nice place and to go out a ton so you choose one of the two)… In the final level there are no real barriers. If push came to shove here, you can tell if the person is in the final area if his home is worth more than $3-4 million dollars or so. This is because there are limited deductions on mortgages going up that high which then means the person is probably loaded. If it's a $1M place, the guy could be in level 3/4/5 around $2-3M is 4/5 and then north of that is likely level 5 wealth. The main point here is that real estate is displayed wealth but never gives the whole picture since you can always downsize to leave more money for discretionary spending.

Levels of Rich Going Out Edition

Level 1 and 2: As usual we have such a small amount of information on this segment since we're dislocated but you can assume this level is in the minority. No real time to go out. If they go out, they are drinking cheap items, alcohol and other partying is done indoors or outdoors (literal sense) not inside standard bars/clubs unless it is extremely cheap.

Level 3: Ah yes. Being able to tell the regular guys from the rich guys is quite the art and we'd argue that even the gold diggers have trouble learning this scene! That's right, it is that hard to tell. There are many situations where a guy can get table service but pay nothing (maybe he knows the owner and he is personally not rich). There are many situations where the guy is also just a promoter (see completely broke and short lifespan that ends in a spectacular decline at age 40). There are many situations where the guy only has 1-2 drinks but is loaded to the gills! Well… That's why you're on this paragraph. Lets start with tables:

Tables: Before assuming the guy has money because he has a table you have to do a quick check. Figure out if the guy is just connected. Figure out if they are only ordering basic drinks (vodka with mixers is the most common level 3 bottle order). Then of course the natural "does this seem like a normal event" tell, where they are "antsy" to get the night started or not (the less excited they are the more likely they are rich). So there you have the basic level three tells: 1) if promoter or hooked up – ignore not legitimate, 2) if they are excited – likely a group event and they are not comfortable, 3) look at the type of alcohol ordered, it will always be a lot more basic since they don't want to break the budget or anger the person hooking them up!

Regular Bars: Since drinks won't really break the bank at $8-20, it's harder to tell again. Until… you see consistency. This is where the east coast women seem to have the west coast ones beat out. They are sharper. If they see the same guy at the beach with a nice car in the club/bar… they *will* remember. Also. They recognize guys as regulars in specific high-end joints. So your basic tell for a regular person is that they don't really have consistency. They can absolutely afford to hit the same clubs and bars but there is no real ability to continue this over long periods of time.

Level 4: Here you get into the rich area (the place everyone wants to be). The people in this region are usually recognized in multiple areas. Not just one city. This sounds like a fairy tale but it is reality for a lot of people. If you meet someone and he's recognized in two different cities in nice areas, you've essentially seen his cards already. He's well off. This type of person will bounce around quickly and never worry about the money. Typically paying more in cash because it's faster and if he doesn't like the "vibe" he can get out of the place without having to sit next to the register for 5-10 minutes wasting valuable time. If the guy is with a group at a table he's usually disinterested either engaging with the group or simply relaxed (no major emotional swing since it's just another day)

Level 5: Here you've entered obvious signs of wealth. These guys do not show up to any clubs alone, they show up with multiple girls or some sort of entourage. They are not there to meet anyone since they already have their group and have no problem dropping money on any type of alcohol (champagne, high-end anything etc.). Naturally, since they are not there to meet anyone… the girls show up. Funny enough after writing this out we now realize why it's difficult for most people to tell the difference. The guys showing up with a "group" in level 3 look very similar to the guys that are truly rich. The difference though is that the guys who are actually rich are not going to show up with people their own age, practically never happens and the girls are always several years younger 5-10 as a basic range (bonus, the watches and clothing from above can also help fill out the picture).

Levels of Rich Travel Edition

Level 1 and 2: As we write more in this post we realize how dis-located we really are since we have trouble naming exact items in this category. This is probably because it is extremely clear. If the person is always forced to take public transportation and has long commutes then they are not in good shape. Traveling outside of the country is just not in the cards since it is much more expensive and time consuming.

Level 3: As usual the vast majority fall into this category. This usually consists of a few domestic vacations and one international vacation. Or some mix of the price points combined. It can also include some sort of hobby such as ski trips/fishing trips and other somewhat costly extreme adventures. In general, we're putting a wide range in here because it doesn't really tell you much. A vacation to Hawaii or Western Europe is probably the most common. The same stuff every single time with the same Instagram photos of toes/feet on the beach. Nothing special just an attempt at attention grabbing.

Level 4: The interesting level begins where the person travels quite a bit. Now remember, we're assuming here that the person likes to travel. Many rich people stay in the same areas and simply frequent country clubs, but, if the person likes to travel this type of life will be a dead giveaway. The first one is status. If the guy has a status level that is at the top tier in any airline he is probably a millionaire at least. The clearer sign is the frequency of visits that are *not* work related. Work related travel doesn't get factored in since there is no cash outflow. If the person does north of 10 trips a year then he's certainly in this group. He'll probably have a few locations he simply loves which leads to "being recognized" in multiple higher end locations in different cities (see going out edition)

Level 5: Now of course if a guy has a Jet or Helicopter he's in this category. For those that don't have these obvious glaring items, the next one is frequency of business class travel. Be careful here. If a guy flies economy here and there it does *not* mean he is in level 4. He could be saving time which is worth a TON more than sitting in a nicer seat. If there is only one direct flight and it's economy he'll buy this every time over the connecting business class flight. Your average person thinks that he'll choose the business class trip but that's why they are average in the first place (they don't understand the value of time and have never seen a big paycheck in their lives). Anyway. If around 80% of his trips are in biz class he's likely in this category. The only exception is if the business class tickets are always short flights to the same destinations, in that case they could be a lot of upgrades and somewhat related to work which doesn't signal much.

Levels of Rich Time Edition

Level 1 and 2: Everything is essentially the same. In this area each day is similar to the last since the habits are practically set in stone. If you were to go and follow a person in category two for example, he would be doing the same thing next month as he was doing the prior month some 99% of the time. They are unable to tell you what they did last week or last month since it is essentially the same (their lives don't' change). A good way to tell if they are in this group is the classic "what did you do last year" and they can't really give much for highlights.

Level 3: Pretty standard tells here, the most common is the belief that there is a "time for money exchange". That's probably the biggest sign, a devoted relationship between time and money. There is also some deep obsession with age and net worth as if getting older should equate to more money (doesn't make any sense). The good news is that this group is generally easy to spot once they explain their relationship with time. They'll have some sort of schedule that is slightly more flexible than level 2 and they have 2-4 special events that will highlight a year for them. The rest of the year is essentially a blur since each year is a baby step up the socioeconomic ladder (10-20% savings a year).

Level 4: This is where it gets fun. There is no real relationship between time and money in this group since they are typically *less* busy. You'd think they would still be killing themselves to get extra money but there is a strange void here. You're either in Level 3, working like a dog to get into level 4 or you're in level 5 where you're so valuable that your schedule is filled in seconds! Not sure why this happens but it's hard to deny particularly if you have lived it. People in this group have a *de-coupled* belief between time and money, they also have much more control of their lives. The most common example we can give is a top rated sales person or an affiliate marketing professional. They make around a million a year, +/- $200K or so and yet they don't seem to work a ton or be on call constantly. This is called deep rooted relationships. It's tough to explain it if someone hasn't seen it or experienced it but once you do it'll stand out like a sore thumb. Very low stress levels, high flexibility but an oddly lower amount of demand compared to the ultra-rich or the middle class.

Level 5: Two types: 1) still working hard which means no free time because they are pushing for hundreds of millions or more and 2) those that hit their huge numbers and have quite literally no commitments. This is quite an odd set up since the guy who hit his numbers will operate similarly to the level 4 guy, the difference is that the level 4 guy will always have certain times in a month where he suddenly drops off and needs to work hard for a few days. The ultra-rich person quite literally never *needs* to do anything. The stereotypical level 5 person is the one the masses hope is true for all rich people (as you see it's no where near accurate), constantly grinding. This is because he's trying to reach some larger goal and wants to push every single lever he can to get that exit multiple!

Bonus: Levels of Rich Car Edition

You'd think there would be a solid relationship between the car and wealth… But we haven't seen a really good correlation. The extremes are the only ones that really stand out. If someone has a *new* high end car like a Lamborghini then they are rich (used older ones are questionable and in some cases could fall all the way down to level 3/4 range!). Also. If we look at the bottom barrel with cars, you can see the person doesn't have money (level 2). This would be a car that is so old that it is worth more money selling it in pieces (or a basic fender bender would result in a cash payout since the repairs are more expensive than the car!). You'd think that the classic BMW or Audi shows that someone is well off… all we'd say is please visit Miami or Texas. Lots of people get into the upper middle level of car ownership without having any serious amount of money. Funny enough, people still equate cars with wealth. It's more likely that a guy in level 4 wealth drives a brand new Honda civic (but flies first class) versus a guy driving a BMW and flying economy (despite both equating to the same amount of cost). Once again… the opposite is true, a "known" item for wealth isn't accurate.

Conclusion

Somehow this casual post turned into 6 pages. Seriously. Six pages. It's interesting how easy it is to compartmentalize people once you've seen it enough. It is also interesting that the only way to really see these items play out is by getting to the top. This is probably because an outsider from the know can only see what is in front of them, if they were able to read people they wouldn't be middle class for long in the first place (logically this makes sense). We'll leave it up to the reader to remember these basic guidelines and see if they can do the calculations in the back of their head quickly in social situations. And. Remember… the truly rich never really have to pay for anything (funny how that works!). *Spoiler: if forced to choose on the fastest way to determine wealth go with 1) watch, 2) most expensive real estate asset and 3) amount spent on services. If they aren't a watch person the money will flow into 2 and 3 anyway.*

> Levels of rich
> 1) broke – buy on credit negative worth
> 2) ok – pay all items no debt
> 3) better off – everyone assumes you will pay their tab becuase you are well off
> 4) rich – company covers most your bills
> 5) really rich – you never pay becuase you're paid to show up
>
> — Wall Street Playboys (@WallStPlayboys) September 6, 2018

Q&A Announcement: we'll hold the next Q&A on Friday September 21. As usual only paid purchasers will be allowed to ask a question.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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A Laundry List of Basic Mistakes We Have Made in the Past

A Laundry List of Basic Mistakes We Have Made in the Past

It's unclear if the mistakes we've made will be applicable to everyone. In fact, some of the mistakes may be the right move for some people. That said, we'll start with bigger mistakes we've made since the chances of these items being "good decisions" are quite low. Then we'll move onto the smaller scale mistakes. While we did avoid the biggest errors: high debt, single form of income and legal marriage at a young age, there are still many mistakes that we would reverse (if we could turn back the clock).

Introduction

First on Regret: Overall, every single person you meet could have done something better to maximize their potential. While we don't worry about these mistakes, it is simply reality. Think about it like this, if you never learned from a mistake then it means you wouldn't be able to go back in time and improve your current life. This of course is impossible.

The good news is that smart risk adjusted decisions should lead to a high quality life. Maybe you could have done things better but if you avoid the disasters (big mistakes), it won't move the needle that much. Regret to us means you made a mistake that was large enough to not enjoy your current life. We're not in that camp.

Second on The Past and Future: Generally, if someone didn't make a major mistake they won't long for the past. We wouldn't go back in time and redo everything. This is because there is a lot of luck and timing involved as well. If we could go back in time with our current knowledge, then of course we'd take it (you would simply do the same things but undo obvious old mistakes). This is why hindsight is 20/20. With this in mind, we don't have any interest in re-doing all of the work we did in the past. The future is a lot brighter because the correct life decisions over the past couple of decades makes the next several decades easy to live. In short, we're not writing this post to complain about the past (we would not redo it) instead we're writing it to see if these mistakes are being made by anyone else.

Third on Major Mistakes: To wrap the introduction up, we wouldn't classify any of the mistakes we made as "life changing". That is because most life changing mistakes are avoidable in nature (except for extreme examples of bad luck: getting hit by a bus, natural disaster etc.). We've already mentioned the major mistakes but we'll go ahead and restate them. The first is debt: anything that cannot be paid back within a year is a high level of debt (particularly if the debt was supposed to increase your income). The only exception would be a rental property. The second is a single form of income: by having a single form of income you're not diversified. If you lose the single form it could set you back many years since compounding is brutal if it works against you. The Third item is legal marriage: we don't talk about dating or anything like that anymore since it's essentially something that can be learned in 2 years. What we do emphasize is never creating a legal contract because all of the effort you put in could be cut in half for no reason (out of your control). If you follow these three items alone you'll be at the middle of the pack without much effort at all. Simply avoiding the major traps.

Laundry List of Changes: Personal Life, Personal Finance, Health, Business

Personal Life #1: Grasping to Mediocre Talent: We've done this several times. When you find something you're reasonably good at, you think it could be your calling. The problem is recognizing when to move on. If we could go back in time we would have thrown a LOT more spaghetti at the wall to figure out where our talents were. This is a mistake since you lose valuable time investing in a skill where you're only going to be in the top 20% or so. Nothing to sneeze at but nothing to be extremely proud of.

We get questions about this "talent" and it's quite easy to summarize. *How much time does it take for you to excel?* The general framework is 1) people must tell you you're good without fishing for complements – no friends and family don't count, 2) you must get into the 2nd or 3rd standard deviation without working long hours – this is relative and more art than science and 3) the distance between you and your competitors should *lengthen* every single year that goes by for the first 5-7 years or so. The last one is something we figured out at the end (unfortunately). If you're creating more and more distance between you and the competition, you're basically near top-tier. After a few years into the task, you've already thinned the crowd to decently talented people. So if you're getting further and further away from them every year after that, you've found your skill.

Personal Life #2 – Giving Out Second Chances: Smiling and nodding is the best strategy to avoid giving out free second chances while leaving the door open. If someone has failed to deliver on a promise do not expect them to do you right the next time. If you've worked with them 10 times and one time there was an error, this was likely due to chance/law of large numbers. If the first task is immediately a mess and they go against what they said they would do (or made some new rules as well), go ahead and back out. There is nothing wrong with moving on and you're going to save yourself a lot of time as well. If someone was willing to try and pull the blinders down on the first go around, it's likely someone who will do the same in the future.

On a positive note, yes in rare instances 0.1% of the time, (okay, okay, 0.0001%), people do change. Instead of being the person who helps them get on the right track, just leave the door open if they do change several years later. This way you're not the one actively involved in fixing their problems for them. Let them figure it out themselves or have someone else help them along the way. Life is extremely short and it's just not a good use of your time. There are many people who are honest and upstanding people to work with, don't try to make lemonade out of a lemon when you can just go out and find something better.

Personal Finance #1 – Focusing on Returns Not Cash Flow: We got lucky. The majority of our investments over the past couple of decades have been more illiquid and less cash flow oriented. This is because we didn't want to be heavily involved in real estate. Not smart. We realized the main reason why real estate professionals make up the vast majority of millionaires is because of cash flow. Cash flow is more important than the return profile when you're younger since you need money to invest. The more money you have coming in gives you a chance to take on more risk. So on and so forth.

We got lucky because the returns ended up being similar. We recognize this as a mistake since it wouldn't be good advice for someone in their 20s/30s today. While we wouldn't go down the real estate path, we would be buying and flipping many websites. Websites offer monthly, bi-monthly and sometimes daily/weekly cash flow. This is typically inconsistent but is a lot better than a non-cash flowing asset that gives you the same return. Our strategy of buying non-cash flowing assets with excess money didn't make much sense. It would have been easier to focus on buying nothing but cash flowing assets until we were we'll into financial independence territory. Then move to non-cash flowing assets. *Unless it's earning money while you sleep, try to avoid it as an income stream*. Assets that earn money in your sleep are: Real estate, websites, subscription income, dividend paying stocks and any employee who earns less than they generate for you. That last one sounds insane. But. Why would a company hire you unless you generated more than you were being paid?

Personal Finance #2 – Not Tracking Finances Properly: While you shouldn't have time to check your net worth on a daily basis (creating an obsession) it is foolish to track everything in an excel sheet. Excel sheets don't tell the whole story since you'll have investments that may have management fees (like a mutual fund), you'll have assets that go up a lot of in value that should be de-emphaisized later. And. You'll have assets that go down a lot in certain years that you should re-invest into to buy lower and rebalance your allocation. We didn't do a good job of tracking asset mix and it is going to take another 1-2 years to finally get the mix to make sense. Let's think about that for a second. Despite serious planning and thinking for many years, it will still take another 1-2 years to rebalance. This is not a good use of time.

For those that are serious about developing multiple streams of income and a high net worth, we can recommend **Personal Capital.** The Company offers *free* software tools with the following four key features: 1) ability to *avoid losing money* by tracking all fees associated with an investment product allowing you to choose the best possible fund for your future, 2) portfolio analysis where your risk profile is stacked up against your current age and retirement goals, 3) in addition to these free tools, you can also track your net worth and path to becoming a millionaire and 4) when you hit $100K in networth you'll receive a free one time consultation with an investment professional at Personal Capital. After linking up all of your accounts you'll be able to sit back and watch as your net worth goes up and your fees remain minimal over the next several years. We strongly believe that Personal Capital is the premier personal finance software tool when compared to its competitors such as Mint.

Personal Finance #3 – Using Minimal Leverage: Leverage is a good and bad thing. If you have a long time horizon and high cash flows, you can take advantage of leverage. We made a mistake of being too risk averse to leverage. Keeping it well below optimal. Imagine having a rental property that is 80% paid off and appreciated by 15% or so. It doesn't make sense to keep the leverage at just 20% of the value especially if you have a 2 year lease locked in. When thinking about leverage, it is smarter to delete all of your active income and see if you can make payments on your total debt load. You'll be surprised to find that you can take on a bit more leverage since it is unlikely that all of your income streams go to zero. A good rule of thumb (if investing long-term), you can have your annual payments = to your passive income excluding the asset. This means that dividends, bonds, etc. should offset your mortgage payments. Which of course means all of your rental checks are going straight into the bank. Being blunt here, this is probably too risk averse as well. But. We don't have any interest in taking on material risk anymore (personal decision making)

Health #1 – Not Taking Nutrition Seriously: When you're young, you can consume practically anything. The most classic items are cheap carbohydrates: pizza, ramen noodles, lots of rice, candy bars, fast food etc. Your body is able to consume these items and see no major impact (when you're young). This leads to the belief that food is just a way to get rid of the "hunger" feeling. Completely wrong.

Around your mid-20s to early 30s you'll see a dramatic change in your body. You'll feel worse when you consume unhealthy foods. Your skin will become more dry, prone to acne and pale. Instead of having a glowing/healthy skin color it will look matted and broken down. This leads to a large amount of damage to your internal body. Healing from the inside out takes a lot more time and is not easy to reverse.

The answer is clear. Your body does not react to food based purely on calories. While it is true you could eat 3 candy bars a day and lose weight, your body will be in terrible shape after a week of that type of torture. Just look at the experiments run on people who eat fast food consistently. They break down. Taking your diet seriously should begin as soon as you are living alone (low 20s at latest).

Health #2 – Giving up Intense Cardio: If you've played any sport at a high level, you know that touch (coordination/accuracy) and cardio go away first. While you don't need to play a sport that has a ton of coordination involved, deleting anaerobic activity *is pretty close to a death sentence*. Yes, we're taking it to an extreme to emphasize how important it is.

If you don't do any sort of high intensity training: sprints, sprints on a bike, jumping exercises etc… You're going to be in quite a bit of pain. This doesn't show up instantly and is more of a slow erosion over time. Where does it show up? *In your sleep.* If you feel groggy in the morning it is typically because of lower oxygen intake (breathing out of mouth) and lower blood flow (no movement). Both of these are caused by low anaerobic activity.

Going to the gym is what every average guy does. It's just not enough. You want to have a body that is used to various types of movement from regular strength (weights) to anaerobic (sprints) to endurance (swimming). Most people fall into the trap (including us) of focusing on body composition. Sure you look a lot better but you want to feel 100% as well. Giving up intense cardio probably causes you to lose 1 hour of productive work per day. We wish we were exaggerating but it seems to be reality. *Note: when you get to your mid-30s stretching becomes a dangerous item to neglect. We luckily avoided this one but we're leaving this note here in case someone reads it and realizes that they have not been stretching for several years. No stretching = severe injury.*

Business #1 – Get the A- Not the A+ unless you own Equity: There is no reason to go above and beyond unless the results are going to accrue to you. This is seen most in the work environment. Trying to be the #1 person is unlikely a good use of time. Using Wall Street as an example, if you're in the "top bucket" you're going to make roughly the same as the #1 ranked person in your class. Maybe you're off by a few percentage points. This really doesn't matter because the #1 guy has a much higher bar to keep up with AND he is going to be forced to work more (everyone wants the guy on his team). The only exception (getting an A+) is if you're in a revenue generating role and have nothing else to work on (unlikely).

A- work is not good enough if you own Equity (your own business). This is because you obtain all of the benefits. The A+ worker in a corporate environment is almost always the "highest operating margin employee" this means the extra few thousand he is paid is more than offset by the revenue he generates. Otherwise he wouldn't be so loved, would he?

Put these two together and you'll realize that it is better to be "liked" but not extremely liked in any corporate setting. This gives you a lot more time to build your own stake in something that flows directly to your bottom line. A+ work is only necessary if it is going to benefit the person who matters: you! You should only be motivated to do A+ work if you see the benefit of said work.

Business #2 – Small Money Matters if It Doesn't Take Time: Should never sell tiny websites. Well, it depends but the point is pretty simple. If you have an extremely small website that makes $500 a month, you should not laugh at it. If it makes $500 a month but requires a lot of time to run, then you should dump it. The key here is how much effort are you really putting in? If you have an old website that makes a few hundred dollars a month but spend 15 minutes a month on it… *keep it.*

Just because a website wasn't a success doesn't mean it was a failure. There is definitely a middle ground and the middle ground is determined by time. We've sold quite a few websites that we considered failures. Making between $300-600 a month. We should have kept them. They are still up and running today and probably make the exact same amount of money. That was many years ago! All of that money could have been sent into a bank account without doing anything. In fact, if you have 20 "failed" websites, that would be $6,000-12,000 a month… with minimal work. This is a simple reminder to see if you can automate any "failed" project you have. If you can reduce the time to practically zero, you should keep it until it goes into the red (could last several years in the green).

Business #3 – Trying to Sell to a New Market: Yes everything is sales. And. No, sales are not equal. We wrote last post that it is better to sell to the masses since you learn basic communication skills with a wider audience that allows you to improve your social life as well. That said, if you know how to sell to the elite, there is no need to change gears. While this is a high level view, it makes absolutely no sense to try and change your target group.

Assume that you have a solid business that targets women in their 30s-50s. Now you want to start a second idea. Is it better to try and target men in the same bracket or a different set of women? Trick question. Neither. You're better off finding another product to sell to the same age group! This is because you've already figure out how to tap into the sales funnel for that group. This is also why you find that specific affiliate marketers sell to certain niche's. Gambling websites do not hit the same group as cosmetics. Diet does not target the same group as Lead Gen. While there are some specific instances where they do overlap, it is much smarter to stay with your core competency.

This is also why we are quite impressed by people who succeed in various types of businesses. Most can only tackle 1-2 industries or target audience (not throwing shade, one industry is *more* than enough). That said, targeting multiple at the same time takes a lot of skill. Also. We've noticed that this is typically where people blow their money. They succeed in one area then try to expand in an unrelated area… only to fail and lose a large amount of money. While we did lose a good amount of money trying an endeavor that was unrelated to a core business, it didn't break the bank. We've learned our lesson and hope that anyone reading this will be sure to max out their core competency before moving on. Remember, if you know where your talent is, you need to maximize it before moving on to more risky ventures. Targeting a completely new group of people is a big risk.

We're sure we have missed a lot more (will add as they come in) but if there are any other mistakes to avoid please leave them in the comments!

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A New Lifestyle After Financial Independence

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Inflating your lifestyle is a lot of fun if you can do it in a consistent way. We'd say this is easier to keep on track if you have multiple hobbies that require physical effort versus cognitive effort. That is the one item we see in common between people who are able to keep a flatter spending pattern. Think about the number of people you know who are healthy and fit, they generally spend more time doing physical activities which cost significantly less. If a person's only skill is making money, this typically leads to a lot of lifestyle inflation as their entire personal well-being is tied to money. They view income and net worth as their identity. This leads to a needy personality. Luckily, you're here so if you've successfully executed with Efficiency, you'll recognize our timelines. We're going to show a good example of how to use your time once you're rich.

1) Focus on the Business Income: As of 2018, you're still going to pay a lot of taxes if you make more money. The good news? Any business (large or small) will pay less in taxes. Why? Well you have a lot more deductions, you can expense numerous items from rent to food to internet bills. This means your effective tax rate is significantly lower with this income relative to anyone making good money with a standard W-2 (practically no deductions in sight). While we're sure there are a few ways to make business taxes higher, we'd argue that there are too many ways to reduce the effective tax rate. Changing it from an LLC to an S Corp, moving states, employing a relative etc. All of these things can reduce the "effective" tax you're paying. As you can see we view any cash flow savings as a "reduction in tax" since it decreases the operating income line.

With this in mind, it means that all of your actual time during the day should be spent increasing your business income. Remember, this is only the time you're dedicating to work. If you're still in the classic W-2 and S-corp income class, it means you should give up on the W-2 side. It won't give you a good ROI and it increases your risk (tied to someone else's decision making). Don't bother doubling down on the W-2 as you're essentially going down the rat race where you have to expend an exorbitant amount of time playing some internal politics games as well.

2) Spend Half of After Tax Gains: Every month your income will be volatile. Anyone who has succeeded knows the one benefit of a W-2 is the consistent flat check. It is predictable and boring which is good for cash flow and bad for building net worth. With this is mind, we'd say spending at least half of your incremental after tax gains is easy and safe. If your income goes up by $2,000 in a month, you can spend another $1,000 and invest the rest. If for some reason you have a bad month, and you're -$1,000 from your usual income, unfortunately you don't get to spend any more money and have to cut back! This up and down will help you avoid the big recurring expenses in life: unsustainable mortgages, unsustainable luxury goods and other recurring monthly payments. Keep it simple and give yourself a variable monthly expense line, this will increase your flexibility. It isn't fun cutting back costs when you hit a rough month, but it sure is better than increasing stress in your life.

3) Ramp Up Physical Activity: Once you start marching into your 30s, *fitness becomes a status symbol*. Unsurprisingly, all those long hours you spent in the gym pay off when you're older. Being in tip-top physical shape past 35 is going to make you stand out like a sore thumb. Most people give up everything to be well off (looking terrible by this age), making you a stand-out person. If you've kept your body fat low and didn't develop the classic protruding stomach you'll be well ahead of everyone.

Luckily it doesn't stop there. If you've kept your diet in check you'll also have healthy skin, a full head of hair and vision that hasn't deteriorated (go ahead and get Lasik if you need it!). Being in shape with terrible looking skin (lots of stress lines) will negate a lot of the benefits of being in shape so you'll pay special attention here. If you're looking to adjust your skin tone, we'd do research on the products women use given that they take it a lot more seriously (try to reduce wrinkles at any cost).

4) Spend a Ton of Time Socializing: At this point, there is no reason to be bored. You're going to have a lot of free time and the money to spend on activities. Some people enjoy building massive empires ($100M+ annual revenue businesses) and others don't see a need for it. Surprisingly we're in the latter camp as we've seen how much work it takes to get to $100M+ in annual revenue (it is an enormous headache). We're not going to say that it is "bad" to try and become a billionaire, all we're doing is highlighting the choices we'd suggest considering. Imagine being financially set with all the free time to do whatever you like versus being "time poor" and having all the money in the world. We've always viewed money as a tool to get what we would like and that was free time to enjoy the rewards.

At the end of the day, we're all animals and having a good set of people to talk to is going to add a lot of activity to your typical week. The one problem is that you'll need a diverse set of people. Ideally you'll have a few people younger than you that you're helping for fun (because you think they are nice people), a large chunk of people your age and a handful 5-10 years older than you. This will take a long time to develop given that you still want to increase your income for the fun of it. After about 2 years you should be set in terms of your social circle with minimal need to branch out aggressively.

5) On and Off Effort: The last strategy to utilize is the "on and off" work schedule. This means you work extremely hard for one week, then do nothing the next week. Similar to training in the gym, apply the same concept to work. You'll push extremely hard and then take your foot off the gas the next week. This creates a nice ebb and flow where you're still engaged mentally but you're not killing yourself constantly like you did in your 20s. Unsurprisingly, you end up being incredibly efficient with your time with this schedule. When you're busy there is a natural ticking time bomb going off in your head so you crank out the hours intelligently.

A Work Day

Wake up around 8am: Instead of looking at emails first thing in the morning, you should go ahead and eat something healthy (fruit, eggs, nuts, meat). These items are better consumed in the morning (exact opposite of the standard cereal breakfast) and take a walk. We'd say 15-20 minutes of walking while listening to music or anything meditative would be a good choice. Spend another 15 minutes showering and getting changed.

9am Work Begins: At this point, you should be ready to go. We're vague about "getting changed" since you may work in your pajamas for all we know (working online). The good news is that you're now mentally engaged to work. By allowing your body to wake up naturally, you won't be responding to emails with a flurry of typos. Crank out the basic email clutter that comes in around this time and move on to the next task.

One Focus Item: If it takes 3 hours or 8 hours, we'd then focus on one single item to get done. You won't do anything else but eat and drink until the task is done. This creates a good habit of intense focus. Even if it will take you a full week to get done, you'll crank out all of the hours in a similar manner. You'll work straight through with brute force (focus). We've never believed in the idea of "working taking a break and coming back", there really is no difference. In college you likely did the same thing, cramming last second for the exam. This is a situation that forces you to get into a state of flow. Meaning you're more likely to get quality results by cramming as all your focus is on a single task. Similar to athlete sprinting.

Mini Tasks: Alternatively, if you have two small tasks, then it is perfectly fine to break up the day. We'd guess that more of your tasks will be big projects. That said, if there are small projects here and there, we would go down that road. Do one task to completion, take a break and have lunch with friends (not employees/co-workers) and then come back to do the second task.

Shut Down at 9pm: We have a hard cut off, there is no need for more than 12 hours in a day anymore after you have made it. We'd guess most of your work days will last between 6 and 9 hours. Given that you're likely a work-a-holic if you made it to financial independence by ~30 years of age, having a hard stop is important. Your body won't enjoy more than 12 hours in a day so there is no point in doing it. Oh and by the way, no more red-eye flights. Those are officially over! Unless you're absolutely forced to, try to take the "Chairman flight" meaning flights that are coast to coast in the middle of the day so you don't have to adjust your body clock.

Reading/Wrapping Up: Work days should be extremely difficult, simply working, eating, drinking and that is it. You'll cut off at 12 hours so you still have time to go to the gym and read for an hour before sleeping. This cut off allows you more than enough time to do both and you can even shut off your cell phone on the heavy work days.

An Off Day

Wake up Around 8am: Wake up time is unchanged since we want to keep the same daily schedule. Jumping around does not help you as you're forced to adjust your body clock over and over again. Go ahead and wake up at the same time. The one item we would add is an additional 10-15 minutes of stretching after your walk in the morning.

Run a Reverse Day: The benefit of free time is being able to go "off schedule". Going to the gym at 1-4 pm is ideal as you'll miss all of the people who go at lunch and all the 9-5 workers. You also have free reign with equipment access. Before you had this luxury you'll distinctly remember how crowded every single facility was. This is similar to a morning commute. If you had this in the past, those days are also over as you can move around when the traffic is low (ideally walking or taking a subway, no need to take an Uber black if it's going to be slower anyway).

Sunlight: Another major benefit of free days is the ability to soak up more of the day. It is much better for your body to be out during the day. Humans were not built to live inside concrete building staring at a computer screen while the sun is shining outside. So take the time to go outside when it is hot out and eat lunch/exercise outside as well. Vitamin D deficiency is a serious issue for people with white collar jobs and there is no excuse for you to be in this camp anymore!

Intermittent Fasting and Dieting: Another good "life hack" is to put your intermittent fasting and high quality diet days on the off weeks. Since you won't have a lot of cognitive work (typically causes people to eat more), you'll be able to utilize some will power and keep the diet 100% clean and your appetite in check. We know that many of our readers are in their 20s with metabolisms that are through the roof… the problem is that this slows down later on. We believed the same thing many years ago and eventually it does slow down. The good news is that in shape people will have a significantly lower rate of decline.

Conclusion: There you have it, if you're not interested in becoming a billionaire and are financially set that is how we'd structure a typical day/month. You'll make sure the following items are checked: 1) your income is still growing each year, 2) your fitness levels are at peak levels with no exception – age adjusted of course, 3) your social circle no longer centers around one industry, 4) you oscillate on and off weeks to give yourself some stress combined with off weeks and 5) structure a "reverse day" which gives you the ability to take advantage of the best parts of each day (avoiding the crowds). Remember, money was just a tool to live a better life. No point in being rich if your life is just as stressful as it was before!

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A Series of Life Changing Events

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For some reason the holiday season always causes us to think about major life changing events and significant milestones. There are a few things that change the way you think about life. Most of them involve mental shifts and some simply come out of the blue. If you don't experience some of them, you'll never know what you're missing out on and if you do experience them it's not possible to replicate the feeling/change in beliefs in the future. Don't bother chasing the high of getting rich with drugs/alcohol for example. Celebrities are Exhibit A for how it all ends. That said we'll outline some of the big ones.

Escaping Near Poverty: Hopefully you didn't have to experience this. There is a certain level of stress that causes premature aging. Worrying about bills, the rent and even food is not healthy at all. While many claim that it's impossible to make socio-economic moves in the United States, we firmly disagree. It isn't easy but it is 100% possible for people who really want to make a jump.

While we don't have experience with the bottom 15% of the economy, starting at the bottom 25% is enough to never forget. Once you jump into the upper middle (top 20%) your stress levels go down to the point that you see it on your face in the mirror. You stopped aging. We can only imagine how this feels if you started in the bottom 10%.

Mathematically speaking, the average reader here is going to be starting somewhere in the center and the real inflection will occur when they break into the top 5%. If you break into the top 5%, you know it is only a matter of time before you become a one per-center for at least 5-8 years of your life. People begin to treat you differently and the following occurs: 1) you will almost certainly buy some stuff you said you would never buy, 2) you appreciate several things that you never understood – for example spa services and resort experiences and 3) you have a harder and harder time relating to your prior socio-economic class.

As a fun fact, the people who make it to the top 5% never end up buying material things for long periods of time. If they were really poor to start they will do a few dumb things (fast car or fancy watch) and then never really repeat it. Also. The ones who really hit it big \$5-10M are harder to read. They either grew up in a rich family and were used to the fancy items or decided to say "f-it" and blend in with the materialistic crowd. Mathematically speaking, unless you find out through the grapevine that someone is ultra rich (\$10M+)… If they are rocking tons of material things, they grew up upper middle class in the first place. Nothing wrong with it, just a simple observation. Oh they also take the most photos too, unsure why that is the case.

The long story short? A smart person who makes it up the ladder has no interest in moving backward. Zero. The amount of failures it took to get there and the expended effort is too large. Their standard dopamine levels are now naturally higher as well. Don't let the "money doesn't buy happiness" people fool you. It definitely decelerates (moving from \$50K to \$150K a year is huge, while moving from \$500K to \$600K isn't really relevant), but it helps a ton as you work your way to the top 20% and then to the top 5%.

A Complete Failure: While the positive part is what everyone likes to talk about, if you push the boundaries long enough you will have an epic failure. Epic failure means you gave 130% of your effort and didn't get anything. Except for the taste of crow.

From what we have seen, these typically occur in standard time frames. Generally? In your early 20s and later on in your mid-40s or so. The first failure is due to the learning curve. You quickly learn that passion is for losers and no one cares about your "interest" in the industry/activity. If you're not good at it… life gives you nothing but Ls. Loss after loss after loss. You learn that your best isn't always good enough.

The second major failure is due to hubris and optimism. If you're successful, you believe you have the experience to swing for the fences. This doesn't end well from what we've seen. There is a strange ebb and flow to success where it goes up through about late 30s, goes flat to down and then many people ramp back up later in life (mid 50s). Unsure why this is. One fun implied message here… if you're already rich by age 30, swing that bat as hard as you can between 33-37. It seems to be the sweet spot. Does it guarantee success? No. Also it forces you to get rich early enough (30) to have a chance to swing hard at mid-30s.

Similar to a rubber band, the harder the fall is (earlier in your life) the bigger the snap back is. The catch? Over time the rubber band becomes weaker (just like your muscles) and would break if you put too much pressure on it over a long period of time. The point of all of this is that you want to take as much pain as possible up front while your body and mind will actually get better (not break).

A Health Scare: When you're in your 20s… You're invincible. Seriously. As many of you know we keep a basic personal journal (no we're not religious about it and no it's not long, 100-200 words is more than enough). Looking back the writing style was certainly weaker and the length was far too long. That said, it's hard to believe how much your body can take at that age.

An example of someone who is 22? You can honestly do the following: 1) wake up go to work for 12-16 hours – including your side business, 2) somehow have energy for the gym, 3) sleep and repeat 5 days in a row, 4) decide to go out and "rage" extremely hard until 3am, 5) have no hangover the next day and work out!, 6) set up a few dates during the week and 7) go back to working 60+ hours a week.

This is not sustainable at all. Not even close to realistic by the time you're 35+. If you decide to have kids, you end up doing something similar (in terms of work ethic) yet 99% of adults end up gaining a ton of weight and aging rapidly due to the sustained pressure to work constantly.

Notice… We've talked about running on all cylinders and somehow tied it to adults having kids. Why? Well they are heavily correlated. You continue to think you're 20 years old until you hit your 30s. Then your body starts to age a bit and you have a serious injury or health issue. This causes you to reflect and many people end up having kids after this event. You realize you're not invincible and life is eventually going to end. As usual we don't give opinions on having kids as we've seen happy people in both camps. But. We're pointing this out now. If you haven't noticed it in the past, you'll notice it now.

Making Money in Your Sleep: We wrote a few tweets on this but it is honestly life changing. People laugh at your first "sleep based income". It could be a \$500 dividend payment or a \$500/month income stream from some poorly monetized internet project you were working on. You will never feel the same once you get the first check.

Why? You visibly see the compounding if you're smart. If you were smart enough to build a small income stream that generates some money while doing nothing… You'll be working extremely hard despite the income stream. This causes your savings *rate* to inflect without becoming a frugal monk.

Do some quick math and say you're spending \$5,000 a month. If you generate an extra \$500 a month. This means you're saving another 10%! That is not a joke. 10% of net income is a higher savings rate than the average american and you're not even trying yet.

We're not sure why it feels different but it just does. The main thing that occurs… your brain no longer believes that you have to add hours to make more money! It will never reverse after this shift in mentality. No matter what you do, people always think in terms of "time exchanged for money". Once you have a money making machine in front of you… There is no turning back.

Significant Loss of Friends: If you think the friends you made in college will be around in 10 years we've got some bad news for you. Unless you were incredibly unsuccessful or incredibly lucky… You won't know any of those people anymore. Why? Well the chances that 10 people in a group make it are slim.

If you attempt to hang onto the past all you are doing is dragging your net worth down. People joke about the saying "give me the five people you talk to most and i'll tell you who you are"… but its 100% true. If you continue to hang out with people who are not going in the same direction, *you are losing time spent with people who are*.

What happens? Your relationships with people who didn't make it deteriorate at rapid speeds. As we've said before. No matter how talented you are, anyone in your age band will think they are better than you. This is just a stone cold fact of life. It begins with *"You changed man"* and *"Don't you think you're making people feel different"*. Of course you changed, you didn't work like a dog to remain in the same place. Also. It is not your fault if they are insecure as long as you're not blabbing about money in front of them. *Note: even if you never talk about money in front of them (ever) or mention your work (ever) this will still happen anyway.*

So how does this shake out? Ultra rich people end up having a few people they trust (call it five people) then a ton of rich acquaintances. There is potential to make money with the acquaintances but the few people who have known you for 10+ years are in a different playing field entirely.

Death in Immediate Family: These types of events really put life into perspective. Sometimes they are actually not incredibly sad. For example if you have a relative who lived to age 90 and really saw/did everything they wanted while dying peacefully, that's not incredibly damaging. We would classify these deaths as "safe" deaths.

The ones that are impactful typically involve: 1) a sudden accident that kills someone, 2) a sudden health event that leads to death, 3) a sudden overdose or extreme situation and 4) suicide/self inflicted death. All four of these are completely different and impact the psychology of the person closest to the event. Ideally, you never experience any of those four but once you see it… This changes your actions almost immediately.

While this is depressing, we'll end on a social note. If someone tells you that someone "passed away" they are usually middle class. If someone says someone "died" they are usually rich as they went straight to the point. And. If someone says they "are with god now" or "went heaven" they are likely from a poorer background. This is something you learn if you've seen the three major economic buckets (started from the poorer background and worked up to well off/wealthy).

Life Turnarounds: We'll end on one last life changing event, a positive note of course. Which is witnessing a life turnaround of either a family member or someone you have known for a long period of time. These are extremely hard to describe as you're forced to realize that anyone can fix their lives. You're beyond excited to see it happen and unsurprisingly you're one of the only people to reach out with a congratulatory phone call.

The other thing this does? It forces you to work harder and actually improve your life at a much faster pace. As a rule of thumb, people who really turn their lives around do a large amount of the heavy lifting without help. So. The image and real life "anchor" is stuck in your brain forever. You essentially get an energy boost from someone else.

With that said we hope you enjoy the end of the year and don't do anything foolish like waste money on overrated New Years Eve parties. Since we put the emotional roller coaster in here, if you have specific positive life changing events that most people go through we'd love to hear it!

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A Shopping List for Christmas in September and Q&A Announcement

A Shopping List for Christmas in September and Q&A Announcement

Now that we're two months into the global pandemic, it's time to turn our focus to *buying* items at a discount. Notice, we've used the word "items" since you may be interested in purchasing things that will depreciate in value (such as a car) which acts a lot more like a liability than an asset (IE. vast majority go down in value over time). The last couple of months we've spent more time focused on keeping cash flows up. The past two months were critical as you were hit with a golden opportunity to not only make more money through online revenues but keep costs at near zero since everything was shut down anyway. Now, we're in step 1 of the transition phase: purchasing all the stuff you need and even the stuff you want.

Cars (1-2 months): You probably don't need one… but if you do? It is time to start researching. Again. This assumes you need one and this will not be the case for many people who read this blog. The reason is pretty obvious… many Americans will purchase a new car with debt. If the car was purchased with debt and the person is laid off, this is one of the first things that will go. You'll see the same thing happen to homes as well.

More importantly, many Americans own two cars (sometimes more). With unemployment at 20%+ in the United States, the chances that both a mother and father are employed is on the decline. It's a sad state and it is also realistic to assume that many of these households will be forced to sell a car (or both). The potential "offset" is more people living away from a city center (driving up car demand). That said, we'd bet that work from home adjustments would structurally decrease commuting anyway (IE. cars sales will be down). Looking at the automotive SAAR data, -20% is the initial starting point in terms of car sales.

With the grim part out of the way lets look at a simple step by step to finding the right places with the right deals: 1) first find the area with the worst credit rating. You can simply google and find the states with low credit ratings and that is typically a good starting point for where the pain begins. Low credit rating is a simple filter for inability to pay debt. 2) after this we enter "more art than science" as you target the city within that particular state that has a more "materialistic feel to it". An obvious example would be Los Angeles in California and Miami in Florida. Generally speaking, nicer cars are purchased so other people look and say "oh man that guy is rich look at him!". High-end car sales are not about performance, they are bought for attention. The performance aspect is just a way to justify the purchase without looking insecure. As we've said millions of times, if you can target an insecurity (looks – weightloss for example) you're going to get rich in a hurry. And. 3) the last item to flush out is the inventory situation. You want to find the car (in that particular area) that is overbought and popular. Every city has its own culture. That said, each city usually has a type of luxury car that is common. You want to focus on that one as the common luxury car has the highest number of defaults (of course!). There is no doubt in our minds that some luxury sales will actually go up and certain specific cars won't be on sale due to limited supply (Also… the person who bought the unique items are more likely to be rich and not debt loaded).

This wouldn't be a WSPs blog post without exact cars in the text. So we'd suggest going for cars with a typical $80-100K price tag (real luxury but not quite the lambos/Ferraris). The 911 Porsche is a good starting point. These will likely see the steepest discounts when the real white collar layoffs begin. The second area we'd look? The classic "i'm over spending for my middle class income" – this usually results in mustangs, BMWs and corvettes.

Quick pause. We realize the writing above was more run-on than usual. This is due to excitement so you should really look into these cars in about a month or two!

Homes (3-5 months): It is still early. While more and more homes are entering into forbearance, the real estate game is a "long unwind". It takes about 120 days before the home is taken away from someone (as usual there are ways to delay the inevitable, but, we like to keep things simple around here). If we take a look at the timeline, the first month of pain was really March and then April. So we know the deals won't really show up in the first two months. People are busy trying to get their personal lives in order, calculating what they can and cannot keep… so on and so forth. Combine this with unemployment benefits (higher than usual) and a $1,200 stimulus check for many and you get some extra time.

As a rough estimate this would put us out into around August/September. Why? Well we can assume that the unemployment benefits + some savings (hopefully) and stimulus will lead to a delay in many foreclosures. The above is not meant to be an exact figure but more of an estimate. Highly unlikely that it is an exact 120 days from the beginning of the pandemic and it is also unlikely that unemployment benefits help a lot of people after 6 months or so (don't forget, these benefits also go away eventually).

With the rough timeline out of the way, you now have to decide on your real estate strategy. You either 1) buy your own place in a centrally located area you love or 2) you decide to target rental properties. This seems obvious but the strategies are completely different. If you're looking to buy your own place, this is likely a *bigger* gamble. Why? Well, the world is going to change and you have to correctly choose the right cities to live in.

For fun, we'd bet on the major cities with good weather beating out the ones with bad weather. A simple filter, sure, but it also makes sense from a logical perspective. If people begin to work remotely and commuting becomes less common, then the value of weather goes up. Who wants to live in a major city with terrible weather and a declining population? Sounds like a Gothem type scenario. The second idea is clearer, find the levered up states (just google search credit scores by city… again) and you'll get a good starting point. This usually leads you to middle class areas that are seeing significant wage compression.

Both strategies have a high chance of working and you've got an approximate 6-9 month window to strike. That's a rough estimate and it could be a bit longer (12-months) but unlikely lasts much longer than that. So assume that by September of 2020 to September of 2021 there will be an "official bottom". No one times the exact bottom and no one times the exact top so don't beat yourself up over that. Instead, you should look at the *rate of recovery* of the city you bought in. If you go down the single purchase track (you're buying your own place)… you better be right since the amount of money you're putting up is likely higher. If you choose the rental track, you have a little bit more diversity since you're probably buying 2-3 of them in various areas (areas being defined by type of person the market targets in a particular state/city).

Now for the fun part, we'd be looking at the following places: Summerlin/Vegas (Nevada), Dallas/Austin (Texas), Denver (Colorado), Los Angeles (California) and New York City (New York). As you can see the strategies are completely different. Also, you should assume that the major cities (LA, NYC) will see a bottom *later* than the tier 2 cities. Why? The major cities typically have more rich people that will strike first and fast since they're less worried about near-term returns. This keeps the supply off the market for the short term. The tier 2 cities will likely see faster action (people have less cash/liquid savings) and move to nearby suburbs from the major city. For example, if people usually live in Dallas/Austin, they will move 10 miles out or so (lower the cost) and vacancies pick up in the city center. So there you have it, high level strategy along with exact areas of interest.

Commercial Real Estate (6-12 months): Here is where the big money is. The problem? There is no way to earn big time money without big risks. That's how life works. Commercial real estate is going to feel some extreme amounts of pain. Twitter already stated that their employees can work from home "forever".

Going forward, more and more companies are going to look at their workforce and realize that 10% were doing a ton of work and 20% were doing practically nothing and some of them don't even need to be employed anymore (IE. who needs a conference organizer if conferences are illegal?). Without mass gatherings for what appears to be a year or longer… you'll see a large reduction in the need for commercial spaces. Why? Well less jobs = less foot traffic at the city = less revenue for people with leases (coffee shops, sandwich shops etc.) = unable to pay rent = vacant spaces = default since the building had leverage. Hopefully the prior sentence was clear but if not, follow the flow of money in your own city and it should be quite clear.

Why is this going to take a while? Good old corporate politics! No one wants to be the first Company to fire people during a global pandemic. Doesn't look good (you know PR stuff). Also? This allows the big players to drive the smaller players out of business. If you can survive a 2-year downturn, then you try to make your competitors do the same thing. They bleed and bleed and bleed until they go under.

Fast forward a bit and this would result in head count reductions when the market begins to open up. No reason to have those small satellite offices when you can simply log into a computer at home. These positions won't be "layoffs" they will be redundancies where the position is no longer available in the future. Software will take over the VAST majority of all tasks. At this point, a savvy young entrepreneur can create businesses making millions in profits with only one person and a few outsourced items (software does all the basic tasks).

Most of our readers are sharp so they have already figured out what areas will be hit the most: cities with heavy technology exposure. San Francisco/San Jose are likely impacted. Texas and Nevada are hit due to oil and casinos going down. And. Miami will likely take a big hit due to large declines in hospitality.

The most compelling, again our own guess, is a tech focused city like San Francisco, San Jose, Austin, Boston and Seattle. Those cities generally have more tech jobs (we're sure we missed a few) and will be the most open to a work from home environment.

Taking another pause… yes we realize we're taking an opposite stance from Google. We've been wrong about things in the past but our guess is that the team at Google is talking their own book. They bought a lot of real estate recently and likely don't want to see the value collapse. We have no idea how "social distancing" will work in an office. All of the sinks, kitchens, elevators etc. are going to be shared anyway. Perhaps we're missing something but it just doesn't seem efficient or effective at all to have 6-10 feet distancing within the same floor or building if all the items are being touched by 10-100+ people (door knobs being obvious examples).

To wrap this up, you have to wait quite a while for these deals to become attractive. Two clear reasons: 1) companies can hold on for a lot longer than a levered up individual and 2) you have to be extremely careful about what you're buying. These projects cost large amounts of money and can have a large number of investors as well.

Rare Collectables (6-12 months): Right now, Michael Jordan rookie cards are selling well due to the "Last Dance". This isn't surprising as he has a massive brand and following. While we wouldn't recommend buying those during a hype period, you should take a look at collectables in about 6-12 months. People will begin to sell them to shore up some cash. This is already occurring with rare art collections. We're not sure if any of our readers are interested in these things (could be a waste of time) but it's an area worth exploring. In a worst case scenario, you can buy a few items that are likely to go up in value long-term and then liquidate once the economy is in a stable condition.

For those with limited knowledge of a particular collectable (comic books, stamps, rare coins, paintings etc.)… We'd go ahead and choose one that has been around for more than 30 years or so. This will decrease the likelihood of choosing the wrong area of focus. For fun, you'd be shocked at how much money people pay for rare comics. In fact, this might be a good area to start as you're less likely to be emotionally attached to them and can flip them for a profit.

Find the high quality items that have appreciated consistently over long periods of time and purchase those items in 6-12 months when individuals panic sell them (yes it will happen, even for obscure collectables like comics and stamps).

For fun we'll go ahead and recommend the items that have lasted quite a bit of time. We'd look at rare coins, rare baseball cards, rare stamps and rare comics. That gives a different strategy for everyone and choose the one you care the least about (no emotional attachment). If you get attached to it, you won't sell it on the rebound.

Final Shopping List Items: Now for the funny money stuff. If you're just looking to get good deals on some stuff you've wanted we'd look at all companies with heavy retail/commercial leases in place. This is not a fun task. Go through 10-K filings for major public companies in retail for example. Then find the ones with a lot of real estate. These companies will be the most desperate, most likely to go under and most likely to have significant discounts. You can repeat this for any item you're looking to *consume*. The key word here is consume. If you need new suits, go through the financials of your favorite brands and you'll know which website to track. If you're looking for used cars, keep track of those resale market postings and rental companies going out of business. If you're looking to upgrade your apartment or home, track all the appliance companies and construction companies that are hurting. They will all give you the best deal since they'll need the cash flow.

Q&A Announcement: Our Next Q&A will be held on Friday May 22nd. As usual this is only available for purchasers of one of our products.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending. **We hold Q&As 1-2x a month for purchasers only.**

Looking forward to September.

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Diet Advice for a Busy Professional

Nowadays, in order to get ahead you are practically required to work 60 hours a week. Working 40 hours a week and complaining about money is simply not acceptable. While you should always work smart, the best way to get ahead is to pay your dues early… in your 20's.

With that said here is how you should look at an efficient diet that will allow you to have a cheat day on a bi-weekly basis, allow you to lift and at the same time avoid breaking your budget.

Breakfast:

Everyone tries to eat cereal or oatmeal for breakfast…. *Since everyone else does this you know it is the wrong move.* What is the right move? High protein and fruit or nuts. This is significantly better than a carb overload which will cause you eat more throughout the day.

Breakfast #1: Buy a pound of frozen berries and thaw it out with a scoop of protein mixer. In addition grab a banana on your way to work.

Breakfast #2: 2-3 brown eggs with chopped tomatoes and spinach, no bread. In addition a side of mixed fruit. For mixed fruit you can buy pre-made mixes, frozen mixes or stick with something simple such as grapes.

Last Second Breakfast #3: If you have literally no time, only 2 minutes. Grab a protein shaker and throw two scoops in and have 2 bananas on your way out the door (or grab a bag of mixed nuts). If you have an extra 30 seconds you can throw a green mix into your protein shake.

Lunch:

More likely than not, if you're cranking long hours you'll be forced to eat out for lunch. If your morning is light you can pack a lunch but you'll usually end up spending at least ~$10 a day on a meal if you're unable to take lunch breaks (you won't get one if you work on Wall Street). Usually lunch time is a better time to take in carbohydrates so you can increase the intake here.

Lunch #1: Brown rice with chicken and vegetables. If you're hungrier than usual you can add a lentil or vegetable soup.

Lunch #2: Salmon, vegetables and a side pasta salad. If you take fishoil supplements, you won't need the capsules if you're eating ~6oz of salmon in a day.

Heavy Lunch #3: Spaghetti with meatballs and a side salad. This meal is high calorie so a heavy workout session (legs) will usually follow.

Dinner:

~$20-25 on the Company's dime! Back in the day meal expenses were much higher, but if you're traveling you can spend even more! Long story short, most people end up buying unhealthy food… Needless to say, everyone else is doing it so do the reverse. Your dinner expense should be spent on getting the highest quality food possible.

Dinner #1: The best bang for your buck is going to be at a whole foods, if there is one near by, you can expense a healthy green juice, vegetables, chicken/beef/fish and be well on your way to a high quality meal.

Dinner #2: Assuming someone in your firm ruined the Company's dinner policy by forcing you to go to qualified restaurants, you can shoot for healthier dinner options such as Sushi with brown rice, miso soup and a seaweed side salad.

Dinner #3: Another decent last second meal will be heavier, going with a half baked chicken, vegetables and sticking to a regular baked potato (usually the other options are packed with unhealthy fats you want no part of).

Supplements:

Another question we continue to get is what exactly are you taking for supplements and what exactly are you juicing. The answer is relatively simple, if you're juicing 4-5 days a week you can avoid the vast majority of supplements.

The two supplements we recommend are fish oil and vitamin D. Fish oil is used on a semi regular basis 4 capsules per day 3-4 days a week (none if fish is consumed) and Vitamin D is a great one to take daily since you're likely missing a lot of normal sunlight.

From a juicing perspective, we recommend ~20oz a day 4-5 days a week. Of course you can drink more but here are some good items to throw into a Juice: Kale, Carrots, Cucumbers, Celery, Pears, Apples, Lemons and Limes. As a rule of thumb simply toss in as many vegetables as possible and only use the fruit to make sure it does not taste like AIDS.

Snacks:

This deserves its own section as many people will have "good diets" but they are unable to lose or gain weight as they would like. If you are on the thinner side here are great items to keep at your desk: Mixed Nuts, Raisins, dried fruit and bananas. If you are on the heavier side you should keep the following: protein mix (increase protein intake to satiate your hunger), mixed berries frozen or raw and vegetable mixes such as celery and carrots without using ranch dip, replace ranch with low fat dressing.

Keeping these items at your desk will force you to eat healthier throughout the day. If you end up eating candy bars as filler foods, you simply wasted your entire day.

Diet over Weights:

One last piece of commentary that we would add is that your diet will impact your physique much more than lifting weights. If you're constantly eating processed food and hit the gym you'll notice minimal gains, lower abdominal belly fat and brain fog when doing work. If you take your diet seriously your body will respond positively.

The Bottom Line:

Ideally you have read all the highlights here and are now thinking "These people are health freaks", this is simply false. Health freaks generally stress about what they eat on a daily basis and are constantly counting calories, both *counting calories and stressing are a waste of time.*

We simply provided a few meal outlines but the best way to think about it is in the five bullets listed here: 1) Protein in the morning; 2) Carbohydrates in the afternoon, 3) 20 oz of juice when possible; 4) vitamin D and fishoil, 5) nearby snacks that fit your body type.

That is the TL;DR version and we hope it helped.

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Adapt or Die – Some Things Won't Be Like the Past

Adapt or Die – Some Things Won't Be Like the Past

If you look at social media, a lot of unsuccessful people have one thing in common: they long for the past. They use arguments such as "I did not evolve to live in a home, we're supposed to live in the wild look for berries, hunt and chill the rest of the day". This type of attitude doesn't work since the clock on your phone will continue to move forward. Humans do not live below a bunch of trees/shrubs since we were smart enough to solve that problem and are currently solving bigger and bigger problems every single year. Therefore we can outline several "evolutionary" problems that are no longer useful in the 2020s.

Tribalism: Tribalism has slowly died. While there is something to be said about being loyal to your own country, the idea of needing peer acceptance is laughable at best. Unless you were born with a silver spoon, the chances are higher that the surrounding people should be ignored. Take any middle class area and you'll find that they are generally behind the times when it comes to technology, medical advances and even social interactions (the way kids socialize has changed dramatically over the last 20 years)

As usual, there are always exceptions. If you are somehow surrounded by winners, then tribalism can help you. We'd wager the chances are extremely low for anyone below the age of 25 reading this website right now.

A good balance is having your current peer group consider you "weird/different". You've gone too far if you're a hermit with zero friends and no ability to interact with the average American. Over time, you'll eventually develop a peer group that is similar in beliefs and moving in the same trajectory. In addition, we're moving to more and more autonomy over the coming decades. Recommended book on this topic is "The Sovereign Individual"

Avoiding Zero Sum Beliefs: This is another one that has been engrained over many years. The belief is that someone else's success somehow negatively impacts your life. This simply isn't true. If your friend ends up making $100K or $500K or $10M it does not impact you in a negative way. Not in the slightest.

Back 100 years ago, competition was a life or death affair. Nowadays, someone can get rich selling pastries, software, shoes, computer parts etc. *and it will not impact your ability to succeed.* Zero sum mentality is only the right view if you're watching a direct competitor in your line of work/business. So. Remember that the success of anyone else in a different industry is a good thing (you are friends/acquaintances).

In fact, we could make an argument that zero sum beliefs hurt your ability to become successful. Why? Well every successful person notices who is happy vs. unhappy to see them succeed. Since 90%+ are unhappy to see them succeed they will remember the ones who were thrilled. They stand out like sore thumbs. Recommended book on this topic is "How to Win Friends and Influence People"

Increasing Status By Dragging Down: Status games are still alive and well. We would estimate that less than 1% of the population is completely immune to status games. That said, remember that dragging a person down to increase your own status usually leads to long-term reputational damage. So don't go out of your way to drag someone down. You're better off improving your own position and worth vs. creating new long-term enemies. As usual there is one exception. You're already getting screwed by someone. In that case you go down kicking, screaming and fighting until the bitter end. You just don't look to *create* those situations.

Creating status is *relatively* easy, the problem is that the solution isn't fun "work extremely hard for a long period of time". No one likes that answer so when we say "easy" we mean "easy" for someone who realizes how life works/operates.

As a note, individuals will eventually be able to tell that you have made it in life. Do not do anything to burst their ego and appear to be "lower" than them at all times. This isn't a game worth playing in social situations. If you lower their status, their ego bursts and they will go out of their way to waste your time. Recommended book on this topic is "48 Laws of Power" the section on not outshining the master. If you surpass… you must cut off all contact immediately and move onto the next stage of life. *As a general rule, you want to lower your status if you're around a group of men that you've never heard of (chances they are lower status) and if you're around women raise it as high as possible without using your words to prove it (dress well, pay with cash, have zero worries/tension)*.

The Digital Economy: This is clear as day from where we are sitting. The newer generation spends more time in front of a screen (computer, phone, tablet) relative to being outdoors. For anyone over 35-40 or so reading this blog, it seems insane. Anyone over 40 remembers life without the internet and a large amount of being a kid consisted of outdoor activities. This is changing.

With this in mind, you should be able to understand the following on a basic level: 1) build an email distribution list, 2) ways to monetize social media platforms, 3) how to operate a server, 4) how to build a basic website, 5) how to use both a Mac and Windows computer – set up a Mac to have both, 6) how to use digital currencies and basic smart contracts, 7) the evolution of video games and what kids are using as their main forms of entertainment, 8) products used by e-celebs to improve their photos, 9) how to use VMware/Citrix and 10) basic changes to taxes across countries as part of your income will likely come from the digital economy in 10-20 years (the last one appears to come out of the blue, but is important if you earn money remotely).

The big and final one is caused by the recent pandemic. Now… You can hire anyone in the world. So middle management layers will be under attack from every single angle. Why build a middle layer when you can have a full organization do an entire task without the overhead **AND** the ability to fire them and switch within milliseconds. We don't have a great single source for the Digital Economy, instead we would read up on the following: Virtual Reality, Augmented Reality, Bitcoin and Other Crypto Currencies.

Robotics Removes Many Manual Tasks: This won't really take off in the next few years as timelines are always aggressive. That said, things like building homes and other manual tasks will be done by robots in the future while drones will also help deliver items (think amazon delivery by robots).

While this doesn't appear to be relevant, it is. Back 50 years ago being strong and fast was an extremely important attribute (as it related to being a male). Even now, you don't need to be strong or fast to be successful, you need to have high amounts of processing power/speed. If you want to be rich in the 2020s/2030s having high processing power and intelligence is significantly more valuable than being a body builder (yes we still recommend you stay in shape, but the point should be clear, intelligence is more valuable going forward).

Therefore? You want to put yourself in a position where you're telling the robots what to do. The last thing you want to do is compete directly with the robots, since you'll lose. Robots work 24/7/365 don't get tired and do not complain at all. This is not a fair competition for you. Instead, you want to be the person on the other side of the screen, telling/training/helping the robot make sure it is operating correctly.

Assets Become More Valuable: This is more theoretical. While we have high confidence in the prior paragraphs, if there is a transition to robotics assets should do extremely well. Imagine making billions of bottles of coca-cola with zero operating costs! Sure it won't be zero (CAPEX spend needs to be there for the robots) but when all variable overhead (humans) goes away, this improves results. Besides, a human is 1,000x more likely to steal from you compared to a trained and monitored robot trapped inside a facility.

What does this mean for you? It means this is the right time to focus on asset accumulation. It doesn't matter what it is (we already gave our big three tech/healthcare/crypto). All that matters if you focus on being an "accumulator" of assets for the next few years. Ownership in anything that uses robotics/high tech should do well as it reduces costs dramatically.

On a final note, this is actually good timing for you as well. If you're making good money, we wouldn't recommend showing it at this time. The socio-economic divide has escalated rapidly. In fact, Luxury home sales are up 42%… That is an insane figure. So you can see that the divide between the rich and poor got a lot bigger this year. So? Adapt to the situation. Accumulate assets, wait for the economy to normalize and socio-economic stability to return. At that point you can go back to flexing on the gram if you feel like it.

Follow the Trend: What is the major trend? Well we can all agree that remote work to some extent will stay. Look at home prices in San Francisco, they are falling along with rents. Technology companies: Twitter, DropBox, Google and more are allowing their employees to work remote.

This simply emphasizes the need for a Digital Economy. If people need to be at home during "work hours" cooler talk will be replaced by video game breaks. Office gossip will be replaced by VR meetings. Homes will become a lot more advanced with new amenities we couldn't even imagine 10-years ago. For fun, if we could find a popular video game where each "match" lasted 10 minutes or less and was highly addictive we'd invest tons of money into it. Why? It fills the water cooler break perfectly.

While remote work is the obvious trend we'll go ahead and list a few other ones that we expect to be big outside the ones mentioned above: 1) rare-earth minerals and electric vehicles as mentioned in prior posts, 2) space travel/exploration/space vacations, 3) technology used to improve the physical environment from cleaning water to air pollution, 4) privacy as individuals will want to regain control against an overly invasive corporation/big brother entity, 5) life extension technology and ways to incorporate technology into our physical bodies and 6) popularization of digital scarcity – after all the digital economy needs a way to "flex" so a rare digital item will be seen as "cool" just like a Patek in the physical world.

Conclusion – Forget the Past: Generally speaking, you want to forget the past. You can remember the lessons, but, hoping the hands of time will go backward is simply foolish. Instead, you want to live with a balance of both the present and future. Enjoy your life today and prepare for tomorrow. Yesterday was just a bad dream. It should be a bad dream because your life is better today and will be better 10 years from now as well.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Adjusting Your Net Worth and Preparing for Downturns

Adjusting Your Net Worth and Preparing for Downturns

The last time we saw a real recession was 2008-2009. Over the past 10 years we've been in a perpetual bull market with nothing but upside (so it seems). 2011 was one of the rockier years during the bull run, but it persisted with double digit returns on a consistent basis. Looking back, the prior recessions occurred every ~5-7 years on average: 2008, 2001, 1990, 1980-1981, 1973 etc. There is no logical way to see forever growth in any economy so we should be aware of a potential down turn (relatively soon). Here we're going to highlight portfolio management ideas along with age related opinions on how to manage a pull back. We covered building a recession proof life for older readers in a prior post.

Age Related Allocation

Young 22-26: In this younger bracket, you actually don't care about recessions! That is right, your only goal is to keep your cash flows high. Unless you were lucky enough to already make it (skip to the net worth related allocation) you're simply trying to stay employed. Financially responsible young adults will be able to put away anywhere from 20-40% of their annual income into savings. They don't live glamorous lives a lot of the time (until they've made it) so they can easily weather a storm. Even if you're at the high end of this range and you have 1.6x years of living expenses saved (40% * 4), you're still able to sustain a 50% cut and end up at over 1 year of living expenses.

In general, the rule of thumb is to keep at least 1 significant cash flow item up and running. If you're able to do this you're going to survive and spend all of your additional time building that second form of income. Once the second form comes in and the economy improves, your income will sky rocket and you'll triple the amount of money you're putting away in a year (or more). So remember, if you're young, recessions should be less meaningful to you. Just do everything in your power to create cash flow (career or businesses, either work since you're young.

Young-ish 27-33: At this point, emotional stability should be quite difficult. This means a recession will certainly hurt your net worth. There is no way to continuously grow your net worth through a recession every single year for the rest of your life. At age 30-33 your net worth is high enough that it would be almost impossible to see an increase without selling assets (your business or another item that has appreciated materially). This is essentially the last "battle" you'll face. Surviving one recession when your net worth is high leads you to an immense amount of wealth later on. It just isn't fun.

Run the math on this. If you only had $100K, you would have seen your net worth roughly triple from the bottom of the recession to today based on boring S&P 500 returns. This means the survival of a recession will be enormous for you. If you have ~$1M and you're able to weather the storm of the next recession… you can see a clear path to at least $2M and more likely $4-5M just on S&P returns and your regular income! Think of this as the final battle before seeing a blue sky scenario. After you're through a downturn (seeing your net worth likely come down 20-30%), you'll be in a great position to get rich over the following 5-7 years.

Age of Relaxation 34-40: At this point you're set, you're not really worried about making a billion dollars and you're more worried about enjoying your life (maximizing utility). With this in mind, if you've already survived at least one recession during your high income earning phase you probably want to adjust your portfolio a little bit. This means you're going to weight more into boring items like bonds and CDs because you only want to see a ~15% or so decline in your net worth. It's not going to be easy to make up for a 50% or even 25% reduction in net worth so it's better to limit the downside. Similar to age 27-33, there is just no way to see forever increasing net worth, but there is a way to mitigate the downside quite a bit.

The second way to think about this is risk tolerance. If you've already settled into a lifestyle that can sustain a 50% decrease, then you can be much more risk on. For example… If financial independence only represents 30% of your net worth, having a large exposure to higher risk assets isn't a problem. Just remember that you'll never dip into the money you need to continue with financial independence. You've already won the "money game" so no need to replay that one.

Age 40+: At this point no one is going to listen to advice/opinions anyway! That said for fun we'll simply say that the person in this position shouldn't risk anything that would hurt his own family. If you have kids (or don't, none of our business), you shouldn't put their futures at risk due to a high risk tolerance. Other people are relying on you and it is better to make sure that box is checked before looking at bigger, riskier assets.

As a side note, an interesting thing about people in their 40s is that they seem pretty "set" in their minds financially. There are really two groups: 1) people obsessed with making more – their identity and 2) people who are set and looking for lifestyle design. We are very heavily in favor of item 2 since the chances of being remembered on a historical basis are one out of one trillion or so (we don't even know the inventor of the refrigerator or toothpaste for example). At this age it's best to just agree with people since they won't change their minds and they will fall into one of these camps.

Net Worth Related Allocation

$0-100K: The one benefit of being on the low-end? No worries! That's right. You shouldn't even bother with portfolio management because you should be focused on earning much more money. Earning money will increase this number even if the market goes down 60% over night. By finding a way to earn $50-100K extra per year, you've already made up for the entire decline and didn't need to worry about the news, product cycles, earnings cycles and balancing a book.

$100-300K: At these levels you're really focused on investing all of your money into another income stream. This means you shouldn't be interested in investing yet again. Instead you're interested in *"building".* Instead of looking at opportunities to invest money, we would look for opportunities to buy an actual asset. This would mean an online business (of course!) or a fixer-upper home (if you're going the real estate route). Essentially, when you're in this range, you're not earning enough to move ahead so you have to find an asset that can give you "forced returns". Forced returns means you can put a lot of sweat equity into the project and force the returns higher (a business and real estate offer this).

$300-$800K: This is a very strange ball park range. Essentially you have enough money to do damage with investing (if you doubled $500K you're a millionaire). But. You also unlikely have a high income. You need to increase your income a bit more and make sure you can cross the low seven figure range before really making it to financial independence. We'd argue that $500K isn't enough to be independent because a $500K portfolio that goes down 50% is not going to support anyone for very long.

In this ball-park range we would say you're forced into online business. Unless you already have a real estate portfolio, you're not going to find an easier way to increase your income. Why? Time constraints. Working online means you can work while in a cab, on a flight, at home or in an office (hint hint!). We'd be doubling down online until you can get cash flow numbers up another $60-90K. It sounds small but it would be enough. At these levels you'll likely have a lot of deductions, ability to reduce taxes and the incremental $5.0-7.5K a month will cover the vast majority of your living expenses. Your regular income outside of the online business would flow 100% to the bottom line.

Financially Independent: Once we start talking about numbers in the million dollar plus range, the majority would call this "financially independent". Sure you still have to do something for money (just because you will be bored otherwise) but you're not taking it seriously. Our rule of thumb here is to "protect the principal". As soon as you have 25x the amount of money you need to live in a year (25 annual living expenses) this should be thrown into very low risk items. Majority bonds, CDs and a small amount of boring dividend stocks. You'll probably clip around 4% and this is just enough to live if things really hit the fan. The rest of your money isn't material and we're sticking with this strategy. *Under no circumstances do you ever dip into principal associated with your financial independence hurdle.*

Net Worth In a Recession

No 401K: We got a lot of negative feedback when we stated that your 401K should not count towards your net worth. We continue to believe this since it will help offset any declines in a recession. As a basic example if you have $1 million and then $300K in a retirement account, the real number is around $1.15 million since it would cost you 50% to take out the retirement account money. The good news? If you're conservative you never counted the 401K money in the calculation in the first place.

By never including the number, you're able to have an extra emergency buffer in a downside scenario. We have always used this as a tactic to avoid inflating a net worth number. The tax rate is unknown so strip it out and get the real number before calling yourself "set".

Adjust Down Based on Upticks: If you've never seen a recession we would say net worth should be deducted by 25%. Another way to do this is to discount your total net worth as you move along. As an example, since we know each recession occurs every 5-7 years or so, we can just use a 5% haircut at all times. If you have a $1M net worth, that would be $750K if you're 5+ years into a bull market. If you are in a recession the net worth number really is $1M. This causes you to become a lot more realistic about the real net worth.

Every single year the market is up, at the end of the year, take 5% off the total number and that is the real net worth. If you go into a recession with a $1M net worth but mentally believe you have $750K… when it drops to $750K you won't be rattled. Once you make it out you can then adjust back to normal (no discount) which reflects your true net worth. This is a very solid strategy for people in the later years since retiring and seeing a recession would be the worst possible set up imaginable. (this happened to a lot of people in 2008!).

10% Rule: The last item to keep in mind is the 10% rule. This is applicable to people who are above the age of 30 or so. You want to have 10% of your net worth in boring cash. Simplistically you move up from 2% and each year the market is up you increase this by a point or two. This helps offset the downside of a recession. Running the numbers, if you have 25x annual living expenses this means you have 2.5 years sitting in cash. This will allow you to weather a material recession and if it lasts longer than 2.5 years… well the world has a lot bigger problems and other people are suffering much more than you are.

Paper Napkin Calculations: For fun we'll highlight a few numbers we use to give an idea of what type of portfolio you'll want. 1) If you're under $250K or so, it just doesn't matter and you should be focused on building more streams – real estate or online, 2) If you're above $500K you're switching to online business and you're just barely low enough that you can own stocks + real estate and weather the downturns, 3) at $1M you should begin diversifying quite a bit because a 50% decline at $1M would be difficult to make up (it would require ~$750K in gross income just to get back to $1M), 4) to be more conservative, adjust your net-worth down by 5% every single year the stock market is up, 5) take 25x your annual living expenses and this is essentially the amount that you don't want to gamble with once you make it (the rest will be risk on – our style, or risk averse depending on your personality).

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AMC, GameStop and Nokia – Why it is a Huge Deal

[AMC, GameStop and Nokia – Why it is a Huge Deal]

Say what you will about the valuations, the banning of Wall Street Bets is beyond ridiculous. While we don't think any of these companies are worth their current market cap… that is not the point of this post (at the end we'll explain why). Instead, we'll walk through what exactly is happening and why we're pro Reddit and against the "coincidental" banning of Wall Street Bets.

Fundamental View: People complain that there is no "fundamental reason" why GameStop is soaring. We'd argue there *IS* a fundamental view. The fundamental reason is Melvin Capital shorted 100%+ of the stock. This in turn created an opportunity for them to be short squeezed into oblivion. That sounds like a lot of financial chatter for anyone who doesn't understand what a float is or what shares are. So we'll dumb it down even more.

The stock market is a market. This means that normal companies have say "100 shares" to trade. Think of it like apples. If you have millions of apples being traded every single day they will eventually meet a price point of say $0.25 per apple. This is healthy.

Now a new person comes in and we'll call him Melvin. Melvin decides to sell every single apple on the market leaving the available apple market of just 100 apples. Melvin will sell all apples at any price. This creates a strange scenario. Since Melvin is saying all apples are worthless now the remaining 100 apples determine the "current price".

A bunch of individuals around the world create a forum to buy apples (Wall Street Bets). They then realize they can make a TON of money by simply buying the 100 apples from one another at an ever increasing price. This is normally a prisoners dilemma game because who would buy 100 apples knowing Melvin is just going to sell it. Well… If you all work together, we know how prisoners dilemma works. If everyone agrees to just bid up the apples… the only person who gets screwed is Mr. Melvin!

That is a rudimentary example of what happened. *By shorting the entire company, there were only a few shares to trade. Smart retail investors then slammed the stock, buying it rapidly with small sums of money sending the price to the moon.*

Now who is to blame here? Apparently according to our society, it is Wall Street Bets. The view on this side of the web is it is Melvin's fault. If you short 100% of a company which is legal, you put yourself up for a short squeeze which is entirely fair/reasonable. If they want to prevent this type of price action, then there should be rules that state only 50-60% of a Company can be sold short (we're making it up). There is no logical reason to blame Wall Street Bets.

No It Is Not Insider Trading: Wall Street funds have idea dinners. These are events where the 10-15 biggest managers all meet and drink wine. They decide which "stocks" are the best buys and all go into them. How is this any different from a bunch of retail investors seeing a short squeeze opportunity? It isn't different at all. If 15 major fund managers with $10B+ each can dump into a stock due to a private conversation, how come retail investors can't do it in a public conversation. At least the public conversation is honest.

In fact this is extremely intelligent "fundamental *market* analysis". If you realize a fund can be short squeezed to the tune of $10B+… Why wouldn't you squeeze them. They put themselves at massive risk (with client money no less) and deserve to be punished for levering up and shorting the stock (excessive greed).

Onto the Future: Right now shutting down these types of market moves is possible due to circuit breakers and centralized exchanges/servers. What happens where the servers are all decentralized and the market is on-chain 24/7/365? At that point there will be no circuit breakers and the market will move prices organically. It also reduces the use of leverage. Who in their right mind would lever up heavily in a 24/7/365 market? No one intelligent. So, the long-term future of decentralized exchanges is high.

Millions of people learned how this game is played and it's going to come back at some point. Maybe it dies down for a day, a month, a year… But the playbook is now out there. If a hedge fund is foolish enough to put themselves in that type of position, they will get burned again and again and again. This is great as firms should not be levering up 5-10x with customer money to short every single share of a single stock without any repercussions.

On that note this was a huge day for decentralization. Several people on our twitter commentary actually understand it. They will be rich. Filthy rich. The ones that do not, might get lucky and time the next pump. And. The real money goes to the same old people. The visionaries who understand the long-term consequences and invest in the right disruptive technologies/industries.

Q&A still set for Friday. Enjoy the fireworks in the meantime!

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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American Cults and Subjects that Stir Up Emotion

[American Cults and Subjects that Stir Up Emotion]

For fun we're going to outline some extremely emotional topics where you're better off avoiding discussions. If you want to polarize an audience to grow your social media platform, then you should certainly take a side on these topics. We bring them up once in a while just to stir the pot but at the end of the day, in any sort of meeting or real discussion, try to avoid the topics. Unless you've known the person for 10-years and they are not a client (IE. you won't lose money) try to avoid these topics. People are extremely attached to their views and won't listen to the other side. Even if the can readily open Microsoft excel and find the answer in less than five minutes. Time to jump in the ring!

Housing: There are actually two cults now: the "you must buy" and the "you must be a renter for life" cults. Neither of these are accurate but you'll figure out where someone stands very quickly on the topic if you ask them about their living situation. In short, we think it is smarter to go ahead and remain a renter unless 1) you are over ~30 years old and 2) you are going to stay in the city for at least 10-years. These two items prevent you from losing out on money making opportunities (location) and also allow you to build equity if you love a specific city and plan on living there for a long time.

At the end of the day, you want to limit your housing expenses even if you can afford a bigger home or apartment. Why? Well the only three real expense lines are 1) housing, 2) taxes and 3) food/water/utilities. If your housing expense is 10% of your monthly income (renter or owner), it really doesn't matter if you decide to rent or own. Why? Well it's unlikely your expenses are significant beyond this payment. People who don't understand how compounding works, will say "I don't want to live in a car!" when in reality they should be thinking of ways to earn more money. If you were to earn a large amount, say $20,000 a month… This idea makes logical sense. By living in a basic place (one bedroom or studio) for just a year or two… You'll be able to buy a better place outright due to the savings you incur in just 18-24 months. It's really that simple. Rent or own is less relevant, what matters is how much you're throwing into it.

The only real common mistake when it comes to housing (beyond the math above) is when people attempt to buy the "maximum house" they can afford. This rarely works out. Why? If you're buying the maximum you can afford, much more of your payments go to interest and not principal (dollar basis) and any sort of downturn in the housing market (didn't buy the bottom or mid-cycle) and your math gets ugly very quickly. The usual miscalculation here is the state tax expenses. While you do get to deduct a lot of costs when you own a home, the taxes, insurance and maintenance all add up. Over time, you're essentially putting too many eggs into the real estate market. There is a reason why millionaires are defined by net worth excluding their home (many are "house rich" but cash poor).

Doctors and Lawyers: Since you were a kid, doctors and lawyers were supposedly the best professions. Unfortunately, if you were to actually run the math you'd realize these are not good professions for getting rich. Your average guy with no experience will always point out the top 5% of the people in the group (people who start their own medical businesses or lawyers who make partner) and completely ignore the other 80%+ that are not doing well relative to debt load and savings. People really believe that making $300-350K a year pre-tax in a high cost city (NYC/SF/LA) is a lot of money when a 2-bedroom apartment would cost you $1.5M+ or at least $5.5-6.0K in rent alone. While we would go ahead and put the numbers here, well just link to our blogging friend Financial Samurai instead who did this already. We already ran the math here a million times as well, but no matter what the math says… people will still inevitably make terrible financial decisions. Day in. Day out.

Pausing for a second, there is nothing wrong with doing the professions if you actually want to do them. Saying you'll get rich is just not true though. Everyone has access to a wealth manager, just talk to 2-3 people in this industry and you'll find the same tired old answer. The most common rich people are 1) small business and 2) real estate. After that you're looking at Wall Street/Technology since the two industries allow for high saving rates beginning at age 21 or so. People have access to the facts without any serious effort (30 minutes of contacting people) and yet the belief is engrained in american society.

Sports: This is really the best. As usual when you follow the emotion you can make money. Overly logical people think you can't earn money gambling. Lucky for you they are totally wrong. They are correct that the average person will fail. But. There are many many bookies who lose millions of dollars to "sharps" which run algorithms that win 60%+ of the time. With a math background you could create your own algorithm that legitimately wins and then you're basically running around looking for accounts (you'll get banned for being a perpetual winner and need other people to bet on your behalf… *Ring a bell for another similar industry anyone?*). Anyway. Sports get so emotional that you can even find ways to guarantee winnings through arbitrage (one book offering different lines from another).

The second way to do it is the good old fashioned hobby way to do it. Actually be good at one of them. For fun we troll twitter with extremes but the reality is that we'd define good as anyone who competed at a decent College (leave it open ended as the worst private D3 school likely doesn't count). High school is not legitimate as anyone can make the team and if your team won a state title then you likely played in college as well. Neither here nor there. There are sports like boxing where you know the "edge" will go to the A side of the card and there are nuances to match ups in any sport where the stats won't line up appropriately. Most people who bet here and earn money do it as a hobby (not emotionally attached to the players) and make mid 5-figures a year. Nothing terrible, nothing amazing. Just a fun way to make the event more exciting (sure beats movies and TV shows when you're sitting in an ice bath recovering from a hard workout).

Fitness and Diet Cults: This market never seems to die. The routines are well known and people still find ways to put a spin on it. Fast for 16 hours instead of 15 hours. Cross fit (the injury Olympics). Plant based gluten free vegan tacos… So on and so forth. No one likes the real answer since it's too basic. Only eat healthy foods, drink a lot of water and work out 4-5 days a week (hard, where you're sweating and sore/tired the next day). If you decide to tell someone this they will more than likely tell you how their "special routine" is the best on the planet. Then you ask them for their performance numbers and they have their tail between their legs screaming that you're "mean"… Sigh.

Anyway, the best way to avoid these topics is to simply avoid these discussions. Don't join fitness forums. Avoid new fads and stick to the basics. "Does this make sense". That's the best way to see if a fad will hold up. Training at max potential every day (cross fit)… does that make sense? No. Eating only meat and zero carbs for life does this make sense? No. Eating healthy and working out hard with a few rest days between without counting every single calorie? Yes. Pretty simple logic. This will then allow you to pick up some new routines as you learn about a few different specialized muscle workouts for your body type. Doesn't get any easier than that.

Superstition Cults: This is a growing phenomenon. Didn't realize how emotional people get about them but there are people who will battle to death about their specific "skills" related to astrology and your birthday (other such things like this). While great if it works, we stop when people claim they can predict the future but make $150K a year. This makes no sense at all. While it's perfectly natural to be a mis superstitious (we are as well), we're not going to take life advice from someone who hasn't accomplished anything just because he gets a few predictions correct. If the guy was actually that accurate he'd be very rich. And. If he's really rich, then we'll go ahead and listen.

Feel free to do what you please as it relates to superstition. Ours is a lot easier. Avoid unlucky people. Attach to lucky people. Don't think about it on a daily basis. Pretty simple. So if you know person A always seems to have things go his way, stay close to that person. If person B always seems to get screwed over at the very last second, it's best to avoid them. This will naturally cause your relationships to skew towards people with better luck who will naturally be better off in life. Besides, it's better to be lucky than smart.

Recent Minimalism Cult: Did a big number on the minimalist cult with our fashion posts. If you're worth $100M and drive a Ferrari, no one should care. If you're worth $1M and drive a Ferrari there is a problem. Really is that simple. People think that every single person with nice things is a "loser with personality problem who can't get laid", in our experience this isn't the case. Just like any bar/club there is always an exception. Ask it a different way. If you had to bet your life on getting lucky on a Saturday night, would you really choose to drive up in a Honda Civic or an Aston Martin? Would you really choose to wear no watch or brand new Patek and custom fitted clothing. Everyone knows the real answer they just aren't being honest about it. The only significant exception here is probably if you're under 25 where the easiest answer is to just go on Spring Break in Mexico where you basically have to be autistic to fail.

The whole idea of living a basic life is very cool when you're young. It prevents you from spending on meaningless things like splitting bottle service with a bunch of people. But. At some point, you have to ask what the point of making money was. If you really only want to live on $30-40K a year you probably shouldn't even read this blog (in fact we don't know why anyone would read this blog if they didn't want to be rich). You want to scale your spending with something that is sustainable long-term. No one in their right mind would wake up, have $10M hit their bank account and say "I'm just going to eat lentils and bike around the city for the next 50 years". That's so boring it hurts. As usual, we'll be reasonable here and say to lean on the side of conservatism when increasing spending. And. You don't want to become a boring guy after getting rich… Otherwise what was the point?

Dating Complainers: As soon as we saw this form we had to stop answering questions about it forever. There are really people who say that it's hard to date women in New York, Miami or Los Angeles (highest concentration of attractive women in the USA). What are they really saying? They are not of high value. The only thing that needs to be said about dating is that women will go for the best man in the group since she wants the best she can get. Men on the other hand go for the best looking woman. Surprise, surprise, neither sex is doing anything illogical here. The only thing people should be worried about is if the city has enough attractive women. Why? We'll if you actually have your life together: in shape, rich, good amount of free time… You would be at the top of the pack. Makes logical sense then that the only people who complain about the three best cities are not at the top of the pack, not even close. (for fun to be in the top 1% of income it's somewhere around $450K… So you don't even need to get there since around the top 10-20% of men do well in the dating category).

Assuming you make it, which many reading will, you'll eventually go down the private party route. This is because it's a natural filter for everyone involved. The girls who show up know that everyone there is at least well off and the guys don't have to worry about unattractive women showing up and interviewing them in front of their better looking friend. Sure you'll still go out and party here and there. But. The preference will shift to events where everyone knows the people are not complete losers. While it's still fun to go out and meet random people, it's kind of sad to imagine a guy trying the same old tactics as a 27 year old.

Company Man Cult: These are much more common on the coasts, but there are still people who talk about prestige and take pride in working for some major Company. It doesn't make any sense. 99.99999% of people are replaceable in a Company and the only reason that Company is hiring someone is so everyone on top can make more money. Tell this to a "career man/woman" and you'll immediately kill the social interaction (we've tried for fun and it gets ugly very quickly). While it's sad to see, it's also impressive. The Company has made the employees legitimately feel like they are part of something bigger and important… When all they are doing is making someone else richer. Nothing wrong with working at the best possible company you can get into on day one… But being proud of wearing that sweater vest and lap top bag? Quite insane.

The most interesting thing about the Company man is that you know he is easily brainwashed. You can actually tell what they will believe in after 5-10 minutes so you can adjust your positions on the fly if you need to establish rapport with him/her (hopefully a her if you're in a new social situation). The downside of this is that you're not going to change their view on this stuff. They are *sold*. Entirely sold on their decision. Instead of trying to get them to see the light, you're better off making them feel smart/special. When it comes to making money, telling someone they made a bad choice is equivalent to telling someone they are ugly and gross as soon as you say hello.

Debt: There are many people who don't believe in any type of debt. This is an interesting topic as there are many wealthy people who get rich with zero personal leverage. It's rare, but it happens. The problem is that this type of thinking is far too risk averse. Without any sort of leverage at any point in time, mathematically their net worth is lower than it should be. By way of example, if someone gives you a loan at just 2% and you can't figure out a way to make more than 2%… you're in a lot of trouble.

This creates two camps of people: 1) never use debt and 2) people who got rich off of a lot of leverage – typically real estate people. We're somewhere in the middle. The easiest way to figure out how much leverage you can take is based on your passive income. Once that gets to say $100,000 a year, that means you can take your annual interest payment up to $100,000 in a maximum scenario. It's unlikely you'll do that as it implies $2.5M worth of debt, but you certainly shouldn't be debt free if your investment returns can beat the standard 4% rate on the debt.

So if you're running a finance blog, you can quickly cause debate with the classic "how much leverage is too much" question. There is never an answer here but you'll quickly see how cult like both camps are. Guys who took out massive loans on homes at the bottom of the market (under 10% down payments) will say the debt free people are foolish. Meanwhile the debt free person might have all his money tied up into some high risk high reward biotechnology stock that could be a $0 or up 10,000%. Hence the natural debate.

Gambling: Ah yes leaving the best for last. Gambling. There are many people who can consistently make money gambling. This is not in roulette or black jack but in sports/poker. Any time the "line" is set by humans, you know there is an opportunity.

So people who are not familiar with statistics or arbitrage will complain and say it's not a way to make money. But. It is. Just ask them basic questions about sharps and algorithms and see if they actually know what they are talking about. 100/100 times they will not know what they are talking about. And. There are also people with significant sports knowledge that can make money with their knowledge of the sport. On that note, we're loaded up on Canelo for the weekend fight.

Just remember, when you talk about gambling it's actually a good way to weed out boring people from fun ones. At minimum if someone doesn't have $5,000 to bet on a game once and a while (entertainment) they are either 1) broke or 2) too boring to hang out with. No one can stand the guy who never gambles in his life, it shows he's never willing to make irrational decisions once in a while. Essentially a robot.

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Analysis Paralysis: Damaging Your Net Worth and Future

Analysis Paralysis: Damaging Your Net Worth and Future

We've been writing too much. The blog grew far too quickly and we're receiving low quality questions that are being deleted at lightning speeds. Not a good sign. While many of the questions appear to be good from the perspective of the reader, they fall under the same umbrella: **Analysis Paralysis.** This is a function of asking questions when: 1) they have no other options, 2) are not even in the situation they are describing and 3) are looking for a short cut to making money. All of these questions go straight into spam.

1) Examples of Low Quality Analysis Questions

2) How to Avoid Paralysis with the 90/10 Rule

3) Most People Shouldn't Read This Blog

4) Why You Should Think in Terms of a 2-4 Year Plan

5) You Will Only Succeed When You Have Specific Differentiation

"Analysis Paralysis. Over-analyzing or over thinking a situation so that a decision or action is never taken."

Examples of Low Quality Analysis Questions

This is going to be an extremely easy section to write. We are simply going to pull terrible questions from the spam section and show why the person either 1) didn't bother to do low level research or 2) is trapped in his own mind thinking of scenarios that do not exist.

Will Investment Banking be Automated? Anyone who thinks this is an imbecile. Plain and simple. Investment banking has ***nothing to do with trading stocks or investing.*** It has to do with transactions. You are a salesman. Unless you believe that interpersonal relationships will be automated (they won't) then investment banking is going to stay for a long time.

When you buy a home, you hire a real estate agent. When you sell a company you hire an investment banker to negotiate the sale/purchase. Reiteration. It is a sales position and unrelated to "picking stocks"… a common term used by regular people.

This is an example of a terrible question. The reader doesn't even know what investment banking is. The information is free and if they cannot find out how the business works with a Google search… they certainly won't survive in the hyper competitive industry.

Should I Take XYZ Job? If it is a job and not a career the answer is always no. The only time you take a job is is if you are forced to *or* it can be leveraged into an actual career in the future. Secondly, if you don't have anything else on the table… You cannot ask this question. Without multiple job/career offers there is no point in having a discussion anyway. Nothing has happened! This is a waste of brain cells since the decision was made for you already. If you need income and have no other offers… You have to say yes. If you are concurrently interviewing with other firms, the answer is to delay acceptance.

In short, this question is wasting valuable brain cells. If you only have one option, you're forced into saying yes.

What Are My Chances of Making $X? We don't know. No one knows. If you cared about maximizing your chances you would simply try your best out of the gate and see what happens. This does not mean you spam everyone you know for career/business opportunities. It means you do the requisite research (about 1 month) then present the "best you" at the time to hundreds of firms.

This question is typically asked by people who have taken no action. If you did the research on what you're trying to accomplish you would already know how to best represent yourself. If you know how to best approach the situation… All you have to do is try at that point.

What is More Important Game/Looks/Money/Status? Another terrible question that we constantly delete. There is no saving these types of people. The best you can do is hold one item *constant* and try to make observations based on your personal experience.

It is simply silly. An extremely good looking person or a person with a position of extremely high status (DJ, promoter, professional sports player etc.) does not need as much "game" or as much "money" to compete. This is not even worth talking about. The goal is to maximize your potential. Not argue with broke people on the internet who can't even make $100K+/year.

The more important question is this: how do you maximize all four? That's what this blog is about when it comes to life advice.

In short:

1) Looks improve until at least 35 as long as you stay in shape (learn basic fashion, hit the gym)

2) You have more energy in your 20s. If your looks are going to improve the obvious answer is to focus on money and status.

3) Now that you're focusing on money and status which skills are the most valuable? Easy. Sales and networking. Sales and networking = same thing as "game" which is just sales. (You selling yourself)

4) Put it all together. You work on sales and networking. This improves your career and business. This also improves your general social skills with women. This leads to a bigger social circle (status) and leads to more money (leveraging your time). Now you're in your 30s and you're worth over $1M and don't have to worry about anything.

Alternatively. You can do what everyone else does. Try to maintain their college circle of friends (temporary status) and get drunk 3 days a week. Work a dead end job that pays a salary until 30. Look around as their college girlfriends all go for guys 4-10 years older than they are (usually around the age of 25-26). Spend their mid-thirties chasing money while the smart guys relax and have fun.

Takeaways: This is probably the most negative section we have written in over 3 months. It needed to be done. These questions are simply terrible. Expecting to get ahead of the pack by doing what everyone else is doing… simply won't work. Build the framework of how life works and weight your time appropriately. If you do this correctly you're going to be flying down the runway like a drag car racer. If you do it incorrectly, you'll be watching in the stadium.

How to Avoid Paralysis with the 90/10 Rule

Now we're onto the more positive and fun items. As we stated at the beginning, we have been writing too much. Why? We're getting overtaken by questions from people looking for "hand holding". The best way to avoid the hand holding trap is to simply find a way to improve yourself.

Most people focus on the gym as their bread and butter way to start improving. This is not the right move (not surprising since it's what everyone says to do first!). Being in shape is like brushing your teeth. It is not something to brag about or even consider as an accomplishment. Use this as a strong filter for being surrounded by guys who won't go anywhere in their lives.

Your first course of action? *Find a high income by leveraging your intelligence.*

How do you find your skills? Try at least 10 different types of career paths until you hit the jackpot. You'll know you're generally good at it when 1) other people tell you you're good and 2) you find the work to be 80% enjoyable (~20% of every single industry is dealing with nonsense)

Wall Street Example: Lets say you are reading this for Wall Street information. Based on your peer group, you want to go into investment banking. Is this really the right move? We don't know you, so we can't answer yes or no. What is the point of investment banking? It is to develop long standing relationships, learn how to sell and think strategically. It is not about creating excel sheets all day. That is the mundane portion of the job that you will eventually outsource when you begin generating revenue for the firm.

Situation 1: Lets say you're working an investment banking internship but find that your short term interpersonal skills *significantly* outweigh your ability to look at a landscape slide and find M&A targets. The answer is obvious. *Go into institutional sales instead.* Why? If you're not able to correctly understand a landscape and the subsequent strategic plays, over the long-term you're not going to make a great investment banker. You will likely make a great institutional salesman and you will still clear well over $500K a year in short order (early 30s).

Situation 2: During your same internship you realize that you're quite good at predicting which M&A deals will fall apart or get bid up. Congrats. You should probably go into investment banking for 2 years and immediately *jump into a Merger Arb Hedge Fund.* Why? Even though your skills are good in terms of analyzing deals, if you're able to synthesize the transaction quickly there is *much* more money in the merger arb field than there is as an investment banker. Practice what you preach and jump in year two.

We could go on and on about this (if you're better at understanding how to run a book you're better off at a L/S hedge fund or in Equity Research etc.). The point is the same. If you're reading this blog for information on Wall Street you should do the much more important task of finding what section you should work in first. This is going to pay back millions of dollars versus the $250K a typical associate will make. Spend 90% of your time finding your skills, spend 10% of your time looking at what niche you should jump into .

Business Example: Many of our readers have triangulated how much money we're making online (yes we deleted your comments!). The bigger issue is this. Seeing numbers from someone else *has nothing to do with what you are currently building.*

We get other terrible questions such as "when should I buy traffic" where the answer is always the same "now and see if it works". We have no idea where a person is in terms of their company so it creates more wasted time. You should spend 1 month doing basic research then… **try before you ask.**

Paid Traffic: Using the above question as a piggy back, you should always try to buy traffic first. This means you do all of the necessary research, target your niche and start out with a few thousand dollars in spending. You're never going to "know" if it will work from day one. This is simply not possible (hence the word risk). Once you have tried at least 2-3 times you can start asking questions about the next steps.

Good questions include: 1) did you target the right group at the right time of day?, 2) did you go through the correct traffic avenue?, 3) were your copy writing skills up to par?, 4) did you choose the right distribution avenue to maximize margins?, 5) were you being outbid due to a traffic arbitrage by a competitor?

Until you have at least *tried* to buy traffic, there is no point in asking any questions in the first place.

Takeaways: Keeping the section short and sweet. The point is simple. Try everything after you have done the necessary research (research takes ~1 month). Simply find trusted sources (never mainstream) and then go with your gut and logic. Once you're rolling it should be a simple game of making tweaks and focusing 90% of your time on doing versus learning

Most People Shouldn't Read This Blog

This blog is not meant for most people. The harsh reality is that 50%+ of our current readership probably shouldn't even read this blog. Why? This blog is niche. Focused on life advice for people involved in business sales and Wall Street. That is it. If you're not operating a profitable business (draw the line at $200K+) and you're not working on Wall Street (draw the line at $200K+) the information here is not going to be helpful unless that's the career and business path you want.

If someone is reading this blog along with 3-4 other blogs on a weekly basis, they should probably shut this one down forever. We don't need the traffic since the blog is set up to have product recommendations offset hosting costs. If we wanted to increase traffic we would have "joined forces" (power rangers comment from one of the readers who shouldn't read our blog) with other bloggers. Of course we didn't.

Why are we recommending that over half our readership leave and never come back?

See *"Analysis Paralysis"* again. While it's great to see readership grow, it is not fair to recommend reading a site that is not going to give information tailored to their interests.

If you're obtaining information from more than 2-3 sources on a weekly basis you're already losing steam. You should only have one *maybe* two blogs that you read on a once per month rotation. Otherwise you're going to read a muddled mess of ideas and beliefs that won't help you at all.

Finally, an online resource is probably worth 5% compared to an in person resource. You're going to make a lot more money and a lot more friends by having a real social network instead of a fake social network on the internet. How do we know? Look at the lives of the online social network. The lives of people who live primarily on social media, forums etc. ***never improve*.** If you're the same person this year as you were last year. That's a dead giveaway to shut down resources.

Takeaways: Avoid Analysis Paralysis by reading at *maximum* twice per month. Do this online with a few select resources (we're drawing the line at two). No more than 35 minutes of your time should be spent reading online resources on a month to month basis.

Why You Should Think in Terms of a 2-4 Year Plan

All of the advice here really ties in together. If you're spending 90% of your time taking action then you're not going to have much time to loiter around on the internet. This will cause you to think on your feet and problem solve without going to internet websites or forums to find the "perfect" solution. You only visit online resources when solving a legitimate specific problem that you are running into.

The crux of 2-4 year plans is simple. **Think backward.**

Lets say your goal is to increase your net worth by $240K. That is a sizable chunk of money and is going to require a lot of work if you're new. Do your best to think backward to the savings rate and your income growth.

In a linear fashion you need to put away $80K per year. Knowing that income is non-linear, you're probably looking at something closer to $30K, $70K, $140K. Why is this important? It is important because $30K on a glance looks like an extremely easy hurdle. Instead of worrying about how you're going to get to $140K in year three… you know that you need to throw **at least** $30K into the bank in year one to have a fighting chance in a performance based role.

Performance based income generating $30K is going to give you an idea of what works and what doesn't. You're going to learn basic tricks without even reading a book. You'll learn through experience that phone calls 4+ with the same client have next to no chance of converting relative to phone calls two and three. You adjust your game plan. The next year you're spending more time chasing down *quicker* sales than "long-term sales" since you learned in year one that phone calls 3 and 4 are a waste of time.

Quick pause.

Now you can do the basic math to see why going from $30K to $70K is no longer a huge hurdle. You spent 2x as much time (calling over 4 times) to generate $30K in extra savings/net worth. Knowing that calls 3 and 4 are worthless ***you have cut your working hours in half.***

Since you intend on increasing your income, you're going to chase more leads up until phone call number two. A doubling of income is certainly on the horizon.

Alternatively, from a career perspective… you should think in the same fashion.

Is a 10-20% uptick in compensation worth the risk of destroying long-term relationships? The answer is generally no. The only time you jump ship is for a 40-50% change, not a 10-20% change. If you're in good standing with a firm and you're leaving for 10-20% you've blown yourself up.

Takeaways: To boil the examples down: 1) businesses should be managed mentally from a year to year basis upfront instead of a 10 year plan because there is minimal history to suggest trends and 2) careers should be managed from a medium-term perspective since everyone else is jumping ship for 10-20% moves on a 1 year time horizon. In short, 1 year plans and 5-10 years plans simply don't work.

You Will Only Succeed When You Have Specific Differentiation

Ah, yes. The final reason why "Analysis Paralysis" is ruining your net worth and future. The **only** way to increase your income materially is to ***have a competitive advantage.***

We get a lot of emails asking what "exactly" we're doing (all deleted) and for specific "resource tips" (all deleted). The answer is always the same. We recommend very few products and all of them are good. Beyond that, the only resource tip we can give is to make mistakes.

No one in their right mind is going to give away trade secrets or any form of creative competitive advantage. You don't build up a company or a career over 10+ years just to hand it to someone else who has contributed $0 to your bottom line. It simply doesn't work that way.

How does it actually work? It works like this.

You pick up a few resources on the topic you are interested in (Sales, Wall Street etc.). You learn the basics on what to *avoid*. Avoidance is the only thing a resource has to offer you for free. It will prevent you from making bone headed mistakes that will cost you materially down the line. It is equivalent to learning how to swing a golf club correctly. After that… It is up to you (90/10 again!).

You can ask for a review of your golf swing once every month or so when you're seeing minimal improvements. But. No one is actually going to swing the club for you. Once you're good at swinging the club, you find nuanced strokes that work better for you in specific situations. That is where you go from decent to good.

A business and a career are both the same.

You avoid the blow up mistakes (incorrect company formation, incorrect politics, incorrect beliefs on what drives revenue) then you search for differentiation. So long as someone can copy you verbatim, you're already behind the game!

Takeaways: You will gain traction once you find legitimate differentiation. This usually takes several years and you're not going to learn differentiation from any book, seminar or website. You learn it the hard way (by doing). This website is set up in a similar fashion. We now provide detailed explanations of why you do XYZ instead of ZYX. It is up to the reader to decide if it makes sense or not.

Concluding Remarks

Keeping it short as this post was written during a long international flight and likely has many typos. Below are the bullets

– Do not ask questions based on fake scenarios. This is a waste of time and your brain cells can be put to better use by improving your current scenarios instead of imaginary analysis

– If you do not have options you do not have questions. This is similar to negotiations. If you don't have a competing bid there is no reason for them to move up to your ask.

– Hate to say it. But. Based on analytics, most people shouldn't be reading this blog. It is a niche website and if you're reading this blog along with blogs that are unrelated to it, you're probably best reading the unrelated websites. There is too much conflicting information to draw up a good mosaic for yourself.

(on a more positive side note, reading comments from Stealthy1Percenter, REGuy and Recent Graduate, should help decide if this place is good for you. If you disagree with these three, you're better off leaving since we agree with these three contributors the most)

– Instead of thinking deep into the future (what most people do) think **backward.** Create the game plan and think backward to today and let the flow of improvement carry you forward.

– You will gain traction once you are differentiated. When people begin copying you or trying to copy you… You've won. In addition, if people cannot figure you out… You've also won. You've transcended their sphere of logic or "their world view". On that note back to 90/10 and we'll decrease our post count from once a week to once every 10-14 days or so (barring special events).

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Annual Health Ideas Update and Q&A Announcement

Annual Health Ideas Update and Q&A Announcement

Once a year we like to add some items we've learned particularly as age related issues begin to work into the equation. One of the main items that continues to worsen is flexibility, hair and skin. This is due to natural attrition but you can still look 5-10 years younger by changing your routine/diet over the course of a year. Some of these items may not apply so simply book mark the page for the future.

Skin: For some reason this area seems to decline rapidly without attention. This won't apply until you're at least in your 30s. Here are some quick things to remember: 1) caffeine does a lot of damage if not kept in check, 2) water consumption should be higher than the daily recommended amount if you're exercising regularly, 3) blood flow is extremely important to keep all of your organs in check, 4) dehydration shows up a lot more on your mouth/lips acting as a warning sign and 5) if you've got enough money, dysport/botox can be used in the 30s age range to prevent long-term wear and tear.

Starting with caffeine, if you have had a rough year (2020 was certainly rough in terms of work), you're likely overloading your response system. This means you should cut it out entirely and remain off of it for at least 2-3 weeks. The process is quite painful if you were we really running full throttle.

You can expect the following improvement timeline: 1) your muscles start to hurt quite a bit making it harder to exercise, 2) you may get some headaches, 3) your tongue/mouth will "ask your body" for caffeine so you'll be forced to replace this with decaf options or a bunch of water and 4) in the end you'll know you're off of it when you have no interest in caffeine and you notice a slight glow to your skin. As a note, some people see no real side effects and others only see one or two of them. Either way, your skin will show the difference.

Water consumption is quite easy. You simply need to buy a 64 ounce carton/container and drink at least 2-3 of them per day. Note, this is in addition to the standard green juices that you should be drinking (wheat grass shots, celery/kale mixes etc.). The only thing you really need to do is add around 16-24 ounces of water consumption (more than usual). We've stated this before, but if you're tired of the taste, sparking water is a great option. Lemon/Lime flavored are usually the cleanest.

Blood flow is one we haven't covered here and is surprisingly important. We had no idea that this actually declines with age. If you take a shower in the morning or add a basic bath once or twice a week you'll notice that your body "wakes up". There is another product out there that helps encourage blood flow and reduces heart attack risk: Wax Matrix Niacin. There does not appear to be a lot of long-term effects from supplementing with wax matrix niacin so we're sticking with it. Similar to HRT and other PED related items, the information is always going to be a bit mixed. The only downside? Sometimes you may experience a "flush" where your face turns pink/red and feels hot for a few minutes (not more than 5). Which is likely due to… You guessed it, good blood flow.

Your lips and internal organs are going to show a lot more signs of dehydration. If you look up common issues for people in their 40s, you'll notice that people are encouraged to get colonoscopys… Now why? Answer seems to be related to dehydration as well. If you're dehydrated your internal organs, just like your skin are not as smooth/fluid. You should get tested (no matter what in your 40s), but you can do a lot of work to prevent dehydration (ie. watch your lips.). If your lips are chapped constantly it means your internal organs are also dehydrated. In addition? These issues are also apparently related to eczema, ie. people who have skin rashes/issues are usually the same people who don't drink enough water and consume a lot of caffeine/uppers.

The last one is for your back pocket. If you're serious about getting rich you'll be a multi millionaire (minimum a millionaire) in your 30s. This is also the time frame to look into dysport/botox. Feel free to laugh but there is a reason why wealthy celebrities/public figures look better than average people (hint it's due to additional treatments such as dysport/botox). The trick here is to bite the bullet early. As soon as you see signs of worry lines you should look into it at minimum.

Muscle Flexibility and Injuries: Ah yes, the flexibility issues continue. You'll need to invest into equipment to prevent further issues: 1) NormaTec has a great line of products for leg massages, 2) FleetFeet also has a good range of massage guns and 3) you can pick up foam rollers and electrical pulse massages for a few dollars.

Starting with equipment, as a good "rule of thumb" the first thing to go is your maximum force. This would mean your ability to jump extremely high (vertical jump or running jump). This means your first purchase should be the NormaTec product combined with regular ice baths. After this you're looking at reduction in general wear and tear. There is a reason why knees end up hurting for a lot of people in their 30s/40s (wear and tear). This means you should think about the surface you spend your time on. It is not wise to run on dry sand, the mud or play a significant amount of sports on concrete. These three items put significant pressure on your tendons, hence the high probability of achilles issues in your 30s/40s.

As a final note, one of the major issues with these adjustments is remembering them. It is not easy to go from “never using a product” to using it daily. Therefore, you should put the items in an area where they are hard to forget. If you spend your time working on your desk, you want to convert to a laptop. Work on your laptop while laying in a bed or on a lengthy couch. Then it is extremely easy to remember, just put the massager on before you begin working on your laptop.

Hair Loss and Color: There isn’t much you can do here beyond some basic preventative measures. For example, if your family has a history of hair loss you’re better off shelling out the money for permanent hair replacement (cost of around $20K). On the color side of the equation, you can either dye your hair or you can try to reduce the number of white/gray hairs by increasing your consumption of anti-oxidants. In the end not much is going to prevent the steady color fade so you’re still better off with a combination of dye + hair replacement.

If you want an official view on this, it would be replacement + no hair dye. It just doesn’t make sense to have perfectly dark hair at age 50. There is certainly a gradient here (you can dye for 5-10 years), however, the long-term results in showing some grays (looks strange when someone has dark black hair and is 50-60 years old).

Some Health/Vitamin Note Updates: Beyond the major three items, there are some other things to be aware of. First, we’ve already stated that we think stress is the number one health killer in the world. We have zero proof of this and only go based on what we’ve seen and how the human body reacts to constant stress (there is a reason why poorer people look older – it is not fun to think about paying bills for decades at a time).

The second one is related to vitamin adjustments. If you have some recurring acne issues (cysts etc.) you may want to look into Vitamin A. Concentrated Vitamin A is something that is used for acne improvement. So taking a Vitamin A supplement (2x normal) would likely act as a preventative measure. Also. Vitamin B12 and Magnesium can help improve hair color loss and prevent degenerative skin disease as well.

A third one is not a serious issue and relates to reduction in ADH levels in the body with age. Usually this causes the body to spare less water (hence higher chances of dehydration in the body as you age). You can take a pituitary supplement (likely needs to be prescribed by a doctor) to improve ADH levels. It isn’t a big deal as older people are usually forced to wake up in the middle of the night to use the bathroom due to lower ADH levels. That said, if you want to have higher quality long-term sleep you’re better off with a pituitary supplement to reduce the probability of this occurring.

Small Note on Stress Reduction: If you’ve done well financially, we’ve noticed that most rich people have insufferable amounts of insecurities. We’re not sure why this is but we’d guess it is primarily due to their upbringing (lots of upper middle class people were born into rich families – not a surprise). So if you’d like to reduce your stress levels an easy way to do it is by getting rid of your ego.

We’re sure many of the people reading this believe this website is about big egos which is fine. The stress is the part that is concerning. It doesn’t matter if you have a BMW or a Lambo, there is always going to be someone else out there with more. So simply enjoy your life and don’t lever up to create more stress. While you “could” make a bigger return, it isn’t worth the risk once you’re rich. If someone attempts to drag you into the “BSD contest” simply say “you’re better than me at everything I agree” and they’ll fall apart on the spot.

With that said we’ll have a Q&A on Friday the 29th. It’ll focus on Health, Taxes and Investing. We’ll see if expanding the topic a bit reduces quality. All other questions will be deleted.

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Anticipating Defaults and Bankruptcies – A Short Term Outlook

Anticipating Defaults and Bankruptcies – A Short Term Outlook

At this point, we have high conviction that we’ll see a wave of defaults/bankruptcies in early 2021. While we realize a lot of bankruptcies have been announced thus far, this does not account for the numerous people & entities that were not allowed to evict tenants. For example, if you had your occupancy rate drop from 90% to 55% in a single year, it is unlikely that you’re in great shape. In addition, you’re in even worse shape if the occupancy rate is “at 90%” but half of these tenants are not paying rent. You are still on the hook for the loan against the apartment complex (don’t even get us started on the leases for businesses).

Step One, the Defaults: As we’ve described in prior posts, allowing businesses such as restaurants and bars to operate at “25% capacity” results in more losses when compared to closing up shop and waiting until full capacity is allowed. The math is extremely simple as the establishment needs to run at 70-80% capacity at minimum to generate profits. Fixed costs are not going to change and the margins on food will remain suppressed due to competitive markets.

Therefore, as companies are allowed to evict tenants who are not paying rent, the debt burden will continue to rise. Why? Well the loans that were given to these businesses have to be paid back. Even if it is a 0% loan, there is a real chance that interest rates go negative (yes we’re serious). In that situation, they would be in even worse fiscal shape.

Lets go ahead and assume that interest rates stay low (slightly above zero) and you’re still stuck with a bill that needs to be paid back over the next 3-5 years. And. Run some simple math. If the interest free loan of 0% was used to cover 9 months (about the length of the pandemic) and you lost money the entire time, it means that you have to make up for 9+ months worth of losses. Who knows how much this is. What we do know is that there is a bare minimum number which is zero.

Take the zero scenario (remember it is much worse than this since they are losing money). If you didn’t make any money for 9 months it means that you have to pay back 3/4 a year worth of profits. If you open on January 1, 2021 with the exact same profit and loss profile, you will be in the red until October of 2021. This is because you have to pay back the entire loan amount! This is simply insane for most businesses as you didn’t lose 9 months… you really lost 18 months. If you were generating losses the entire year (extremely likely), then you really lost 24 months or 36 months at minimum. This means? Probably better to default.

If the above is too wordy, a simple rule of thumb would be “take the number of months the business could not run at full capacity, multiply by 2.0-3.0 and you get the total number of months they need to pay back the loan”. For example, if a business was locked down for 10 months, this means 20-30 months to recover from the pandemic *assuming* the business returns to normal immediately.

Step Two Solutions: As many of you are well aware, we have no interest in politics since they detract from the main concept of this blog: “You are responsible for your own success/failures”. As long as we don’t end up electing a benevolent dictator and turn into a socialist country like Cuba, we were going to be just fine regardless of who wins. In fact, if you understand the above you’ll realize that both the democrats and the republicans will be forced to make the same decision no matter what. What is that decision? Print more money/UBI/Helicopter money.

Why? Well there is no other solution in sight. If you want to try and kick start the economy again, you need to give people money to spend and these business that went under need to be “bailed out”. The problem here is that unlike the financial crisis in 2008 where it was primarily driven by one sector (housing) we have a crisis that is impacting 50%+ of the GDP (Technology, Healthcare, Grocery stores and a few other various businesses are the only ones that flourished).

Your other two options are not going to sit well: raise taxes and a wealth redistribution. If you want our long-term view, we think a wealth redistribution of some sort is inevitable (or a wealth distribution through UBI to the large numbers of structurally unemployed people). The fun part is that people do not think long-term. Even though we should be preparing for artificial intelligence and job losses, we’re not going to accept the long-term reality. This means what? It means they will choose the path of least resistance which is printing money.

As a fun note, notice that we don't mention a vaccine. We don't mention who is going to win (our public wager has been out there for three years already – Trump) and we don't even mention our expectations for a "recovery". All we care about is what we know. We know that there is no *silver bullet* or magic pill that is going to solve 9 straight months of losses due to a pandemic. The only solution that will sit well with the masses? Printing vast amounts of money. In the end, we know that businesses lost ungodly amounts of money, are levered up and have to repay these debts (or default).

Similar to the end of section one, if the above is too wordy… the government has to print money. Doesn't matter if it's a democrat, republican or some hybrid version of the two. If they don't help the businesses that they recently stomped on, the uproar would be unbearable. You don't want to see riots from the people who wanted to be left alone.

Step Three – Being Prepared: Take a big picture view. Is there a scenario in which retail out grows online sales now that we've taught a huge portion of the economy how to use Amazon, Netflix, Shopify etc.? Probably not. Is there a scenario where people spend less money on health care given our aging population and new interest in virus research? Probably not. Is there a scenario where people riot on the streets due to job loss, political turmoil and socio-economic unrest? Probably. If there a scenario where kids learn more online than they do during their old K-12 habits? Probably.

As usual, you're free to disagree with any of the questions we posed above. Instead of listening to a blog, it is always best to think for yourself. If you can't think for yourself you're already being swayed my media and celebrity personalities.

Now that we've got that out of the way, there are some easy near-term solutions for you. The first one is that you should re-stock up on any basics. With businesses boarding up heading into an election it is likely intelligent to stock up on all your basic needs again. We think it is unlikely that the chaos is uncontained, however, why should you expose yourself to this risk? Buy all the food, drinks and toiletries you need to survive at least a couple of weeks. This won't "cost" you any money as you need the items anyway. If your city has civil unrest you can stay inside and watch the show on TV.

The next near-term solution is to have assets in your hand that have some value. We've already explained the importance of crypto currency, gold, collectables and physical cash. We're not going to lecture anyone on the perfect allocation. That said, a good number to have in your head is "6 months of living expenses". This should be on the go. If you're a gold bug, maybe you have a 50/50 split of physical gold and physical cash. If you're a bitcoin HODLer, you may have 75% bitcoin and 25% cash. We don't know. You might even be a rare sports card collector with a stash worth $100,000+. Either way, you need to have some wealth stored in a way that makes it difficult (if not impossible) to confiscate.

The third near-term planning item is to write down an "exit plan" to lower your cost of living. We're serious on this one. The world is going to go through a lot of pain over the coming years so you need a way to reduce your costs if necessary. If you are bored during the holidays, we recommend looking at all your expenses and *income line items* and saying "what can i do in a worst case scenario". A worst case scenario can include: 1) moving to a low cost city or even country, 2) cancelling certain "wants" vs. needs and 3) changing the ways you make money. The third one is going to be painful for many people. If you are unfortunate enough to be laid off, you may have to trade your time for money for a period of time. The recovery phase is going to be quite difficult and when you do your worst case scenario planning, you have to keep income generation in mind. *"Always prepare for the worst and hope for the best"*

The fourth planning item is for people who have "made it". The risk profile in the market has changed dramatically. Valuations are back up (massively), interest rates are going to be at zero for three years and wealthy people got wealthier (internet, technology and anyone who can work from home while generating revenue has made a killing). This means a large amount of money is floating out there. This money needs to find a home and that home is likely "alternative assets". That's fancy for high risk items: starts ups, crypto, SPACs (all the rage) and anything else not called a stock/bond on day one (yes we realize SPACs are technically stocks, no need to point this out as the point is still the same). We may have to do an entire post on alternative assets (something we've been researching all year at this point) since it's the only asymmetric bet left at this juncture. If we can agree that there is a large amount of money floating around due to wealth disparity, that money needs to find a home and some of these alternative assets will likely catch a bid (meaning they increase in value 5x or 10x in a short period of time – 5 years or so).

The fifth and final item really ties this together. Chamath said it best when describing his investment philosophy (paraphrasing), "The biggest debate is if interest rates are -5% or +5% in the future… Knowing that, you want to be exposed to growth so it won't matter which one prevails". This is something we agree with and lines up with our view of alternative asset investing. There are very few areas of growth that *don't* have huge valuations (technology is high and you do need some exposure there). A company that appears "cheap" is cheap because it is on the decline which is exactly what you're trying to avoid.

If the above was too much, the tweet version is as follows: 1) stock up now ahead of election to reduce risk, 2) have "in-hand" net worth that is in excess of 6 months spending, 3) write down a serious plan B if things go south for your income streams, 4) look at alternative assets and 5) you need to optimize for growth… some argue this is a barbell strategy where you buy high-risk and extremely low risk only.

Step Four, the WSPs Prediction Part: This wouldn't be any fun without some real predictions that are over the next 6-12 months. We gave two up front that we can't see changing (printing and more defaults). This is an arithmetic thing and if someone has found a work-around we'd love to hear it.

The first prediction is that private equity firms are going to go down the work remote framework to juice returns. Pretty simple. Find a software company or any tech company that has a huge foot print. Go in there, buy it and then get rid of all the overhead. The business doesn't need to be amazing it needs to simply "chug along" at 0-2% growth. Why? Well look at the P&L. Most companies have at least 5-10% of total costs tied to fixed assets (this is actually low). So then you simply borrow money at 0-2% and collect the return by cutting cost. While it is true that many tech firms are asset light, headquarters, travel and other such items hit the P&L in a big way. Good night to retail companies with huge real estate footprints when valuations decline.

The second prediction is even more crypto noise. Square, PayPal, Microstrategy, DBS bank and Fidelity are all drops in the bucket. They are drops in the bucket because the rails are not made. Once the rails are made, it unlocks all of those users at once. It is one thing to announce that 350M users can now purchase crypto assets. It's a completely different animal when they can begin purchasing them. This won't occur until 2021 or so at scale. The beta edition for PayPal is "cute" but it doesn't really make a dent until the flows begin. Once the flows begin all bets are off.

The third prediction is a significant increase in both gambling and religion. We've talked about this in the past but it needs to be mentioned again. This isn't going to be a fun time for the vast majority of people. Therefore, they will likely turn to religion and gambling. They are related in the sense that they both offer hope. Gambling gives you a temporary high/jolt and religion is a back stop for people who need a community to lean on. We have nothing negative to say about either to make sure nothing gets mis-understood. We are making this statement as a prediction.

The fourth prediction is bigger household headcount. The easiest way to reduce costs is to reduce overhead. The easiest way to reduce overhead is to live with more people. It will be interesting to watch as independent individuals (men who can afford to live alone) will command a premium. This impacts the dating market (seriously it likely will) and will impact the maturity rate of many people in their 20s. If you never live alone, it reduces your ability to mature. Again. We have nothing against the strategy as tough times call for tough decisions. That said, consequences remain.

The fifth prediction we have is an *increase* in financial literacy. We can't believe we wrote that one out. While we don't expect the increase to be explosive, the recent decisions made by the government cannot be glossed over. People are starting to ask questions about taxes, why there is unlimited money printing and modern monetary theory. In times when unemployment is at 2-3% people are more interested in hooking up with their tinder date or going to the strip club (okay they are still more interested in that, just slightly less so).

The final part is more obvious: 1) more remote work, 2) people moving to lower tax locations, 3) less conferences more zoom meetings, 4) reduction in air travel relative to the past, 5) reduction in cruise travel relative to the past, 6) massive increase in video games, at home entertainment, 7) increase in home remodeling, 8) decrease in commercial real estate prices due to reduction in footprint for major companies, 9) increased interest in healthcare investment and 10) another shift forward for technology companies.

Some Concluding Thoughts: A good way to think about the future is to simply bet on innovation. Trying to bet on people, companies or processes that worked in the past is not a recipie for success. You want to look for things that will make life cheaper, more effective, more efficient and easy to use. Things do not need to be "easy to understand" as data centers, internet connections, and other technologies we use everyday are quite complex. They need to be easy to use. Follow this line of thinking and we're guessing you'll fall upon the same conclusions we have. If not, we're looking forward to the rebuttals in the comments section! Enjoy the weekend.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Apple Bottoms Up – Three Statement Model

Apple Final **<— click to download, you should be able to build this in 1-2 days and once you can… DO NOT bother spending a red cent on any other financial modeling courses. Feel free to update the quarters for actuals or use a different company, it does not matter.**

While we cannot give specific stock advice you can run through the numbers laid out here and get an idea of how to think about an investment in Apple. There are only tw o key points to look at when you consider investing in Apple. **Product Sales and Margins.** While the current spotlight stands on capital allocation policy ($3.05 quarterly dividend and $60B repurchase authorization) at the end of the day what matters for the Company is its long-term revenue and earnings growth.

Product Sales: Simply put, are Apple products becoming commoditized? Blackberry and Nokia have suffered similar fates where growth degrades as the product becomes similar across all brands. In addition, if the products are similar, the only thing that matters would is cost. To simplify the question, are Apple products still differentiated? If you believe so this is a positive if you believe that it is not then this leads to price competition… Which leads to point number two.

Margins: A commenter asked for a gross margin profile, this is actually quite a difficult exercise given the product categories, but should make for a decent discussion point.

iPod: This product line continues to decline as people purchase iPhones and iPads instead of iPods. However given that the product has no connection to subsidies and is likely becoming more and more commoditized, we can conservatively assume a 25% gross margin profile.

Mac: This product line also likely runs below corporate average due to the commoditization of PCs. In addition the latest Apple products have historically had yield issues (noted during Apple conference calls). We can place a 25% gross margin profile here.

iPhone: You can triangulate that this has company leading gross margins due to carrier subsidies. In addition the iPhone has lower component costs (screen is smaller). This is the most important product line to gross and operating margins. If we build a bottoms up model, you can assume a 45% margin profile.

iPad: Given commentary from Apple "Under corporate average margins", we can assume closer to 30% for the line. However, this product is driving year over year revenue growth. While this is a drag to the corporate profile it is a positive boost to point one – product sales.

iTunes, Software and Services: The truth is that all software should be labeled near 100% GMs but the model will be difficult to track with a 100% flow through. Instead we peg this at the 40% water mark that the investment community has been eying for the past several quarters.

Accessories: Similar to Mac's and iPods, the products here are likely cheap and run at low margins. Again the higher margin is coming from a software/subsidy perspective and reoccurring streams. So if we place a 30% margin here, it seems reasonable.

Conclusion: Interestingly, during the Mar-qtr the company stated margins for iPads were impacted by higher sales of the iPad Mini. If we deduce this means the margins for this product are a tad lower we can run the aforementioned numbers through the model and it balances. We'll have to wait until next quarter to see how this plays out but it should be interesting nonetheless.

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Application of Logic to Improve Your Life

Application of Logic to Improve Your Life

In our post on how to obtain consistent happiness we tried to touch on "how to think". This is a broad topic and we only hit on a few items in the previous iteration. Given our interest in expanding our posts we're going to try and give our *ideas* on how to improve your thinking process. Namely, through the application of logic.

Overview:

1) Before Doing Something Ask "Does This Make Sense?"

2) Quick Numbers For Business Calculations

3) Quick Numbers for Personal Finance Calculations

4) Logic Says Success is Relative

5) Application of Logic to Recognize *Our* Weaknesses

<u>1) Before Doing Something Ask "Does This Make Sense?"</u>

This will save you a lot of headache. A lot. Before you begin steering your ship in a new direction, ask yourself if the direction "makes sense". Given our strong stance against the "manosphere" and against the "red pill" community we can use everything in the "sphere" to see how the vast majority of writers are losers.

Become a "Location Independent Businessman"! If your goal is to actually start a business, the worst possible move you can make is this: *"pack your bags, move to a third world country, teach English and start a company"*. This is the fastest way to realize that you're talking to someone who doesn't make a lot of money. The person did not have the necessary skills to earn a high income. How are we so "sure". Easy… Does this make sense?

If you are legitimately capable of becoming an entrepreneur then you are going to have *options*. This means that you likely have *career* offers from top tier institutions and firms. So, run the math. If you can obtain an engineering slot at a top tier silicon valley firm you're going to make $125-250K a year ***out the gate*.** If you were a top tier finance student and got an offer to work in investment banking, you're going to make ~$150K ***out the gate*.**

No sane person is going to say *"let me start a blog in a third world country with no experience and live off of $50K a year instead"*. Again. It does not make sense.

Nail in coffin. If you're truly brilliant and can start your own company without being trained at a top firm … You're still *not* going to leave the USA. You're going to do what all of the other big guys did. You start it in the States because that is where the network is. Facebook, Twitter, SnapChat, Uber, etc. etc. etc. are not in Cambodia for a reason. It is not because the founders are dumb.

In short: If you are talented and have options, there are too many opportunities in the states to cause a young 20 year old to pack his bags and leave for no good reason.

Girls Are Sluts but it is Hard to Get Laid: This is probably the funniest piece of the entire Complain-o-sphere. The claim is that women are not relationship material because they are sluts… Then… Claim that women are too hard to sleep with. Huh? This does not make any sense. How can you take advice from someone who has this type of logic?

Never in the history of mankind has "average" guy been able to obtain a "model" because he was simply a good man. This time never existed and never will.

It is either hard to get laid or it is not. Both cannot co-exist. We do not care which group you are in. If you're having trouble, improve yourself and find more girls to talk to. If you're doing well with women, the last thing you do is complain about them. If you're not attracted to the girl or her personality turns you off, then move on. It is not a big deal.

In short: Which group are you in. We don't care which one it is. Just don't claim to be part of both of them.

Women Abroad are Soooo Different! No. No they are not. We've been to over 35 countries now and while there are always nuances with each group of women… There is no real "difference". The only real difference is (gasp) your ***relative value*.**

Here is the basic learning curve. 1) Arrive, 2) realize you're getting higher quality women, 3) calculate how much more money you make relative to the median, 4) *decrease or increase* your spending to your relative purchasing power in the states, 5) figure out it is roughly the same!!!

Most people don't make the logical jump to points 4 and 5. They walk in with $2,500 a month and say *"wow I am getting girls here that I couldn't get back home with a $5,000 a month lifestyle!"*.

Then reality hits.

You're a bright guy so you find the median income. The median income is roughly $725/month in the city you're in while the median income is $3,500/month in the city you live in. Your relative purchasing power is 4x in the foreign country and only 1.43x in your current city! Surprise, surprise! Your lifestyle was significantly better on a relative basis so you did better.

If you really want to prove this out, you can test run the thesis. You simply decrease your spending **all the way down to the median.** If you live in Manhattan try to live a fun and exciting lifestyle with your $70K gross salary (~$4,300 net) per month. Hint. It won't be great. Then go to your third world country and spend the median income within that city… Hint. It won't be great.

In Short: While there are always nuances based on personalities, the same thesis applies in foreign countries as they do in the states. The girls you attract will always be a reflection of your total value. This makes sense.

2) Quick Numbers For Business Calculations

With the high level examples out of the way lets move onto some quick math. This is apparently a lost art as some people really believe "big bloggers" make $500K a year… Again. No. They do not.

5% Convert: On launch day your conversion rate for any product, this is an eBook, real product from a real business or otherwise, is going to be significantly higher than any other day. Of course, holiday season and special days will also sell well, launch day is the real big one and should be ignored. Going forward run the 5% rule (yes we realize it will range between 3-7% we're using 5 because this is quick math).

Take the total number of *recurring users* this means actual people. This does not mean page views, this does not mean sessions etc etc. **Only people matter.** Now here is the equation:

(Recurring Users) * (5%) * (Total dollar value of all products) = Income.

Roughly speaking, if you have 40,000 legitimate customers, 5% convert at $100 you're looking at $200K.

Here's the rub! **This is likely an inflated number.** Now that you have the rough number, work backward and it's probably 75% of this as pure profit (taxes other expense etc.). So you're looking at a rough number of $150K. Bracket this with 10% and you have a good idea of the actual income $135-165K.

Now that you have the rough math you can quickly figure out if someone is telling the truth or not regardless of claims.

In short: Learn basic internet math if you're going to buy products off the internet. We do not care if you sell scammy products or real ones (it is your life). Just know the numbers so you can be aware of the world around you. Hint. If the person sells something recurring, that's where the real money is.

Pro-tip, if the product costs $47 or more. Price ends with the number 7. 99.999% of the time it is junk. People will buy and they will also buy the $1,997 special consult promo items as well

3% Ad Convert: We used a somewhat vague term on the first calculation with "recurring users" which means that people viewed the website and *return*. IE: someone didn't read one item and leave forever. These are always the best customers because they clearly see the value in what you're doing. This is also why many companies have blogs that accompany their service (personalcapital as an example – not a recommendation, we haven't used it before, but it has a blog to accompany the product).

The second and ***much more important*** metric is paid traffic conversion. That is what separates real money from a smaller scale business. Paid traffic converts are where you make a lot of money. A lot.

If you can convert 3% of paid traffic into sales and you sell a legitimate product worth $100+ you're going to get rich fast, fast, fast. The reason why paid traffic is so important is simple. Your product is so good that it does not need to be "pre-sold" via trust over long periods of time.

This is exactly why athletes, musicians and celebrities are paid so much to endorse XYZ products and why many affiliate marketers are being sued for impersonating celebs. **A great sale is a quick one to a stranger.** Enough of the explaining…

If you're running a biz and you see a 3% conversion rate on your paid ads… We have one word for you. **Spend.** Spend all of the money you have. Take out loans, liquidate all of your easily sell-able assets and keep spending till it dries up. Once it dries up, turn off the hose and go to the bank.

So here's the quick math to see how healthy the business is: 3% convert on paid ad + $100 price point = healthy. So if you see a business consistently advertising on extremely high traffic website (yahoo finance for example) that company is doing very, very, very, well. Don't worry, the affiliate selling it is also doing quite well himself.

In Short: Unless a business is selling aggressively on paid ads in high traffic mega websites, it is not generating a large amount of income. If you are ever in the position to sell a good product at $100+ on 3% conversions, spend until the money dries up.

3) Quick Numbers for Personal Finance Calculations

Strong personal finance knowledge will set you free from regular people. It really will. If you know the math between income, living expenses and compounding you're going to avoid severe financial pitfalls. While the link we provided is a basic list post, we're going to add quick calculations that will not only improve your personal life but also improve your social life.

The Magic of 80%: Most people lie *up* meaning that they will say they make $100K a year when they really make $80K a year or so. Naturally, we recommend you do the opposite.

Here is what you do if the topic of money comes up with "regular people" (you will deal with regular people consistently due to the law of large numbers). They will incessantly prod you with how much you actually make so the best way to trap them is as follows: 1) talk about your minimalist lifestyle and complain about some mundane payment – "cellphone bill" usually works, 2) after complaining about your fake cell phone bill "problem", ask if they have reception problems at their *home*.

They will usually respond by giving you a little bit of detail about where they live. Once you have this you can now give them your "number".

Take the neighborhood. Assume they live in a 1 bedroom. Take that number… multiply it by 3 (after tax money), gross up to the total annual income. **Boom.** That is how much you "make".

If rent is $2K a month, this means $6K net/month, this is $72K/year, this means ~$115K a year gross.

Too much math? Here is the quickest version!

Monthly Rent of Person * 50

It really is that simple. We've found that if you claim to make ~80% of what the other person makes he won't feel insecure and won't prod you for any business advice or otherwise. The calculation will get you to ~$100K a year when he likely makes $115-130K gross! You've avoided the topic smoothly.

In short: Regular people are always insecure and even if they are secure there is no point in testing the waters. Say you make 80% of what they make and move on. The best way to do this is to simply multiple rent by 50, say that is your gross income and be sure to "complain" about taxes, a mundane bill or otherwise.

A Year Per Month: If you really want to step on the gas with regards to your financial future, start calculating your net worth by years of living expenses saved. If you are young and in the 22-25 bracket this is likely low… between 0 and 1.

Everyone has different levels of risk. But. If you're reading this blog you likely don't mind the truth so your lifestyle has a lot more flexibility when compared to your typical schlub.

Every year you have saved = one month of your future life.

While the 4% rule sounds good, it is derived by the personal finance crowd which is primarily a bunch of liars and scammers. You're a smart person so you realize that retirement is a scam and don't want to become a boring type A person with no friends, no girls, no personality and no meaningful life experiences.

This means you're going to shoot for **12x your annual spending.** Once you get there, you can now spend like mad (if you want). If you have 12 years in savings there is no reason to accumulate 100 years of expenses since you won't live that long anyway. Accumulate 12 years and begin doubling down on life experiences.

But this is risky! Of course it is. That said, if you have $1.2M saved (using $100K as the marker), then we are certain you will be able to earn $50K a year in another profession.

4% times $1.2M = $48K + $50K = $98K… Roughly a wash.

In Short: A single year of savings is going to give you a month of time for the **rest of your life!!!** Get to twelve and you can continue working hard on your actual passions/businesses while ratcheting up the expenses with nothing to worry about.

4) Logic Says Success is Relative

Take any success a person has is a field and double it. That is going to be successful in their eyes. This can be applied to any field. If someone makes $50K a year, they will be impressed by $100K. If someone has a "notch count" of 10, they will be impressed by anything over 20. If someone played division 3 football, they will be impressed by a division 1 athlete. So on and so forth.

Knowing this rule of thumb, you can quickly look at audiences to determine if they are groups of people you want to associate with. We've already made several association mistakes (we ain't perfect and will fix this over time) but at the end of the day, you can judge the audience by their relative standards.

Some quick ones to go through:

What type of person is impressed by $100K a year? $50K or less.

What type of person complains about a girl's standards? Likely a schlub.

What type of person worries about politics? Unsuccessful people blaming the "system"

What type of person is impressed by photos on a computer screen? Can't do math, is an idiot.

What type of person gets angry over words on a computer screen… "attacks"? Privileged.

In short: Find a person's "hero" and divide by two. That is the audience. Do you want to be a part of that audience? If so, stay. If not, leave.

5) Application of Logic to Recognize *Our* Weaknesses

The word *our* is highlighted because the authors of this blog have clear weaknesses. Everyone has a weakness. If someone cannot call out a legitimate personal weakness they are untrustworthy individuals.

Use logic to recognize weaknesses, limit them and improve upon them.

Motivational non-sense will do the reverse. They try to inspire people who are not inspired: "be all you can be!" "get pumped up!" "get after it!", "everything is a limiting belief!"… Only a loser would respond to this because it implies the person **needs a "push to get started" and is okay with someone talking down to him.** As if you haven't been going 100% since day one. Degenerates respond to insults.

Instead. Focus on *acknowledging* weaknesses as you improve upon your *primary* talents.

Acknowledging Weaknesses: This is the best word to describe the process. Acknowledgement implies acceptance. Since weaknesses would result in horrible "headline copy writing" we'll use this blog as an example.

We're a Bunch of Narcissists: This is evident in the existence of the blog alone. Anyone who wants to spread their message far and wide is going to have some level of narcissism that is *above average* to say the least. It is better to acknowledge this as a piece of our personality and take the good with the bad. The good is that narcissism leads to solid speaking skills and aggression. The bad is that it leads to arrogance, self importance and lack of empathy.

We're Not Empathetic: Building off of the previous section, we have very, very, very little empathy. Your girlfriend dumps you. You give us the story in 5 minutes. After that, if you say another word about it… We're just going to laugh. This is not very "nice" but it is the reality. This is a function of life experience as well. But. At the end of the day, unless it is something serious such as death (real health issues) or prison (loss of time) we're not going to care much. The end. <– Couldn't even write a paragraph with a drop of empathy.

We're Not Interested in a Stranger's Opinion: This is why we don't read more than 2-4 blog posts a month (max). Unless we know the person in real life, we have no interest in reading anything they have to say. The only way to really break through and get us to listen to anything is by providing 1) actionable advice or 2) giving enough detail for us to figure out if the person is legitimate. **That is the only way we will ever read or listen.** Once we have done the due diligence, we add the person to the "radar screen" and try to pluck items up here and there. If we do our diligence and realize the person is simply mediocre… we ignore them. Lets make this crystal clear. We do not care who other people associate with. If person A has useful information and person B is his friend… It does not mean we care about person B. In fact, we probably don't care at all. If you have a business partner with a friend who is a drug addicted lunatic, you don't need to talk to the friend.

We Get Annoyed Over Investing: We will never do legitimate securities analysis on this blog. That will never happen. We already had two interactions over investing that were down right stupid and dangerous and we're going to make that the last two interactions for 2015. Last year we had 10 interactions, this year is two and hopefully next year will be zero. The reason why we get annoyed is simple. **Just dollar cost average into VOO (not our advice, stolen directly from Warren Buffet) and go back to building income to get your net worth above $1M by thirty.** If it is good enough for Warren Buffet's family, it is good enough for everyone. People can't even explain what a futures contract is but they want to invest in individual stocks with a net worth under a million. Atrocious. Embarrassing. Irresponsible. Stupid. Lazy. Gambling. Uninformed. Hell. The tone in the paragraph has already gotten annoyed and we're going to delete any investing questions off of this blog. The good news is that we're overdue for another sector overview which is the best way to inform without getting ridiculous comments from broke retail investors.

In Short: We have many clear and obvious weaknesses (even more from a personal basis). Now you know why this blog exists. If we can tolerate annoying emails from retail investors about stock picks and avoid extreme narcissism by forcing ourselves to give back (ie: free advice for Wall Street entrance), help people who are down and make acquaintances with strangers… We're *limiting* those weaknesses by doing this as a hobby.

Pro-tip, if you have similar bad qualities, surround yourself with 1) people who are better than you and 2) people who constantly talk about "investing" so you can practice your smile, nod and ignore skills.

Finding Primary Talents: There are clear strengths here as well. Namely 1) direct communication which makes it near impossible to misinterpret, 2) ability to distinguish haters from critics – haters are all deleted and 3) ability to showcase a wider range of tones depending on the mood we're in.

Instead of making this section about us (like the weaknesses piece) we'll flip it around and help *you* find your primary talents.

Physical: This is where we would start if you're a teenager. Are you an explosive athlete, an endurance athlete, an in-between athlete, a precision type athlete? We don't know. It is your job to find out.

Once you find your talents, see if you can obtain a scholarship in that activity and leverage it to get into an elite university (Hint: many elite educational schools don't have great sports teams in every field). If you find that you're not talented enough to make it worth your while… then go and pluck out an explosive athlete (football, basketball, sprinting). Befriend them and get basic training advice. That's your new routine with perfect form all set in stone. For free.

Analytical: While physical is the easiest to determine, analytical is the most important one. What is your brain good at? Yes that is a terribly phrased question. But. It makes sense. What do you have a knack for? There are only three real analytical skills to be learned: 1) intent, 2) numerics and 3) synthesis. If your skills are primarily intent and numerics… You're going to be a great investment banker. If you're heavier on numerics and synthetic you're going to a hedge fund (heavier synthesis) or becoming an engineer (heavier numerics). If you're heavy on intent and synthesis you're going to be a great salesman.

*We realize we have tried to summarize a full post in three items: intent, numerics and synthesis. Without elongating the post, ask yourself where your primary skill is. Do you whip through software code like it is a comic strip? Numeric. Can you quickly figure out if someone really wants to buy an item? Intent. Do you have a deep memory bank that is constantly used to solve large scale issues? Synthesis.

Art: Some people really have this down. If you need an example of someone that does not have this down look not further than this blog! You can clearly see that we do *not* have a knack for writing. This blog is mediocre at best, likely in the bottom 25th percentile to be honest. No surprise that we don't write for a living.

But.

If you can write, draw, act, sing, play or design at a level that is in the top 5% or so in the USA… You're going to be rolling in the 7 figure range sooner than later. Finally, we're obviously not the right people to judge your artistic skills. We wish we could give you advice on art but that would be downright dishonest. The only true measure is approval from an elite person (they tell you you're good), we hear the Julliard School is quite elite.

In Short: There are three groups of primary talents: physical, analytical and artistic. Try a slew of different tasks for a few hours a week when you're young. Once you find the one that you're truly going to excel at… Step on the gas and never look back.

Concluding Remarks

We finally came up with a decent phrase for the views of this blog.

"Optimistic Reality"

This blog likely comes off as harsh and downright cynical at times with splashes of over the top entertainment in the form of videos and pictures. It's really just a balance. Cynical people are awful, depressing, type A people (usually an atheist as well!). Unrealistic people are also awful, "you can do anything in the world!". So the best explanation is *optimistic reality.*

If you can run 100 meters in 12.0 seconds in peak physical condition at the age of 18… You're not going to be an elite 100 meter sprinter. Ever. You're slow relative to the elite. That said, to say that you "can't run faster than 12.0 seconds" is incorrect. There is a major difference there. Saying you're not going to beat guys running in the 10s is simply correct. Saying you cannot run in the 11 second range is incorrect.

There is always room for improvement. Use *logic* to focus that effort in the right area. It is up to you to find the area in which you will do well. We don't know where your talents are, that task is in your hands.

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Approved Products

We use and recommend all of the products listed below. Given the focus around earning money/investing we start with money related products and work down to resources for learning sales, staying healthy and keeping a malleable belief system.

Money Related Products

Name Cheap: Affiliate marketers, product websites and personal websites all need a domain. Even if you're not serious about earning money online (we disagree) at least create your own consulting practice to have a way to make money 24/7/365. This would be produced by "owning your name" online (FirstLast.com). Our recommendation is quite simple, you should *have at least two websites*: 1) your consulting website with your name and 2) your product based website. How to make a living online is covered in Efficiency and if you meet anyone in the industry (affiliates/product website owners) practically all of them own their names online.

Blue Host: We have gotten several requests on where to obtain hosting and we can recommend Blue Host as a starter resource for an internet business. As you're well aware, we prefer product based websites instead of content based websites given the lower volume of visits needed to generate a living income (lower hosting costs as well).

How to Get Rich: This is the greatest book ever written on becoming rich. It does not offer emotional advice such as "think positively and grow rich". Instead it provides a solid outline for how the real world works. You'll get an understanding for scale, recurring income and how to raise funds for your company. Just "thinking" about becoming rich doesn't work. If it did everyone would be a multi-millionaire because everyone thinks & dreams about becoming rich.

Zig Ziglar's Secrets of Closing the Sale: If you're hoping to get rich in the future, learning how to sell is critical for success. This means you'll never lose valuable time by learning how to sell. If you're going to learn how to sell you may as well start with some of the best sales advice out there and Zig Ziglar offers just that.

Ca$hvertising: Once you've learned how to sell in person, the next step is learning the basics of online sales. For anyone hoping to become location independent you'll need a businesss… Yes you guessed it… That operates on the internet. The first step is learning how to sell from an emotional level and the second step is being able to transfer this level of emotion through words on the internet.

The Intelligent Investor: This is the premier book for learning how to invest. Warren Buffet now tells everyone to dollar cost average into as many ETFs as possible so he can create market dislocations and invest heavily into single individual stocks. If you're interested in overall securities analysis this should be the first book in hundreds that you'll read. Until then you can simply dollar cost average into S&P 500 ETFs offered by Vanguard (Example: Ticker VOO).

Life Related Products

Chlorella: If you don't have time to make a healthy juice or eat a lot of vegetables on the road, chlorella will do this just for you. In addition, it can also be used to prevent hangovers from a long night out, simply take a table spoon, mix it in water and chug before sleeping. Chlorella is an essential dietary supplement and hangover prevention item.

Protein Powder: We try to keep things as natural as possible over here and prefer products that are as close to "real life" as possible. This means we drink protein that is from a natural source (egg whites). While there is likely a minimal difference between natural and unnatural, when it comes to your health, it just isn't worth the risk.

A Guide to the Good Life: When you're first getting started in your journey to get rich it feels like the weight of the world is on your shoulders. Instead if we focus on what we can control and ignore things that are completely out of our control (negative comments from others for example) we'll be psychologically set up to succeed.

A Guide to Rational Living: For people who are suffering from anxiety or depression, this is another product similar to practicing stoicism that will make your life significantly more calm. You'll find that many things that upset people on a daily basis are needless. Finally, we recommend taking up meditation as well once reading through both the guide to the good life and the guide to rational living

International carry on bag: We travel quite a bit still and having a solid international carry on bag is essential to quick travel. You'll whip through security using your clear pass (or TSA Pre Check) followed by a rapid boarding process. Having something durable that can fit on all airplanes will save you several hours of time.

Wall Street Related Products

Investment Banking: Valuation, LBOs, and Mergers and Acquisitions: This book offers everything you need to know about getting started on Wall Street. You won't need to take a fancy modeling course because there will be templates on the job. Instead you can learn the basics from your house without paying a ton of money and get started well ahead of your peers.

More Money Than God: This provides a fantastic overview of the hedge fund industry. You'll walk through the glory days of the 90s in addition to the eventual declines in 2007-2009. Hedge funds provide various different roles in making markets as efficient as possible (also giving various rates of return for differing risk profiles) and this will provide a broad overview for you.

Barbarians at the Gate: For those interested in Private Equity as a long-term career, Barbarians at the gate provides an overview of the leveraged buyout of RJR Nabisco. This is one of the most famous transactions in history which includes a bidding war and large amounts of debt (leverage) to try and profit off of a

$24 billion dollar transaction.

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Q&A is CLOSED

Q&A is closed thanks!!! Shorter than usual but questions were a lot better!!!

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Are You a Time Waster?

[Are You a Time Waster?]

Time is the most important asset you have. Period.

If you believe in God, that is perfectly fine, just don't believe you have a second life because you may lose the one you're living right now. If you are 25 or 50 years old, you're closer to death after reading the end of this sentence.

Don't waste time.

Types of Time Wasters

These people make up 90%+ of the population. They have no niche knowledge and are unable to provide an intelligent or different perspective to any conversation. How do you know? They haven't taken the time to build a skill-set. Instead they consistently look for immediate results **without learning the process behind it.**

No, you are not going to know a lot about everything (and you shouldn't because a jack of all trades is broke). BUT. You should have a deep understanding of at least 3-5 subjects before you even bother asking for solutions to a specific topic.

Since we like examples here are some classic time wasters.

Too Lazy for Search Engines: If you didn't even bother searching for 30 minutes to an hour for the answer, you may as well tell the world you're a fool. Most answers are easily found after two or three clicks on Google. If you know someone who asks questions that can be answered in 10 minutes by a Google search, delete their contact information immediately. What that person is telling you is that he believes his time is more valuable than yours. **This should be taken as an enormous insult.**

The Time Just Flies By: Unless someone is complementing you on how gracefully you age, under no circumstances should you be living the same life in the current year as you were in the previous year. **No exceptions.** Lets repeat that. **Under no circumstances is year 1 going to be the same as year 2.** It is simply not acceptable behavior.

If anyone tries to tell you this is too difficult, immediately spit out the following ideas: learn a new sport, create a second source of income, teach a new person how to pick up women, take a book challenge and see how many you can read in a month, learn a dance, learn an instrument, learn an art, volunteer, gain 10 lbs of muscle, lose 10 lbs of fat, learn a language, hike up Mt. Everest, etc. Again if you run into someone who is exactly the same as he was a year ago, simply move on.

No Killer Instinct: This is a preference and many will disagree. There is nothing worse than being surrounded by someone without a killer instinct. You can smell it. They are generally passive aggressive because they aren't confident enough to put their foot down on a belief.

Long Winded Nonsense: We like twitter. Why? If used appropriately you can succinctly get a message across without wasting 700 words full of tripe. At a certain point in time you should become a **clear communicator.** You can generally tell the age of the person writing by the length of their emails, **the longer it is the younger they are.**

Unless there is a reason for specific detail, keep it simple.

As an example? Lets go back to the interview. If asked about *why you?*… you better be quick to show value since your first impression is going to be more important to the decision factor than you think. If they are asking you to explain *in detail* how a financial model works, you better sit down and write out all the high level items and build down to the nitty gritty as the interviewer drills down to the takeaway.

The Procrastinator: This person is either young or lazy. Not sure which one but procrastinators are usually in one of these two camps, the young ones are learning how to avoid this trap and the rest are far beyond repair. In short, if it is going to improve your life financially, physically or intellectually and you're not doing it immediately you've got no one to blame but the man in the mirror. It's your life to waste.

Summary Action Steps: For those that believe the above was long-winded nonsense 1) search for the answer yourself until you have knowledge to payback, 2) you should see ***dramatic***year-over-year improvements in your life or you've wasted the year, 3) avoid those without a killer instinct – typically passive aggressive, 4) learn to be a concise communicator unless it is an in-depth explanation, 5) if something is going to improve your life financially, physically or intellectually you're only ruining your own life by not making the jump.

"Most people die at 25 and aren't buried until they're 75" – Benjamin Franklin

Don't let this be you.

*** For those that have followed the blog religiously, you're going to be in for a surprise in 2015. We've come up with a solution. Expect change.***

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Are You Counting the Wrong Days?

Most people have a terrible habit. We count the wrong days. We like to remember the first time we got laid, the first time we bench pressed 200lbs, the first time we got a sizable bonus check. These days are not important.

"We are what we repeatedly do. Excellence, therefore, is not an act, but a habit" – Aristotle

Since we are approaching a New Year soon lets create a new habit. ***Start counting the days that matter. The ones where you go through extreme pain and hardship.*** We all have similar goals, get better looking girls, make more money, get in better shape, etc. Instead of tracking our progress by remembering a milestone, track your progress based on what you gave up.

For those of you that work on Wall Street, the days you're going to count include the days where you suffer from the banker twitch. Your eyes lose control, you have not slept for 48 hours and you're overdosing on cocaine, yerba mate, adderall and Lord knows what else. Instead of quitting or complaining ***you get work done.*** Not only do you get everything done, you still go to the gym and work out for 30 minutes or you do pushups underneath your desk. Not to mention that you use all your meal allowance to buy healthy food because you know that repetition is the key to excellence. To top it off, when everything settles down, you continue to show up with a positive attitude every day… ***Maybe this guy deserves a promotion.***

If you want to get those coveted "six pack abs", instead of taking body fat measurements of your stomach or doing a few crunches every day (which do not help much), how about you count the cumulative hours you spent working out in the gym? Anyone can go into the gym after New Years running on a higher level of dopamine and adrenaline to "make a change this year"… Why weren't you in the gym New Years Eve? Why weren't you in the gym on your birthday? Why weren't you at the gym on Saint Patricks Day? ***Those are the days that matter.*** It sounds cheesy and lame, but real success is built when no one is looking. If you take a break when everyone else is taking a break… be prepared to end up just like everyone else. ***Average.***

Everyone remembers the first time they got laid, purposely going out to try and pick up a girl. What seems to be forgotten is all the work that lead up to that successful pull. You talked to 10, 20, 40, 100, 200+ girls. All a distant memory. Instead start counting the number of times you talked to an 8 or a 9. ***Did you let an 8 walk by and not say anything? Bad Move.*** Start counting the days where you open every single 8+ you see regardless of the situation. If you want to get better looking girls, you're going to go back to work.

Finally, the biggest hurdle for men… money. Everyone wants more, but what are you giving up to get it? Are you wasting your time doing a job that pays near minimum wage when you could be working on a new cash flow… yesterday? Are you hoping for a raise or a bonus instead of spending every second you can trying to add value to your company? ***If you add up the days you worked yourself to death, you'll find a direct correlation to your income.*** Don't get us wrong, you may have to go through months or even years before you see that correlation pick up, but when it does you won't regret it.

With that said, review your 2012 correctly. How many counted? ***How about today.***

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Are You Really Maximizing Your Time?

This is an impromptu post after reading a few more emails come in. The big theme is this.. ***"Are you really using your time?"***

Today was a day that counted.

To explain here's the breakdown of the day:

1:00am: Flight lands late due to flight delays. This day is going to be full of hell no doubt, snow… not that kind of snow, but real snow is always a disaster.

2:00am: Arrive at the hotel and immediately go take a cat nap and send the suit to the cleaners. No time to shower because I haven't hit the gym yet.

5:00am: Alarm clock goes off. Let the games begin. B-line it for the gym, do some lunges and jump rope to warm up and begin squats. 35 minutes elapse. My brain is waking up. 45 minutes have now elapsed, after doing ***fifteen*** reps of one legged squats, my legs are beginning to shake and I feel like I just drank 7 bottles of Ciroc and redbull. Wired. Start walking down the stairs and I collapse, this is going to be good.

6:00-6:30am: Within 30 minutes the quick scramble begins. Suit is delivered, shower, shave, change, check emails, breakfast is already delivered to my room which is consumed in 5 minutes, brush teeth and grab my tablet because I have to meet with ***120 clients today.***

6:37am: Always Google maps your hotel to the first meeting so you don't have to bother with cabs, walk to the meeting and start popping halls and drinking yerba mate, its going to be one of those days. Meeting, meeting, cab, meeting, cab (phone call in cab), meeting.

10:30am: In a word, shit-show. Acquisition while in a meeting. During the meeting I pull down a few models and populate a back of the envelope calculation to explain numbers because it should be coming up during the next few meetings. Yep. Multiple questions on a deal where I'm unable to listen to the CC.

12:00pm: Head to airport, need to make it for a dinner meeting in another city 1 hour away, the cab ride is awful as I attempt to download the partial CC on the way and answer phone calls and emails as well.

1:00pm: Things are cooling down, as people know the flight leaves in 30 minutes. Time to day game. I shut off my black berry and start opening up girls in the only sushi spot in the airport since all of the other food is undoubtedly disgusting. No sex is going to occur but this city is on the "to visit list" after the warm responses.

1:40pm: Flight takes off and I'm working on some items now that i've got wifi and an hour to burn. I notice an overweight woman next to me in biz class and decide that her three different comments on how she doesn't have enough "me time" to get healthier is enough to send a message. I take the "warm almonds" and return them, take a frozen juice from the airport and set it on the recliner. I then rep out 50 pushups and sit down to read again. ***She doesn't talk for the rest of the flight.***

3:00pm: Slight delays, my brain is tired, I could pop some mod-alert but instead opt to begin writing one of our upcoming articles.

3:30-4:00pm: Time to get back into work mode, start rehearsing for another meeting where there will be a lot of questions to be answered. This should be fun, more importantly I spot another cute girl. "I like your shirt, you're looking pretty cute today what's your name?", "Umm I have a boyfriend, head turn". Funny thing is as we walk down to corral she sees I'm getting picked up and quickly figures out what I do for a liviing… Her face says it all, girls can be caddy 99.9% of the time. These of course are girls that are not worth the investment anyway. Too costly.

4:30pm: Arrive for the meeting, of course the jetlag is messing all of these time zones up but no matter. Meeting goes fine, everyone begins drinking and I fake alcohol consumption by drinking sparkling water. Two hours of hanging out with some rich guys, yeah most of them are fat, but you can't win them all.

6:30pm: Cab to catch a flight home.

7:00-9:00pm: Usual transit, reading books instead of work the day looks like its pretty much done. Read some emails from readers of this blog as well and respond accordingly.

9:30pm: It's finally time to head home. Ah you know what, who cares I'm going to the gym to finish up my workout that got cut short.

10:30pm: 20 hours of work, sweating like I just got out of a pool work out. This day has been busier than a mosquito in a nudist colony.

11:00pm: Time to head off to bed on the 21st hour. You know what I'm still feeling good maybe I should write an impromptu blog post on how to keep going? Yeah. That sounds like a great idea.

Conclusion: As a final statement this is not supposed to be some sort of bragging or "humble brag" about work ethic, it is simply a mindset that is unbreakable. Don't bother with trying to save a few bucks on ebay at work where your 9-5 jive is really a 3 hour a day work shift. Instead start forcing yourself to constantly switch and optimize. If you're not doing something that's making you more money, getting you more motivated, getting you out of your comfort zone or getting you healthier, wealthier or more free time for 90%+ of your day, ***you don't deserve to succeed.***

It's tough out there. Make your days count.

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Ask Your Crypto Related Questions

The title says it all! We are making final touches this weekend on the book and given the volatility we have no doubt many people have many questions. All of the good questions will be added to the book. No crypto isn't dead. Thanks!!!

QUESTIONS ARE CLOSED NOW

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Attempt at Valuing Time Over 2 Decades and Q&A Announcement

Attempt at Valuing Time Over 2 Decades and Q&A Announcement

There is no real way to quantify the value of time so we're going to attempt it right here. As we've stated many times in the past, health is by far the most important thing in life as the loss of health makes you 1) lose time and 2) lose money. Since time is more valuable than money, you actually suffer a huge loss as your time evaporates and health issues usually come at a severe financial cost. Lately, we've been focusing a bit more on paying attention to your body (massage therapy, diet etc.) and this is due to the natural slowdown past age 30-35 or so. Mathematically speaking, you've got a solid 30 years or so where life is at peak performance (age 20 to 50, where 20 is more energy specific and 50 is more freedom and money specific).

Value of Each Decade: One of the main themes around here is that if you give up a solid 3-5 years of your life (typically only takes 3 years), by the time you're around 25-27 you're so far ahead of the game that each decade gets better. So far, this has continued to be the case. The downside is when you look back in time and ask yourself "would I be able to do all that work in my mid 30s", the ugly truth is a resounding no. No. We're not saying "to give up" if you haven't made it yet. All we're doing is pointing out a simple fact of life, energy levels decline from your 20s to your mid-30s to your 40s etc. Instead of pondering about how to adjust for this we're going to write it out here from actual experience.

Early 20s: This is where quantity over quality pays off without question. Everyone in their early 20s is drunk. They are partying in some way and going nowhere as they spend their entire paycheck every month. The funny thing is that their productivity at work doesn't even take a hit as a person this young can easily party 3-4 nights a week without any hit to productivity. This is due to the value of youth. The reason why people say "youth is wasted on the young" is because that level of energy can be used to learn and produce hundreds of things at the same time with no real impact to the physical body. People like to "claim" your health is ruined by working long hours but the reality is partying or working hard leads to the same thing… literally no impact to your future health. Trying to do either of these things (working 80 hours a week) or partying late into the night extremely drunk 4 nights a week at age 35? Not going to be a pretty outcome.

Quantity over quality applies to practically everything here. It isn't difficult to recall the ability to drink lower quality liquor and not even recognizing the difference between the "good stuff" and the "cheap stuff". This is because your body is able to process everything from pasta to junk food to bad alcohol. Use this to your advantage. You can work extremely hard and still go out a 1-2x a week without severely impacting your future. A great set up. Try every single type of venture that comes to your mind, to rattle off a few here we go: 1) affiliate marketing, 2) a cheap brick and mortar, 3) a fixer upper real estate deal, 4) a fitness coaching idea and 5) absolute worst case scenario, a second job. In the end throwing a bunch of spaghetti at the wall and seeing what sticks is a good strategy here.

Time Value: Luckily, we maintain basic journals every single day. After over 20 years of data, we've noticed that it was possible to sleep ~6-7 hours a day and work 9-12 hours a day (one rest day) without feeling fatigued at all. When you hit your mid 30s, this just isn't possible. Before jumping there we can run a quick calculation. 10 hours of "real focused work" per day is 60 hours a week. Then you add an additional 2 hours a day of "basic work" essentially grunt work that needs to be done, and *you're looking at 72 hours of productivity per week* for anyone in the 18-25 years old age bracket. Reading the underlined part of sentence will make anyone over the age of 40 certainly feel tired and remember "wow this really was the amount of work in the past"

Mid-20s: Once you reach your mid-20s there is a slight change. Instead of working 72 hours productively, you're likely in the 60-65 range. The interesting thing is there is no change to output, *you're simply much more efficient with your time*. After trying hundreds of ideas, angles and projects, you have a much better idea of what won't work and what will work… This allows you to reduce the number of hours spent due to decision making alone. Again. The actual productivity is just as high, the difference is that you're getting more leverage from the hours you're spending.

One of the major reasons why making it early pays off is that you know what you're good at. Many people do the math and say if you make a million dollars by 30… by the time you're 50 you'll be worth $8 million alone just on compound interest. This is the lazy way to think about it though. If you're able to get to over $1M by 30 it means you are earning a *high* income. All you have to do is maintain that level of income and you're going to be so far past $10M the first $1M will look miniscule in comparison. So. By your mid-20s we can say that your hours go down by around 6-8 per week and your energy levels are about the same (if not better). This means the extra time should be spent on 1) staying in tip-top shape to decrease physical decline and 2) building up your second, third or fourth income streams. Both of these items will allow you to elongate your earnings potential.

The real difference here is by your mid 20s you should already know what you're good at and what you're better off outsourcing. If someone doesn't know what they are good at by this age they either didn't attempt enough tasks or spent their time latching onto the success of another person. The second one is more common and dangerous than it sounds, by being in a role where someone supports a winner, they get a lot of benefits from the rising tide but don't develop individualistic skills as they are simply following a chain of commands. Not your problem (hopefully!). Simply spend your 60-65 hours a week on the things you're good at and keep scaling.

A small side benefit here is that your social life gets a lot better. The extra ~8 hours a week is a full day out if you want it. The second big benefit is that you begin to look like an "adult". Until you're 25 or so, you physically look like a teenager (for the vast majority of the population). So you fill out your frame, have more time to go out and if you don't feel like it, have more time to read and learn (reading decreases once the money really comes in). In short, your social life gets better, hours go down and you don't actually feel any real changes physically. One thing to note, you will notice the difference between good and bad quality foods/drinks. This certainly changes and is your first hint to make sure your diet is "dialed in".

Late-20s, Early 30s: At this point, the numbers should be working in you favor. The income generated by your investments and the income generated by your current Company/Career should lead to significant cash flow. The only issue is that you're going to be bored working less than 40-55 hours per week. We've seen many people hit their "number" in their early 30s… quit… only to come back working for 30% less since they got off the grind too early. While some people are ready to call it quits we'd wager that it's a bad move until you're at least 35-40 years of age. If you really hate what you're doing, we'd say to take a longer than normal vacation. This will be a good reminder that you're not ready to call it quits as you won't have anything to do besides party (which isn't all that fun 24/7/365).

We've got some bad news here in this age range. Somewhere around here you see a reduction in your "recovery time". This is noticed both at the gym and the times you go out to drink more than you probably should. The soreness from the gym no longer lasts 24 hours but between 48-72 hours if you really went hard. Similarly, the alcohol consumed is no longer out of the system within 12-16 hours but instead lasts 24-48 hours killing productivity for at least one day. The answer will be clear from day one, drink less and stretch/sleep more. Both of these two items will increase your recovery time and allow you to physically work out at similar levels to when you were in your mid-20s.

Since many of our readers are around this transition period here are several ways to get "over" the hump and make sure the declines are not felt: 1) chlorella and pedialyte for rehydration and recovery before sleeping after going out for drinks, 2) penciling in a massage 2x a month to get rid of any flexibility issues and improve recovery, 3) ice baths and icy hot for recovery and loosening up muscles, 4) switch from heavy grains like white rice to quinoa and more legumes and 5) consistent green juices – spinach, kale, etc. As a bonus, you can also reduce your calorie intake by consuming foods with high nutrients and low calories: berries and wheat grass while cucumbers can be used to make your body feel full while simply adding more water. To cap it all off, make sure your blood work says you have a healthy amount of all the major vitamins.

Before moving on here, around this age it no longer makes sense to crank out 60-70 hours a week. In fact, the *quality* of those hours worked will be low. This is a fantastic way to think about this age bracket. You should no longer be looking at quantity based approaches and should be 100% quality based. Your income streams should be high quality versus time spent, your workouts should be high quality but lower in frequency. And. Your food and drinks should also follow this same trend. If asked for a single word to describe this transition it would be **Quality**.

Mid-30s: This is where the energy declines are felt. Instead of working long hours, you should transition into being an "on call worker". This means you have to focus for short periods of time instead of prolonged focus. If the game was played correctly, you'll know exactly what to do and have the clearest path from A to B. The downside here is that you certainly see the decline in your ability to stay "on".

To explain this, back when you're 25 or so, you could hold extreme focus for 3-5 hours at a time and not feel exhausted at the end. In fact, you could hold extreme focus for around 8 hours a day or so and it won't make your day to day activities harder. Try to do this at age 35 and you'll be forced to cancel appointments. This means it is still "possible" but when you focus for long periods of time you do not feel 100%. You'll need to sleep, relax, and avoid cognitive work. The main transition in this phase is what we'll call "cognitive fatigue". Even if you've kept your body in tip top shape, this happens. For anyone who has made it, they will also notice this lines up with their experience as it relates to entertainment. You'll consume a few hours of mindless entertainment between ages 35-45 because it is something that forces you to relax. (Side note: this is not a change from prior advice, if you're not rich you certainly shouldn't be watching TV or doing any mindless entertainment, this is simply how rich people operate once they are older).

Day time activities also jump up significantly in this general age range. This is because losing large amount of sleep staying up late only prolongs the recovery period for your body. There is a reason why cities near the beach cost more (they are a lot more fun during the day). Also. In this age frame you shouldn't be stuck in an office and have more control over your schedule. So you're able to enjoy the day without impacting your bottom line.

Late 30s to early 40s: There is one thread that seems to keep coming back at this age, some new obsession with food/drinks. If the person is single or married it really doesn't matter. Both groups seem to shift to a focus on food and drinks as their form of entertainment. The ones that do it right are the ones that still look muscular. This is due to increased focus on energy levels. You're looking at another ~5 hour degradation to intense focus per week. Unless you're on special "enhancements" which we'll cover in our upcoming lifestyle/spending book (due out end of year).

The great news about this age range is that you still look very good assuming you didn't develop any serious health issues. Also. By this time you've likely had at least one serious health issue (a broken bone, tendon damage etc.). This will emphasize the importance of what is going in your body and how your body reacts to specific supplements. Seeing a professional dermatologist is essential as well to prolong your youthful look (we'd recommend going to serious professionals before turning 35 as it pays to prevent the issue earlier in time).

Evaluating the Time: After the entire overview it's time to go ahead and assign value to each year of your life. Meaning, by definitions above, since you had *more* energy in your 20s a lot of those hours can be devoted to making money. By contrast, by the time you're 40, the amount of "good hours left" in your life is moving down. People can say what they like but it's the truth, energy levels decline and the value of your time should only go up (since you're closer to death than before).

To attempt to take a mathematical approach to this, we'll go ahead and assume you're working 250 days a year. This means each day is worth at minimum $400 from day one (250*400 = $100,000) at age 21. By the time you're 30 this number should be closer to $1,000 a day at minimum (250*400 = $250,000) and finally by 40 it should be another double as well $2,000 a day a minimum (250*$2,000 = $500,000). Now before we math this out, lets emphasize that *earning is not linear.* You will be working in *event* based income also known as performance based work. This likely means that several of your years will be significantly higher than $250K-$500K.

The math is quite simple though, if we take the above numbers and combine it with the idea that your ability to work goes down, it means that a year of effort at age 21-25 is worth roughly 5x that at age 40. Thinking this through it means that every 1 year wasted in the 20-24 age is equivalent to wasting 5 years straight at forty. Compounding is brutal when it works against you. Assuming that you're healthy and in amazing physical shape, maybe we can reduce this math a bit but not much more than 3 years. Essentially a single year wasted when they should be invested is worth a minimum of 3x in the future. Remember this rough metric when deciding to kill yourself working long hours at age 35-45… the return better be sky high.

Before closing it up, we'll have a Q&A on Friday April 19 with the same format as usual. Also. As stated here it will likely take until the end of the year to finish up our lifestyle/spending book which will include how to use performance enhancing items (hint, don't do what everyone else does and use them when you're only 20).

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Attention to Detial Is Overrated

Welcome to The Street: Every single day you work on Wall Street you develop an obsessive compulsive disorder for formatting errors, grammar errors, periods at the ends of bullets… etc. You start to become that Psycho VP or that "Managing Associate" you have always hated since day one. It is a slow process. You don't notice it until one day it happens.

It happened to me. It will happen to you.

The event: You walk into a restaurant ordering up some sort of sushi so you can pretend you're living a healthy lifestyle on the company's dime (ignoring dem dere 100+ hour work weeks mind you) and you see it…

A typo on the menu.

You: "Man this place is hilarious there is a typo right here! I see it man you guys catch this?"

(the dinner group goes silent)

Them: "Dude you're looking for typos on a Menu at the sushi joint. Who are you [[insert psycho VP]])"

You: (place head in hands and realize you've succumbed… you would sob but they are really just eye drops from the previous all nighter)

You're about to jump off the 27th floor of the building (of course that one slightly more prestigious bank is on the 29th floor) and if you are lucky you come to an important realization. You realize attention to detail otherwise known as ATD also known as OCD and depression **doesn't really matter that much.**

You know what matters? **The Art of the Ghetto.**

The Ghetto: You're laughing at this thinking that it can't be serious… but it will save your career many times. You know what separates that middle tier analyst/associate from the Top Tier? The ability to ghetto a model, ghetto a presentation or ghetto last second changes and make them appear correct! As you know perception is reality on Wall Street.

For those that have not had their first fire drill… take out your iPad Mini Retina display with flappybird installed and jot down the following bullets:

Excel with the White Cell… Ghetto: So your client wants a "quick edit" to the model we all know this means you have to respond in 4.767189 seconds or else your VP is going to be pissed. You can quickly ghetto the model by using white font in the excel spread sheet to run calculations. Insert the quick change and flip it to the VP for review… give them a print out… meanwhile over in your cube you are secretly correcting the documents during review time.

Cardboard Box Ghetto: Oh so your client wants to quickly hide pieces of the presentation. Open that Power Point presentation and do the following "Alt + I + X" followed by "Right Click + R + T". This process can also be called "Alt-R-IT" (say that last one out loud as a single word).

Now you have a moving box to cover up any last second issues on the page. IE: move this shady text box around to cover up both errors and parts of the presentation by bringing it to the front. Don't forget to hold down CTRL+Shift to make sure you're moving the box perfectly horizontal or vertically. Repeat the process of "turning the document quickly" and secretly fixing it on your end.

Pro Tip PDF versions usually move the box up and to the right slightly so make sure when you cover up some ridiculous formatting error like an extra $ sign in the top left of the chart that you adjust the 0.001 inches to make it work. This may just be a dated hardware issue so find out the issues with your computer in advance.

Gang Line Ghetto… Word: Similar to the text box white ghetto the biggest SOB in the world is the border issues on a word document/presentation made in word.

FML.

Get used to clicking Alt + I + P + A… and we are not talking about IPA beers here man. You can grab any sort of quick line to make it seem like you were a good peon and correctly messed with each border appropriately. Slot them all in and proceed as usual (fixing it on the DL while in review process).

Fire Drill Gentrification: Well we'll probably catch some heat for the phrase gentrification but remember we're trying to clean up all the ghetto we made before the turn comes in.

– For excel your smooth move is F5 go to special select objects … Delete. We all know that was some serious ghetto you just pulled off

– In addition, if you had a lot of white cell secrets in there… highlight the trick cells (usually on the right side of the model) and go back to F5 go to special … select constants

– For word documents select one of your objects and click TAB to get to the fake ones

– For Powerpoint you can simply drag and grab… a rare time when using a mouse usually doesn't matter too much

The After Math: One day you eventually get promoted and you are one of those VPs correcting the work. You're gonna catch some ghetto in one of those presentations.

You: "Dude this is a text box and white cell man can you fix this before the next presentation we're gonna reuse this a lot"

Disgruntled Analyst: "Ahh okay ya sorry about that, just thought the presentation was done"

You: "I know good work on the speed but… we need to make sure all the files are clean in case there are edits"

Disgruntled Analyst (seems to be upset with you)

You: **I'm not being mean… I'm living the dream"**

****** How about you Star Analysts and Associates? What are your secret ghettos?***

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Avoid Initial People Management Mistakes

[Avoid Initial People Management Mistakes]

Eventually you're going to be put into a position where you're forced to manage people. That's right. Dealing with employees in some form. This is the worst part of life in general (not an exaggeration) as people are driven by emotion, ego and a myriad of other non-revenue generating factors. With the bleak beginning, we can move onto the good news. If you simply focus on aligning incentives you'll be off to a good start.

Why Managing People is the Worst: Before beginning, we'll warn you that everyone you meet will immediately assume you're a bad manager. That's right. People who have never managed people in their lives and people who will unlikely ever get to that point believe they know if you're "good or bad" at it. We wish we were joking but we're not. In fact, if you show this article to anyone they will immediately react in the exact same fashion "this makes no sense they just suck!" The reality is that managing people is the part that actually "sucks". You're now in charge of someone else's livelihood (paying for their bills, family etc.). On top of that they think they are smarter than you and think you're "out to screw them". It's insane but this is the starting point.

The ramp period is generally the worst part. You have to find out what type of skills the person has without bursting their ego. We'll use a sports analogy as it should hit home. If you tell a 40 year old guy that is 5' 7" all and a tad overweight that you don't think he can dunk a basketball, he'll agree and won't be offended. After all, this is easy to confirm and validate. Now here comes the "fun" part. Tell him that he can't write a sales memo or can't make a good power point presentation and he'll flip out. Why? Everyone thinks they are smart and if you tell them they can't do something that requires thinking, their insecurity will go parabolic. Remember this paragraph and engrave the words in stone. During the "ramp" period, you have to put the person into a myriad of tasks to figure out where his skills are. If you assign him a task before you know that he'll be good at it… he'll be personally insulted when moved to a different task. *Do not give anyone direct responsibility until you're certain that they will do a good job.*

The last one that explains why managing people is the worst is this: *they overvalue their contribution*. Generally speaking, people over estimate their worth. It is crazy since the job market is pretty open. If the person was really worth 20% more, how come they can't get another job offer? This is pretty clean logic and yet you'll get hit up for more money over and over and over again. If someone is doing a good job certainly pay them over market. But. If a mediocre person continues to ask for something, begin ignoring them. Unsurprisingly, the ones you're paying the most are usually the ones who don't "ask" for anything and come in with a new offer and a resignation that you have to match.

Two Easy Ways to Start: Hopefully the above already reduced your interest in managing a large team (good!). Their incentives are already different. If they are paid an hourly wage, the performance of the firm doesn't matter to them. But. If you're the owner, the performance of the firm matters a ton to you. It's time to close the gap.

The easiest way to close the gap is by hiring people who had bad managers and by figuring out a way to give them large amounts of autonomy. The first one is more of an art that will be developed over time. If you've never had to read people before, this is something you can ignore for now. Just keep it in the back of your mind. If someone had a terrible manager before, that's the main reason they left. No one quits a decent paying job, they quit bad management/work environments.

The second one is where you can control a lot of the work flow. If you're able to correctly identify where a person has a "competitive advantage" this naturally leads itself to more autonomy. Most people would actually take a pay cut if it meant that they could work in full autonomy. Absolutely no one likes a micro manager who stares over their shoulder all day. This should be music to your ears. Find the tasks where you trust them 100%. This also protects their ego. If you have to constantly "fix or edit" their work, their ego takes a hit. They believe everything they do is perfect (a part of the human condition).

Incentive Alignment: There are two things you're looking for, a person to help save you time and a person to help your net income go up (more than the amount you're paying them of course, otherwise you'd go out of business). While this is what you're looking for the employee/worker is not looking for this. They are looking for the least amount of work for the most amount of money and a sense of "purpose". If someone is simply lazy you can't hire them and you're looking to align incentives by adding a "purpose" to their life. It sounds crazy. But. People will really work hard if they feel that they are needed/providing some sort of value. The value does not need to be high, the way they feel is more important than that. This is why criticism never works and you're better off managing with carrots instead of sticks.

While we've painted a picture of an ideal hire, someone who is good and incentivized by something illogical (a sense of meaning or purpose), this is not always going to be the case. The key items that people care about are: 1) money, 2) feeling of importance, 3) autonomy, 4) stability and 5) risk

<u>*Money:*</u> This one is quite simple, if someone is really looking for money you want to put them in performance roles so your incentives are entirely aligned. Sales for example. Hiring a money hungry person for an administrative position (or back office) is just going to lead to headaches. You don't want to pay top dollar for things that are "qualitative". You want to pay top dollar for things that are quantitative.

<u>*Feeling of Importance:*</u> As mentioned earlier this is the best hire in general. The money hungry person is only the better hire if they are *good* at their revenue generating role. Other than that, the person with the big ego and need to feel good is the best hire. All you need to do is make them feel important and they might even work for less since you're such a good manager (seriously this happens A LOT more than you'd think). This reduces turnover, reduces the chances they look for a new position and increases morale in general.

<u>*Autonomy:*</u> While covered above, this is a bit separate as Autonomy means different things for different people. For some it means that they get to work from home and don't interact with co-workers. For others they want to be in an office but don't want to be micro-managed. And. For the extremely talented, it means they don't want instructions just a "direction to run in". If you find people who are actually able to produce with basic directions (XYZ is needed), you're probably going to give them equity in the future. In fact, there are only two people who really end up getting competing offers and moving up in any company: the fully autonomous person and the money hungry performer.

<u>*Stability:*</u> No one works well when they are under a lot of stress. As another fun rule of thumb, anyone you hire will do 50% better in under a month. Why? They are nervous because they are human. Many say it's because they need to adapt to the new tools/tasks but it's really a function of being nervous/new. This is a general concept you'll hear thrown around an office environment. The need to feel "stability" since they are likely paying bills, may have a family and other obligations. So if you figure out that a person is in this camp (unable to perform under stress camp), you pay higher salaries and lower bonuses. This is the calling card of the typical "risk free" person. No interest in risk.

<u>*Risk:*</u> This naturally leads us to the Risk person. You're *much* more likely to find this person when you look for a new worker. Why? Well unless you're already managing a 100+ person Company, the chances are you're a pretty new and small company. These individuals are only motivated by "upside" and don't care much for the salary. The answer is Equity. And. Ideally with a performance component. Large companies use options but this could also be done for smaller companies.

Congrats! Now you have the basic framework for making a hire. You have to figure out which one of the basic five they are in and adjust your strategy. The funniest thing about this entire endeavor is that the average person still thinks management with the "stick" is the right way to operate. It never works. People who are happy to see you every day will work harder for you, potentially work for less and deliver better results. If you ignore all of the items above but simply avoid yelling at people and criticizing consistently, we'd wager you'll still do better than 90% of people when they look to build a team.

Not So Fast on the Hire: Started out with the bad, moved to the solution (positive), now we move back to the realities of life. <u>*Under no circumstances do you hire people you don't need.*</u> Cannot do a post on people management without the harsh truth… You want to hire the least amount of people as possible. Contracting, outsourcing, software tools, etc. Use every single possible thing you can think of to improve efficiency. Until you're *losing* profits with 100% certainty do you hire someone. Notice that you need to be certain that the person will free up your time to make more money. That's a good rule of thumb to be aware of. Hiring too early will cause you to lose cash and it just isn't worth it to scale extremely fast unless you're trying to get to $100M+ in net worth.

Basic ideas for avoiding a human hire. Virtual help, this comes in the form of assistants and software tools that automatically do mundane tasks. It should take about 90% less time to "check" something versus manually doing the task. Outsourcing tasks that are not critical. This means you find someone who works on short contract cycles. Much better to simply write a check vs. the whole negotiations, health care, etc. Combine both! Hire someone to come up with a tool to fix part of your process. Depending on your industry we have no doubt that there are many many more.

Structuring the Process: Now that you've got the big three: why hiring is the worst, how to focus on the big picture and ways to avoid hiring in the first place, it's time to conclude with creating consistency. The best way to create consistency is to have a plan B in place before the new hire shows up and to keep a pulse on their personal interests.

Have a Plan B: At the end of the day, no one is going to care more than you do about the success of your venture. Don't believe the lies. Every interviewer is going to say they are hard working, smart and love the Company. It's all a mirage. No one can possibly care more than you do if you're serious about making more money. If other people do care more than you do it's probably time to sell it anyway. Therefore you must have a Plan B. A plan B means you have multiple ways to generate "value" out of the person. If you hire them for task A only to find that they can't do it, you'd be out of luck. So you're looking for someone who can fill two different roles in an ideal situation. To wrap it up, you want to create a trial period for most employees so you can let them go without legal headache within a short period (call it a few months). This is becoming more and more common.

Personal Interests: As a rule of thumb, people in their 20s are more interested in learning, people in their 30s want to see career growth and people in their 40s want to be managers/respected. The last one is complicated since people in their 40s usually hit a plateau, don't generate much more revenue/value but want to see higher incomes and status. To make matters worse they typically have families and only a heartless person would enjoy firing anyone in that situation. As a fun framework, you want to outsource projects to people in their 40s, these individuals usually had strong careers, made their money and decided to become their own boss so to speak. Quality usually high. People in their 20s shouldn't be trusted with serious outsource work as they don't know how to work with minimal guidelines. And. To wrap it up people in their 30s usually catch on to new trends as they synthesize their work experience with life experience. Good age range for idea generation. Before getting lambasted in the comments this is just a summary for the "general population". There are many exceptions to the rule and we're not focused on that since it is statistically unimportant.

So put it together. Since people in their 20s want to learn, you can move them around fast to see what they are good at. This benefits you and it feels like learning to the employee. People in their 30s want to see career progress so you should be certain about their skills. If they don't have the talent to scale up, they'll leave on their own as they see they are not being moved up. Tasks for people in their 40s should be outsourced unless they are part of the select few who have too much talent to ignore.

If you think the above is brutal, we remind everyone to read the greatest book ever written "How to Get Rich" – Felix Dennis who states the following: *"Youth is a further factor. By the time talent is in its mid-to-late forties or early fifties, it will have become very very expensive. Young talent can be found and underpaid for a short while, providing the work is challenging enough. Then it will be paid at the market rate. Talent is indispensable, although it is always replaceable. Just remember the simple rules concerning talent : identify it, hire it, nurture it, reward it, protect it. And, when the time comes, fire it."*

On that note the book has been read so many times we've even picked up some of the writing mannerisms. And. For example. Sign of good things to come. Hopefully excludes the throat cancer part.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**.

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Avoid Thinking Like Regular People

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While introverts are not always the greatest people to bring to high energy night clubs, introverts have a much higher likelihood of being independent thinkers. It sounds like an oxymoron. But. It is 100% possible to become an independent thinker by using processes that force you to think for yourself. We see numerous people on the internet who cannot think for themselves they either 1) use the mainstream to "educate" them, 2) find a few people they think are smart and regurgitate their opinions or 3) read a bunch of information but unable to apply it resulting in memorization… which isn't learning. Generally speaking, extroverted people fall into trap number two while introverted people are more likely to fall into trap number three. The first group would never read this blog so we'll go ahead and kill that off first.

Step 1 – Mainstream Avoidance: There is no way to insulate yourself from the entire mainstream media or mainstream trends. At the end of the day it is natural to have some hobbies or interests that are popular with the masses. We're public with our interest in boxing and basketball as both a hobby and a way to make money pretty consistently. Until we got rich we didn't watch any real movies or mainstream entertainment and now that there is a ton of free time we watch them once and a while. The funny thing about going through those two phases (watching none of it for several years then watching it once in a while) is that you can see how blatantly fake special effects and acting is.

Back to the point. Mainstream media and mainstream entertainment are the two items to avoid until you can think critically for yourself. One of the clear reasons we chose to watch sports as a hobby is that there is no real political motivation there. Unless you go down the rabbit hole of watching interviews and post game recaps (not sure who does that) watching and analyzing a live sport is neutral (no narrative). Since you're reading this blog the chances that you sit around watching TV and movies is hopefully quite low. A maximum of 2 hours a week is about right if you haven't made it yet. Thinking back, during the busiest "ramp" years it should be zero hours naturally as you're too focused putting out fires everywhere and scaling your production.

Mainstream avoidance is solid general advice because of the audience it is serving. That's a good way determine if you should listen to the source. If the source is "the general population" it means the message has to be dumbed down to a point where nuance can not be communicated. Similarly, motivational speaking is the same, Michael Jordan, Steve Jobs, Albert Einstein and Tiger Woods do not attend motivational seminars. Motivational items are targeted at people who lack motivation (by definition) which is not a crowd you want to take advice from or be a part of.

Step 2 – Look for Sources: Since we want to create a post that forces you to think for yourself, we've only limited two groups: motivational nonsense and mainstream. At this point you're already ahead of the curve. Now the next part is to play a fun game *"Does this make sense*". Sounds easy but it isn't and this is how you'll end up creating your own thoughts. Just because something is said by a person you respect, you should still question it. There are people we follow who we think are smart from Cernovich to Naval. There is no chance they agree on everything and there is no chance we'd follow two different accounts that say the same stuff. That's the fastest way to create "Group Stink", where everyone agrees and the result is nothing (if the herd agrees there is no significant value left).

"Does This Make Sense" come up with your own structure. We'll emphasize that again. Come up with your own structure. We're happy to give ours a way as an example, so here we go: 1) where are the incentives, if the incentive is aligned for it to be true the likelihood increase significantly, 2) follow the insecurity, 97% of people don't even get to a million bucks and we'd say 99% of people don't get to a million dollars with their life in check – unhealthy, overbearing wife/girlfriend and 3) what are they trying to "get". These three are probably the foundation of our decision making. There is a lot of nuance but that's the big three if forced to make a rapid decision.

Incentives, Incentives, Incentives: The only way to get people to cooperate over extremely long periods of time is through incentives. This is an opinion but as you can see we beleive that to a high degree. Train a dog to only eat food when you say he's allowed to and he'll do it for a few minutes or maybe even hours… leave the dog there for longer periods of time and he'll break. At the end of the day, humans are the same, we're not special. If you're over the age of 25 we can all but guarantee you've had at least "wow she/he did that to him!" and if you look under the hood you'll see that incentives were not aligned for a long period of time.

The second piece of incentives is the "likelihood of being hurt". This is more art than science. Take white collar crime for example, generally speaking, the incentives are aligned for people to break the law in many cases. If someone has a chance to make $10M off of a questionable deal and they will only be under house arrest for a couple of years… they will probably do it. This is a lot more common than you'd think. Kids are arrested for drug possession (crack cocaine for example) and serve longer prison sentences than people who steal millions of dollars. Until a balance is made we're certain that these issues will not be resolved. Coming up with the right balance is definitely not within the scope of the blog. But. This will happen over and over and over again as new industries grow and die creating a similar situation consistently.

Follow the Insecurity: Even rich people are typically insecure. They got rich by giving up everything (their health and social skills for example), so it is extremely rare to find someone who is stable. When we use the phrase stable we mean that the person really isn't moved by anything passive aggressive or "words". They know it isn't true so it's entertainment.

While the rich usually have insecurities around women and their health, the vast vast majority are insecure about their place in society. So they do the following "root for the underdog" "find exceptions to the rule" and claim that visibly successful people are unhappy relative to them. Why? Well they have to come up with an excuse for being in their current position in life and must find "hope" that they'll make it. This is why people consistently claim that rich people are unhappy, it's an arbitrary measure that make them feel better about their current place in society.

What are they trying to "get": This doesn't refer to people. *Generally* people who are happy with everything in their life don't have role models. Instead this refers to a style of life. If someone is really "aiming" for a basic life outside of the USA, it usually means they know they can't make it in the USA. If someone is desperately trying to make an extra $500K a year while their health erodes, it usually means they think that money can fix their personal life problems. Look at what the person is trying to get and you'll find what they lack in life quite quickly. This is why our readers don't see us engage with people often, it's because we can tell in a single click "where they are" and then predict with high accuracy "where they will be" in a few years. Unsurprisingly, the ones we have engaged with the most have suddenly done well in life (including random anonymous accounts). Doesn't matter if the person is a public figure, where they are going can be figured out based on tweets alone with extremely high accuracy 90%+ (no we're not joking).

Step #3 – Find Proof Points: At this point you should be looking at various sources of both high and low quality. Consistently asking "does this make sense, do i want to be like this person" over and over again. Now you can build your own mosaic of ideas. Say you respect one person's ability to spot trends in investing for example… Maybe you don't listen to their fitness advice since they are out of shape. For another person they are in extremely good shape and even competed at a professional level… But… They are always strapped for cash. Finally, you find one person who is a solid 20 years older than you and you say "generally I want this persons life". Well you can now build a data set out of this. You get the broad picture of where to go "the life arc or life path" the person took. After that it's up to you to stay current on the micro level.

One way you see this play out in *reverse* order is when unsuccessful adults try to pass on advice to kids. While some of it may be decent it just isn't worth listening to. Many will feel attacked and upset by it… That's alright, this is supposed to be a post on thinking differently anyway. The adults mean well, they just didn't see the consequences of their actions over a 20 year period. And. What worked before may no longer work today. As a prime example, going to work in financial services was a great idea. If you have a child that is only 4 years old… Probably not the best advice (in fact probably terrible advice). Instead you want to move down the software/sales route to open the door to more options. Learning from mistakes just isn't good enough when making life changing decisions. You have to find people who saw "where the money pot was going". If they didn't see where the money pot was going 20 years ago, they are not going to see it today since age usually results in falling behind. In fact, we're starting to feel those consequences today as we lose interest in keeping up with every single industry that is out there.

Mosaic complete. Find results. You want to build rapport with people so you're going to 1) ask them for advice, 2) take the advice, 3) send them proof that you took their advice and it worked and then 4) send a thank you message to follow up. Prior to taking their advice you will not bother them or contact them. To cap all this off if you have absolutely no mosaic built you should "A/B" test this. You find two people for each category you're trying to learn about and see which guy gives you the best results. Make sure they don't know each other and are geographically spread far apart. The guy with the weaker actionable information is the guy you're going to drop.

Step #4 – See Green: Less than 4% of the human population will take the time to go through all three of the steps below. This is why we aren't worried about increased competition any time soon. They are too busy complaining about where they are in life.

Seeing green is a reference to the combination of yellow and blue. Essentially, you have to learn how to combine two different topics into one. If you can do this you're going to come up with different conclusions from the masses. ***The masses only see one side of a picture.*** This is also similar to how they play a game like chess, they only react or see one move at a time. This is because they don't have any niche knowledge, only have one trusted source (media or one guy they trust) and can't piece it all together.

For fun we can come up with a clear example. During the presidential election the only person that people could talk about was Trump. This was clear as day even if you were against him. Most assumed it was because he was being made fun of… but why would you pay attention to someone that is a "running tabloid joke". Tabloids only last a day. It made no sense. The average person only saw the laughing and joking part and ignored the amount of attention he was getting in general. This is similar to people who say they think "Kanye West" is a loser, but then proceed to talk about him every single time he does something. The same applies to the Kardashians and many other celebrities. If we only look at the initial reaction, we can't see what "caused" the event. Maintaining relevancy is NOT easy at all. In fact it is borderline impossible which is why many musicians are "one hit wonders", never figuring out the secret sauce to consistent hits.

Taking this to another example you can look at the marijuana/weed industry. While the masses tried to create weed shops and products the big money was made in buying land in Nevada and Washington since there was a clear "go" signal that it would be legalized. So over time the people who bought the stores are paying all of these land owners for several years (5, 10, 15 year leases). Also. They don't even care if the person succeeds. Someone else will take the land to grow the plants.

A conclusive sentence for this section is that ***"memorization isn't learning"***. That sentence hurts for all the book smart people who "know a lot of stuff" but don't have anything to show for it. At all. Doesn't matter if someone knows a lot of information, the magic happens in the execution. This is similar to sports yet again. You can teach someone how to make all the right movements, but it doesn't guarantee that they will execute them.

Step #5 – Create Consistency: This is a ***lifelong process*** you will eventually come up with differentiated thoughts, ideas and predictions. This is great. Want to know what's better than that? Being able to gain utility from all of them. You don't need to make money off of it. You could get information that saves you time, makes you healthier or improves your social life. It could be a wide range of items. The one key here is that you've successfully become an independent thinker when you come up with a conclusion and it makes people go "hmm i didn't think of it like that" **AND** it works!

That's the holy grail of this long process that we can all but guarantee 99% of people won't follow. Since there is no way to "teach" independent thought, we had to rename this to "avoiding regular thoughts". By avoiding the sources of data and information that are weak, you're forced to come up with different conclusions on your own. This is where the magic happens.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Avoiding and Going After Tail Events

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How many airline CEOs thought they would generate practically zero dollars in revenue and lose billions of dollars in 2020? How many stock market experts could have predicted a massive decline in profits for practically every sector outside of technology, medical/bio-tech and grocery stores? Absolutely zero is the answer if we polled the United States on October of 2019 (we're not using December of 2019, since a snarky commenter will state that some deep state officials were privy to COVID-19 before December 31). The one benefit of this pandemic has been a return to "importance". Outside of financials, the pandemic shouldn't have rattled you if you had your priorities straight. Naturally most do not and realized (quickly) they were not living life in the correct direction.

A Good Time to Reflect: As the economy opens up over the next month or so, it would be wise to question your current set of decisions. If you were unhappy during the lockdown, ask serious questions about the "why". If it's because you were unable to get drunk with friends, that's not a good reason. If it's because you were losing money ask what you can do to be better prepared for one income stream going to zero. If it is because you were neglecting more important people in your life then it's time to switch up your priorities.

In fact, we'd say that this was the perfect time to hit the reset button. There is no better time to click reset than now. "Post Pandemic" gives you a perfect excuse to become a ghost to the negative influences in your life. When you're suddenly gone, you can claim "COVID-19" issues and no one will prod further. It is beautiful.

To give a clear example on this side of the pond… There is limited value to going out if you can invite people over instead. That is the main conclusion here. We're starting to side with people who throw house parties and privatize their social lives. It makes more sense as you get older since you've sifted through tons of people and already met the major set of winners in your social group. If new ones pop up you'll hear about them anyway. So the benefits of throwing social events at your home begin to outweigh the costs (clean up costs, organization etc). We're showing our age with this as no one in their 20s would agree (and they shouldn't).

Can't Control Everything: If there was a time to read about stoicism, the lock-down was certainly the time to do it. The next best time is now. While you can try to plan for rough time frames (a year to five years or so), predicting anything further than that is quite painful. As we've learned you cannot predict everything. You could get a life changing disease, you could get hit by a car walking across the street or you could randomly hit the jackpot with a hot hand at Vegas. Who knows.

What we do know is that you can focus on your reaction and decision making. You can decide to wake up early and get your major tasks done. You can decide what you eat every day. You can decide what you consume everyday (information). You can decide if you're going to exercise. You can decide who you spend your time with. So on and so forth. Since the lock-down allowed you to isolate for a month, this is the perfect time to write a list of the things you can actually control and throw away the uncontrollable items.

Another item we researched during the pandemic was "tail risk aversion". Since most people did not understand the idea of "fat tails" we decided to look into every fat fail issue we could reduce going forward without ruining or seriously impacting our lives. So here is a quick list below:

First example, do not put all your valuables in a single place. This does not refer to a portfolio (which is obvious) but also refers to items at your place of residence. A single point of failure results in total loss, so storing all your valuables in a single safe is not smart. If the safe is gone you're toast as well. You should have numerous areas within your home that hold different types of valuables. So if one goes down you don't suffer a total loss.

Second example, if you have a family you should never fly with your wife unless you are together with your kids. Why? If you fly together and the plane goes down your kids are the ones who lose everything. If they are over the age of 21 that's a different story. Fly on different flights to the same place, no change in price.

Third example, if you plan on purchasing a home it is smarter to purchase a home with a single story. You may laugh at this but older people, kids and even people in their 40s/50s could fall down the stairs and die. This seems like a joke to anyone under the age of 40 but is something to think about if you're investing/living in a place long-term. It reduces risk without any serious cost considerations in the USA.

Fourth example, gated communities provide more security than risk. This is obvious but some believe that living in a gated community leads to crime via targeting. This is only the case if you live in a poorly managed one. In an ideal situation you live in a gated community that is well managed so there are security cameras. The key here is consistent monitoring of the property. As the technology improves over time, you will deter the vast majority of crime since the perpetrators are traceable.

Fifth example, don't purposely go out to violent areas. This seems obvious but watching all the riots has really solidified this view for us. We find it laughable when people say *"you should do something about it"*. This is the same logic that Peace Corps and Teach for America types have. That is… they are fools. If you really want to make a difference we all know that starting a school, creating fund raisers and voting will cause more real change. Anyone who believes that they are "making a difference" by standing in the street for 2 hours while other people rob businesses… is fooling themselves. The people in the Peace Corps are being fooled in the same exact way. If you're talented you create a value additive business, hire people (so they can feed their families as well!) and then use that money for a greater good. Walking around with some good people, some bad people and some criminals is just a waste of time. Notice, we've made zero political statements here since it doesn't make sense on either side and we don't vote since the winner of any election doesn't change a winner's ability to win at life (as you can see, lots of winning!). Any mass gathering with rioting nearby is just a gamble on your life that is not worth taking.

Sixth example, stay out of cars when possible. Seriously. While this might contradict the housing argument it really doesn't. Up to date high rises are well built, are one story in nature and usually have multiple well maintained elevators. It's much more rare to see a high-rise suddenly collapse when compared to a car crash or an injury from falling down stairs. Again. Look at statistics. Even though people fear airplanes more than cars, that fear is rooted in irrational beliefs vs. facts. Cars are dangerous.

Seventh, think through natural disasters. There is always potential for natural disasters (hurricanes, earthquakes, tsunamis, tornados… etc.). You can't avoid them all. That said, you can certainly de-risk them without paying outrageous insurance premiums. An easy way to do this is to purchase in the "nice area" that is away from the major disaster (when possible). If a city has tsunami potential, you don't want the beach front property even if it's "cool". If a city has earthquakes, then you can learn about the major fault lines and simply go away from them. If a city has a volcano for some reason, then you simply map out the area with significant risk… and avoid.

Eighth, layers of protection for access to important information. We can use crypto as an example here since it's easy to understand. You don't want to have a piece of paper sitting in your desk that holds the keys to all of your money. If you lose that… you may be screwed forever if a criminal acquires it. Instead you want to have those keys spread across a few different locations and on top of that have a few different copies. For example, if your pass-phrase is 12 words, you have 6 pieces of engraved metal with six of the words on each of them. A smart reader will understand how this also prevents someone from grabbing one slab and running away.

Ninth, defend the 2nd amendment. Notice the difference between defending the 2nd amendment and owning a gun. You may not necessarily need one at this moment but you certainly want the option. If you already own one and read this blog chances are you've taken intelligent security precautions (making sure no one else can get a hold of it). This is an active item to keep in mind given what has taken place in the USA over the last few weeks. People are certainly unpredictable.

Tenth, the last one is a consistent choice – decreasing risk of the top 10 causes of death. The top ten are heart disease, tumors, accidents, respiratory disease, stroke, alzheimers, diabetes, the flu, kidney disease and cirrihosis (liver). As you can see, we've highlighted the major accidents that can be de-risked (staying out of cars, living in one story homes, not looking for trouble etc.). The other ones take minimal research. Seriously, if you can do the following, you're good: 1) clean diet, 2) grip strength training, 3) regular blood-work, 4) avoid alcoholism and 5) taking smart precautions around catching the flu and of course… COVID-19. Very few people do this type of basic research since you feel invincible till around your mid 30s. At that point you notice you're not as athletic/energetic/high-metabolism as you were in your 20s. We gave you the main ones above but please do your own reading. It is not well known that annual blood donations and grip strength can reduce your risk of heart related death by 80-90% (yes we're serious). The key of course is always the same: consistency. Most will do it for a couple months and give up, the winners make it a life long habit.

We're sure we missed a lot but we're reading more and more on this topic as it seems to be quite important. There is no reason to "stress" about these things, it is more about taking actions that are intelligent over a long time frame. Does it matter if you live in a one story house instead of two? Not really. Does it matter if you walk more vs. getting in a car? No not really. So on and so forth. Once the habit is engrained in your daily life, it is actually healthier for you. *Bonus: smart time to practice stealth wealth particularly as it relates to new people in the future. We've covered this topic hundreds of times.*

Wasted Mental Space: Many people spend hours and hours worried about things they cannot control. Not only that but they also worry about results for things that do not matter. *For example:* worrying about an airplane crashing. If you're already on the plane there is nothing you can do. So you have to teach your brain that this is reality. It is simply something you cannot control. *Another example:* worrying about the opinion of 97% of people. The vast majority are not that bright (a statistical fact). So trying to win them over is foolish and on top of that, worrying about their opinions = reduction in intelligent thought processes. Unfortunately, or fortunately, we've reduced the number of things we worry about to almost nothing (vast majority of issues are out of our control). So. This has led to a pretty calm mind. The majority spend countless hours living in a *stressed out* state of mind which impairs their decision making and reduces the length of their lives.

Active Positive Tail Events: The events of 2020 typically result in "risk aversion" thoughts. So we have to end on a positive note and highlight ways to take on risk that results in significant outperformance with little downside. Below is a short list.

First, Cryptocurrency investing. Even if you think it is worth $0 in the future it would be foolish to own $0. This is because the asymmetric nature of the investment is high. If you invest $1,000 and lose it all, your life is not going to change. If it goes up and really becomes digital gold, you're looking at $400,000 per coin (yes an insane figure but the point is clear).

Second, starting an online business. Even if you are risk averse you can go through the standard: time for money exchange -> selling other people's products -> selling your own product. The reason this is an asymmetric risk is the same… the max you can lose is a few thousand dollars if you have a skill based service to offer. As you learn how to earn online, a $50,000 investment will not be a lot of money (to you relative to net worth) and the upside is a million plus per year. *Important note: please do not read this and assume that crypto is better than an online business. It isn't even close, a business is better since the money is *recurring* and can last decades. An increase in prices for crypto is not only low probability but also inconsistent.*

Third, always selling/applying. Colleges, Jobs and Dating all apply to this one. There is quite literally no loss if you fail (okay the small application fee for college). Generally speaking, you should be selling/applying for something on a daily basis. The only exception is if you're wasting someone's time (IE. cold emailing/"networking" when you have nothing to offer). In that case you are wasting their time and burned a bridge. Assuming that you have something valuable to offer… go ahead and swing. Even if the chances are slim (under 5%) you don't lose anything.

Fourth, try to be in the middle of the pack -relative term. This seems counter intuitive at first since most people think they are the best and should always be "#1". Unfortunately, in the real world, you're going to find someone who is better than you at practically everything. So you want to consistently surround yourself by people who are making you better. If you surpass them, you constantly look for higher and higher levels. If you are the best person in the room at all times… you're *decreasing* your chances of making it to the next level. In order for you to move up in the world, you have to surround yourself with people who are ahead of you. This is similar to playing a sport, the only way to get better is to go up against people who are better than you.

Fifth, stay long the outliers. We've posted about Tesla before and sure there will be days where it is down quite a bit. That said, when you want to invest with low percentages of money, choosing the smartest people in the world is usually a good decision. Elon Musk is arguably the smartest person on the planet. Steve Jobs had a similar "aura" about him as he successfully turned Apple around. A good way to find these individuals is to follow the cults. People who are seen as "crazy" are usually geniuses if their background is riddled with low probability success stories. If someone is deemed "crazy" this is actually a great sign as most people can only think in binary ways (either he/she agrees or disagrees with me).

Concluding Remarks: Tail events are rare, under 2.5%. The key is to expose yourself to a bunch of the positive ones while simultaneously making decisions that decrease the risk of a negative tail event. If you look hard at tail events, you'll realize that you're missing out on hundreds per year. Most people avoid the positive tails as their egos get in the way (you will lose much more than you win since you're going after something with low probabilities). Over time, the math simply catches up to you and you'll benefit from a positive tail event.

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Avoiding Big Mistakes in the New Economy

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Your average person is an expert in everything but doesn't have results. This seems to upset a lot of people as they know it's true based on their world view: dating, money, friends, fitness etc… Yet no results. As many of you know, the answer is to "smile, nod and agree". That said, we can go ahead and look at some logical conclusions based on the new economy (tech, healthcare and your future working environment). This will act as a bit of a crib sheet for the next 10 years or so.

Follow the Results: Look around. The people who made good money were in tech and online businesses. Even people with small social media profiles were able to make six figures without a significant change to their production. People with consumer based tech companies were up 5-10x… People with mission critical software were through the roof (not just revenue but valuation expansion as well). So on and so forth.

In fact, the numbers were so clear we didn't even bother doing a post on Wall Street compensation (which was actually up, about 4-8% y/y). Even in a record year on Wall Street, people didn't get paid much as the firms know that jobs are scarce *"the Company eats first"*. This is a secular declining industry so it's losing its luster over time (except M&A which continues to be unscathed).

Now take a step back and look at the bigger picture. Do not "invest in the dead cat". This means? When things get back to normal some brick and mortar businesses will thrive. Popular bars and clubs will certainly do fine. The problem? Why would you fight the bigger picture, which is remote work and decentralization (the last one is worthy of a book and is more than just crypto).

In conclusion, for the first section you should assume that people will work in a scattered fashion. There is no reason to start a high overhead business. Also. There is no reason to become educated on high-overhead activities since they won't generate high returns.

The New Education Process: Education needs to go through a transformational reform. Here is a big opportunity for someone with technical knowledge. Learning facts will not help you get ahead: google can do that for free. The new economy needs to learn how to operate in an entirely virtual manner. This means the following items are needed: 1) warehouses, 2) virtual assistants, 3) delivery services, 4) smaller private schools dedicated to skills, 5) copywriting copywriting copywriting, 6) graphic design, 7) software updates – living breathing code, 8) digital training schools – think esports camps similar to a regular sports camp and 9) individualized video education and entertainment

We've talked about a few of these before so for fun we'll go into more detail about a particular example: digital training schools.

This isn't something that's overly popular right now. There are a few out there such as esportscamps.com. That isn't enough to satisfy the long-term demand. The current generation will view the esports industry as a legitimate competitive field (at least the ones that have been paying attention). This means their kids will have an opportunity to learn skills related to shooting games, fighting games, MMORPG games and more (we're sure millions of other types of games will be created – especially as VR rolls out). If people are willing to watch twitch for millions of hours per year, you're aiming for the top 10% or so that are taking gaming seriously – as a potential career to make money on twitch or win tournaments.

Take a simple example like an MMORPG game or a war type game. Instead of creating extremely easy simulations (like playing the game from start to finish), you can create situational game play. For example practicing micro management on entry level fighters. This would not be comparable to a standard CPU as you can stack the game against the player and force them to micromanage the units/fleet. You can also change the terrain, the spacing and the damage levels of each character. Over the long-term, "fundamentals" will evolve just like any sport (correct way to shoot a ball or swing a golf club). You can create game situations and sell the packet as a set for training. On top of this? You can do virtual consulting for errors made and how to fix them (or create personalized tasks to fix them). As a final note here, some of these items exist generally. If you're up for the task you can emulate accuracy/player movement of certain professional or near professional level players to code in their play style.

Betting Against Degeneracy – Not Wise: It's an interesting concept but appears to be logical as well. Many say that investing in drug companies or degenerative platforms like Only Fans is bad. The reality? This is likely where a lot of money will be made. A. Lot.

Therefore you don't want to bet against degenerate enabling products. Before the choir comes in and says "You're helping the problem"… That is verifiably false. When you invest in a company the firm does not make any money. If you buy the S&P 500 for example, you're not giving the S&P 500 money. You are saying that you believe the S&P 500 will be worth more in the future. You'd be surprised at how many people believe that investing in a stock means you're "helping them". Again. You're not. An investor is simply saying he/she thinks the value will be higher in the future so they are willing to own part of the equity. (note: if you were the first check or part of a fund raise then you would be creating a new "problem")

Degenerate platforms will likely be normalized in 5-10 years. Take music for example. Back in the 50s/60s if you told adults that Nicki Minaj/Kim Kardashian would make porn/being a slut "Cool" they would have laughed in your face. And. Here we are. Similarly, in the future it will be entirely normal to see people in their 40s and 50s smoking marijuana and frequently using LSD/mushrooms etc. On a historical note, look at the tattoo industry. Before they became common, it was also associated with degeneracy.

Note, we realize that intelligent people can use these substances to their advantage. And. We also realize Americans have no self control so they will be abused anyway (luckily it's practically impossible to die from marijuana overdose).

Areas we would *not* bet against include: 1) escort/prostitution normalization such as only fans, 2) recreational drug use like marijuana, LSD and mushrooms and 3) the natural mental health issues caused by overdose of drugs and other degenerate activities. Similar to any growing industries there will be times where certain segments balloon in valuation and eventually bust due to exuberance. That said, the long-term view is that it will be up and to the right. Amazon, Netflix etc. all had days where the stock would be down 15-20% (even more), however, the trend was the same. It was just a buying opportunity.

Big Tax Mistake: With record amounts of printing (and more to come), your portfolio should become more liquid and easy to conceal. For example, you're better off buying that $700K place versus the $1M home as you will appear to be "lesser off" on paper. When taxes come in it is going to be a blanket belief based on obscure bench marks. If you don't believe this just look at the tax brackets we already have in the United States. Is $400K a year a top 1% person in Los Angeles? Does it make sense that he pays more in tax than the guy making $400K in Wyoming or Utah? It does not. This is just a simple way to enforce a tax and they will do the same based on what they can see on paper.

For fun we'll make some predictions, it wouldn't be fun without it. Our best guess is the targeted people will be $10M+ in net worth. We'd go ahead and guess that someone in the $1-5M net worth range will be entirely fine. When you go to $5-10M you may have to do some moving around… At $10M there will be some sort of impact (due to what you hold/own).

Assuming this is right (unlikely we hit it exactly) here are some ways to reduce your tax foot print. If you're at $10M+ you should go to your accountant/tax person. 1) for real estate you want to stay below $1M or so in terms of the value of the asset/home in an ideal situation. There are too many $1M homes on the coast and in Hawaii to justify a sudden spike in pricing there. Especially since the money printer pushed valuations up another 10% sending many homes in the 700-800 range closer to that $1M mark. 2) for stocks and bonds you're going to want to have two separate accounts. One can be your regular trading account and the other is going to be a roth/after tax "retirement" account. Within these accounts you want to try and keep them balanced. If you're already worth $4-5M it doesn't matter if you can click sell tomorrow since you likely have a high income anyway. 3) for digital assets/commodities, keep as much possible in physical form. This means physical bars of gold/silver, holding the actual keys to your crypto assets while keeping anything on a "hot" wallet at a minimum (no smartphones, no exchanges). You can have a few bucks here and there on there, but it's just for your own fun/entertainment if you're interested in trading them (or need to liquidate quickly). 4) take a hard look at assets that go up in value with limited liability/risk. This primarily refers to collectables. Instead of finding items that may or may not go up in value, just buy the best and most popular item and hold it for the long-term. To make a baseball example, a Mickey Mantle rookie card or an original version of the first Spiderman are unlikely going to die off (in terms of value). Before moving on here, avoid buying something you are actually in love with. You're better off owning something from a logical perspective and holding it for the long-term. This means you will be able to sell it in the future (mental game).

We'll use a $4M net worth individual to paint the picture. Anyone reading this blog (that takes it seriously) can reach a $4M net worth figure. If you are in this situation a good set up would be as follows: 1) $750K home, 2) $1.25M in individual trading account, 3) $1.25M in post tax retirement account and 4) $750K in alternative assets say you have $500K in crypto and $250K in rare collectables such as art/comics. Notice, we're against owning a bunch of rental properties going forward as we view them as easily taxable. If you already have them, feel free to keep them or sell them (as usual risk is relative to your view s of the future).

Decrease Your Potential Liability: This goes without saying but if you're well off do whatever you can to hide the amount of money you have. As a simple example, even if you can pay for your $750K home in cash, you're better off putting down $700K and taking out a $50K mortgage. Why? On the initial screen it will appear that you don't own the home, the bank does. No one will view an individual with a mortgage as rich (highly unlikely anyone screens mortgages across the entire USA).

Other ways to disguise your wealth is by spreading it across multiple assets. If you run two small companies or three, you can put assets into all three and they will appear to be less valuable. This is the beauty of online businesses. If you sell unrelated items, say a fitness company and a clothing company, they diversify your income and your verifiable net worth. Trust funds are also extremely helpful for tax purposes but if you're in this category the chances are 99/100 that you're already making the changes we listed above.

In terms of passing on inheritance when you die, there isn't much you can do. Our best guess is that the tax structures will change and will only impact the richest of the rich. For this we'd anticipate a change in tax for someone who is attempting to pass down around $50M+. These are simply guesses and unless you have kids, there is no reason to worry about it.

Summarizing the Changes: Back 20 or so years ago, if you went to a typical wealth management office you'd get the same answer: the clients are real estate, small business or in some cases Wall Street. In the future, call it 2040 or so, the answer will be a bit different: small internet business and technology. Those two areas are the future and there is no reason to fight the trend. While you'll always find exceptions to the rule, the trend is clear as day at this point.

The second major item here is that taxes and individual autonomy will increase. This just means more degeneracy for the individuals who lack self control and major profits for the individuals who take advantage of new tech. Not only that but the competition will be busy doing drugs and hanging out on Only Fans while you'll receive an education from the best and the brightest for a lower cost (say good bye to advice from unsuccessful people who haven't made it in life!).

Third is that you should take asset allocation more seriously from a visibility perspective. Visibility means easy to see and tax. Things that are hard to tax are physical (gold, art. collectibles), digital (crypto) and physical currency (fiat). Items that are easy to tax include transfers of wealth, real estate and W-2 income.

On that note, avoiding big mistakes is a surefire way to stay ahead in life. Just remember, the rules constantly evolve.

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Avoiding the Pitfalls of the "Millionaire Life"

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A lot of life requires avoiding potholes. Even after you become a millionaire you'll find that there are several hundred more potholes to avoid. If you're looking for proof of this look no further than your next trip to the airport. Take a good long look a the people flying in business/first class and you'll see a common theme. People are physically in bad shape and many of them look several years older than they actually are. Despite having money (it is rare to see the majority of people in first or business class on credit card churning), their bodies are already giving out on them. To make matters worse, this is only one pothole of many to avoid. We'll go ahead and outline them in groups from easiest to hardest to control.

Physical

Physical Health: A common thread amongst the out of shape? Typically, no athletic background at all. Since a lot of people enjoy talking on airplanes, you'll likely be forced into one of these brutal conversations (more than once). If you do, go ahead and poke around about their back story/history from a athletics perspective (it is never anything good). The ones that are in shape typically have one. Since there is no way to go back in time and develop a background (if one doesn't exist), we'd say having a real athletic activity after becoming rich is a requirement. Simply lifting weights isn't enough. One of the benefits of being a millionaire is more free time (if you've done this millionaire thing correctly) and penciling in a notable physical activity will add years to your life.

Internal Health (Diet): Another common one is an addiction to low quality food. One of the interesting things about food is the addictive properties. We believe sugar is more addictive than alcohol at this point since it seems like eating healthy is a sin these days. If you're under a lot of stress, many psychological studies say you're more likely to choose carbohydrates and sweets over vegetables. There are many solutions including: 1) eating when your workload is lowest and 2) restocking your refrigerator with high quality goods until your taste buds change. We'd say you'll "feel bad" after eating high amounts of sweets or carbs. At this point your body has changed and you can feel free to pick up a low quality food item every full moon or so.

No Style: This is another big one. Not sure why this is the case. If you want to find people with name brands that don't fit… Look no further than the rich! That's right. A large chunk of the population buys name brand items and yet they can't even wear them correctly. The one thing the $30,000/year millionaires in Miami have going for them? At least they dress correctly. Instead of debating how much should be spent on high quality clothing, we'll say this: at least get a tailor! If the clothing doesn't fit it was certainly a waste of money. As usual, feel free to blow as much money as you'd like as long as you don't blow through your financial independence nut (no point is hitting reset on that game again!).

Personal Life

Trapped in Guilt: We couldn't think of a better explanation for this phenomenon. You'll find many rich millionaires who refer to their wives as "the boss". You'll also find many millionaires that can't seem to unwind out of high recurring expenses such as a house that is too big or a car payment. We just don't get it. The only explanation we came up with is personal guilt. It has been drilled in our heads to do the "right thing" which typically means giving up your own personal well being and happiness for someone else (even if the someone else is adding no value to your life). This is a big trap that we see very few people escape from.

We've never gone through this trap but for fun we'll explain what we would do in this situation. It sill sound heartless but it is exactly what we would do. Step 1) is begin cutting it out immediately, cold turkey. There is no reason to keep someone in yoru life who is causing you personal financial stress when you've spent the last 10+ years becoming rich, Step 2) set stronger guidelines on the people who think you "owe them". If they are not happy with your lifestyle they are free to leave and Step 3) never refer to anyone as a "boss" again. If you're rich there should be a two way street where either party is allowed to leave immediately.

Lifestyle Inflation: Our basic rule of thumb is to invest more money each year as a percentage of after tax earnings. This has been the consistent theme until you're financially independent. Once that occurs, the game becomes "increasing your spending at a rate of your financial independence". This seems like a small increase until one understands compounding. If you're at $3 million dollars and feel fine at $10,000 a month (4% rule), then you'd keep this level flat for a year. Ideally, your net income and your investment gains (up to 10%) make up a large chunk and you're sitting closer to $3.6M the next year. Now your expenses go up 10% since the same rule allows you to spend $12,000 a month into perpetuity (In a few short years you'll unlikely be able to spend it all anyway). We would stay with this until you're older (40s) then you're probably spending much more since you'll ideally end with a $0 net worth upon death (assuming you didn't have kids).

Now with the positive actionable item out of the way… You can already guess it. Most people don't do this. From what we've seen they hit 30 or so and suddenly the spending start ratcheting up. This is due to the standard marriage and kids. The lifestyle inflation of trying to keep up with your new "peers" and many other issues. Luckily we do have one clean strategy that works. For at least one full year (after hitting financial independence) keep your spending level flat or down. That is right. Ideally it goes down so you realize that you were 100% happy with the amount you were spending in the first place. This will then give you a large buffer room in year two and beyond. People who suffer from lifestyle inflation never really make it to financial independence as they get stuck on a treadmill of recurring costs that were never necessary in the first place!

Needing to be Fed: This is borderline psychological but typically comes up in social situations. At all costs avoid the rich people who claim to "know everybody". This is by far the worst type of personal life flaw. Being well known and needing to be "fed" that their circle is important is beyond damaging and borderlines on psychosis. A good way to prevent obtaining this disease is by realizing that no one will be remembered in about 100 years. Unless your name is Albert Einstein or George Washington, there are maybe 10-20 people in our current generation that will be remembered in 100 years. The chances that it is anyone reading this blog is probably 0%.

Typically, people in this camp exhibit all the bad qualities we will mention in the entire post including: 1) materialism, 2) insecurity, 3) comparisons and 4) decline in physical health. Even if the person does have a lot of contacts, we'd say they are not worth the effort. They will waste a lot of your time since they need a lot of attention. Instead of keeping a soft touch relationship, just delete the contact and move on. Other people will have their energy drained by these leeches. Based on all our comments here you can see that we have no solution for these individuals (once the personal style is adopted). The good news is that 50% of rich people don't have this quality so you can simply delete them and move on to the other half.

Psychological

Comparisons, Passive Aggressive Behavior and Insecurity: This is probably the most common theme amongst the rich. They constantly compare themselves to the next guy who is constantly trying to throw passive aggressive comments in his direction. It's quite funny because if you're rich 1) why would you care about the opinions of some other guy and 2) if you're rich why would you waste time throwing passive aggressive comments to another guy. It really highlights how humans are monkeys. If we look at these interactions from a third person perspective they look like teenage girls arguing amongst each other. Everyone seems to be angling for the "higher status". Unfortunately, most people never understand that status is transferable. The same rich guy would lose his status in a different environment (singing competition, athletic competition etc.).

Luckily, if you're reading this blog you'll already see the pitfalls and avoid this trap in advance. If you're already in this trap it is almost impossible to escape (*In fact we've never seen anyone actually break out of it! Seriously not one!*). The person is trapped in their own anchored belief system. If you find people like this our response remains the same: smile, nod and agree. If a guy tries to throw you passive aggressive comments stick with the strategy or do the classic "agree and amplify" counter if a group is present. The passive aggressive behavior is just insecurity since they don't have much going on for them.

The Need to Be "Alpha" at All Times: This is the second layer of insecurity. The first one is practically unbreakable, the second one can be fixed over time (typically as the person ages). Remember, it is best to get rid of this before it begins. There are several well off people who "think" they can actually be good at anything they put their mind to. This is beyond crazy and is likely a psychological disorder. Unsurprisingly? The rich have this psychological disorder.

Now it is great if you have multiple talents. In fact we'd say it is highly likely that you'll be great (not good) at a handful of tasks. To expand this to "anything" is beyond crazy. We would say that it is unlikely anyone becomes #1 in their field at all. This is already step one in realizing how difficult such a task is. There can only be one richest person in the world, one gold medalist in any sport and one top record producer. Therefore, the chances of being the "alpha male" in every single environment is not possible. Pick the handful of items and give out honest praise for people who excel in tasks that you find difficult. It's nota bad thing to praise someone for being exceptional in a task that is difficult for you (psychologically healthy as well).

Need to Impress: This is the last one. While this may be seen as a contradiction we'll make it as clear as possible. You can certainly dress nice (spending some money to look good isn't bad), but there is a line between dressing nice and beginning to judge people for the exact brand they are wearing, assuming they look perfectly fine. Knowing the difference between the price of Gucci Loafers and Ferragamo's… Is taking it way too far (more common for women to know such details).

We use this as a good line to draw because any male wouldn't really know the difference between a $4,000 dress and a $1,000 dollar dress. In fact, we would probably fail a knowledge test on what bags, dresses and shoes cost the most. The reality is that the quality of the clothing matters (as long as the threads are of decent quality) the remaining items are largely prestige and other riff raff that no one really notices (except the snobs you never want to hang out with in the first place). So, as you ramp up your spending try to keep this in the back of your mind. Buying the item to gain attention for the brand is foolish. Buying the item to make sure you have a high quality suit/watch is perfectly fine. If someone needs to announce the brand… They've spent too much and just announced their own personal insecurity.

Concluding Remarks

If we were to write out a step by step process to making sure you avoid the pitfalls we'd say it flows as follows: 1) realization that there is always someone better than you so trying to be the best at everything is a game for fools, 2) avoid lifestyle inflation by figuring out what gives you the highest utility – it will never be the same for each individual, 3) find a balance between empathy and giving away things for free – as we've proven in the past numerous times, people simply don't value free items, 4) avoid physical decline since there is a steep hill to climb if this goes sour and 5) compare yourself to your own self a few years prior, what you view as a great life will unlikely align with many people if you're honest about what makes you happy… Oh and as a bonus… avoid people who exhibit the negative traits as the people you associate with will do their best to push their insecurities and passive aggressive behavior onto you.

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Avoiding Psychological Pitfalls

Avoiding Psychological Pitfalls

After our most popular article of all time (due to several high quality people re-linking to it!), we thought it would be valuable to provide a rough framework for avoiding all the pitfalls that becoming "successful" can bring. These include: personality destruction, passive aggressive behavior, deterioration of health, loss of empathy, insecurity and increased stress despite being set for life. While it is certainly normal to be high strung when you're still trying to make it, there is no logical reason to remain in this state of consciousness when you have nothing else to worry about. The shift isn't easy and we doubt there is a "step-by-step" to avoid all the pitfalls. That said, we'll give it a try.

Personality Destruction: One of the odd items that successful people have in common is ruthless focus. This usually leads to too much attention into one item. We suffer from the same thing and once we get our heads stuck on something: trying to a contract, trying to get in contact with someone or trying to fix a problem with the online sales funnel… it is all but impossible to change gears. This still occurs even after you're financially well off because it is a habit that got you there in the first place. After all we'll always choose *Will over Skill*. If you go to the point of obsession you usually get what you want.

The flip side of this is enormously negative. Which is the actionable piece of this post. When you're already set, it is a lot smarter to move horizontally versus vertically. This means you want to expand the types of people you're talking to instead of digging further down the same rabbit hole you went down. This prevents group think, prevents you from hitting the stereotype of your industry and allows you to recognize your own tendencies. Many times, we've stopped and said "shouldn't push this anymore" and are happy to admit it. The same strategy that works in one industry is not going to work in another.

In case this is confusing we'll provide a concrete example. If you're used to hammering the phone/email to get in contact with a manufacturer for example… Try to avoid this same strategy in your every day life. A good example would be friends in completely different industries. It's a 100% different social dynamic and the guy/girl that constantly does this ends up being a thorn in their side (losing the relationship). A second example would be a sport that involves combat: Boxing/MMA etc. Similarly, the strategy would be 5x worse. If you continuously pepper people to fight/practice you'll end up getting laid out very quickly and regret using the same strategy for this environment.

As a final layer of security (to avoid becoming the dorky passive aggressive rich guy), you'll want to find a new hobby 1x a year. This does not mean you need to be "good at it". It means you should learn a new basic skill once a year. It could take two years (learning a language) or it could take a single year (becoming proficient in XYZ activity). This forces you to adapt to a different culture and environment and we have no doubt that someone who is proficient in 10+ items will have a differentiated contact list.

Passive Aggressive Behavior: This is the most common tactic for the rich, they give off their own insecurities by using this strategy. The first answer is to avoid these people at all times. You'll meet them daily, so try to spend the least amount of time as possible around them. There is no winning here. If you hang out with them you'll lose motivation because in the back of your head you'll think "wow I don't want to end up like this guy". By minimizing your exposure to them, you'll be able to reach financial independence without having to hear about how they invest $X thousand dollars or even $X million dollars into something you've never heard of (or care about).

Fortunately we do know a way to avoid adopting this behavior which is by praising people specifically. People you talk to on a daily basis should have at least 1-3 things where they are significantly better than you. This is a great thing and praising them for it (honestly) is going to keep your own ego in check. We do the same thing. There is no way we're going to "compete" with a tech guy in coding. No way we're going to "compete" with a top-tier club promoter in throwing a party. And. No way we're going to compete with a billionaire in terms of the value of his time. Being able to praise honestly solidifies relationships with people you want to keep around. To be clear… There is no need to constantly do this, simply acknowledge it once and a while and they'll appreciate the comment.

Deterioration of Health: This is a tough one. In your 20s, your health can take a hit without much long-term damage. We laugh when people say "investment banking will kill your health forever". There are always 1-3 people who over-do it in anything. Don't be this person. Also, look at the hundreds of thousands who have successfully made it up the chain and look great as of today. There are quite literally millions of people who had much harder lives from age 20-25 that are still alive and doing amazing at age 70-80.

Where is the line? We'll draw it at around 35. This seems to be around the time when professional athletes in high-twitch sports begin to see a notable slowdown. That's probably a good marker for when your body really cannot grind out 60-80 hours a week. By this age, having a system in place that optimizes your time will help you grow your net worth without killing your health. Ideally, you're getting paid to do everything and move around for free by the time you're 40, unlocking free time to focus on the 5% of items that actually matter. Assuming the big items continue to get done, we'd become more cautious when it comes to grinding out long hours. It just isn't worth the trade-off anymore. For fun we'll add a physical marker as well. When you find it much harder to stretch in the past (you'll notice it!), that is probably the time when you should focus a lot more on your health. Your body is messaging that wear and tear has finally kicked in. Take down the hours, increase flexibility and keep it at those levels before your joints/muscles get stiff.

Loss of Empathy: This is yet another common feature of success. In fact, many studies have shown that if you give a group of people the "money" idea, in the form of making them richer than a control group, they will see a dramatic drop off in empathy. They no longer care about the "other group". This is similar to rich people constantly believing they are above everyone else because they are rich. This is more of a psychological feature and is certainly solvable.

The solution is quite simple: find some people to help. We don't believe in giving anything away for free. All that does is make it less likely the person listens and less likely the person succeeds in the first place. A basic idea is finding someone who wants to succeed and having them help you do some mundane task in exchange for your time (organizing calendars, basic customer email etc). This makes the individual do actual work in exchange for information (also why many firms have low-paid internships). This is exactly why we have a free blog and a paid for book, if it's free, less people will actually do it. Defeating the purpose. To clarify. When we say "mundane task" we wouldn't have them do this for free, you pay them a basic wage for it and see if they can add value beyond that during his/her time there.

Insecurity: This is the most common feature and is likely due to too much concentration in one task. For what it is worth, we've found the most insecure people are only good at one thing. Typically that is their line of work. This is why they dislike any disruption or change to their industry (puts their entire identity at risk instantly). Insecure people don't have many skills beyond one (maybe two) things which makes it harder for them to have any internal happiness.

Luckily, it's quite easy to have a diversified skillset. It takes a lot of work but having a diversified set of skills will make anyone comfortable in their own skin. By branching out and trying to be "good" in several items, you'll find some that you excel in and several that are difficult. This is a good and humbling experience since it is unlikely that someone is able to be in the top 10% in every single task on the planet.

Increased Stress Despite Being Stressed: We have no idea how this is even possible but we see it all the time. Our belief is that it is because the person grew up with money. While a lot is said about being born poor (lower chance of successes) one of the benefits is the upside. If someone grew up with nothing and suddenly gets to financial independence, they are rarely stressed! We're not sure why this is but it is likely due to some sort of higher bar for "lifestyle costs". If someone grew up well off in the first place, their standard of living bar is so high already that getting back to that same level doesn't "feel" like success.

An interesting solution is to go out and travel more to lower quality countries. While counter intuitive, putting yourself in a situation where you see that life can be significantly harder will solve this issue. You may even solve two problems at once: Empathy and Stress. Knowing that you'll never have to worry about food, water, shelter and basic health care is going to be more than 99% of the world can ever say in the history of their lives. It should cause immediate relief and empathy for people who are in significantly worse situations with minimal ways to climb out.

Concluding Remarks: The main threads here are as follows: 1) creating a diversified set of skills, 2) avoiding a 100% dive into one category, 3) keeping a broader set of contacts than most in your industry, 4) recognition of others being more talented – ego destruction and 5) having a mental focus on keeping empathy high. If you're able to do this we think it is unlikely you'll have the major symptoms that many rich people suffer from. ***If you have additional ideas to avoid these pitfalls please drop them into the comments!***

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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BANKS ARE ZEROS – April 27, 2021 and the End of this Website

Thank you for all of the years! From Wall Street to Affiliate marketing to Ecommerce to DeGeneration. It has been an amazing decade and we would like to thank you so much for everything! All the laughs and all of the wonderful people we've met (particularly anon troll avatars on Twitter!)

That said… As we all know…. **BANKS ARE ZEROS**

Therefore, we are transitioning our entire platform to Substack. ***This website will no longer exist in 48 hours.*** Everything will be shut down and yes we do have a back up copy for everything so no need to panic (just give us some time to reorganize).

BANKS ARE ZEROS EVENT DETAILS: April 27, 2021 NYC Times Square, NASDAQ building (exactly in the photo on Twitter). 1) Exact address location will be reiterated on twitter and substack. 2) At ***4PM EST to 7PM EST we will BOOST the number of clowns appearing on signs*** and we will be throwing our meet up at that time (look for various clowns running around)

Clown Event – FREE US TOKEN:

Tier 1 (minimum 1 hour troll commitment): We have hundreds of free shirts that say BANKS ARE ZEROS with our logo. You get one for FREE for *simply showing up* unless we run out. In addition you will receive a specific amount of US Token a ***minimum* of $50** for simply showing up and wearing a mask and wearing a shirt that says BANKS ARE ZEROS. If you want to do something else and simply hold a sign that says BANKS ARE ZEROS we will **still pay you $50**. ***But please put a face covering on for Doxx issues and covid-19 rules.***

Tier 2 (minimum 1 hour troll commitment): You will have to show up to see this. While the $50 tier is simply for showing up and wearing any mask with the phrase BANKS ARE ZEROS on your shirt/holding a sign… the $100 tier is better. This one will be secretive for now but it does NOT require much more effort. Everyone who shows up for this will do something similar… Chocolate covered grass hoppers may or may not be involved! No you do not need to ever show your face, any mask works.

Tier 3 (Paid Clowns): We have clown volunteers and you will get an email from us now to pay for everything. Total free for all. Just show up with clown gear and completely masked up and you get the payment. We are emailing you now.

Tier 4: Clown Owners – The clown ad actually runs for *24 hours randomly though the day* (this is how the system works) and the clowns will receive a boost from **4-7pm (roughly) on April 27**. We submitted every clown equally at random including Clownman Sachs. We are setting up a website to *try* and *earn all of you re-occurring revenue through a decentralized platform (will be explained later)*. For now just get the message out there and recognize we're trying to make you part of the largest troll in history.

Summary: More exact details will be released on the **FREE substack.** There will be enough for HUNDREDS of participants so don't worry about too many clowns showing up, we want as many as humanly possible. **WEAR A MASK PLEASE. DO NOT DOX YOURSELF AND DO NOT DO ANY DAMAGE TO ANYONE OR ANY BUILDING**. This is a ***group troll.*** This website will self destruct in 48 hours and we have already backed it up so don't panic. Also *we are dumping 100% of profits from all book sales into this event so we're giving the entire thing back*. Gratis.

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Basic Changes to Make America a Better Place

Basic Changes to Make America a Better Place

After a lot of back and forth on Twitter we thought it'd make sense to come up with some real solutions to real world problems. A lot of them are not "perfect" as no solution to large scale problems ever is. That said, we think there are some clear ways to improve the USA without causing significant negative impacts. In simple terms, we think it's better to "raise prices" in many areas to cause real change vs. hoping that people will change their behaviors with no economic impact.

Luxury Tax: This one seems like a no brainer. Singapore is the richest country in the world by Capita. They have many US dollar millionaires making it an unimpressive feat. This is due to a tax structure that makes a lot more logical sense. No. We're not even close to socialists (hard core capitalists). The difference is that you have to incentivize the capitalists to act more rationally.

If you go out to a restaurant with your friends/family it should not have a similar tax rate to the purchase of a Ferrari or a Rolex/Richard Millie watch. This seems like common sense but it isn't in the United States. To be clear, we have *nothing* against people "flexing" or "flossing". In fact, a luxury tax would make the items even rarer and you'd know that the person is really rich! This is the whole point of luxury items in the first place. Please do not attempt to tell us that someone is buying a $100,000 watch "just because". He knows it brings positive attention and is a status symbol which is completely fine.

So how would this work? Pretty simple really. You earmark certain dollar levels (say over $3,000 for a watch) and anything above this number results in escalating taxes. If you buy a $100,000 watch the tax could be 25% or something even higher/lower (we don't know all the statistics). This would apply across the board for various items: 1) ultra-high end shoes, 2) ultra-high-end cars and 3) ultra-high-end jewelry.

The best part about this tax is that the ultra-wealthy wouldn't even care. In fact, we'd prefer this system and we're not "ultra-wealthy" which we would deem as $50M+ net worth. If this system was in place we'd still buy a nice Rolex and nice shoes anyway and it would be great to know that other people with the same items were not "$30,000/year millionaires" like you see in Miami. Instead of being forced to develop a strong sense for who is actually rich it would be a bit easier this way (helps more than you'd think).

Variable Housing Tax: This is similar to the luxury tax. We don't think it makes sense to have your home taxed based on book value (when you bought it) and it also doesn't make sense that the annual tax rate on a basic home for a normal family is equal to one for a Mansion. Again, if you're ultra-rich, a tax rate on your property going from 1% to 3% is not going to matter at all. This would give some leeway to lower the tax rate on a standard apartment or home for the middle class.

While it may make sense to have various tax rates based on the country, we think the price of the properties would already adjust for this in the first place. For example, a home in downtown Manhattan is already going to be more expensive on a per footage basis than a home in Buffalo, New York. Since this would be the case regardless of square footage you could probably tie the change in tax rate to the overall property value assessed on a 3-year or 5-year basis. Instead of being forced to argue about the tax rate every year, you simply adjust every 3-5 years.

Similar to the prior comment on Luxury goods. No one "needs" a 10-room mansion with five swimming pools and a theatre. Now if you're rich enough to afford it, by all means buy it and live the dream! You're definitely not buying that mansion because a theatre is a necessary item to get by in life.

Lower the Income Tax: If we move to a luxury item tax, this gives wiggle room to lower the tax rate on items that are actually essential for living. We could reduce the tax rate on homes/apartments that are smaller. We could reduce the income tax rate on people across the board. We could reduce the percentage of your salary/income that goes to housing in general.

All of this would also allow you to save and invest more which also boosts the economy. Allows individuals to try that project they never had the money for. Allows individuals to actually purchase a basic home to gain equity over time. Forces individuals to really think about their purchases and their long-term investments.

Tipping at Restaurants: While the bar scene is set up in an ideal fashion (our opinion). The restaurant structure doesn't make a lot of sense. In a bar scene, paying cash and making friends with the servers is an easy way to build rapport. You know they are forced to pay a lot more in taxes if you pay with a credit card and you get to skip the "lines" when it is crowded. The situation in a high quality bar/club is actually fine. Our issue is focused primarily on restaurants where the performance/incentives don't make logical sense to us.

In a restaurant, why does the customer need to add 20% for tip when he doesn't know if that is actually the best server at the restaurant? Also. Why wouldn't the establishment just raise prices to reflect the "real price"? Instead we have a pretty simple solution.

When you pay your bill you should be given a basic slip. 1-5 rating. You give it a 5 if the service was great and a 1 if it was terrible. This should be automated and anonymous (use an iPad for example). At the end of the month the manager then divides the percentage split based on who is providing the best service.

Currently, if you leave a tip on a credit card, it gets split up (and taxed) amongst everyone in a lot of cases. So, if you change to this set up, the restaurant manager can also identify the best workers. Those workers are then quickly promoted to being managers… so on and so forth. This improves the service of the establishment, reduces turnover (top people get paid more) and everyone wins. To cap it off, if you do become friends with the good servers nothing prevents you from leaving cash as well.

The last reason why we prefer this idea is that a lot of cheap people don't even tip. Most servers quite literally survive off of the tips. Without tips, they can't pay their bills. This is not good and causes a lot of stress for the workers as well.

"Passive Income Tax": We are 100% against a wealth tax as it doesn't make sense from a logical perspective. Most ultra-wealthy are business owners and forcing them to sell their shares creates a terrible incentive structure. Would you want a CEO running a Company with a grand total of 0.001% ownership? Everyone knows that when a CEO sells his entire stake that there is something wrong 99% of the time.

So how do you fix this? Well you can simply increase the tax rate on passive income above a certain level. If you own $500M in Coca-Cola stock, the dividends paid out should be taxed a bit higher. Similarly, if you sell $500M you could change the capital gains tax to say 20% instead of 15%.

To be clear here, we're talking about extreme levels of wealth. Doing this at low levels (someone is only worth a few million) makes little to no sense. In fact, it really only makes sense at the extreme levels (say $500M+ net worth as mentioned above).

While this one needs more flushing out, it doesn't prevent someone from becoming a billionaire, they are still incentivized to work long hours and grow their Company. The idea of simply forcing someone to sell their assets is beyond ridiculous, kills incentives and prevents the talented person from innovating. Increasing the capital gains tax on say $100M+ of sales, would certainly make the person think about selling (forcing them to make the Company more successful to hit his higher net worth targets).

Healthcare Costs: This one is too complicated to answer in a single post. That said one extremely obvious example is variable health care costs based on how fit someone is. We're getting to a point where we can easily track if someone is healthy based on body mass, blood work and general lifestyle habits. With detailed fitness trackers, you could simply have a once a year "test" where a person needs to complete certain exercises to reduce their health care costs (both individual and employer). Having someone who is incredibly fit at age 30 paying the same as an obese person with a drinking habit, makes no sense to us.

This would also make the United States a healthier place. No one in their right mind could possibly say that is a bad thing. The 1% of the population with a strange health ailment will be exempt from this and the remaining 99% of the population would be part of this set up. Also, by doing this we could also have better information on health metrics to improve. This would increase life expectancy and force us to learn more about the greatest disease on earth: aging.

Global Warming, Food etc.: Yes we are grouping food and global warming into one category. Why? Well we can help solve both of them by introducing basic externalities. We don't know anything about global warming or the fast food industry. We do know fast food is terrible for your health and we do know that fossil fuels are potentially causing harm to the environment. To keep it simple we can assume that fossil fuels are a major issue.

Instead of ridiculous solutions such as "don't use plastic straws" there should be a factual cost to both using fossil fuels and buying unhealthy fast food. By introducing real costs (a tax) you could convert this money directly into a "stipend" that is only useful for purchasing healthy food.

The key here is the direct conversion. Instead of giving someone money, it is better to incentivize good choices. If you buy a candy bar, the price is higher than it should be and that spread goes into a fund that lowers the cost of healthy food directly. This would cause people to eat better food. Similarly, a tax on fossil fuel created items (like plastics), could be used to reduce the cost of electric vehicles.

One of the big items here is that it makes a lot more sense to create a "direct conversion" of the external cost. We're not fans of the "give everyone $1,000/month" strategy, as the likely result is increased purchases of drugs, alcohol and fast food. Instead, we should work toward a society that has a basic standard of living where food (healthy food) is as cheap as possible and a basic place to live is cheap as well.

College: This is a complete mess. While we think a smart 18-year old is not going to do something foolish (major in Ethnic Studies), the colleges should be forced to line up their cost with the results. For example, if your first position out of college pays $50,000/year this would be the amount of money you owe the University. Or some fraction say $35,000 in total. Similarly, if you end up being unemployed, you don't owe the University anything until you get your first job.

Now we are sure there are ways to game the system we laid out (someone gets minimum wage to start and signs an offer letter to start a year later), you could easily adjust this by saying the average of 3-years of income post-University. There are many solutions. The fact of the matter is… Right now the college is not responsible at all for your success. This makes little sense as you're paying for the opportunity to earn more in the future. If they didn't provide those tools, you shouldn't be paying them.

Conclusion: Generally, the ideas printed above are designed to "align incentives" and force people to make decisions that are better for them and society as a whole. We're not against flashy items (far from it) but we're against people buying them when they aren't even rich (doesn't make sense).By making these adjustments, people are pushed into smart long-term decisions and we don't have to do foolish things such as issue a wealth tax or hand people money that will immediately be spent on hard drugs.

Our Next Q&A will be held on January 18. We will focus the majority of it on the book launch, January 31 but you're free to ask other questions as well

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Basic Guide to Understanding a Stock: Facebook Example

Assuming that you have access to no financial products such as FactSet, Bloomberg, CapitalIQ, Thomson or otherwise, we thought it would be helpful to give a step by step guide on how to ramp up on a new company from your home computer. Using FaceBook as an example, lets go ahead and start with the website you will visit the most when you start your job on Wall Street (be it investment banking, research or otherwise).

1) SEC Filings and Understanding the Story

The 424B: This is the best spot to start if you're looking for a long history on the company, grab the first equity raise (IPO) by simply going to this link:

http://www.sec.gov/edgar/searchedgar/companysearch.html

Type in FB for the ticker then enter 424 as your filing. Note, you can search for S-1 documents as well to get a longer history, however IPO price, total raise etc. will not be shown on the cover (page 1 where the banks are shown as well). The good news is you can likely get a few more quarters of back dated information by looking at older S-1's.

Prospectus Summary & The Offering: Here you will get a "snapshot" or quick view of the Company. Read the entire section. You should write down the key metrics they use to measure success (monthly users, daily users, reach, likes, comments, mobile vs. desktop views etc.). You'll get a good backdrop here and you can boil down some of the key high level themes. To save you some time the basics are: 1) User Growth, 2) Activity of Users, 3) Monetization of Users. You can take a deeper dive into any company and of course there is more to the story than the three simple points, but now you have a concise understanding of the main tenants of the story.

Once the story is laid out continue reading and you'll get an idea for how the company delivers value to its advertisers (reach, relevance, social context and engagement). More importantly as you read on you'll come across a section that summarizes the market opportunity "According to an IDC report dated August 2011, total worldwide advertising spending in 2010 was $588 billion". (Note: This is not the same for every single sector, take a look at Pfizer and you'll see the focus is quite different)

Next as you move to the tail-end of the section you get an idea for "risks to the story", in simple terms, things that could go wrong. Essentially the negatives would be 1) unable to monetize for advertisers, 2) stagnation in user engagement or user growth 3) privacy concerns and the usual speech on issues with being a public company. The section ends with a decent explanation of Zuck's controlling interest as well.

In summary when you are done with this section you should know 1) the key drivers for the Company, 2) the addressable market or opportunity for the Company, 3) the risks of owning the stock and 4) an idea of the ownership structure

Look Into Revenue Drivers: Now that you understand the basic story. You should search for measurements of these key themes within the filing. Simply put, you are looking for user activity and user growth numbers which should be provided in the filing. Go to the management's discussion and analysis (page 48 is where it really begins) and you see they take a deeper dive into these metrics. Now you can get all of this information into excel and begin tracking monthly average users (MAUs), daily average users (DAUs), mobile MAUs and engagement levels. (Note: Again this is not the same for all companies, for example if you were ramping up on Apple you would be breaking out line items (iPad, iPhone etc.) by revenue)

Once you have the metrics down, you can start tracking the performance by geography as well. Knowing that the USA is a much more saturated market it would be smart to track growth by geographies, see page 51 and begin tracking this on a go forward basis as well. You now have Average Revenue Per User or ARPU according to the document by region.

Look for Profits: Now that you have an idea of the Company's business model, top-line growth and revenue generation, it's time to see how you're making real cash from the security. Internet companies are generally valued off of EBITDA numbers, again this is different for each sector, some are simply valued off of sales numbers/revenue growth if they are profitless.

Jump to page 64 (quarterly breakouts) and you can now get an idea for the income statement results. Look for seasonality and profit margins (EBIT or operating income). Now that you've got an idea for the EBIT number on an annual basis, check the cash flow statement (page 66) and you've now got an idea for the EBITDA for the firm, $2B+ for 2011. Before you move on do a quick check on yahoo finance for next year estimates: Facebook Estimates

This also gives you a free glance at consensus estimates for Sales and EPS, so you can quickly calculate the sales and P/E multiples on both an LTM and Next Fiscal Year basis. (Note: It should be stressed that companies are valued differently, be sure to check if your industry is valued on alternative metrics such as P/BV, Free Cash Flow etc.)

Stop and Formulate the Elevator Pitch: At this point you should have decent working knowledge of the Company and likely have some good ideas on comparable companies as well (Linked-in and Google for example) and you can now come up with rough metrics for the firm and pitch the stock.

"Facebook is a ~$65B company that is looking to grow its revenue through increased advertising fees by driving both user growth and user engagement. If the company is unable to grow its user base or is unable to continue monetizing ad space the stock will likely suffer"

2) Build Out Your Model

Now that we know the story well, lets go ahead and build the financial model. To do this lets review the latest earnings print (8-K) to see what information we are working with on a quarterly basis. Before we begin, this is a technology stock so you see they give both GAAP and Non-GAAP numbers, generally speaking for technology you use Non-GAAP numbers because tech stocks have quite a bit of stock based compensation (SBC) expense. The 8-K currently does not breakdown revenue by segment within the IS but does give a slight breakout in the comments.

Facebook Earnings

Q1 2013 Highlights: With the basics out of the way, notice how the items we want to track are also disclosed on the 8-K. Daily active users (DAUs) were 665 million, Monthly Active Users (MAUs) were 1.11 billion; Mobile MAUs were 751 million. In addition the Company does give some breakout of revenue in the Q1 highlights (although exact numbers are not disclosed to the decimal point on the IS. Revenue from advertising was $1.25 billion, representing 85% of total revenue; Mobile advertising revenue represented approximately 30% of advertising revenue; Payments and other fees revenue was $213 million for the first quarter of 2013

In addition, note the other highlights in the most recent quarter: 1) Launched Facebook Home; 2) Instagram reached 100 million 3) Launched new advertising products such as Lookalike Audiences, Managed Custom Audiences, and Partner Categories 4) Partnered with Datalogix, Epsilon, Acxiom, and BlueKai 5) Enhanced ability to measure advertiser ROI through acquisition of Atlas Advertising Suite; 6) Appointed Susan D. Desmond-Hellmann, M.D., M.P.H., (UCSF), to the company's board of directors.

Revenue: With the basic first quarter out of the way go ahead and build out your three statement model (yes this will take some time), generally at least 5 years of data should be a good starting point. Now you can break out the revenue line item.

1) Notice Q4 has higher revenue followed by a dip in Q1 (seasonality, IE: Q4 generally has a higher net contribution to annual revenue than Q1, Q2 or Q3)

2) Continue to build out the geographic break out (not from the 8-K however disclosed in 10-Q filings so you can track regional ARPU numbers and other metrics, page 19 and 24).

Facebook 10-Q

3) While your financial model will simply have a revenue line, continue to track the 10-Q and 10-K filings and you will see that they disclose advertising and payment revenue (page 27).

4) Now break out the numbers we were told Mobile advertising was 30% of advertising revenue, we now know that Advertising revenue was $1.245 billion from the 10-Q so you can break out mobile versus desktop/notebook revenue by applying 30%*1.245B = $0.3735 billion in mobile advertising revenue $0.8715 billion in desktop/notebook

At this point, you have a general break out of revenue and have a top-line number to build out your financial model.

Expense: Read through the expense lines to understand how the items are being broken out starting with COGS which represents the operation of data centers, facility and server equipment, energy and bandwidth costs, support and maintenance costs, salaries, benefits, and SBC associated with such activities. This is followed by 1) R&D which is primarily salaries, benefits and SBC for employees in engineering; 2) Marketing and sales, sales support, marketing, business development, and customer service functions; 3) General and administrative salaries, benefits and SBC for executives as well as legal, finance, human resources, corporate communications and others. Run the numbers as a percentage of sales for now and go through the 8-K to find guidance and long-term plans.

To wrap things up and make sure you have tied all the loose ends on the financial statements, go through the quarterly company slide deck (some companies do not have any) and build out the additional numbers as you see fit. Here's the link to the deck.

Facebook Deck

You now have an idea for the expense structure on a historical basis and it is now time to turn to building out the future quarterly earnings

Build Out The Model: Finally, now that you have a large set of historical numbers to review and also have information broken out by segment you can start to build out a forward model. The easiest way to get a proxy for forward estimates would be to review the analyst consensus numbers as of now. You can simply check yahoo finance for that as mentioned from part of Step 1.

Facebook Estimates

To keep things simple set up a model that is in-line with consensus, then we can move on to part three where you come up with a differentiated approach. Attached is a more complicated financial model for Apple so you understand how to build a bottoms up model with a detailed breakout by revenue and even gross margins.

3) Coming up with a Differentiated Opinion

The final step is explaining how to come up with a differentiated opinion on the security, again this will vary by company and you'll have to adjust your process appropriately as no person or firm will view a single security in the exact same fashion. With your financial model in front of you it is time to start digging into management, valuation and sustainable long-term growth.

Management: A significant piece of valuation for securities is within the intangibles. One main intangible is the consistent execution and delivery of a strong management team. The main negotiators and sirens for the firm should deliver a clear message, set expectations appropriately and slightly exceed said expectations. For example if your company has the best operating margins and free cash flow for your industry, you will become an attractive security due to performance alone, however you must set the expectations appropriately. As an example, if you are promising 10% revenue growth in a space where 5% growth is average, you will not be given much credit for delivering 6% revenue growth as you are setting the bar much higher than your results. Even though 6% growth would see investor interest, it would be wise to set the bar at the average (5%) and execute slightly above (6%). This gives the company more credibility and investors will take note.

A good way to gauge the Company's ability to beat and raise, is to simply review guidance on historical conference calls which can be found in the investor relations section of most company websites

Going with the Facebook example, the management team is still relatively new so you can peg this as neutral to negative unless you have a differentiated opinion of Zuck & Co.

Clean Numbers: As many of you know the income statement can be manipulated quite easily so it is important to look for any accounting discrepancies that could explain a valuation divergence. An obvious but simple one would be comparing Non-GAAP numbers to GAAP numbers, a company that reports solely on a GAAP basis with no history of restructuring charges or other one time events will likely deserve a higher multiple (earnings basis).

Notably, Facebook is a standard Internet tech stock from a financials perspective, so it reports both GAAP/Non-GAAP numbers, most models you find will run with it on a Non-GAAP basis. With this in mind the multiples should be in-line with the peer group.

Glancing quickly through the filings there are no positive or negative moves from a financial statement perspective.

Differentiated Financial Model: Generally speaking, if the company reports guidance that is roughly in-line with actual results on a quarterly basis, consensus numbers will center around the mid-point and your estimates will reflect normal seasonality. Based on your new knowledge and opinion of the space (growth rates of users, demographic shifts, expected products and use cases for the firm etc.) you should have a differentiated financial model. This means your "real" expectations are likely above or below consensus numbers in a meaningful way. This differentiation in revenue growth and earnings power should drive some extra upside/downside to the current stock price.

Peer Group: Here is where many debates arise, by now you know if you approve of the management team and you have dialed in your expectations for the future financial performance so now it is time to decide what multiple the company (Facebook) deserves. You'll need to look at the comparables (LNKD, GOOG, BIDU etc.). Cutting to the chase in simple terms since this is a basic guide, the best bet is to look at your numbers and decide on the long-term revenue and EPS growth rates. This should then be compared to the peer group where a higher or lower multiple is warranted.

The Final Lap: At this point you're wrapping up and its time to take a stand on the stock, you have 1) an understanding for management, 2) a strong and differentiated financial model, 3) worked out possible valuation disconnects due to accounting changes, restructuring charges, charge offs or other wise and 4) understand where the Company should trade in your view..

With the grunt work out of the way the final step is coming up with a differentiated metric/opinion/view that the Street may not understand. This is general for a reason, because the final step is always the most difficult. Ask yourself the following questions now that the numbers and management team are out of the way, again focusing on Facebook as the example:

1) Will new products and services for Facebook be more margin accretive?

2) Is the total addressable market under/over estimated, why?

3) Is there a competitive monopolistic/duopolistic environment?

4) How could your current thesis be entirely wrong (write down all reasons)?

Notice the final step is open ended, given that this is a basic guide if you are able to go all the way up to the final step you will be in great shape for interviews and understanding the basics of finance when you hit the ground running. If you're able to impress with a non-consensus view then you'll be more than prepared for the future.

With all of that said if you have questions feel free to leave a comment.

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Basic Guide to Valuation and Metrics By Sector

Valuation By Sector

Technology: In this space there are really two metrics that matter the most, sales growth and EPS growth. EV/Sales will be used if you are thinking about investing in growth companies (IPO valuations). To keep the post short if you're investing in large tech it is more about EV/EBITDA (cash flow) and P/E's, if you're investing in growth stocks it is more about year over year sales growth and EPS growth since many do not have positive earnings.

Metrics Basis: IT spend will help tech companies, GDP is usually a driver for IT spend, changes in products impact margins (software has higher margins for example) also you should track the cost of items going into each tech product (example: if the glass on the iPhone increases by 200% that will hurt Apple margins)

(Note: Software would be similar but it gets a higher multiple due to higher margins ie: gross margins are usually near 90%, this is why take out multiples for software companies would be higher than say a hardware company, better margins drive better multiples)

Consumer: This space is about sales growth, operating margin growth (look for earnings growth, P/E multiples) and returns on your assets. For the consumer segment you want to open stores with or without debt, get them cash flow positive, open more stores and repeat. So with this in mind ROA, ROE and margins become significant metrics to follow. Finally, you want to make sure your debt load is manageable.

Metrics Basis: Weather impacts consumer sales (warm weather means more people shopping), Sales/square foot is a good metric to follow (how efficient are your stores), monthly data comes out regarding sales for consumer companies and same store sales calls are also tracked religiously.

Auto/Transport: Auto: This space is also heavily focused on EBITDA and some will use metrics such as EBITDAP (the P stands for pension obligations which makes sense for a company like Ford). In addition, this space can utilize the DCF valuation as cash flow is much more predictable relative to a small medical technology stock. Transport: Similar to Auto, the focus is again on EBITDA or EBITDAR (the R stands for rent). Again this depends on the company but with a gun to your head stick with simple EBITDA metrics for both.

Metrics Basis: In this industry one key point of course is IHS Automotive data (Worldwide sales, European vs. North America etc.). In addition, when looking at the auto space one should look at the Seasonally Adjusted and Annualized Rate (referred to as the SAAR). Finally, one should remember Automotive is highly cyclical, recall the 2008 disaster so GDP growth is also a factor for auto sales.

Financials: Another large industry but key metrics here include book value, returns on assets and equity and of course loan ratios. Companies will trade on P/BV ratios and tangible book value per share will also be a key metric. The space is broad for example a REIT will see more focus on consistent dividends and of course interest rates while banks zero in on loan ratios and tangible book value and finally credit card companies track charge-offs and portfolios of loans.

Metrics: Needless to say, changes in interest rates impact bond prices and loans in general so this is always a key metric to watch. Credit companies will look for charge offs and as mentioned with REITs you are looking for stable book value and consistent dividend payments.

Medical: The medical space is tougher to value with simple metrics because if a product is approved and is a game changer (for example a cure for cancer) the stock will move triple digits within days. With that said a good way to value the firm is by valuing their product lines or using a sum of the parts analysis. If you believe product X is worth $5 per share and has a 50% chance of being approved then it would add $2.50 to your stock price. As you grow to a major medical company the DCF becomes more relevant.

Metrics: Available market is put in both metrics and valuation as the market you are attempting to penetrate will determine the value of your product, again if you can cure cancer you have addressed a major market with an extremely desirable and valuable solution. Beyond product approvals you are also looking for changes in governmental laws

Oil & Gas: In this space we again turn more to EBITDA metrics (or EBITDAX which excludes some differentiated tax issues) as we are dealing with large numbers and recurring income which allows for the use of a DCF as well. Finally for oil and gas you can use the Net Asset Value model (NAV) where you no longer assume perpetual growth and instead look at reserves moving to zero.

Metrics: Simplistically you are looking for large reserves and production of oil/gas or otherwise. In addition, changes in legislation and drilling rights/laws significantly impact your financial model. Finally, a large disaster (plants being destroyed etc.) can be major detriments to Oil and Gas.

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Overview of the Consumer Sector

Overview of the Consumer Sector

We have not done a Wall Street specific post in a while so here it is. If you're looking for a different sector we have already covered the following: 1) Financial Institutions Group, 2) Technology Media and Telecom Part 1 and Technology Median and Telecom Part 2 and 3) Healthcare

Let get started.

Apparel Companies (ANF, GPS, GES, URBN)

For this sector we'll talk broadly. The metrics are easy to understand for most people and it should make for a quick read.

Same Store Sales/Comparable Store Sales: For apparel companies (and a plethora of other consumer companies as you'll see) you'll be tracking monthly sales metrics by store across all geographies. This data is available on a monthly basis. **Note same store sales figures are on a monthly basis so if you work in consumer IBD get ready for those early morning releases

Sales Floor Performance Metrics: This is another easy one to understand, you're looking for outperformance relative to peers on the following metrics: Sales per square foot, average sale/customer, costs/sq foot. The metrics are exactly as they sound, you're looking for sales and cost efficiency on a per store basis and by geography as well. The most common of the three mentioned above is of course Sales/Sq foot. Finally, if you want to get into the nitty gritty of each product line you can ask specific stock to sales ratios of key product launches at the company (stock to sales simply being how many items of the new product were sold are in stock and were sold over the last quarter/month/year)

Online Metrics: This is even easier to understand! Any website (including a retail online store) is simply looking to monetize its online customer base by tracking the following: Average sale per customer, conversion rates – number of page views to sell product X or number of products sold after clicking on XYZ advertisement and of course the mix of items being sold split by gender/age range and product line.

Production Efficiency: Assuming the company you're looking at does the manufacturing of all the items (shirts/sweaters/shoes etc.) you can get into more detail by tracking manufacturing efficiency. If you order say 10,000 pairs of shoes and you have to create 11,000 of them your efficiency is 91% (this 9% adjustment reflects manufacturing errors/quality control issues).

Geographic Roll Outs: For larger companies, particularly international expansion, we want to track store growth rates, margin profile by geo and open to close ratios (number of stores opened in geo X versus number that were forced to close). Without digging too much into the details here, many consumer companies use debt to continue rolling out new stores in a particular geo. Easiest way to think about the process is as follows: Open store 1 with debt, wait for cash flow to turn positive, use remaining cash flow to fund opening of store 2… repeat process assuming stores turn cash flow positive within a reasonable time frame. Some stores will not hit the metrics, shut them down, go back to square one and roll out in a new geo or the same geo but different location.

Valuation: From a valuation range perspective you're looking at roughly 5-15x EV/EBITDA, 10-30x P/E and PEG's of 0.9-1.9 or so.

Summary: This is a great space to understand since it is older and easy to pick up if you're younger. In short the ideal apparel company is outperforming on all of the key retail metrics mentioned above and doesn't have any competitive issues (example NIKE recently competing aggressively with Lululemon Athletica). The ideal company would look something like this: 1) High sales growth relative to comps, 2) revenue/sq foot increasing, 3) OPEX/Sq foot decreasing, 4) Average sales per customer increasing, 5) manufacturing efficiency improving towards 100% (will never reach 100% of course), 6) online metrics improving purchase/pageviews and conversion rate on advertising.

<u>**Grocery Stores (KR, WFM, SWY)**</u>

Whole Foods Market Example:

Everyone reading this is likely familiar with Whole Foods, the Organic health focused supermarket. While a few items such as positioning within the supermarket chains (focusing primarily on organics, higher-end and health conscious shoppers) are a bit different, the metrics to track can be used broadly as well.

WFM Metrics to Know: Roughly speaking: $14B in sales, 35% gross margins, 9% EBITDA margins, 400 stores, 15M square feet, square footage growth of high singles to 10%, comparable stores growth mid singles (better than more mature at low singles)

Same Store Sales: Again! Same metric will be tracked and is a staple metric across consumer as we mentioned. You want to see improving sales/sq foot growth and decreasing OPEX per sq foot in an ideal environment.

Employment Tracker: This is an important metric to track and is arguably more important for higher end grocers as consumers will purchase less if unemployed. Generally speaking when there are job losses (08 recession) then grocery sales decline materially as well. This is a bit more specific to a company such as whole foods as lower end cheaper goods would not be hit as hard during a recession (pasta/grains/bread as a simple example of a food that would be hit less in a recession).

Revenue Mix: All revenue is not created equal and you can see the expansion of four different streams within a grocery store. Bakery, branded, Hot/prepared food, and regular produce. Generally speaking we would want to see all of these lines growing, however an emphasis will be placed on branded items (think of grocery specific brand of produce, you see this at most major grocery chains) as they would command higher margins. Simplistically, if you own the entire process/chain you can usually generate higher margins over the long-term. Finally, prepared foods generally command higher margins as well (so focus in on prepared and branded/private label!)

Branding and Positioning: Most younger readers will skip this piece since it is unrelated to financials but it is hands down the most important part of evaluating the future. The ability to charge a premium price and command higher margins will be tied to the business perception of Whole Foods. You want to track (surveys can be a good measure) how the brand's perception is holding up. If people begin to believe the products sold at whole foods are no longer healthy or no longer "high end" the business model can suffer tremendously. Sales decline, pricing comes under pressure as people are unwilling to pay a premium causing margin pressure as well.

Valuation: From a valuation range grocery stores are about 1 turn higher on a EV/EBITDA basis versus apparels and a few turns higher on P/E metrics as well. You're looking at roughly 7-16x EV/EBITDA, 15-30x P/E and PEG's of 1.5-3.5.

Summary: A lot of the metrics are similar, however for grocers you can zero in on some other key metrics. We chose Whole Foods in particular as it is a bit more interesting due to the growth of "specialty" grocery stores versus simple blanket super markets. Looking for 1) same store sales growth as always 2) Branding/positioning to protect margins, 3) ideally expansion of branded product sales, 4) opex reductions per square foot and 5) private label/prepared food growth.

<u>**Automotive Parts (AAP, AZO, KMX)**</u>

Advance Auto Parts Example:

For those that are unfamiliar AAP is a ~$10B company and operates at ~10-11% EBIT margins. Given the mature nature of the business investors focus in on Stores Comps (exactly as it sounds comparable growth for sales at their set of stores) and operating margins.

To make this sector a bit more interesting AAP recently acquired a large aftermarket parts provider (General Parts International, $2.9B in revenue and $173M in EBIT). Given the size of the acquisition (taking AAP from a $6.5B company to a ~$10B Company) allows investors and analysts to take sides on the name determining if the acquisition will be a net positive or net negative.

Cost Consolidation: While the Company outlines a $160M cost cutting program in order to estimate if this is viable you're going to pour though locations and sales numbers to find if the transaction would be accretive or not. In simple terms, if there is an AAP facility sitting next to a General Parts facility, if one can be shut down but sales are retained the leverage from the model improves. (Note: AAP pre acquisition was a 4000 store group primarily on the east coast and GPI has a broader reach Canada + entire USA but with 1,250 stores)

Commercial and Retail Customers: Second in this analysis after running simple consolidation numbers on each geography is to split the customers by corporate and retail clients to determine how many will leave post consolidation. Simplistically, if you assume the material sales reps and executives remain onboard, you would have a lower attrition on the commercial side given the change is simply a swapping of logos. From a retail standpoint, it could cause issues as stores may suffer from over crowding or lower price competition – decreasing sales. (Note: AAP pre acquisition was roughly 40% commercial, 60% retail and GPI was 90% commercial and 10% retail)

Distribution Centers: This is similar to store overlap. If distribution centers can be consolidated cost savings can be seen over the NTM period as well. (Note: AAP had 12 distribution centers while GPUI had 38 at the time of the transaction)

Headcount: As many of you already know, head count reductions will of course occur. Overlapping jobs are eliminated and those that are high value are offered stock/competitive sales compensation to stay onboard. (Note: AAP had 54K employees pre acquisition and GPI had 17K)

Valuation: From a valuation perspective multiples are in the following ranges 8-13x EV/EBITDA, 13-30x P/E and PEG's of 0.6-1.6.

Summary: More likely than not, this space is rather boring to most of you given that 1) the industry is mature, 2) the metrics are easy to understand 10% margins with 12% as a goal and 3) Simple single digit y/y growth… It is still a solid place to start if you want to look through basic financial statements.

We recommend flipping through the slide deck of the acquisition, linked here: http://phx.corporate-ir.net/phoenix.zhtml?c=130560&p=irol-presentations (October 16, 2013)

Quick Service or "Fast Food" (MCD, BKW, PZZA, CMG)

Mc Donalds Example:

Sticking with examples, it is best to start with the quickest metric for fast food chains (Same Store Sales growth or SSS for short – it is back again!). Generally you're looking at ~2% same store sales growth on a global basis, ideally MCD grows at ~4-5% and you obtain ~6-12% EPS growth off of operational improvements and capital allocation (share repurchases).

While ROIC is also a valuable metric in the space (and for Mc Donalds), to simplify the view we'll focus on revenue and EPS drivers.

Inflation: With larger consumer companies inflation can be a tailwind or a headwind as people decide to purchase food at home or away. In short if the cost of food at home is increasing more than the food away from home, this would be a tailwind. If they are in-line would be neutral and if decreasing would be a headwind. Tracking inflation in this manner helps an investor paint a picture of where dollars spent are going and where price inflation is likely to occur.

Store Unit Growth: Assuming inflation assumptions are in check we can move down from the macro a bit and begin tracking total store unit growth. Of course the stores need to be profitable and we're looking for y/y growth in total units that is *higher* than its peers. In a positive situation, you're looking for unit growth to increase low mid single digits (call it 3-5%) and see these units turn into revenue growth meaning long-term growth of up to 5% (a solid number for a major corporation such as MCD). **Note this also explains the valuation/multiple discrepancy between a MCD (lower growth) and a CMG (high growth).

Geographic Growth: For major companies, not start up or growth quick service firms, you're going to splice revenue growth into geographies as well to determine if market share is being gained or lost and if each geo is increasing the operating margin line. This means splitting our same store sales numbers (SSS) by geography as well.

Food vs Beverage: After building a good high level view, you can then splice the market into food and beverage by looking at market share (on-premise and off-premise eating) and beverage sales (Coffee, hot/cold, smoothies). Generally the margins on drinks are higher relative to food so it may be a good idea to start in this segment to determine the underlying beverage growth and competitive landscape (Starbucks, Potbelly, BK etc.). Specifically, you would ideally map out the revenue by beverage (Mc Café as an example) but this will be difficult for MCD and more useful when looking at smaller consumer fast food companies.

Company vs. Franchise: Next, instead of splitting by beverage and food you will split the company based on franchise and restaurant income. For Mc Donalds you're looking at a ~$20B Company sales line and a ~$10B franchise line. Franchised income will command higher margins as they are calculated by taking revenue minus rent and depreciation. Net net, you're looking at~30% on the operating margin line for the firm.

Valuation: From a valuation perspective multiples for quick service companies are in the following range: 9-18x EV/EBITDA, 13-33x P/E and PEG's of 1.1-2.6.

Summary: Even with larger firms such as McDonalds there are a lot of moving pieces as you have different margin profiles and growth trajectories depending on the type of quick service Company you are working with. Just remember the main differentiators: 1) Same Store Sales Growth, 2) Growth by franchise/Company, 3) Margins and growth by beverage/food and 4) Geographic expansion.

Consumer Staples (KO, PEP, XLP)

Coca-Cola Example

No we are not going to use the classic Warren Buffet investment in Coca-Cola example which you can read in 20 different variations with a google search. Instead this is the last sector we'll cover as a lot of the items are redundant as you've seen from above. The main idea for the consumer staple space is the metrics become much more macro focused and in the case of Coca-Cola… Geographically macro specific as well.

Coke is a $50B top-line company (low single digit revenue growth) with mid twenties EBIT margins and EPS growth in the mid to high single digits.

Profit Growth: As you can imagine the revenue story is less compelling. Coca-cola is a massive consumer staples company and the law of large numbers weighs on the top-line growth rate… For those that are interested in the sheer numbers, Coca-cola sells ~28-30 billion unit cases in a single year.

The positive side? Profit growth can be quite compelling. Assuming volume continues to improve (concentrate sales and unit/case sales) leverage can be seen from the operating model assuming solid execution. Simplistically, continue to see stable to slightly improving volume growth/revenue stabilization and cost efficiencies in theory should drive mid single digit y/y EBIT growth.

The Weather: This is a serious metric to track for major companies such as Coca-cola. Inches of precipitation can cause material headwinds for the company as precipitation leads to lower consumer sales in general. If you don't believe this, look up the weather issues in February of 2014 and you can find many companies citing this as a headwind. It matters.

While it is difficult to predict global weather trends in the future, it is important to track the metrics across geographies so y/y growth rates can be appropriately adjusted. Using the February 2014 example, y/y growth rates should be materially better in Q1 of Calendar 2015 as the y/y comparisons will be easier to beat.

Competitive Dynamics: Everyone on here knows Coke's main competitor. Pepsi. Tracking their advertising spend is a material driver to Coca-cola. When you speak to the general public Coke is generally a better heralded "brand name", however aggressive marketing tactics from its closest direct peer can negatively impact earnings.

For those interested in the market share for carbonated drinks it is roughly as follows: Coca-cola at 40%, Pepsi at 30%, Dr. Pepper at 20%, remaining at 10% (primarily private label). On the Juice side of the market: Pepsi at 20%, Coke at 10%, Ocean Spray at 8%, Kraft at 8%, Campbell at 8%, Dr. Pepper at 7%, remaining is other.

International Branding, Taxes and GDP: Going to attempt to lump all of this into a single paragraph as well. You will want to track GDP growth by country (in Coca-cola's case the primary regions are USA ~40%, Japan ~10%, Mexico & Brazil at 6% each and China at 6%). After tracking revenue growth by region we then move on to analyzing operational issues (taxes and government regulation). You would analyze the performance here by tracking EBIT margins by Geo and keeping up to date with changing government laws (for example some unhealthy items are beginning to see increased taxation).

Valuation: From a valuation perspective multiples are in the following ranges ~14-22x P/E , EBITDA of ~11-16x and in this case the DCF valuation metric is much more meaningful (you could safely assume a low single digit terminal growth rate linked to revenue and a discount rate in the high singles).

Summary: As we stated above, the large staple players become macro centric names given sheer size. However, it is interesting to watch if you want a broad understanding of macro: 1) geo political issues, 2) high level competitive dynamics and 3) government intervention.

Notably, we primarily used Coca-cola due to this tear-sheet which gives a high level view of the "Coca-Cola 2020 Vision" (focus on the right side of the pdf).

Concluding Remarks: That about does it. Similar to previous overviews feel free to add points in the comments or ask any questions you may have. There is no way to hit on every sector (example splitting into tobacco, poultry, specialty hardlines/softlines, high growth premium brands, big lots vs. general super markets, discount and drugs etc.).

With that said the below top 10 bullets will work if you want to know the basics of the space and didn't want to read the above:

1) Same Store sales (monthly) – track the growth of each store by geo

2) Sales / square foot – see if the company is doing a good job of optimizing its foot print

3) OPEX / square foot – see if the firm is doing a good job curbing costs

4) Competitive landscape – track exactly where in the consumer sector they are branding, who they compete with and advertising dollars do matter

5) Inflation and CPI numbers

6) Growth by segment: can be as simple as beverage vs. food and online versus retail. Track growth and margins by segment

7) Franchise vs. Company growth

8) Weather can drive consumer spending

9) Cash flow is imperative as we mentioned many consumer companies use debt and roll out to cash flow positive and open new stores with subsequent cash flow. Hence emphasis on EBITDA in the valuation sections

10) Valuation use P/Es, EBITDA and PEG (generally). If smaller use sales metrics. If a large consumer staple company (XLP) then a DCF can certainly work.

Good luck!

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Become A Minimalist Don't Be Frugal

People often confuse the term minimalist with frugality, they are not the same. The difference between the two is relatively simply a minimalist **chooses** what he spends his money on while a frugal man is **forced** to live his current lifestyle. When it comes to life it is best to make efficient choices all the way down to where you stand in a bar to what kind of clothes you buy. Don't let this be you. Unless you are rich you should begin with the following question "how can I efficiently maximize my results" that is how a minimalist thinks.

As a quick example if you are a deca millionaire you are free to blow money on whatever you like all day long. We're not losers that hate on the rich so you can spend your cash in any way you like. If however, you are making a measly $75K per year and you are going into debt for a sick whip, you're a loser.

This is how you can **Maximize** your **Minimalist** lifestyle until you've got those 8 figures, cold hard cash in the bank:

Weightlifting: Build muscle and have low body fat, as a young person the cost of clothing comes down because you can walk around in a fitted sweater, v-neck, wife beater, shirtless or otherwise. To help you see that its quite difficult to get ideal measurements here are the numbers. Arm size (2.52x wrist measurement), calf size (equal to arm size), neck (equal to arm size), waist leaned out entirely (hip to hip measurements no fat), Shoulders (1.618 times waist at lean measurements), Thigh (1.75x knee). Why do you do this? Now you will live longer because you are healthy. Not only will you feel better and live longer, you won't need many cheesy pick up lines, "hello" works just fine.
Dancing Venues: Dancing in general is healthy as it improves your coordination skills and makes you more flexible. Not to mention the fact that a smooth dancer is associated with great bedroom skills. Find venues where the drinks are strong+cheap. Most guys who are good dancers don't want to teach newbies so you can happily pick off the only cute girls at the venue. Besides, at the newbie dance venues, most guys are ugly. That's your competition, ugly dudes who can't dance. Layups.
Central Apartments: While it would be great to have that mansion and throw champagne parties 24/7, a central location in a major city is a much better set up. You are now more liquid and can simply use cabs to move around your city. Driving from suburb to suburb certainly doesn't help with logistics, besides now you're not on the hook for upkeep fees either.
Alcohol and Drugs: We have been over the use of drugs many times and only when picking up girls or going on dates should these be used, unless of course you need to focus to make some more $$$. Drinking at home with no girls is a waste of health and money.
Cooking At Home: Yeah, we should all have a 9.75/10 cooking and cleaning for us all day, but the reality is most people are not deca-millionaires so instead focus on controlling your diet 80%+ of the time. Take up juicing and remember that the sanitary conditions at restaurants is sub-par to say the least. Again, unless you are rich there is no value in spending a lot of money having someone cook for you. You haven't earned the right to that luxury just yet. Finally, you should be eating healthy organic vegetables and fruits, so find ways to eat healthy without killing your budget. No matter how you slice it, eating at $20-25 a pop on a daily basis at restaurants will certainly be more costly than organic foods, more costly both in $$$ and health.

Conclusion: That's about it a quick minimalist post on minimalism. Remember it's about "maximizing" all of your cash, not minimizing your cash. Constantly review yourself in an honest fashion, that $50K BMW is not going to make up for being 100lbs over weight or your lack of social skills. If however, you have $100M in the bank, we will become mute and let you do whatever you like. You are free to go because money, in the end, is what it's all about.

"It is not impressive to live in a studio apartment when you are forced to, it is impressive if you choose to live in a studio apartment and can afford a mansion"

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Best of Braverman Volume 1

Today we're doing a book review of Eddie Braverman's soon to be released book "The Best of Braverman Volume 1". For those unacquainted with Eddie, he's an ex-trader who posts on Wall Street Oasis and has done so for several years. (Yes we have an account and we are relatively new to the scene – luckily it's obvious we work on the Street to the users over there).

With that said lets go ahead and jump into the review.

Enter the Wall Street Jungle: In the beginning of the book he covers his brief history of breaking into Wall Street. Out of the gate you know he has interacted with Wall Street Professionals as his first interview resulted with the following comment: *"The Passive aggressive comment flew right over my head"* After his interviewer gives him a direct insult. Hilarious. For those unfamiliar, the vast majority of Type A Wall Street professionals have next to no social skills and will use passive aggressive mannerisms to belittle you.

Finally, to put the nail in the coffin on his legitimate Wall Street experience the following quote stands out: *"How often do you see a sell recommendation on a Company that has a relationship with the bank? That's right: never."*

Life Advice For Twenty Year Olds: This was the most actionable and spot on piece of the book in our view: *"If you're in your twenties, the four things you should avoid like an Ebola victim bleeding out in Times Square are debt, marriage, children, and wasting assets."* We could not agree more with this statement. Nowadays, many people are simply following the herd going to college with no purpose racking up personal debt and subsequently living at home with mom and dad.

To drive the point home, we agree entirely with Eddie's take down of debt: "*Debt is an absolute dream killer. Debt will take all your options, hopes, and dreams and drop them like third-period French. You will be a slave."*

There are various job opportunities out there in the world, many are just unwilling to do them because they believe they are above them. Instead of asking if you're above a task ask yourself, how will this improve or damage my options? This is the correct mindset. If it means you have to eat shit sandwiches for a few years, instead of thinking about the present think about what you really want to become later in life.

Now That I'm Debt Free What Do I Do? This is the rather obvious follow up question after his dialogue on avoiding debt, marriage, children and wasting assets (note a wasting asset is essentially an object of no long-term value such as a fancy sports car). On that note the following quote he uses sums it up nicely:

"Do you really want to own all that shit, or do you just want to experience it?"

Again we agree with this comment on all fronts, this is why you should be a minimalist. In addition he goes on to explain that we should all at least experience some of these things from time to time, a fancy steak dinner, driving a Ferrari at full speed etc. We agree – who doesn't want to drive a Ferrari on a race track at least once? This is why being frugal is not something you should strive to become, as it could hamper your life experiences in a dramatic way.

Eddie is a Bit Red Pill: Surprisingly Eddie may be a bit more red pill than not and you can see this in another section where he speaks to masculinity. With the following spot on quote: *"The double standard I'm speaking of is the growing trend toward the feminization of men by society, which is causing a shortage of 'acceptable' men as far as women are concerned… So now we have 'men' in their twenties and thirties who still live with their parents, play video games for hours on end, and seem to have no real direction in life…"*

Followed by the following spot on masculinity advice: *"First and foremost that means slaying your own demons: your fears, your self-doubt."*

The above quotations could have shown up on this very blog. There is a vicious cycle of feminism promotion and masculine demotion that is causing this trend and it doesn't look like it is going to stop any time soon. In our view, the best thing you can do for yourself is shut off the main stream news flow, ignore your overweight or skrillex haircut feminist professors and of course never get married in the West (Sorry Eddie we'll have to disagree on your having kids stance in Western Societies – even if you want kids don't have them here in the USA, you'd be damned fool).

Finally capping off the life advice, the following quote should be written on your wall and stapled to your forehead. *"No one is looking out for you. That's a cold, hard fact."* Remember, no one cares about you.

Wall Street and Stories About Trades: Since our readers have a wide range, beyond Wall Street, we would note that a large portion of the book also involves a lot of lingo and stories that will go over people's heads. Most people have no idea what short selling a stock even means. However, if you're interested in finance stories that are spot on accurate and entertaining you'll certainly enjoy reading about them.

Concluding Remarks: Overall we enjoyed the book and believe the following people would find it of interest 1) Current Wall Street Professionals, 2) Fans of Eddie Braverman of course, 3) Men/Women truly interested in working Wall Street and 4) People interested in Wall Street culture and interest in advice from a legitimate Wall Street professional. Notably, we do warn that a large amount again is tailored to Wall St professionals (EG: stories about trades, taking down banks – which requires an understanding of the financial system etc.)

You can pick up his book here. (This is not an affiliate link and is an honest review)

Note to Eddie: If you get the chance, Backdoor Mark is certainly welcome to throw up a guest post. "*He's into his forties now, but the girls he's with have stayed the same age as back then. Incredible." – Game Recognized.*

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Best Real Estate Investment? Buy the Building.

Best Real Estate Investment? Buy the Building.

We didn't want to write the post. But. This is going to be geared towards the real estate fanatics. As many people have noted, rich people practically *always* own real estate. Naturally, we also own real estate. We just don't do it like most people.

Outline: 1) Overview of Private Equity Real Estate Transactions; 2) How to Spot a Good Value; 3) How Does it Actually Work?; 4) Rentals: Short-term, Long-term, Fees and Why We're Against Hotels; 5) S-Corp and Exit Strategy

1) Overview of Private Equity Real Estate Transactions

Many people don't know what Private Equity is, but our readers are elitist so they definitely know. Private Equity is simply the act of ***buying poorly run or broken down assets and fixing them.*** No need to complicate the definition. If you want to add additional detail, the goal is to eventually sell the asset or take the company public (if we were doing this with a poorly run company with operational issues).

Reiteration. Since we are talking about Real Estate in this case, **your goal is to find a broken down building, fix it, and sell it for a profit.**

Structuring the Deal: There are only two real parties in the transaction: 1) Private Equity Firm and 2) the Investors. We don't like complicating definitions or using finance lingo such as "consortium" so this keeps it clear and simple. You are either working for the private equity firm or you are an investor.

Investor: The investor supplies practically all of the cash for the deal. To keep things simple we'll assume 100% of cash comes from investors. In return, the investors receive a *preferred* dividend. This means the investor is paid a dividend of ~6-10% (annually) paid out on a monthly, quarterly or semi-annual basis (after the ~1-2% of operating expenses are taken care of). What does this mean? If the Private Equity firm is not able to generate returns *above* the preferred dividend… They will make ZERO dollars in the form of dividends. In addition, when the real estate asset is sold, the investors will receive between ~40-60% of the upside in valuation. (Note: the two and twenty rule is for companies, not true for real estate… Yes there are always "exceptions")

Private Equity Firm: The firm takes on the headache. The Private Equity firm is not using their own money so they take care of everything. They 1) spot the undervalued asset, 2) hire the right people to fix the asset, 3) manage the property and 4) participate in *upside* only. If the asset produces a yield or cap-rate that exceeds the preferred dividend… That is money in their pocket. Also. If they are able to sell the asset at a higher valuation than the total investment (they better!) then they receive a handsome return.

Return Profile: The same return profile applies. You generally want to see a ~20% return on a year-over-year basis. If you can clip 20% returns then both the investor and Private Equity firm will make a grip of money. The real estate asset should be sold roughly 3-5 years down the line. So. You're trying to double your money in about 4 years.

Concluding Remarks: That is an extremely basic overview. But. Now you know how the transaction works. 1) Investors receive preferred returns and are "hands off" on the process, 2) The Private Equity firm generally participates in the *upside* only, 3) You're looking for 20% annualized returns – as we have stated before rich people don't own a ton of bonds and 4) you are doing this with straight cash because equity is the highest form of leverage while regular people take out debt for their 30 year mortgage @ 4%.

2) How to Spot a Good Value

We always come to the same conclusion. Do the opposite. Or more clearly:

"Crisis is just a another word for opportunity" – @WallStreetPlayboys

Back in 2009 when the housing market crashed, practically everything was a screaming buy. You could have bought housing assets in *practically* any major metropolitan area and made a huge return over the next 5 years. When everyone is selling because there is a [insert name] crisis, you know it is time to do some due diligence. Wait for regular people to start purchasing, see them lose money over 6 months, then buy when they think they made a "mistake" and are back to selling.

High End: No surprise here. If you're going to go through with a Private Equity transaction, you need to do this in a place where money is sloshing around like white water rapids. This means… Luxury only. While you can certainly make money by going through the headaches of renting to Low Income Housing tenants… You shouldn't. It just isn't worth it. Dealing with these groups is just not worth the time.

Multiple Sector Exposure: Choose a city that is exposed to many different economies. New York City is a great example and has many major economies: finance, fashion, entertainment etc. Even if one of these sectors is slow to recover… Others will certainly come back to life. You do not want to be exposed to a large city with *only* one economy. If that sector is down for 5-7 years, you're going to be in a world of hurt from a cash flow perspective and your returns will nose dive. Valuations for the actual asset will also drop off a cliff.

Minimal Foreclosures: While many will say that the best value will come in areas that had a high foreclosure rate, we'd look for cities with a *low* foreclosure rate. Why? It means that most of the people living in that area are actually well off. During the housing crisis the best metropolitan areas saw housing prices decline but not fall off a cliff. In addition, the foreclosure rate was relatively low. This means that rich people are going to stay in this particular location. A net positive and should be looked into.

Education: Everyone and their mom is trying to become an entrepreneur. But. At the end of the day *top-tier* colleges will be in demand. Parents want their kids to go to great schools and top tier schools offer decent careers that pay $150K+ out of college. Want an example? Just go to Boston. We realize mentioning both NYC and Boston in the same post is a hate crime to baseball fans, however, Boston has a fantastic college system. Even if you purchased at the peak of the housing market in 2006, you're likely up ~20% today.

Poor Rent vs. Buy Math: Finally, if you really want to get leverage out of the model you want to search for areas that have low yields. This may sound contradictory but is not. If people cannot afford housing in the area, they are going to be forced to rent. This hurts in the *short-term* but you will make up for this huge on a long-term horizon. Simple math below:

If Cap Rate is generally 10%: This means a $1M income building is worth $10M

If Cap rate is generally 5%: This means a $1M income building is worth **$20M**

You want to slowly raise the rent over time and the ***multiple*** on the asset is going to carry the valuation of the building. This is where the value is. Don't play the game for the short-term, it hardly ever works.

Concluding Remarks: We're not going to give away the exact cities we're talking about in the USA. If you work in private equity or in real estate you have an idea of what cities were ripe for real estate transactions in the past and which ones are starting to look good today. That said the key points are 1) rent to high end, 2) invest in cities with multiple "sub-economies", 3) don't buy in areas with extremely high foreclosure rates, 4) Education can help cities return to growth and 5) play the long-game and play the upside to the actual valuation rather than the yield.

3) How Does It Actually Work?

So you've taken a look and have a list of cities you're targeting. Lets get started.

Minimum Investment: For Real Estate Private Equity you need about $1 million to invest through a firm. This will allow you to be exposed to many options and you will develop a long-term relationship (assuming its profitable of course! No one hates someone who makes them money!). Now, if you're unwilling to put up $1 million, you can get into specific investments for around $100K if you're friends with the firm or are looking at a single asset.

(Note: We are sure there are many exceptions to the rules, there always are, but generally $1 million for a Private Equity investment is standard and $100K would be normal for a single specific outlay. $50K is usually the minimum for higher risk private investments in *companies*)

Informational Memorandum: There are many phrases for this "Confidential Information Memorandum" (CIM), "Confidential Memorandum" (CM), "Information Memorandum" (IM). We're choosing the latter since it is the most clear. You will receive a package with the short sales pitch for the investment you're looking at. Within the document you will find the following:

Returns: How investors will be paid and how the Private Equity firm will be paid. Preferred dividends (usually 6-10% for investors), Equity upside (usually 40-60% of the upside for investors) and expected time horizon of exit (usually 3-5 years).

Pitch: The actual memorandum is much more thorough but we like to cut straight to it: 1) who the target market is, 2) why they believe the rates will be X% – expected occupancy, 3) city overview, 4) location specific overview, 5) investment minimums and 6) Base case and upside case – (it's a pitch so they rarely show the downside!)

Facade and Design: Once they give you the quick overview, they will also provide photos/sketches of the expected architecture, number of units and expected yield of each apartment (again we are focusing on buildings). A good example of a sketch is below (no this is not the building we own, we're not *that* dumb):

Untitled

Contacts: You're probably wondering why you don't just do it all yourself! The answer of course is scale and contacts. The Private Equity firm will have deep relationships with construction companies, architects, designers etc. They will procure materials at much lower rates than an individual and will likely get the job done in a much shorter time frame as well. The Private Equity firm will also allow you to contact individuals you wish to speak to (Ie: provide emails and phone numbers for architects, designers etc.)

Gathering Up the Dollars: Once you are ready to sign the dotted line you place your deposit. This is usually 5-10% of your contribution to the project which waits in escrow (or held straight at the Private Equity Firm). It shouldn't take more than a month or two to fully fund the project and once it is done you the rest of your cash is released and the project begins. ~6 months later you should be practically done and ready to go.

Concluding Remarks: Once you've decided to take the plunge you gather your list of private equity firms and 1) calculate the amount you're willing to invest, 2) comb through IMs, 3) Dot all your I's and cross all your T's for which project you wish to participate in and 4) Make your initial deposit. *Note: This is written from the view of an investor. For a Private Equity firm you're calling and sourcing funds through your client list (new and old).*

4) Rentals: Short-term, Long-term, Fees and Why We're Against Hotels

Now that we're through the high level items, it is going to get even *more* opinionated at this point. We'll outline what we believe to be good and bad investment choices for short term and long-term rentals.

Short-Term: Calling all tourists. Repeat. Calling all tourists. This is the best time to invest in short-term rental buildings. If you have a building in the center of town in a tourist destination hot spot you should turn it into a short term rental. Many people will assume the occupancy rate will be in the 60-70% range but because of the location you should exceed this mark. Materially.

The best part about a tourist hotspot is simple: **Emotional Decisions = Expensive decisions.** People are going on vacation so they have an "I deserve the best!" attitude. This is going to line your pockets.

There is no need to "price gauge" anyone. You'll find that the best location in the best part of town from a tourist perspective is going to be highly overpriced. It doesn't matter. If everyone is renting at $X/day and you're renting at $X/day +/- 5%…. Who cares. You're simply giving market prices for the best area.

Lets reiterate. **Emotional Decisions = Expensive Decisions**. This is the main takeaway from motivational speakers who make good money catering to losers and morons.

Long-term: Education, Families and Frugality. That is your bread and butter. If you are going to go for a larger complex (mainly 2+ bedroom apartments) then you're likely better off targeting families and areas with great education. They should be *close* to metropolitan areas… this will drag in the right crowd.

What type of person cares about their child's education? What type of person is going to be financially responsible and watch his cash flow like a hawk? You guessed it. **Responsible risk averse families.**

They will make great tenants and in this case you can actually bring *down* your rent a tad. They are going to jump all over the value of the rental unit! They don't realize that you both win in this case. You're giving them a slight discount to market rent for the 1-2 year lease agreement, but at the same time… They are good tenants! A good tenant is a huge positive and will keep your occupancy rate well into the 80 percentile.

Say No to Hotels: This is simply a belief. Hotels will be of value for corporations so we're not saying you cannot make money off of them (Hat Tip: Donald Trump).

Instead. We believe that we're entering into a sharing economy. As more and more people begin utilizing sharing and connected applications such as Uber, Twitter and Air BNB… The demand for rental apartments should increase. This is both on a short and long-term basis since the millennial generation in particular is all about freedom.

Concluding Remarks: Short and sweet here: 1) target short-term rentals in tourist destinations, 2) long-term rentals should be targeted towards responsible families, 3) we believe sharing will continue to grow in the future and 4) Emotional decisions = Expensive Decisions… utilize that decision for *your benefit*

5) S-Corp and Exit Strategy

Ahh yes. The golden part of the post and the part where we can quickly weed out the scammers from the legit winners.

S-Corp Wins: When you start making real money off of a [***REAL* Business** (not $200K a year or some BS you can make at 26 years old as an investment banker)]. You will set up your entity as an S-Corp.

To avoid going into details we're literally going to copy paste the basic explanation from Wikipedia:

*"S corporations are ordinary business corporations that elect to **pass corporate income, losses, deductions, and credit through to their shareholders for federal tax purposes.** The S corporation rules are contained in Subchapter S of Chapter 1 of the Internal Revenue Code (sections 1361 through 1379). S status combines the legal environment of C corporations with U.S. federal income taxation similar to that of partnerships.*

***Like a C corporation, an S corporation is generally a corporation under the law of the state in which the entity is organized.** However, with modern incorporation statutes making the establishment of a corporation relatively easy, firms that might traditionally have been run as partnerships or sole proprietorships are often run as corporations with a small number of shareholders in order to take advantage of the beneficial features of the corporate form; this is particularly true of firms established prior to the advent of the modern limited liability company. Therefore, taxation of S corporations resembles that of partnerships. As with partnerships, the income, deductions, and tax credits of an S corporation flow through to shareholders annually, regardless of whether distributions are made. **Thus, income is taxed at the shareholder level and not at the corporate level.** Payments to S shareholders by the corporation are distributed tax-free to the extent that the distributed earnings were previously taxed.*

Unlike a C corporation, an S corporation is not eligible for a dividends received deduction.

Unlike a C corporation, an S corporation is not subject to the 10 percent of taxable income limitation applicable to charitable contribution deductions."

We have emphasized the important parts of the overview. You're smart enough to read between the lines and pay significantly less taxes once you understand what all of the bolded items mean.

Exit Strategy: Rolodex, Rolodex, Rolodex. Easy play on words. If you have a solid rolodex you'll be rolling in money once it is **time to sell**. At the end of the day, real estate assets are cash flow kings. Rich people primarily own stocks, real estate and cash (minimal bond exposure).

If this is your "first rodeo", from an investor perspective, you're going to thank your lucky stars that you are working with a solid Private Equity firm. They simply display the last three years of cash flow net of expenses and should be able to sell at the current cap rate based on a trailing twelve month basis (TTM).

Concluding Remarks: We're at the end of the post. The key actionable steps again are 1) set up an S-Corp and 2) have a thick rolodex come exit time.

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Normally, at this point we outline key bullet points to write down. Unfortunately this post was extremely detailed and nitty gritty so the main "bullets" are going to be different for everyone. Unlike other posts, if you have an interest in this type of transaction you should probably read every single section. Don't be afraid to go against the grain, we are simply stating how we think about things.

One thing is for sure. If someone is rich… They should always be able to make a ***Real Estate-Ment***… If you don't get that triple entendre please leave =)

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Bitclout Looking at the Big Picture – Initial Analysis

[Bitclout Looking at the Big Picture – Initial Analysis]

At this point everyone in crypto has at least heard about Bitclout. Instead of putting up a complete campaign for it and instead of dumping on it, we're going to give a balanced view of the project. Usually when something sparks this much emotion there is at least one good idea inside the project. Again. We do think it is over valued considering that there is no sell button so we continue to be utterly confused that people are "surprised" it is going up in price. It has to go up in price because there is no sell button. So we can go ahead and start from there.

Over-Valued: There is no real argument here. The way the project was launched allowed insiders to get cheaper Bitclout. This is simply a fact and you can see it in the blockchain. Since there is no sell button, there is no way that the price is correct at the current levels. Also, you can get the Bitclout token for a discount (simply go to discord or telegram chats to confirm this). So, we know it is currently over valued when compared to the price flashing in the top right of the screen.

Adding to this, since people can use Bitclout to buy creator tokens, we know that the creator tokens are also over valued. Yes we're saying our own Bitclout account is over valued. As usual, we're transparent. Currently, we have *no* plans to sell a single creator token. In fact, we're trying to think about ways to help the people who already bought our "coin" but haven't linked to the platform yet (still not approved as of this writing).

So Why Bother? With the bad part out of the way, there is an interesting concept underpinning Bitclout. Effectively, if you're adding value to a particular platform you should be paid for it. We'll go ahead and use this blog as an example since we've been messing around on here for nearly a decade.

You never know who is a supporter. There is an enormous range. There are people that email us telling us we helped them make $1M or more. In return they give us $9.99 and that's it. There are other people where they make $200K and then they donate 1ETH in support which would be equivalent to about a 1% thank you. We have no ability to track this. We're not here to complain about it, this is simply how the world works. This is the case for every single content creator.

Enter Bitclout. Assuming the project is successful it would mean that creators could get rid of a lot of the noise. You could visibly see who actually appreciates your work. For example, if we knew how many people were copying our trades and taking our advice it would be a LOT easier to monetize that information. We'd simply cut out all the people giving us $9 and never talk to them again and bring the group down to 100 people. Why? That's how life works. Just like any business, you want to prioritize your highest paying clients and cut out the people who are simply draining your time.

Before moving on, we're well aware that there are solutions here. We could create a paid group membership. We could raise prices to remove more leeches. We could charge consulting fees instead of giving out information for free. So on and so forth. The reality is that this blog has been a hobby and we haven't really taken it seriously (as evidenced by the zero changes in web design for 5 years – we haven't even changed the name despite being uninvolved in Wall St for years!).

With that explanation out of the way, you can see how Bitclout *could* be a useful solution. Again the key word here is *could* as the project just started. In a Bitclout based ecosystem, you would be able to identify good content producers faster and you would also be able to reward the good content providers. For example, there are tons of fake twitter accounts with "50K followers" but they paid for 40K of them. There are tons of anonymous accounts with 10K followers, but they are all real. So on and so forth. With Bitclout this kills the entire gamification of social media accounts. While you could pay someone to "pump your coin" for a couple of days, it doesn't work long-term if everything you're saying is meaningless (not entertaining, not informative and generally not useful). In terms of what is "valuable"… no one knows at this point. It's a big black box of attention gathering across every single social media platform.

Some Mechanical Stuff: A lot of the current bells and whistles don't seem to make sense. Apparently you can reverse transactions and it appears that this is till centralized (IE. what kind of public block chain needs a password). We'll be able to see how serious the team is over the coming months. Long-term it has to become decentralized and if the creators (one being Chamath) are serious, they will not dump all of their holdings now that the coin has pumped due to an inability to sell.

The second interesting thing here is that the "high engagement" accounts came in pre-loaded. This makes complete sense from a marketing perspective. Anyone with a big account would be thrilled to see that they can finally make money off of all the value they are delivering. Also, it would make sense that anyone with a real following on twitter would be the ones with high initial value. The people who developed this likely looked at every account and were able to see which ones had paid scammy followers and which ones didn't. Again. We have no info on this but for now that's what we'd assume if the team is serious. If Chamath is publicly saying he backed this, you'd hope that he took a serious look at the project for a long time.

What We'll Be Doing With It: First, we're not going to sell a single creator token. That would be dumping on our following and doesn't make sense. Also we're guessing there are tax implications for that. Secondly, AFTER the token is liquid (assuming it is) we will then ask the people who bought the token what they'd like from us (ie. more content, more massive trolling events like what we're planning with hashmasks etc.). This is only fair as we should take the opinions of "investors" 100 times more seriously.

A second item we've thought about is using the tokens to invest in other people. Again, we won't do this until the platform is liquid because we don't see how that's fair at all. After there is liquidity in the market, we would be interested in investing in some of our followers. In theory if we help someone succeed and their profile grows dramatically we've created a win win. We've seen many people go from nothing to millionaires and being able to help "back them" and in addition benefit from their success seems like a no brainer.

In terms of content creation, we'll start juggling public Twitter and Bitclout for now. We'll use similar content on both sites and likely even reuse a lot of it until things open. After that we can ask creator token owners for their input.

Conclusion: As stated, Bitclout is over valued as there is no sell function. This is clear and obvious. This also means our own token is over valued (how is that for transparency!). That said, the project has been around for a few weeks and we do think the "ideas" behind it are valid. In a world where creativity, information and credibility are harder and harder to find, those with the three qualities should we rewarded financially. Also. This creates a "positive sum game" where big accounts can invest in upcoming accounts and support future winners.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Bold Prediction: President Donald J. Trump

Bold Prediction: President Donald J. Trump

Lets frame this up. First, we are not the original predictors, Scott Adams (Dilbert Cartoonist) and Mike Cernovich (personal friend) were the original people to make this call (Perhaps a few more we are unaware of). Second, this article should *not* be popular with Trump supporters because it is coming from a Wall Street blog (Branding 101 and why Mitt Romney failed). Third, **from a financial perspective we do not care who wins**, we are evaluating his candidacy solely from a *Branding* and *Sales* perspective. The only skills you need in life to get rich and live a life you could only dream of.

General Take On Politics

We have already learned more about sales from the debates, Trump's campaign and his rhetoric than any other election **in history**. We will give you a taste in this post.

*That is the *only* reason we are involved. Nothing in this article will talk about his *ability* to do the job.*

To reiterate. We do not care who wins as it won't impact us at all. Politics is one of the only times where "regular people" get a chance to have equal say as a successful person. So. No. We will not post a single politics related article (recent polls for example) unless it has tangible value.

Making This Prediction a Fun Game

We are certainly putting our money where our mouths are and took a fun bet with our friend Sam who is predicting a Hillary election. Our quick Twitter interaction summarizes the difference in opinion quite simply really. Here it is:

Interaction

In short, do you believe people are rational creatures? Do you work in Sales? You know the answer. They are not. Sales is the transfer of emotion.

In fact, if humans were rational and logical… Trump's Casino Empire would not exist would it? It wouldn't.

With the basic premise out of the way… that people will vote based on how they feel rather than rational thought, lets go through his ability to sell. In short, he has a tremendous ability to sell.

President Trump's *Branding* Campaign History

"I'm not using the lobbyists. I'm not using donors. I don't care. I'm really rich" – Trump (June 2015)

This is probably the first we all really heard of Donald Trump (running for President that is). He throws out three clear and concise punches and leaves you with an enormous negative. Why? He left you with the negative so the mainstream media could run out with a headline making him appear to be a brute and an elitist.

A fantastic trap wasn't it?

The media expected the following: He's claiming to be super rich! He is exactly like Mitt Romney who was also super rich! This is the tactic that tanked his presidency now Donald Trump is done!

Instead they got the following: Unlike Mitt Romney, I do not need *lobbyists* or *donors*. He anchored his previous sentence on those words for a reason. Instead of being branded as a rich elitist his rhetoric comes across as a blue collar guy who doesn't care about politicians. Which is why we saw the following as his second tactic.

"I'm so tired of this politically correct crap" – Trump (September 2015)

All of our readers are smart so you see exactly what just happened here. After letting the "I'm really rich fiasco" run its course he *doubles down* and now uses layman's language to 1) prove he is not going to speak like a politician (you were already thinking of politicians when you saw lobbyist and donor) and 2) **he's branding himself as *not a politician*.**

Our friend Sam disagrees with this being a good idea, his quote is right here: *"To win, candidates really need to be more political by kissing everybody's ass. Donald suffers the same disease as Mitt Romney. Because they are so rich, they just seem too arrogant to understand the math necessary to win a majority"* (no we're not attacking Sam just showing our difference in how this is playing out).

We will take the opposite view and say if he acts like a politician… his following will fall off a cliff just like a terrible Stock.

You know… like Macys.

Funny enough, you were thinking of Macy's right when you saw the word stock and that is not a coincidence!

Jeb Destroys His Own Candidacy With an Intern… Oh Politicians and Their "Interns" (October 2015)

While no one really knows *exactly* why Jeb has fallen off a cliff. Besides the fact that he is weak, a terrible presenter and a beggar. But. We'll take a stab at the *event*.

It is when the media and the GOP (whoever you want to blame for this embarrassment) attempted to plant an intern into a Trump event.

Now you're in big trouble.

We now know with certainty that the media ran out with a false narrative. Now you've woken up every single person with a social media addiction to scrub any and *every* story on Donald Trump since we know… again… with certainty… someone is attempting to dishonestly discredit him. In our view, that was the kill shot.

There was an attempt to double down on this strategy with a "Hitler" plant at another event, which has done nothing but backfire… **Again.**

Temporary Ban on All Muslims (December 2015)

Donald Trump stock gaps up and goes parabolic settling at ~40% of national polls and clear #1 leader.

Why? Donald Trump rises up as the only candidate to come up with an extreme solution to a real problem. We do have a problem. No one understands why we are being attacked: 1) September 11th was a Muslim based attack not Iraq based which Trump was against, 2) Boston Bombings, 3) Paris attacks and 4) San Bernardino.

The best part about this fiasco was *not* the headline. The headline was easy click bait for Mr. Trump as the media ran with "Ban All Muslims" instead of the actual message of *Temporary* ban on all Muslims which gave him several hours of air time to explain. A crystal clear tactic. Create hype. Lead.

"You're a Tough Guy Jeb!.. Let's see I'm at 42 and you're at 3." (December – The Final Debate)

Is it a coincidence that Donald Trump's best showing in the debates were on the first day and the last day? Of course not. While he cannot receive a script in advance, it was clear he wanted one last push. His comments went viral.

Summary: Given that these were the five most impactful pieces of the campaign (opinion) we now have the following as his marketing strategy: 1) I am not a politician, 2) I will not take corporate money because I do not need it but you're happy to join my cause *personally*, 3) the Media is out to slander me and we have proof with plants at my events, 4) I am willing to fight back for our country – we didn't even mention El Chapo! and 5) I'm here to win and you can see it in my numbers as we begin 2016.

Nitty Gritty Sales Specific

He isn't even trying but is out performing.

Everything written above this line was with regards to *branding*. Lets switch to his sales tactics by first looking at the most useless part of his campaign. His donation section.

Remember, Donald J. Trump does not need a penny. He has spent the least amount of money out of any politician and is still winning. If he is going to put a low amount of effort into anything it is going to be fund raising. We are only going to highlight a few points on the page to avoid giving out more information on why the page is good.

Donation

Anchoring: He is anchoring the reader to $2,700. Many will read this page and say hmm the middle number is $250. It is not that simple. He has anchored to $2,700 with the phrase "By law the maximum amount an individual may contribute is $2,700."

Did anyone know that was the maximum? Honestly we did not (again we don't care about politics). And. As soon as you're thinking about that number your anchor is now as high as it can possibly be.

Recurring Payments: Make no mistake. Donald Trump knows the best way to get a person more dedicated to his cause is through a monthly contribution. Simple psychology. The more people give you… the more committed to your cause they will become (human nature). In addition, notice something extremely subtle. The phrasing is "Make this a **monthly** contribution". Again highlighting the commitment.

No Begging: Again. This is a page he does not care about at all… yet it is done correctly. This page only exists to get people mentally committed to his campaign since he does not need a couple million dollars.

His phrasing is as follows:

"*By law* the maximum amount an individual may contribute is *$2,700*" (Select amount) "*Make* this a monthly contribution".

Compared to his competitors:

"*Chip in* to stand with Hillary in 2016" (select amount on three different clicks) "*Please* make this a recurring contribution."

All of you affiliate marketers can stop laughing now. Seriously, you can stop. We know you're laughing and we're laughing with you. Anyone who makes at least 4 figures a day online (we're drawing the line there) knows this is a material error and is sending the reader away from the page. By asking a person to "chip in" and going with "please" you're going after the lowest of the lowest common denominator and you're generating less money.

Don't worry… Jeb is using the "chip in for a dollar" language as well.

Incredible Voice Control

We wish we could find a better word, but we'll just use one of his. Tremendous. He has a tremendous ability to control the tone and cadence of his voice. We first recognized this ability in full force on Jimmy Kimmel when asked tough questions about the Muslim statements. The best part? People believe he is not speaking this way on purpose. It is being done with a **purpose.** He even takes *less* time to "temporarily" say the word "temporary"! (Ie: emphasizing the *feeling* of the word).

For fun, lets take a look at his latest video thanking his supporters into the New Year. We suggest opening a separate browser.

Here is the message:

"I want to wish everybody, a very very happy new year. Hopefully 2016, will be an unbelievably successful one. For our Country, for yourselves, for your family and thank you very much for all of the tremendous support that I have received."

We are sure you caught it. What you've read does not match what you've actually heard because it looks like a boring message with a run on sentence to close. Here is what really happened.

*****Rat, tat, tat, tat, tat*****

T-R-U-M-P

(Pause, the word TRUMP is erased in an even faster five paced motion, five again however)

"I want to wish everybody a very **very** happy new year."

(this sentence is done in a classic rainbow with the peak word being the second very easing into the new year statement)

"Hopefully, two thousand and sixteen. Will be an **unbelievably**… successful **one**."

(He spells out and elongates the word 2016 to give the viewer something to look forward to by how he *says* it followed by a single strong hand gesture to explain a successful *one*)

"For our **Country**. For **Yourselves**. For your **Family**." (pause)

(Three step process: he talks about the three things you care about the most in ascending order, you kind of care about the *Country*, you certainly care about *Yourself* and you absolutely care about your *Family*)

"and Thank you **very** much for all of the **tremendous** support… that I have **received**."

(the final delivery will also be missed, he has emphasized only three words and all you will remember is "very tremendous reception" – not the word received)

*******TRUMP Make America Great Again********

—

An entirely different feeling going through the second run through. Now, certainly it is laughable to think that this is going to make or break his campaign. We certainly have no clue if he will actually win, we are simply going through his sales techniques and are **banking** on his ability to *out sell* the other candidates.

Summary

We did an extremely small amount of work on analyzing his sales technique (maybe we will do another post if there is interest solely in his wording and salesmanship) but here's the takeaway.

– Trump is not a politician. If he goes the political route we see him losing ground (a lot of it as he will appear weak)

– The media is out to slander him, the entire nation has proof (intern plants) and now the main weapon is being devalued in front of our very eyes

– He is not going to take money from anything related to politics (doubling down on number 1)

– He is going to use *mass production and marketing* he will not need to pay for air time as the media will attempt to slander him (do not need to spend on distribution)

– If there is a financial crisis or a time of war, we believe he will run away with the election as it is crystal clear that he is the most charismatic candidate and the most hard nosed on the docket

Basic predictions going forward? We see him losing the Iowa Caucus, we see him winning the GOP, we see him going after Hillary's health, criminal actions and the actions of her husband (branding her as weak and unable to stand up for herself).

Will we be dead wrong? Who knows. But. That is why the claim is bold. We're expecting this to be the result after all.

IMG_3475

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Book Intro: Decentralization – Starting Out for the Beginners

Book Intro: Decentralization – Starting Out for the Beginners

Welcome in decentralized generation and long-time readers. We've officially started our product which will likely cost a few bucks more and will be used to fund our trolling purposes on Twitter (more on this soon – wink wink, hint hint). Over the coming months/years we'll exit the Fiat system (this will be a long-term process as we're unfortunately not nine figure people). Many have complained that we don't have an intro guide to crypto and the below intro will serve as the intro guide. (honestly we should remove the investment banking Q&A soon as we transition all of our interests)

But Wait… Some Quick Notes: For those that believe we've sold out we commend you on being broke. The future of finance is crypto currencies and the world is changing at rates we've never seen before (we lived through the birth of the internet – unfortunately getting old). The reason we have to do this product and people need to pay attention is because of Darwinism *"Adapt or Die"*. If we didn't focus our attention in this area you would know that we fell behind in terms of advances in technology. If we figured out VPNs, Aff. Marketing, Hypervisors etc… It would make sense that we were following this space as well.

Will there be blow ups? Yes. Will there be 100x returns in certain projects? Yes. Do you want to have absolutely zero exposure to this type of market? No. The writing is already on the wall as high tech rarely goes to zero.

If you look at history, the internet was a massive bubble but it ended up being life changing technology. The car was laughed at and was a bubble with 1,000s of car companies but that was also life changing technology. We can go on and on. *If you see a massive bubble in anything that pops and comes back to life… You've found a real technology.* Remember that sentence for the year 2030, 2050, 2080 and for those that live longer 2100.

This is arguably the greatest opportunity the Millenial/GenZ population will see. With all the advances in AI and automation coming, you know that the digital world will come into play over the long-term. The key is positioning yourself for the future in a pragmatic and intelligent way.

With that we can give an overview for the newbies on how to "Get Started"

Starting Out for the Beginners

This is a painful section. Sorry to say that if you're reading this section, you've got a TON of catching up to do and are at least 5 years behind. We wish we were kidding but we are not. With the big warning out of the way, we're putting this section in here since basic questions are not a good use of time. For those that already understand the basics, just delete this entire chapter and throw it into the trash bin!

Not Your Keys, Not Your Coins: If you understand crypto currency this is one of the first things you learn. Under no circumstances do you use a third party custodian. This is the entire point of crypto currencies. You want to become your own bank, your own lending pool, your own stock exchange (so on and so forth – also more on these things later).

Not your keys not your coins means you need to have a *hardware wallet*. Previously, we wasted time telling people about all of the different options (paper wallet, phone wallet etc.). Since this section is for complete newbies you need a hardware wallet. Hardware wallet means Trezor or Ledger (at the time of this writing).

A hardware wallet is something that contains your crypto currencies without any connection to the internet. You plug it into your computer, send your coins to the device and unplug it. You can then store it somewhere safe and never lose it. This is by far the easiest way to get started. Yes it will cost you money to buy the wallet but if you understand the last three paragraphs you will understand that it is worth it.

If you're using a third party to hold your coins (Coinbase, any exchange etc.) you're adding additional risk for nothing. We repeat. Any coins held in a third party exchange is at risk as you cannot move them freely. This is why you're seeing large outflows from exchanges to self custody wallets (richer people are coming and they did their research).

What Are Keys: When you get your wallet, you will have to open it up and hook it up to your computer. At this point you will then receive a pass phrase. This is 12-24 randomly generated words. These words represent your keys.

Pausing for a second. If you do not hold your coins in a place that requires your 12-24 word pass phrase, it means that someone else holds your coins. Therefore it is not in your control. If you do not control your own coins you're defeating the entire point of crypto currencies in the first place. We're repeating ourselves but we have to drive in the point for newbies. You must own and control all of your coins. Period.

This 12-24 word password should be written somewhere in the **physical** realm. Do not type the numbers into a phone, document or any electronic device (***never***). Someone can very easily go on your computer and find it, then you lose everything. So you have to write the physical password down somewhere and keep it safe. Once you have a sizable amount of money (whatever that is for you), you want to invest in a fireproof product. Cryptotag is a good example of this if you're hoping to buy a fireproof product that memorizes your seed words (again as of this writing).

If you don't want to use Cryptotags, then you could physically engrave the words into metal. No, we're not kidding. Once you have enough assets you want to make sure they are fire proof and secure forever. A piece of paper is perfectly fine if you have a small sum, however, as the amount becomes more important you'll need to take it more seriously.

Now You Are Set Up: As a quick review, if you have next to no money, the minimal set up is a Ledger S or a Trezor. The smart/richer people will have Cryptotags for additional security.

Where to Acquire: The punch line up front is that you should acquire peer to peer. If you understand the absolute basics of crypto you know that it is better to pay a small fee to go peer to peer versus buying for a fee on an exchange. This will be covered in more detail later, however, everyone has at least heard of crypto so if you don't understand that sentence, the next 5-10 years is going to be extremely painful.

The best way to go peer to peer is to simply use chat rooms, twitter or your social network. At this point there is a near zero percent shot that your friends do not own it. As you spend more time in the space, you will eventually meet bigger and bigger holders which makes this a lot easier for you. This is also a fantastic "barrier to entry" as most will stop at this paragraph and give up since it is too hard to go onto websites and talk to peers. This removes 90% of the competition on day one.

If you end up buying on an exchange, that is your faulty decision (not ours). In the case that you make a bad decision like this, at least move it to a hardware wallet. That said, you've already messed up and you may as well store your coins somewhere else. (*Note: PayPal would be the worst solution of all time as you can never take your coins off and move them into a hardware wallet, you don't even own crypto you just think you do*)

Now What? Well, Triangle Investing certainly aged like wine. Sold at the peak of hype and gave everyone three years to accumulate during the downturn. Could not have been better, not to mention the recession call we made with the Spending Book which also occurred! Being honest here a ton of this has to have been luck. And. As usual, luck favors people who don't need it.

If you read that product, then you know the first step is to look at the "base layers" which primarily consist of Bitcoin and Ethereum at this time (according to market capitalization as of this writing, we'll touch on other ones later in the product).

What do you do? You simply purchase these base layer assets slowly over time with the income you're generating. In an ideal world you've followed Efficiency to the T and you can even convert some of your E-commerce sales directly into BTC or Eth.

Next Steps! Now that you have a basic structure set up (won't take more than a day or two to do), you can now look for high risk/reward opportunities. This means you're looking for promising projects with Air Drops (explained later). Essentially if you find promising new projects, you're paid to put your capital at risk. Uniswap was a fantastic example of this. When it first came out there were practically no supporters. If you got in with a small amount of money and simply held, you'd be up 10, 20, 30, 40, or even 50x! Most people don't hold on long enough (or don't get in early enough) so the ladder was for illustrative purposes.

Now you're asking, how do I get into the new stuff? Well you need to do a ton of work. We'll highlight a lot of the *"how this works"* in the product and give some high level advice. But. In the end, the space is changing at a rate that requires 8-10 hours a day of attention. This is also why you're seeing a complete course change on our blog and twitter. Again. Adapt or die.

Okay I Get It Endless Opportunities But How?! Glad you asked. If you look at the paragraphs above by the time you're here you have both some BTC and some ETH. In order to invest in a ton of these projects you usually need one of them (BTC or ETH). So. Make a decision. Which protocol do you want to support and which one will you dedicate time and research into. We're not "Bitcoin Maxis" and we're not "Ethereum Maxis". We're simply looking for promising projects as it is either a 10, 30, 50, 100x or a zero. That is the name of the game. So we can get started….

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Book Introduction – Efficiency

Book Introduction – Efficiency

We polled readers for post topics. The same items came up over and over and over again: 1) money, 2) networking, 3) opportunities in the future and 4) how to maintain a healthy social life while doing all three. After large scale polling we've decided to create it with a completion date around **July 2017 time frame.** Here's the introduction and how we think people should re-evaluate the rules they have been told to follow.

Introduction

Almost everyone who picks up this product is going to jump directly to the making money section of the book. Unfortunately? That will practically guarantee they will never "make it".

Below is a list of 10 basic axioms to follow if you're serious about success.

1) Obligations Are Now Gone: If you are starting at ground zero, you have absolutely no obligation to anyone. This includes your best friends, your teachers and even your family if they are not going to help you succeed. Everyone encourages you to join the Peace Corps or worry about "the children" and other social matters that are now irrelevant to you. We will reiterate. All obligations for you to do ***anything*** are now gone.

It is important to note, this ***does not*** mean you will live a life without consequence, it means that you will no longer have an excuse of "obligation to someone else". This means every action you make is going to directly impede or help your future success and the only person you get to blame is yourself.

To wrap up on the obligation piece, this is not "cold hearted". It is much more cold hearted to donate your time and help 20 people when you could have donated several hundred thousand dollars (or even millions!) that will ***help thousands of people instead.*** If Warren Buffett never became the investor he is today, billions of dollars would go to waste. By signing a giving pledge, he will do more for society by himself than thousands of workers combined. In addition, he can pay for thousands of people to pursue their own dream of working for charities. Just remember, without his donations they wouldn't be able to work in the first place.

2) No More Third Party Pump Up Sessions: If you waste your time watching emotional videos about *"going out there and taking the bull by the horns"* we have no doubt nothing will be accomplished. These types of seminars, websites, videos, speeches etc. are all used to create a cult following. If you get 1,000+ cult followers who "feel good" from the event and one of them converts (law of large numbers) then more and more people will join the cult. It is an ***emotional Ponzi scheme***.

Self-doubt is normal and it is something you will have to learn to deal with. If something "pumps you up" then you're being sold something on the back end. Stop consuming it. Reading about the struggles of someone else will not benefit you, if you need to read stories like this it means you're not taking your own life seriously.

When an outrageous success story can actually impact your life emotionally it means the creator of the content is ***converting your nervousness into positive energy.*** The "sale" is simply converting deep seeded insecurity into positive pump up energy to make you buy some product that won't actually get you anywhere.

Finally, to wrap up this point, when you're getting into higher risk situations the only thing that will help you perform better is preparation.

Public speaking is the best example. If you are nervous before the event, practice live demonstrations in front of other people ***thousands of times*** until you can barely speak. You'll find that you're no longer nervous because you're prepared and don't need some army ranger yelling at you to get "hyped". The more you practice the more you are desensitized to the potential negative emotions.

99% of people fall victim to the motivation Ponzi scheme because they are never internally motivated. **It means less competition for YOU**.

3) No Social Media, No Television: Unless you're using social media to make money, go ahead and shut it down. Joe and Sally from college, high school or your childhood do not matter anymore. It is not harsh. If you're not where you want to be, why would you waste time following the actions of people that won't help you get to your goal?

It doesn't make sense.

Most people are hardwired to care about what their friends are up to. They even waste time following celebrities who make all their money because… people want to see what they are up to. By following the life of someone unrelated to you and someone who will never help you down the line, you're wasting valuable time that you should spend on yourself.

To simplify this even more, social media should ***not*** be used to keep tabs on other people. It should be used to build up a brand and sell a product. Otherwise it was a colossal waste of time that would be better spent working for minimum wage.

For television, the point is quite simple. Every single hour spent on television is lost income while you **watch someone else do their job/career**. It makes no sense at all. If you run the math it becomes even sadder.

Average income in the USA is $50K, about $25/hour. The average person spends about 3 hours a *day* watching television. That is 21 hours a week.

Therefore? If this time was simply spent making money, it would lead to $27K in savings per year or a million dollars over ~36 years. The point? By simply working instead of watching TV you are practically guaranteed to be a millionaire even with no investment gains.

Before this section comes off as isolationist, lets clear up a point. Every single person bringing you up to your goals or helping you get there will remain in your phone forever. However. If they switch to becoming time sucks where they complain about life or drag you down in any way, they no longer deserve your time.

4) Find One Committed "Friend": You don't need more than one. Find a single person who wants to succeed as badly as you do and make sure you keep in contact for at maximum one time per month. That is only twelve times a year (you're going to be too busy doing work).

If you can find a single person willing to give 80+ hours of effort per week to becoming successful, the chances that you both make it will be magnified. You'll likely hit different hurdles and a one hour conversation once a month will help jump over those issues each time.

Importantly, you should choose different industries, this makes it impossible to compete down the line. In the long-run? Your questions will cease as the issues become too specific (a good thing).

5) Health Will Take a *Temporary* Hit: This will sound contradictory to the original statement that health is more important that wealth. That statement is still true.

The point of this bullet is that you have to find your own personal limits to work. Most people make the excuse of "needing" multiple things from specific sleep schedules to leisure time. If you're young, you get the ***privilege of testing how far your body can go*** and once you actually break down (once) you'll know exactly where the line is.

You'll find that your body sends off specific queues when you've officially reached your limit and once you can recognize them, you'll unlikely impact your health going forward. As a simple example, most will feel discombobulated when reaching their limits. They will misplace items, become disorganized immediately and make mistakes even with simple tasks such as pouring a cup of coffee.

To reiterate the emphasis around ***temporary health impact***, once you know your body's limits you won't "push through" as it does not end in productive work and is a clear hit to your personal health.

6) Find Your Talents: Most people are talented in several different areas. The difficulty is finding out if you'll be in the top 1-5% in the segment. Without breaking into the top 5% in your field it will be quite difficult to earn a large amount of money as income is not a standard curve (winner gets a much larger share of the spoils).

We're keeping this bullet basic by summarizing talents in a single sentence: ***you have to be good enough to have *other* people tell you that you're good***. If you have enough potential, this will happen on its own. It does not matter if you're interested in the item at all, if you want to succeed, ***becoming the best is much more important than simply doing a task that is "fun" for you***.

To reiterate, as you try out different fields, you'll only keep a list of items where *other people* tell you that you're good.

7) Learn Sales for Every Interaction: Even if you decide the path to making money off a business is not for you, the skills you learn by selling will give you the ***toolbox necessary to live a comfortable life***. While there is a negative stigma around sales, it is far and away the best skill to learn if you were to choose only one. Forget about complex mathematics, forget about hard science, if you can sell, you can transfer that skill into the most important aspects of your life: earning money online, dating, making friends and interviewing.

In short, sales is the ***most*** transferrable skill you will ever learn. Every single second you spend improving your salesmanship will give you a 100x return.

8) Focus on Scale: You will likely need to trade time for money at a *very early age in life* (covered later in this book). However. All of your free time will be spent on a scalable business. A scalable business that is worth your time has two attributes: 1) recurring income and 2) a large addressable market.

In an ideal situation, while you're learning a specific industry near-term you should find a niche market where you can be the ***expert***. This will then open doors to other markets assuming you have chosen correctly.

As a basic example, if you begin designing clothing you can then move into jewelry/accessories as they are somewhat similar. If you're good at both you could move into makeup and other ancillary markets to retail. Simplistically, every niche market falls into a major market and as you succeed in one niche, begin opening up peripheral vision to other sectors you can learn about and understand well. (Note: this may require a completely different brand)

As a basic terrible example? You're looking at it. A book is a horrendous way to get rich because each sale is one time in nature. If one person reads your book they will not buy another copy for no reason. In addition, even if they buy a book for a friend… That friend does not need two books either. Eventually you saturate your market and there is no recurring income left! Books are not good ways to make money because they are ***NOT RECURRING REVENUE.***

Since our readers are smarter than average… Now you 100% understand why magazines were sold on subscription basis. You had to renew every 12 months to create another sale for the company. Without new content the business model would die.

9) Stress is Okay, Worry from Real Problems is Not: The extreme Entrepreneurs and future billionaires will likely tell you to simply drop everything you're doing and go "all in". We take a bit of a different approach given everyone has different risk tolerance levels. We've found that worrying about paying your bills on time and struggling to get by usually results in too much stress that prevents your "creative juices" from flowing.

This is why we recommend a bar-bell approach that will be detailed later in this book. Where you build enough income to not worry on a daily basis (usually 10-20% above cost of living) then shift the remainder of your time to scaling a business and creating recurring income.

We have nothing against risk loving individuals and if you're unphased by being evicted and going through turmoil to become exceptionally wealthy we wish you the best of luck on your journey.

Our simple line is you should feel immense stress, but not enough to cause you to worry. Real problems cause people to worry which then impedes results over the long-term.

10) No Time to Live Above Your Means: This is why frugality is not a good strategy to get rich. The only difference between the recommendations of frugality and the recommendations here is this: frugal people spend time ***cutting cost***, future multi-millionaires spend time ***creating income*.**

If you're serious about moving up, you're not going to have time to spend thousands of dollars on fancy clothing, cars and bottle service (for now). When you've got enough money to never work again, you can spend as much as you like.

While clear bullet points are easy to remember the foundation, is simply this: ***we all have no one to blame but ourselves.*** This is why we emphasize the importance of no excuses. If someone "else" is dragging you down, you should have no qualms in deleting that person from your life forever. There is no reason to keep them even if *"society tells you that you should"*. You only get one chance at life and you deserve to pursue each activity… baggage free.

With the important introduction out of the way, below is a flow chart of the design and purpose of the book.

Finally, we'll note that the name of the book is called **"Efficiency"** for a reason. There will be a lot of extreme ideas placed here to save time. Many will call them crazy. We call them helpful. We have to make the most out of every single day. Why the obsession with efficiency? We don't have much time to succeed in life and the quality of life continues to decline once we hit middle age. There is no point in wasting our most precious resource: **Time.**

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Addendum: In summary, there is absolutely no competition for making it into the top 1%. If someone wants to be in the 1% all they have to do is follow the items above and it's practically impossible to avoid becoming a millionaire and making mid 6 figures. The reality is competition really begins at the 1% level because you fight two major headaches: 1) psychologically difficult to work as you don't need the money and 2) anyone still grinding it out when they do not have to is extremely difficult to beat. There is a "knee in the curve" and competition goes parabolic.

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Breaking into Venture Capital

Similar to the Sell Side and Buyside there are clear and concrete ways to break in. For Venture Capital, depending on your background you must search out and find the right story to preach, which should involve five pieces. 1) Work Ethic, 2) Appetite for Risk, 3) Innovation, 4) Salesmanship and 5) Sector Knowledge. If you can get 3/5 on this five point checklist and you have an obsessive work ethic it is achievable. Cutting to the chase lets look at the five points.

1) Work Ethic. If you have Wall Street Experience for 2+ years, you pass. If not you're going to want to show you have work ethic by stacking your resume starting.. today. This would involve working your regular job while actively pursuing a job closer to the field of Venture Capital which would include ***Sell-Side or Buyside Wall Street Experience, Start Ups, Entrepreneur or Low Market Cap Tech or Medical Technology Companies as most Venture Capital is established in Technology.***

2) Appetite for Risk. From the above you can discern quickly that if you're trying to break into VC with no experience the best three alternatives will be Start Ups, Entrepreneur or risky technology company. Why? This is the best story to pitch for your initial break in if you're unable to land interviews with Wall Street.

3) Innovation. Working on the Street hurts you in this category. Venture Capital has more to do with passion and innovation rather than numbers as the majority of the companies you invest in report low to negative earnings. Instead VC's want to spot candidates with an ability to sniff out guys who are Entrepreneur's for "the money" versus for "passion", if they can't sell you their own product they are likely in it for cash which has a higher failure rate. Fixing a business ***financially*** to become profitable at a large scale is done by private equity firms.

4) Salesmanship. If you can sell someone on an idea get ready to break into Venture Capital as well. An interesting high risk alternative way into VC is to be in charge of bringing in clients to a high end Mutual Fund. If you can convince high net worth clients to put their money into your account you should be a fairly good candidate for finding significant equity investments as well.

5) Sector Knowledge. If you can carve out a niche, similar to our advice on investing you can begin targeting specific Venture Capital firms. An interesting angle could be Clean Tech/Solar work as many government programs actually invest in these firms to give them additional capital. Similarly, as stated previously most VC work is done in technology so you'd want to stay on top of that specific sector be it hardware/software/networking/semiconductors etc.

Conclusion: This is a relatively simple post however one thing should stand out dramatically after reading this. ***There are roughly five jobs to enter Venture Capital, Sell-side, Buyside, Start-ups, Entrepreneur or Knowledgeable Technology Hire***. If you are not in one of these fields it is best to make a two-hop jump into Venture Capital. Move from your current position to one of the five above. If you're extremely ambitious and want to do the full on business jump we suggest you check this out.

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Building a Recession Proof Life: Ten Steps

Building a Recession Proof Life: Ten Steps

The photo is of Socrates *"If you want to be wrong, follow the masses"*. With consumer confidence at an all time high and the "Trump Economy" in full effect with tax breaks, it appears that everyone is ready for another bull run. In this case, it is much more likely that we see a recession. Why? Well consumer confidence is much more tied to recessions. If everyone is up beat the party is usually set to end. So we're going to to outline our basic items to help make your life more recession proof.

#1 Cut Recurring Costs: This is probably the biggest one. If you can take your recurring costs which are the largest drains on your bank account you'll be a lot better off long-term. One of the most obvious items is housing. When people try to buy homes they typically get the "biggest they can afford". Naturally, this leads to serious issues. Instead, we would recommend buying the smallest property that fits your needs (unless you're rich then you can always do whatever you like). A good example is doing the rent vs. own calculation. As soon as you can reduce your monthly expenses by purchasing you should jump at the opportunity. *Housing and Taxes are typically the biggest drains on your monthly cash flow.* A recession proof life has minimal monthly cash outlays to housing and taxes simply cannot be avoided. So take a strong look at this line item first and see if you can keep it as a low percentage of monthly income. Somewhere around 10% of income should be spent on total housing costs.

The second group of recurring costs are all of the membership items you have. The good news is that all of these items can be switched off if things get ugly. Your high-end gym can be downgraded (hurting your social life) but the payments stop immediately along with any other memberships you have from a country club to as cheap as a Netflix or cable subscription. Keeping all of these items as low as possible in the first place is a good start. Remember, if it gets ugly over the next couple of years you can immediately delete the recurring cost.

#2 Have a Bigger Cash Balance: If consumer confidence is sky high, this is probably the best time to start building up a basic cash balance. It should go up in a big way if consumer confidence is high because it is a reverse indicator. Feel free to click here and look at the max chart for this dynamic. It doesn't help that interest rates are going up as well! The good news is that if you build up that cash balance the returns on your boring old safety net will no longer read "1%".

More important than the actual cash balance is the ability to remain above water. *This means you're not dipping into investments.* You never want to be forced to sell anything. This is an important component since we're not saying to "never sell". Everyone is free to have their own strategy. The one item we are saying is that being ***forced*** to sell is an all but guaranteed disaster. Take a hard look at all of your cash balances and decide if it is going to be enough to sustain a 50% drop in all of your investments. This does not just mean a 50% drop in stocks, bonds, crypto and real estate, it means a 50% drop in all of your passive income as well. When tough times come in a 50% drop is possible and when that occurs cash flows can also decrease by 50%.

#3 Create a Recession Proof Income: Recession proof income requires doing something that is needed when people have no money. In an absolute worst case scenario, you'll want to find a way to be cash flow positive assuming your income streams dry up. This is exactly why most millionaires have 5+ streams of income. Recession proof income includes: 1) staple goods, 2) alcohol and other depressives and 3) time for money exchanges. Ironically, if absolutely everything is going wrong you should have at least one skill where you can exchange your time for money. Notice, this is dead last for all of the ideas but many people are not financially independent. If someone falls into this category we would suggest that they look at their skills and make sure they have a time for money exchange lined up for the next downturn.

#4 No Debt: Many people go and get MBAs and other degrees when the job market is dried up. We wouldn't do this. Going into debt and praying things are better in two years is simply a gamble. Debt in general isn't good unless it is making you money (mortgages and leverage as explained in triangle investing). It is better to find a way to live off the bare minimum than go into debt since you'll be chasing interest payments for items you consumed in the past. Any sort of debt entering a high consumer confidence time frame isn't good. Clear it all out and give yourself more buffer in case things get ugly. Mathematically, this means the interest payments you're making should be 50% the amount the asset produces. So if you have a monthly payment of $500 the asset should be generating $1,000 a month (you can weather a 50% cut to the income line and still not worry about missing payments).

#5 Cash Flow Out Three Years: Here is a good back of the envelope calculation. Take your bare bones living expenses and add 25% to them. Your bare bones living expenses do not include partying and fun, it is simply waking up eating, sleeping, going to a cheap gym and basic internet/cell phone use. Add 25% to this and that is your monthly number. Once you have this monthly number figure out if you can live for three years straight.

While obvious, we mean three years straight assuming your income get cut in by 50%. To avoid any confusion here is a basic example: Say your barebones need is $4K. This would then mean $5K per month. If you can get through $180K worth of expenses without selling anything you are set. If this person makes $7K per month, it means he has a $1.5K/month hole to fill for three years. $54K in cash + an assumed 50% drop in income… Would just be enough. Unsurprisingly, most people do not save any where near 50% of their income so this math hurts quite a bit. It also assumes we're entering into a pro-longed bear market of three years (most downturns only last 1-2 years).

#6 Do a Dry Run: If the above 5 items already have you thinking, we suggest doing a dry run. Since nothing has changed, you can simply do a dry run by taking all your expenses to a minimum. Use a spending tracker like **Personal** Capital and see what your monthly spend looks like in a downside case. We would do this in a very structured way. At the end of the month (say February 28), pay off all of your credit cards and every single payment you have. Everything should read as a "$0" when you click start.

Starting March 1 for example, you then test run your basic living expenses. It's a fun game to play once every few years (particularly when consumer confidence is high) so you can see what it would be like to decrease your living standard to the bare minimum. After this dry run you'll have the exact number from bullet #2. To be extra conservative you can assume you do not drop any monthly memberships so it reflects the bare minimum number for your current life.

#7 Have an Emergency "Out": Always have a Plan "B". This means a way to absolutely eradicate all costs from your life. If you've travelled for an extended period of time since you earn your money online, there are at least a few places where you enjoy living. This is typically cheaper! Surprise, surprise as to why your status is higher. Now that you've got this place in mind, see how much money you'd need to live in this location. Our guess is that the number will come in 50-60% below your current living expenses. This is the "world is ending" location that you can retreat to. In these situations, a good move is to have a way to bring cash into the country (or have it there ready for the exit).

The probability of pulling this off (or needing to pull it off) is probably under 0.00001% for most readers of this blog. But. It sure is fun to have in the back of your mind. There is a lot of truth in saying "screw it and moving to Thailand". While said as a joke, if you're single, this is definitely something you can do in an absolute worst case scenario. In this environment, you're assuming that your income will no longer be higher by living in the United States and all your income will be earned online. We all know you won't be working a "real" job or career out in a completely different developing country.

#8 Adjust Your Living Structure: If you do all of the steps above and realize the math isn't looking to good, decide if there is any way to adjust your portfolio, pay off an asset or simply live cheaply for a few months. When things are going right, the cash flow does not seem to matter and you're looking at a graph that is up and to the right so all of the small expenses just seem to flow out. Assuming you're close and can survive two years based on all of the above, go ahead and get that to three given current sentiments. When everyone is saying things are good, that's not a good sign since you should do the opposite.

The first step is to look at all your investments: 1) which ones are well into the green? If it's well in to the green by a large margin, consider trimming this slightly to get your number to three years, 2) if you don't want to touch this, calculate how many months you would have to live with bare bones minimum expenses to get there (ideally no more than 6 months) and do that and 3) if both of these options are unappealing, we'd look for a new stream of income to begin making up the hole between the two year and three year gap. There is just no reason at all to gather millions of dollars only to be forced to sell it at a low point because the cash balance wasn't quite high enough. It's a perfectly avoidable scenario and we'd adjust now when confidence is high versus later when confidence is low.

#9 Invest More in Recession Proof Stocks: This helps you offset the portfolio declines. If you don't have a consumer staples income stream… just buy those stocks during high consumer confidence scenarios. They would include things like McDonalds, Walmart, AT&T and Procter and Gamble… For those that bought Triangle Investing, now you know why we own them in our active portfolio! For this exact reason. These stocks are so boring and standard that they typically pay out increasing dividends in a down turn. Everyone needs to use the internet and have phone service. Everyone eats cheap food. And. Everyone needs basic health care products like toothpaste. No it isn't exciting. No it won't impress anyone at a bar or night club. But. Yes it will save your cash flow in a downdraft.

#10 Avoid Junk Bonds: While they are fantastic during bull runs (last 8 years or so), they have high default rates during downturns. Over the past 8 years many high yield bonds of 7-10% actually performed perfectly fine. Capital was easy to raise and we saw minimal down drafts in the economy since 2010. The reverse is true going forward. The default probability naturally goes up when cash is sparse. Assume that the returns will be negative and avoid all high yield bonds over the next few years.

Bonus – Have a Tough Conversation Before it is Too Late: If you have a significant other, it is best to have an honest conversation about your current spending patterns. This front runs the down-side and helps you combat the future. We are guessing 90% of our readers (including us) are not in this situation. That said, we do have some readers with signficant others, spouses etc. We'd go through this conversation now before it has to be done in a hectic time frame. Do the math. If you're fine, great. If you're off by a few months… fix the issue now so when the weather turns sour you'll be ready!

To wrap all this up. The only reason we are writing this now is because of the current comments about the economy and overall bullish tone. We could see another 5 years of upside (90% of years are up anyway) so who knows. That said, when people are bullish, bad and aggressive decisions are made (yes, sadly many people bought crypto currencies on credit cards in December/January). We'd stay the course and make sure all financial numbers are in order. If so, no need to worry and enjoy the week!

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Building Unbreakable Confidence

You look around at your peers and they are all taking the wrong drugs getting no where in life.

You're only seventeen.

"I'm going to fix my life." You mean it.

You tell your friends "I'm going to gain 10 pounds of raw muscle this year and lose my belly". "Hahaha!" your friendzszs say.

Its been a year.

You look in the mirror, you benched 175 this year, you got down to 10% body fat, you walk on the beach one day in the summer and you notice that even these older broads are checking you out. ***You got a little bit more confidence. What else can I do?***

It's results day for college admissions. You didn't get into that Ivy your mom told you to get into. You didn't even get into a target school. Your friends come back and tell you it's not possible to get into Investment Banking now, you're not smart enough.

You're stressed, but you believe in yourself. You lost all that muscle you built up because you're working three finance jobs in college to make sure you can have a chance when you start cold calling those banks in 3 years. You're getting no where. No one wants you in their office. You keep on grinding it out.

You get one hit from a boutique bank for an internship. You get the job. Maybe improvement isn't linear. Maybe you're friends were wrong. Maybe you can hack it.

You work 100 hour weeks. You thought 100 hours a week was easy, its not. That's what you've been told to believe. You get the offer. You realize a lot of what you knew about finance was a myth. You saw a double jump in confidence and now you think you can hit those weights again because you earned a stripe in the war of life. ***You got a little bit more confidence. What else can I do?***

You land a more prestigious job at a higher ranked bank in M&A because of your work experience. Everyone around you has that ivy league education. You're dirt to them. You don't care. The market is firing, deals are going and you're the only one working 100+ hours a week and hasn't complained once. Time passes. They tell you, "we think you're going to be an associate you don't need that MBA". ***You got a little bit more confidence. What else can I do?***

Your ego is getting a little too big. You've got a couple girlfriends who know you can't commit. But you have that confidence still. You even kept the majority of that muscle.

You get into a fight at a club, you slipped up. Your arm is broken. You're struggling at work but its fine. Seven months elapse, a large recession. You're laid off. No one wants that young associate. Your girlfriends leave you in a blink.

You look at your life, all those hours are now worthless… so you think. No one is hiring. You're broken down. You remember how you got that first job and think to yourself. ***I've been here before. I've seen this before.***

You pound the phones, your ex-employer still loves you, eventually you get one interview. You nail it. It's at a less prestigious firm but at least you're still an associate. Time to get back to work.

Time elapses you've survived. They offer you a promotion. You accept. You recovered. ***You got a little bit more confidence. What else can I do?***

Some time goes by. You've been doing better and better. Your body is returning to normal because you know only losers quit. You're back to that weight room. You're at a new high, you don't even tell girls what you do for a living because you learned your lesson last time.

You decide to take a ski trip. When you're coming down that hill you realize you took that speed up too high, you break your leg. You're in the hospital again. ***I've been here before. I've seen this before.***

You get through those airport security lines. You're weaker than ever. Your superior lets you know "you know maybe we'll promote you soon". You can't tell if he's a lying stealing cheating banker. But you do know one thing. ***You got a little bit more confidence. What else can I do?***

You're getting read to sleep for more than 8 hours for the first time in years. As you're drifting off to sleep you realize every time you recover you become a better man. ***I've been here before. I've seen this before.***

Your last thought.

I hope I get fired. You pass out.

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Buying Time from Low-Income All The Way Up to High Income

Buying Time from Low-Income All The Way Up to High Income

We've talked a lot about "trading time for money" and how this is a poor way to get rich. Without being paid on performance metrics at minimum… the path to getting rich is significantly more difficult. The opposite is also true. If you can spend money to buy time it can accelerate your earnings. The catch of course is finding a way to monetize the free time. Below we'll provide a brand overview of buying time.

Type of Time to Buy

Functional Time: This is the most valuable form of time. Lets assume the human body needs ~8 hours a day to sleep this leads to approximately 16 hours of "functional time". We'll go ahead and cut out an hour as well (waking up process, going to sleep process etc.). You're left with just 15 hours per day to dedicate towards 1) earning money, 2) exercise/health, 3) having a fun social life and 4) hobbies. From those categories alone we can see that purchasing time needs to unlock items one and two (money and health). If you're paying to unlock more social life activities or hobbies, you're likely in the 8 figure range of net worth. Since 99%+ of the population does not have access to 8 figures, we'll focus on the first two items.

#1 Commuting (Basic Level): We've never understood why people own cars if their income is currently sitting at $50,000 a year. Lets say some bad decisions were made and you're making the average/median income of $50,000… In this case, killing your transportation time is the best "bang for your buck". You'll decrease your annual expenses and *increase* your income if you're interested in getting rich. By using public transportation you'd be better off over the long-term and would be "motivated" by being in that environment in the first place. Run the quick math.

If you're generating $50,000 a year that is roughly equal to $25 an hour (assumes 2,000 work year). Taking that and applying it to the cost of "car ownership" you'll get to a number that represents around 10% of your annual *net income*. Seems like a stretch? Not quite. Even if you drive ~1,000 miles a month that would equate to $1,200 in gas (at 30mph and $3 a gallon) in addition we have to factor in depreciation, insurance and of course the up-front cost of the car multiplied by an annual return. To keep it conservative lets say the total cost is $3,000/year… That would be 6% of your gross income. But. *Your payments are after tax so we're looking at 8-10% of after tax income.*

While people will attempt to rationalize this amount of spending, we'd also factor in the time lost. A net loss means that it is quite difficult to do anything productive. Difficult to read, difficult to write and difficult to focus since you're putting your life at risk along with others every single time you try to take your eyes off the road. Think of driving a car as "sunk time". Sunk time is the definition of inefficiency as you're unable to accomplish anything. Even if you try and listen to audio books you're better off being on public transit reading since you'll consume more information (besides if you're not where you want to be taking public transit is perfectly fine). In a rare case we agree with frugality websites here because there really is nothing gained by driving yourself since that time can be used to: 1) respond to emails or 2) read. As a final note, there is nothing wrong with having a car and we're not advocating public transportation for people making large amounts of money. We're saying that it's the best bang for your buck and reducing "time lost" is what you'll need to do if you're starting from ground zero. Every hour you have needs to be spent wisely since you're trying to play catch up/get ahead.

#2 Paying for Organization (Middle to High-end): With the biggest time suck out of the way (commuting) you can then look to organizational tasks that are eating up your time. Organizational items include: 1) cleaning, 2) laundry, 3) cooking and 4) booking. We've placed the items in that order because it is likely going to give you the highest return on your time. Most people focus on laundry services first but you're more likely to benefit from a maid service on a bi-weekly or monthly basis when compared to standard clothing.

Cleaning services will cost at maximum ~$200 a month (we're sure there are higher numbers, however, a smart person can spend around $200 and be perfectly fine on a monthly basis). This would represent around eight hours of wages at a $50K income level. Or it would represent two hours at a $200K income level. Somewhere around $150K it becomes logical to outsource your cleaning as you'll likely free up more than three hours of time with a cleaning service. The key is that *you'll need to spend this free time earning money.* Do some quick math the next time you're in your home/apartment and see how much actual time you spend keeping the place organized, you'll be surprised to find that its well north of 3 hours.

Laundry services are next in line. Typically, your white collar professional tries to outsource this item first… even though he's better off hiring a cleaning service. If you're running your clothes through the wash you can use the spare time to work on anything you like. You're not losing much time clicking "on" for a washer/dryer since you're going to be in your home in the first place. The reverse situation is true for cleaning services since you're physically losing time organizing your place. Once you're in the ~$250-300K bracket, you'll want to free up the two hours or so per month you're *spending* on organizing clothing. In this range you're better off making a few phone calls, editing your website, writing code (insert any activity that makes YOU money). The amount of time spent can be freed up for a similar cost.

Cooking services are the third item to look at. This is when you're getting to more extreme levels of income. It doesn't take much time to order food or to drop by your favorite places to get food. You'll go down the cooking service line of thinking when you're no longer interested in tracking your own diet. We've got mixed views here since tracking and monitoring food can be rewarding as you figure out what types of vegetables, fruits etc. lead to positive reactions in your body (the basics are covered in Efficiency). Once you feel comfortable with your general diet needs and see no reason to *tweak* your diet in the future you can go down this route. As you can tell by our writing here, we're still on the fence since we're constantly changing our diets to see if our bodies respond positively (as a final note, yes your taste buds do change as you age).

Booking services are last. This is when you have your own assistant for all of your scheduling/time management. This is standard in a corporate environment where an assistant takes care of your expenses, travel booking and is “first line of defense” to avoid spam phone calls. Generally, it takes quite a lot of really justify this level of time saving when you’re running your own empire. We’re nowhere near that level of need given that most items can be added to a calendar in a few clicks but if you get to that level congratulations on making it to a high 8 figure or 9 figure net worth!

#3 Paying to Earn Money (Every Single Level): It sounds contradictory since most people look at earning income on an “hourly wage basis”. In this environment, paying for services to unlock more money does not seem plausible. This is also why frugality blogs focus intensely on using all of their effort to cut costs (after all their earnings are capped at time-dependent intervals!). Lets look at the biggest purchases that can earn you more money: 1) customers, 2) sales, 3) design/image and 4) “R&D”.

Customers are the hardest to convert and the most profitable to go after. If your company generates a 50% profit margin, you can spend quite a lot of money on traffic/advertising. Assuming you’re generating $100K a year in operating income (example) you can spend the entire $100K assuming that you’ll generate $201K in sales (you’d make $100.5K in operating income instead). This is why investors focus so much on the “addressable market” and the “audience”. It is because the niche you’re targeting is going to determine how many buyers there are to begin with. Once you can focus in on that group and target them directly, it’s simply about getting them to click “buy”.

Sales representatives would come next. It should come as no surprise that the second thing you’ll look for (after the customers of course) is a solid sales effort (assuming your product is done). Look no further than standard affiliate marketing or the SG&A line item for every single company in existence! If you have a solid set of customers you may need some soft touch relationships to keep it going (recurring revenue). In addition, those same sales representatives can help you convert the “no’s” to “Yes’s” during their down time. Similarly, you’re looking for the same dynamic where your total amount spent needs to generate a higher operating profit number when compared to your “stand-alone” set up.

Design and image is significantly more difficult to quantify. Here you’re making slow and modest adjustments to how you’re perceived which can help you change your target market. Look no further than your typical musician/actor. We’ve all seen the same story over and over again. When they’re young their personalities are targeted towards people in the 13-17 age group and as they get older they are told to “evolve” and end up becoming more and more “edgy” with tattoos or small misdemeanors and other click bait gossip type activities. Some go entirely off the deep end and suffer from serious issues, however, the transition was expected to happen. Difficult to profit as a musician at age 40 targeting teeny-boppers. While this is an extreme example, you can take the same concept and apply it to any Company. Are they targeting the high-end or low-end? What age group? What other products could fall under the same umbrella? All of this is taken into account as companies grow. For more specific examples, look at high-end retail and see how many companies are forced to take “branding set backs” and target slightly lower price points to expand their market while maintaining the perception of being exclusive/luxury (Coach, YSL and even Tesla are examples).

Research and Development is last only because we know absolutely nothing about making a technology product. R&D is supposed to 1) keep your product ahead of your peers and 2) help expand your company into new categories without changing the Company perception in a negative way. If you’re selling white label consumer based products there are clearer directions: 1) perfumes could expand to mens colognes, 2) suits could expand to casual wear, 3) Books periodically become movies, so on and so forth. Unless you’re trying to make millions upon millions of dollars you’ll unlike need more than a couple of good ideas with solid marketing making this last on the list for yet another reason.

#4 Travel: We touched on this topic in our post on “End of the Road“. We’ll add it here although it will likely be obvious for everyone (including mid-career people). When you’re done, the biggest headache is saving time. You don’t want to burn any unnecessary time so here is what you end up doing: 1) living right next to where you typically go out, 2) you know your city extremely well and yes you might even take the train! Why? Well who wants to sit in rush hour traffic if you know the train is faster… You’ll remain rational, 3) you’ll hate indirect flights and will happily fly economy if this means ***avoiding*** the standard 1 hour layover in city you have no interest in and 4) you will pay up for expensive travel if there is no other option (extremely rare) and 5) if you do end up becoming ultra-rich you’ll pick up net jets accounts or own one. We’ll wager the vast majority of people can make it to the third bullet (where flying business class is normalized behavior) however reaching level four and five takes a lot of good luck and effort.

On a final note… if you’re interested in learning more about making money, staying in shape and doing so without choking off your personality… You’ll probably like our upcoming book **Efficiency (Expected Release Mid-July)**. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career **and** the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (*the basics and all you need to start*); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). **Efficiency will be available in July**, subscribe to receive discounts or follow us on Twitter for the launch. Remember we can give the tools, but no one can execute on the plan but you.

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Cash

Cash

Here is an overview on how you should think about cold hard cash.

Cash Buys Time: Simply put, you can use cash to buy yourself time. It can be as simple as a convenient store and parking to as impactful as elongating your life. If you meet anyone who disagrees that cash does not buy time, you can be certain they have never seen a loved one die in a hospital due to lack of top tier medical treatment. No matter what, we will use time to acquire cash of course, but do not forget that the reverse is also true. Hence the phrase “Time is Money”.

Hint for younger guys, if you waste someone’s time they are not going to like you. This will happen faster than you think in a good way or… in a bad way.

Cash is Not an Investment: We have said this many many times, cash in a bank account is deflating in value by ~3% per year. Regardless of what the CPI is saying, your opportunity cost is simply CD’s and 10-year bonds. So in reality? It’s probably closer to a 3-5% net loss per annum. If you believe cash is an investment don’t listen to us… Listen to Warren Buffet.

Cash Flow is King: From the video clip above you can tell there is a clear and implied message. **Cash flow is king not cash.** As a simple example, if someone tells you they have a net worth of $1M and make $2,500 per month from their profession are you impressed? No. Now if someone says they have monthly cash flow of $50K and a net worth of $500K… You're going to choose to be person number two. Why? It means you can continuously reinvest into other opportunities.

Take this to a personal finance perspective and apply it to your own life. Before you buy/invest in anything you should have a clear idea of how exactly you're going to turn the position into a cash flow positive event.

Cash is Ammunition: Hate to refer to the video again, but if you listen carefully he says "we will always have cash around but anytime we have **surplus** cash around I am **unhappy"**. Therefore, the second implied message is to create a minimum cash balance and find a way to invest the rest.

Lets take this to a personal finance level again. If you have money sitting around for longer than a year then this money absolutely needs to be opportunity money. You're losing 3-5% per year so you better have a rolodex of possible ideas coming your way.

Cash Makes Friends: Most people believe having cash makes you have the "wrong friends" and that you'll find out who your *real friends* are. In reality, the first idea is completely and utterly false and the second idea is absolutely true. When you finally make it in life, the people who clap and congratulate you are going to be your friends for life. The ones that beg you to help them and the ones that say you don't deserve it or become jealous… Go ahead and cut them off. Their loss anyway.

You will be surprised at how the cards play out. Don't worry about the one time drop in friends, you'll end up making many more friends because successful people all share a similar mindset.

Cash Makes You a Lot Happier: We have said this a million times, but it will be a short bullet here. Anyone who says it doesn't matter is either excruciatingly rich (0.001%) or broke. Play the odds and you know you're likely listening to a broke person when they say money doesn't matter. The fact is, real cash allows you to do anything you like. Re-reading point 3, ***you are only well off if you can survive off of cash flow from investments and maintain a happy lifestyle.***

This makes it incredibly obvious as to why it makes you happier. **You don't have to do anything you don't want to do.** So when you hear that all rich people are fat and unhappy, you can just go back to the classic move… Smile, nod, agree and ignore their future requests to meet.

Cash is Not a Cure: It takes many years to realize this, but one single thing will never fix your life. Even though it solves hundreds of issues for you, there is literally not *one* thing that will make you entirely happy and cure all of your problems. In general, happy people have the following qualities: healthy, positive social life, positive sex life, work they enjoy and no financial issues. In short cash is not a cure but it knocks out two important ones, health and financial issues.

If you can read between the lines here, the one thing that comes close to being the cure for happiness (if you're depressed)? Yep you guessed it, **Game.**

Cash Creates Baseline Trust: If you had to ask someone to watch your bags at the airport, would you choose the unshaven backpacker or the man in a high-end business suit responding to emails on his phone? Naturally you choose the person in the suit. The reason why cash creates trust is related to point 6, if someone has money they have no interest in taking anything from you because they don't need to. Go find a wealthy neighborhood… then go find a poor neighborhood… then ask yourself… Do I trust the people that surround me?

For the astute reader, you're going to realize you feel slightly uncomfortable asking the man in the suit to watch your bags compared to the questionable unshaven young man. Why? You realize his time is valuable.

Cash Makes You Mean: It took several years of work experience to understand the phrase *"the truth hurts"*. What does this phrase mean? It means if you are direct or blunt with people they will be offended because most people want to hear fairy tale pick me up stories instead of the truth. When you become successful you'll find they have one dangerous quality. If they like you, they will tell you how it is for better or worse.

So before you become upset when you dislike the advice given by a wealthy person… ask yourself… **Did he/she tell me the truth?** The real world is much much tougher than a few words of advice from a stranger.

Cash Makes You More Attractive: You can interpret this in many ways and in practically every way you're going to be correct. Unless you have honestly lost your mind, you're going to choose to hang out with a wealthy individual when compared to a broke individual. All else equal.

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Summary Remarks: Hopefully you now know everything you need to know about cash. 1) it doesn't buy happiness, but it helps a tremendous amount, 2) it is not an investment, 3) money buys time, 4) cash gives you a level of trust and 5) cash allows you to decipher your social circle.

Now instead of hating it, lets find a way to get more of it to hand to people we like.

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Choosing Friends

This post is going to offend some people. It is broken into two parts, most will eventually pass through part one however part two is the next step.

The Basics

Most guys, girls included, have many "friendszszs". These people are holding you back. They are dragging you down. You're being suffocated as you stand in your comfort zone unable to venture out alone. Each day you're dying because stagnation is death. Your friends are your worst enemies. It is never what we don't know that gets us in trouble it is always what we believe to be true that isn't so. So ask yourself. ***Are your friends worth your time?***

For most people, the answer to the question above is no. Your friends are creating a negative feed back loop in your mind when it should be a positive feed back loop. If you're on the fence here's a cut and dry guide to sifting through your 500K friends.

1. Does this person encourage you to "just be yourself"? **Yes? Next.**

2. Does this person have a flash of happiness when you tell him bad news about your work or personal life? **Yes? Next.**

3. Does this person laugh at you if you get shut down at a bar or club? **Yes? Next.**

4. Does this person have a negative or "realistic" mindset? **Yes? Next.**

5. Does this person have a dwindling bank account with no actionable steps to improve his life? **Yes? Next.**

In this day and age the word friendship is dead, we are busy trying to "get ours" with no effort. Instead replace friendship with the word ***reciprocity.*** A reciprocal relationship is beneficial to both parties. If your best friend is dragging you away from events you wish to attend and is willing to battle with you for an obscure girl at a club, be certain he won't be there for you when you need a place to crash.

Advancement in Seven Steps

Assuming you've built up a solid social circle and none of your friends is an outright loser, it's time to step up to the next level. Building upon some of these key elements will take years to achieve.

Faith: This comes at an odd time after the recent bombings in Boston, however a key element to giving yourself unbreakable confidence is faith. While you may or may not be religious yourself, befriending a man/woman that has the exact opposite religious beliefs could do wonders for both you and your new friend. It is much easier to maintain a healthy relationship when the only activities consist of hanging out in bars and playing sports. A relationship with direct opposing views causes both parties to see the other side of the coin without lashing out in anger. You learn nothing from a man who simply nods in agreement with every spoken word.

Ethnicity: Unless you are in an odd city with no diversity, befriending a set of people from various backgrounds will open your mind to new ways of thinking. For better or worse, each ethnicity has a different stereotype associated with it and carrying these stigmas in your mind will cause prejudice. Befriend a man or woman from as many countries, origins and backgrounds as possible. If you do not, don't be surprised if you awaken one day and realize you are suffering from group think. We could have chosen "international relations" but ethnicity sounds much more catchy.

Willpower: Someone has had it harder than you. Someone has had it harder than us. Someone always overcame more. Consistently search for a man who has overcome more in his life than you have… and succeeded. This will make it incrementally more difficult to look in the mirror and say "I quit". If you have a cellphone in your hand with a direct line to a man who has suffered through more pain than you, how can you give up? You'll be motivated instantaneously.

Money: You must have a close friend who is wealthy. The wealthier the better. Osmosis will occur. More importantly, how does an average person obtain contact with a wealthy individual? You must add value to their life. This is how rich people think. Consistently search out a new mentor to get your money straight. The last thing you want to do is lay on a hospital bed with an expensive procedure on the docket to save your life… and you don't have the cash.

Hard Work: Similar to willpower, you must find a person who works harder than you do. It is much easier to simply state "I work hard". This is what lazy people do. They say they work hard but can't tell you what they did over the last 24 hours. You should have an hour by hour breakdown of what you did and why. This should be trumped by someone you deem as superior to you.

Positivity: The impossibly bubbly kind. Where no matter what happens in life the person will not be phased. Not the slightest. No sleep? No problem. Lost a job? Getting another one. Got burned by a girl? Out picking up girls that night. Family member dies? You never knew because it never came up. Broke a bone? Miraculously fast recovery.

Health: Always ahead of the curve. Knows the ins and outs of new healthcare technology. Always looking for more information and is in incredibly good health. No one steps in his way because he's a rock. No one questions his advice because he is living proof. Simply ahead of his time, which is something you can never get back.

With all of that said. How many of these seven traits do you possess? ***Or are you the friend that deserves to be cut off.***

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Common Money Questions & Answers: Getting Rich, Investing, Saving and More

Common Money Questions & Answers: Getting Rich, Investing, Saving and More

We've taken the time to aggregate everything we've seen from the Q&A to go ahead and address common questions. While the Q&A will unlikely ever be opened to the public, the most common questions should be addressed here to 1) save time on redundant questions and 2) make things run more efficiently in the future. The most interesting thing we've noticed is the number of people who simply lack direction. This isn't really a big issue if you're under 24, but we're shocked at the number of people juggling 100 different ideas at the age of 30. It just doesn't make sense. So we'll jump in.

Deciding Between Careers: We're going to say this over and over again. Careers do not matter if you want to become exceedingly rich. Before we move on we will define these numbers and please take a look at our post on the Company man giving away his life.

As you can see in the post we linked to, you just won't make it to $10M working at a Company. Please do not use "that one guy" in banking, tech or sales as an example, he is generally the exception to the rule and was built for that specific position. If you want to be exceedingly rich defined at ~$10M (eight figures is rich by any standards) then you *must* start a company to maximize the chances of this happening. *This means most careers are not worth your time.* Careers are nothing but cash flow generating machines to fund your real idea. It is similar to a company with several declining business models, they leave them up since they generate cash to fund the growth side of the business.

With that out of the way remember that all your decisions need to answer that first fundamental question. If you're happy with ~$2-4M in net worth (age 35-45), you can focus more on your career and have a tiny side hobby. If you're not happy with this and want $10M+ (age 35-45) you *must* start a Company of some sort, you need ownership. This fixes all of the career questions at once. *If you want $10M we will always give you the same answer! Which is choose the Career with lower hours and ability to scale something else.* If you want to get to $4M or so, then choose the one with the fastest promotion/move up the ladder features. This is because your number is lower in the second option so you're going to be focusing a bit more time making sure you're at the "top bucket" in terms of performance.

Making the Decision ($2-4M): In this section we will address the $2-4M seekers. This is not us. That said we will address it anyway. If you're looking to get to this level your goal is to get promoted as fast as possible and start a basic side income of say $50K a year doing freelance consulting/basic real estate remodeling or something similar. Nothing crazy since an extra $50K a year is going to give you a massive boost to getting your net worth up. Why do we focus more on promotions? Well you need the cash flow as fast as possible. Investing say $100K at age 30 versus age 40 is a life changing difference. Even if it was only for one year, it would be worth around $400K by age 44 versus $400K at age 54. Not even in the same zip code from a Utility maximization framework.

This blog has been around for quite some time and we've already met several public figures who know our information is legitimate. That said, we still get the same "prestige" questions which are irrelevant. The only thing that is relevant in the prestige question is if you will be in a top performing group. We've noticed a massive sea change in compensation for "top groups" versus "bottom groups" but… at the end of the day you're still better off being a Vice President at a mid-tier firm than an career associate at a top-tier firm since you can't leverage your performance for bonuses that are multiples of your base salary. Long-story short, always remember to choose the one that gets you closer to the "final table". Wall Street is a massive poker tournament and the goal is to get to the last table even if you are short stack since you get cashed out in a big way even if you fail there.

Making the Decision ($10M+): You've decided that you want to be rich. Congrats welcome. It's brutal out here. Which means? You must choose the option that gives you the most free time to scale and grow your business. No juggling no nonsense like that. You will go full in on your idea. Most people who end up being ultra-rich don't even begin with large amounts of start-up capital so there are literally no excuses. In fact, we'd say the more money your idea costs to start the worse it is. Airlines are probably the best example since they needed government money and nowadays make their money off credit cards not flights. Pretty simple decision making there, go for it if you want to be rich. There is no other option which is a good thing.

Asset Allocation: There are really three factors for asset allocation. As usual this is not legal or financial advice and should serve as an opinion: 1) net worth targets , 2) amount of risk you're willing to take and 3) lock-up period.

When we look at these three, the most important one is probably your net worth targets. Surprisingly this is more relevant than risk since you're going to automatically make this adjustment based on what you want. If you're thrilled living off of $40K a year, and the current interest rate was 4-5%… You could probably just throw tons of money into CDs over and over and over again. You'd eventually hit your annual $40K a year of income target so there is no reason to take risk since it is unnecessary relative to your net worth target. Most financial advice says "take risk when young" which we do ascribe to. But. It's not one size fits all. If you don't need that much money to be thrilled with your life, then there is no reason to take on a ton of risk. You're just adding stress to your life.

Hopefully, you're looking aiming higher otherwise we don't know why you're on this blog. The problem with this is we'll never know what number you're shooting for so we can go ahead and work backward. If you're aiming for $10M+ the only *real* investment that matters is the money you spend on your business. This will never change. As long as you can get a high ROI by investing in new product SKUs, new buildings etc. You should do that. No questions. After that since you're looking to outpace inflation you should then look at our asset allocation in Triangle Investing.

Now we reach the lock-up period. As you get older you'll realize that cash flow matters way more than net worth for living standards. So you're going to have to create cash flow models for yourself. Stair step expiration of CDs, real estate payments, bonds, dividends etc. The basic outline is quite simple. Once you have hit your financial independence number (which is going to be below $10M), you make sure all your cash flows for the full year from investments only hit this number. Notice. We are not saying an exact number since we don't know what yours is. For fun, if it was $10K a month, this means your cash flow generating items should clip out $120K a year (no business income, no career income).

For those that are interested in what we're doing, we've officially gotten "old". So more and more money is going into cash. This is because we've already benefitted from a 12 year bull market, and while the market could continue to grow the next couple of years due to Trump and all the positive policies, the risk free rate is becoming more attractive. Our guess is that 2019/2020 we will be moving heavily into CDs especially if the risk free rate is near 4-5% where that equates to $80-100K on $2M dollars. Not a bad return for no risk! So there is no confusion, when we say "more into cash" it means 50% of all income not needed for anything is going into cash. The other 50% goes into the normal items, RE, stocks, bonds crypto.

Not Worth Investing: This isn't a complicated topic but for some reason it continues to pop up. Unless you have around $500K to $1 million or so (rough math no need to get fancy) investing essentially is worthless. It means you should be able to find *higher ROI investments with your own business.* Point blank and full stop, should be easy. That said, if you have *extra* cash and it would be sitting in a checking account instead, then yes just chunk it into stocks/bonds/RE etc. Not sure why this is difficult but it makes sense given the tilt of this blog. Unless someone has business income we will bet against them getting rich 99/100 times. Day in. Day out.

When to Go All In on Risk Free: This is a fun one that comes up. Since market returns are around 10% long-term and risk free rate today is around 3.0%, it says there is a 7 percent spread. Instead of doing the boring old, "it depends" answer we will give you the number we believe in. If your net worth is eight figures, we think 5% is the hurdle. You'd be making $500K a year risk free which is insanely attractive. If you're in the low millions, you probably need 7-8%. So those are the two bench marks for going "100%" in. If you are in the $7-8M range the percent is probably around 6%, so on and so forth. Our entire math assumes that $500K in income is more than enough. It's incredibly difficult to spend more than $30K a month ($360K) so we don't have any idea how people would spend more than that unless they have some serious addiction issues, materialism issues or otherwise.

Efficient Decision Tree: Our book is named efficiency since we believe that's essentially the key ingredient to life. You have to be efficient with your time. Looking at the paragraphs above, notice we force the reader to make a decision immediately. Do you want $10M? Do you want $2M? This is the question you have to answer. If you really want to become a billionaire or worth $100M, all of the stock market analysis stuff is essentially a joke, you won't get rich that way. Now if you want to get to $5M and don't mind working in a career for a large portion of your life, you're going to take a very different path of lower risk for the trade-off of lower reward ($5M isn't close to $100M). It's interesting since most people cannot make this conclusive decision. We're not sure why. But. It's a common problem. Make this decision first then you can easily decide between careers and business ideas. Without this decision you'll spin wheels in loose sand over and over again.

Saving Rates: One of the funniest things about frugality blogs is they don't talk about the downside of living off of $24K a year. You end up being forced to watch your budget and can't really splurge at all. We're not going to argue for a good amount (okay we think $10K a month is pretty good enough for the vast majority of people), but the lifestyle of $24K a year isn't going to be fun at all if you are in a fantastic city like New York, Miami or even Mexico City. If you really didn't need money you could have just become a monk and they live a similar lifestyle in monasteries!

The problem with savings and most "career decisions" is none of them are really meaningful. If you make an extra $20K a year, that is only $10-13K after tax and isn't going to change your life at all. Honestly it won't if you're gunning to be rich. Yet… the same questions continue to come up. People waste too much time and energy on things that don't really get them to the bigger goal/picture. The bigger goal/picture is 1) promotions in a career and 2) the biggest picture is ownership of a company even if it is small to start ($40-60K annual is at least something). At the end of the day these two points come up over and over and over again and people expect a different answer. *A different answer will not show up because smart answers rarely take more than a sentence to explain.* To conclude this paragraph, always remember, that there is a floor to savings since you must eat and live somewhere and there is no cap to earnings. You could earn $100K or $100M in a year, just need the scale.

In terms of scale, if you're trying to get to $5M net worth, you probably need to get to a point where you're saving around $200K a year (after taxes). It's definitely possible if you're putting that kind of cash away for more than 10 years or so. If you're looking at $10M+, it's all about the valuation of your company and how much you could sell it for (exit multiple). Funny how dramatic it is! To get really rich you need to own and sell. You can sell your company you cannot sell your job. Period.

The Funny Thing About Money: Before we wrap up this post we'd like to ask a basic question to anyone reading. *What is the point of the money?* We have no answer for you, our own view is to make sure any family member has premium healthcare, work alone with no boss and have freedom to do anything with our time. That's a good life. Now for the people saying the "must" have $100M our question is "why?". Some people really cannot answer this question. In fact, we get crazy answers like fame (which is terrible) and to buy exotic cars etc.

Take a pause there. Unless you really have a massive idea like starting a new spaceship related company, $100M and $10M is very similar in terms of an individual life standpoint. The return on money definitely declines. We're simply interested in seeing why someone would really need to get to this level. The good answers we have heard is 1) helping everyone not just their family have good jobs/lives – this is admirable and 2) a significant driving force to improve the world – in a serious way somewhat like Elon Musk. Other than that, it really is tough to justify tons and tons of money since money is just a tool. So. For those who weren't able to answer the original question of how much they need we suggest working backward. *"How little do you need to live the life you want?"* You can now answer the original question.

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Common Questions and Arguments that Don't Make Sense

Common Questions and Arguments that Don't Make Sense

The title is as brutal as it gets. We're going to address several common questions/arguments that make no logical sense. While they do sound like legitimate questions/arguments, they haven't been deconstructed. This list will hopefully save a lot of time and outline ways to deconstruct other common complaints/questions in the future. Three categories: Money arguments, excuses related to trying and personal life excuses.

Money Arguments

"Not Willing to Sacrifice to Get Rich": We're not sure what these individuals intend to gain by making this statement but it is the most ridiculous of the group. If someone doesn't want to get rich because it takes too much sacrifice, then they wouldn't bother arguing their position. Why is that? Well if they truly didn't want to get rich and believed it took too much sacrifice they would be happy go lucky people living care-free lives on low income. This is essentially never the case. The ones that claim they have to sacrifice too much to get rich are 99.99% of the time unhappy bitter individuals.

If this isn't enough, just jump ahead. Who works harder? The guy who works for 40 hours a week for 40 years straight and retires at 60-61. **Or**. The guy who works for 60-70 hours a week for 10-years and no longer has to work again (unless he wants to). Mathematically, it isn't even close. Sure you can argue that millionaires continue to work pretty hard through at least age 50. But. If the goal was to sacrifice less, you'd be better off with option number two and calling it quits. Pretty contradicting isn't it? If someone really didn't want to sacrifice they would get rich to make sure they didn't have to sacrifice. Quite a conundrum.

To put the final nail in the coffin, the health argument comes up. And. The result is the same. Wealthy people live longer and are generally healthier. Now the one small part that is true? Your health will definitely take a ****temporary**** hit during the "pain period". This means you may gain weight, you might catch a few more colds than you would have liked etc. But. Again. If you look at the probabilities you're much more likely to be *less* healthy if you never get rich in the first place. Before we wrap up here. It is true that some guys try to get rich only to have something terrible happen, life ending disease or freak accident. The key part to remember? *The percentage is the same.* The random people who have sudden accidents and were on the path to get rich is equal to the percentage of deaths for people who live the 9-5 jive. There is no legitimate data that says "working 60-70 hours a week for 5-10 years leads to higher risk of death". We'd bet that working 9-5 jobs, drinking low quality alcohol and sitting on a couch is a bigger cause of death.

"Getting Rich Won't Make You Happy": We hear this a lot from two types of people. The ultra-rich which we define as $100M+ net worth on lowest valuations and the poor (must work to survive). Naturally we don't agree with this argument since we aren't ultra-rich! Life as a poor person is terrible while life as a rich person (but not ultra-rich) appears to be the sweet spot. Our best guess for why the ultra-rich don't believe money will make you happy? Personal life issues.

There are a few things that money won't buy and that list includes: strong personal relationships, a significant other who loves you, a cure for disease if it impacts you (your kids, spouse etc.) and additional time. It also doesn't protect you from one last critical item: responsibility. We think that last one is underestimated. If you're rich (you're going to own a small private company of some kind – at minimum) you're going to eventually hire people. As you hire people you're essentially putting *their* livelihoods in your own hands. This causes a lot of stress and pushes you away from what you wanted to do: live a care-free life.

So. While money definitely won't solve all of your problems, it sure cures a lot of them. Okay not a lot… 98% of them! Oddly enough one common item we've noticed from people who agree that money does make you happy? **They were born poor.** People who were born without money and obtain their first million or two rarely go belly up from what we've seen. It happens of course but the ones who always remember the beginning never take a risk that would cause them to lose it all. (if someone wins the lottery that's a different story since they didn't do anything to obtain the money).

Now we will concede with two final items. It is true that there is diminishing returns to money. If you have $10 million dollars and go to $15 million, your life really doesn't change much. For fun a quick way to think about the "slope" of the curve is as follows: 1) if you're in the hundreds of thousands of dollars, any time you double that is a big life change, 2) if you are in the 7 figure camp, the same formula applies, 3) when you reach eight figures you'd need to move at least 2.5x meaning $10M to $25M or so and 4) when you get to $100M+ not much else changes except ego. *As a clean disclaimer we already stated we're not at $100M+ and will unlikely ever get there, the bullet point was based on conversations not on experience*.

The final item: fame. If you become a public figure there is no turning back and it can be a severe negative to your life and lifestyle. Before you get on TV and try to become a "celebrity" make sure you understand the consequences: life time harassment for anyone you care about. People even send death threats to Weather Men and Weather Women. Seriously.

"**$5-10 Million Isn't Enough to Be Rich"** You definitely don't need to have any sort of "luck" to get modestly rich (call it $5-10 million). This frustrates a lot of people and some poorer people have the audacity to say "$10 million isn't even rich you're wasting my time!" We can't help but laugh. Unless the person is worth $100M+ he really doesn't have any say in the matter. And. If he was worth $100M+ he wouldn't leave this type of comment! (okay maybe 5-6 people in the entire world would take the time to leave such a comment… we'll go ahead and live with those odds… the ultra-rich wouldn't bother with negativity).

For fun we'll go ahead and prove out that $5-10 million is enough. If you can spend $20,000 a month into perpetuity it is incredibly difficult to feel poor unless you are a weak person. What do we mean by this? We mean that weak people will feel that $20,000 is not close to enough. Why are they weak? They have to live their lives according to the expectations of other people. If someone feels poor at this level they are likely being abused: giving money to people who don't deserve it or taking on too much responsibility which wasn't the point of getting rich in the first place. Cruel words. But. Try to find someone who doesn't fit that sentence who complains about their $20,000 in monthly spending ability.

Breakdown of Spend: Taxes on paid off property: $1,500-$2,500 a month. Living expense minimum $3,000. This leaves $15,000 of *discretionary spending*. Pretty crazy to think that anyone can argue it's not enough. If you were smart enough and strong enough to get to $5-10M you better have the strength to say no when "relative of so and so's brother" wants a loan. Oh and by the way? If you really need to spend more you can always keep your business open (we didn't even include working!). We almost stopped. This **also** doesn't include spending your principal! This spending assumes you never touch the principal. Forever.

Excuses and Laziness

"You Need to Get Lucky" We gave our opinion on luck in a prior post. While you *do* need to get lucky to become ultra-rich, you definitely don't need luck to get rich. It's just an excuse. In fact if you talk to these people they have the same common excuse: *"well it worked for him but that wouldn't work now"*. Which doesn't make sense. If we look at the past 40 years or so the average age of people getting rich appears to be going down. Meaning? The chances of becoming a billionaire at a young age is higher now than it was in the past. This is probably because technology accelerates the transference of value. If you have something good, you're rewarded in rapid fashion.

"I Don't Have Any Good Ideas": This is another common one where we laugh. All we would say is that's great because we would never loan money to someone with a good idea. In fact you have a better chance of getting rich if you don't have good ideas! Why? It means you're more interested in making money. Making money is more important than a good idea because it means you'll be focused on execution and not have emotional attachment to your "special" idea. We forget the specific saying but it goes something like this *"never loan money to the guy with passion, loan money to the guy who is only doing it for the money"*. This is because the second person won't have emotional attachment and will do what it takes to gain market share, improve profit margins and get that cash.

The second issue with this question is that it overthinks the problem. A "good idea" is just something that will fit into a growing industry. That is all. If an industry is growing it means people *want* the product. In the 21st century do we really "need" anything anymore? The answer is no. If all innovation stopped today, we could all use the internet, eat food, sleep, travel etc. Our needs don't change. Instead, if an industry is growing it just means people *want* that product. *If they want it, you can make higher margins on it.* If you don't believe this then why do aspirational goods have high margins (luxury anything).

In both of our products: Efficiency and Triangle Investing we have given out exactly what industries are growing and what markets have high potential. Do you need to be passionate about any of this? Nope. Do you need to have an interest in any of this? Nope. You just need to make sure people want it. If you're looking for inspiration just go to any common tourist destination. Watch in awe as people pay 10x for some trinket that costs $1 to make. Go to a high end club and watch people buy a bottle of champagne that costs 1/20th the amount of money in a super market. So on and so forth. Find a growing item, create a slight spin that makes it seem cooler than the other widgets and get to selling.

"I Don't Have the Money": Another crazy one. Even the most notable recent billionaires like Zuckerberg or Musk didn't start with a ton of money. In fact the funding only comes in when you really deserve it. People don't like that sentence but it's true. When you start from zero and have something small working, eventually you will need to raise money. If you raise money with "just an idea" you've essentially wasted people's time. Using a common pop culture example, have you noticed that Shark Tank always has people who have a product and/or some sort of revenue. This is because ideas don't have any value at all. Unless your only idea is a new airline there are billions of other businesses that don't require a ton of start-up capital.

Oddly enough we've tried numerous websites and brands and the one that required the most "start-up" capital was the biggest failure of the group. Starting with more money didn't make a difference. At all. Having "start-up" money won't change what people want unless you're an influencer with hundreds of millions of followers (you can now cause something to be cool/popular).

"Don't Have any Experience": Awesome. If you know absolutely nothing about the industry you're probably at an advantage. Why? Well if you think you know something, then you're the most likely candidate to be disrupted. You'll miss a product gap. If you don't know anything but see a clear product gap that's fantastic. Sure beats being the guy who has been in the industry for 30 years but hasn't created a single new SKU in years. Kind of odd when we think about it like that isn't it?

One item of warning. We're talking specifically about experience here. We're not talking about energy. Time is a cruel beast. Eventually your stamina comes down and this can dampen your chances at starting something new. Also. If you don't have any unique knowledge and are older, the game is probably over in terms of getting really rich. As a positive side note, we've stated before that anyone can make $250,000/year at any age. No exceptions.

Personal Life Excuses

"My Life Won't Change If I Was Rich" If that is the case we're going to say the person is a terrible human being. Feel free to troll the comments with the blog being full of sociopaths. We don't care. What type of person wants to go through life knowing that he can't help anyone he cares about. If you want to have kids can you imagine saying "I can't pay for XYZ life-saving treatment". If you don't have kids can you imagine saying the same thing to your parents who spent 18 years raising you. We don't know how these people sleep at night. It's disgusting.

Also. If the person's life "wouldn't change" what exactly are they doing all day? If the average income is around $3,000-4,000 a month… what can you really do? Watch Netflix, eat, drink a few beers and save for a 1-2 week vacation every year? Not sure why that would be exciting in any part of the United States. Hell. Even the people who want to "save the world" by entering the Peace Corps or some other charity would be better off getting rich. They would be able to do more good for society in a position of financial strength when compared to simply donating their time.

"What About Boredom" Not sure how a boring person found this blog. But. Congrats! (sort of). The problem is we don't have much respect for boring people. At the end of the day, boredom is a choice since you only get one chance at life. If someone is bored it just means they don't have the resources to have fun (see the above on why we think people should get rich) or it means they are just boring people. If they are really boring people and enjoy watching Netflix all day, then why do they bother coming here to ask such an absurd question? It doesn't make any sense at all.

The second group we take more seriously: "I sold my company for $X and am bored out of my mind". This is a serious issue. There are many individuals who sell their company only to become bored. One of the most famous examples of a disastrous sale was the creator of Victoria Secret (he committed suicide after selling the Company). This type of boredom is serious since the dopamine level achieved when becoming rich is untouchable. Once you feel rich (whatever the number is for you) the next hundred thousand dollars or even a million dollars doesn't feel like anything compared to the original high. Many of these people suffer from serious psychological issues. The good news? We have one backward looking remedy. If you've found this blog and are looking to sell your Company we'd say the following: "only do it if you are 100% sure of what you will do next". If your plan is to travel the world and hook up for 1-2 years… don't sell that Company. Why? If your plan was to take a year off, then you should just take the year off and hire a manager. If you are 100% certain of what you will do next, then you can just travel for that year and start the project as soon as your hiatus is completed! See how that works? Works pretty well.

Putting these two concepts together we simply ignore 90%+ of bored people. They are just complaining about their lives. If the person made a mistake and sold his company with no idea on what to do next, our only remedy is to tell him to start something new. There is no other choice. Unless you're over the age of at least 45 or so, you need to do something.

"No Flash What's the Point?" This is another common complaint here which is odd. If you're rich you can buy whatever you want. Buy an island if you want. Buy a $1 million dollar super car. We don't care. Also. We're not sure why people care that we don't spend on those things!

The point of the extra money is to buy insane amounts of flexibility, time and experience. Maybe there are some rich people who prefer buying the Lamborghini instead of multiple luxury vacations (we choose the second). Maybe there are some rich people who choose the ultra-expensive custom suit instead of the maid + weekly massage + laundry services (we choose the second). As a third example, maybe there are some rich people who choose the high maintenance girlfriend while other choose the carefree single life with no limit to discretionary spending (we choose the second). These are not choices we can make for anyone. But. We talk in absolutes to emphasize that it will be difficult if not impossible to reverse our view. We've seen the ROI on a flashy car (yes it does attract women). But. Does it beat the ROI of first class flights, constant high end restaurants and the flexibility to turn off the spending if needed? We don't think so (we've also seen a lot of examples to prove this out).

The last item we'll sign off with on this topic is we're actually not against materialism at all (if you enjoy it). *We're against lower ROI materialism*. If we had $100M to our names, we'd probably spring for the super car as well. Under $100M? Definitely better leverage elsewhere. There is a strange line between being the rich boring frugal guy and the stretched out rich guy who could blow up quickly in the future. The above paragraph is a good one to copy for when you get your first couple million!

"It Is Not Prestigious To Start XXX" This is a rare one but always gives us a good laugh. 10 years ago going to work for Goldman Sachs or Morgan Stanley was "prestigious". Fast forward to today and it's already a tier 2 choice and the "cool" spots are now Facebook and Google for example (especially sexy is "product managers"). Fast forward another 10 years and it'll probably change again. So the cycle goes.

While it is critical to create an image for something you start, it definitely doesn't need to be prestigious. Prestige is typically a topic that is a focal point for insecure people with low risk tolerance. If we had to choose between owning a $1M a year income pre-packaged wet napkin company or make the same at some prestigious firm… We'd choose option number 1. Every. Single. Time.

Also. We would choose the $1M a year wet napkin company over the $1M a year jewelry company. What! Why? Well, the first option is more stable and the second one has significant risk tied to the volatility of a more "prestigious" industry. In fact if you start a business that is not sexy but then *becomes* sexy, we'd know what to do. Sell it… Massive premium time (that is serious good luck).

"It's Lonely at the Top" Maybe we haven't made it high enough on the pyramid but this hasn't been true in our experience. What is true is that the regular people you passed up will say you're a lonely grumpy guy behind your back. Perhaps that is why people say it is "lonely at the top"? Who knows.

The basic take on this topic is two fold: 1) recognize that very few people will understand how you think. This makes sense because most people never get rich and never succeed. So your expectations should be lower anyway. 2) the second item is that lonely people are usually boring to be around (see our take on boredom). One of the primary reasons we choose to spend heavily on services and experiences is because of the atmosphere it creates. If you drive around in a sports car you get one person with you at maximum. If you rent a large home for a weekend, you can bring a lot more people. Either way, we think this loneliness problem is some combination of those two items. Haven't struggled with it so we always answer with the same: find a way to focus more on actual experiences.

"Everybody Says XX" As a finale… this is the most infuriating blanket excuse. If everyone believes something then it's not useful information. This is probably the most common error made by people. If everyone believes something to be true, then either 1) there is a massive opportunity or 2) it should be ignored because it has no real value. As an example, everyone knows exercise is good for your body. If you tell people exercise is good for your body, you will generate $0. Similarly, if you say "90% of businesses fail" you've added no value. Where you make your money is where you realize that 90% of those business that "fail" were either fake companies, run by incompetent people or in markets that were declining anyway (see the above on where to look in the first place!). Using the "general population" to help make a decision isn't going to work, because you'll end up taking the path that leads to a "general population" life. *If everyone is doing it, you shouldn't be interested.* Also. The *only* way to get rich is to be right when everyone else is wrong. This creates the largest spread between the payout.

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Common Social Tells in 2018

[Common Social Tells in 2018]

We've been ruminating on multiple tells we've noticed over the year. Before we begin we're going to put this up front: *the *exception* doesn't disprove the *general* rule.* We are certain there are instances where the ideas here will fail. That said we'd at least try to take notice of the observations we outline below and decide if they are a pattern you notice as well. We can't believe how many people still ask for "verifiable proof or PHD studies" since anything new hasn't been proven yet (otherwise it wouldn't be new!). Simply take a look below, let us know if you see the same thing and we think you'll be surprised that a few (if not several of them) are broadly accurate. As a final disclaimer, always think about context and build a mosaic around the person. This will help prevent bad reads in the near future.

"I see" and "Interesting": These two phrases are usually used by smart people who don't want to be rude and say "I disagree" to your face. Context is always important. But. Look out for these two phrases. Typically, when you're explaining a decision you're making, if they don't add anything beyond "I see" as an initial read, they don't agree with you. The phrase "interesting" is typically used when you describe how something played out. These are critical differences and one should be able to tell how the context is different.

"I See" Example:i In the "I see" example you are specifically explaining a decision you're about to make. It is not about a decision you already made. You're explaining the logic behind a specific action you're going to take and the person responds with "I see" which could be done in a text message or verbally. Generally speaking, you should be wary of this comment if you receive it from someone who is high IQ. Also. There is a direct relationship between the amount of time it takes to explain your decision and the chances of receiving one of these "I see" responses. In short, the longer you speak the more likely you'll get a negative reaction. This is because good decisions are easier to explain in short sentences *and* long winded answers usually involve a ton of rationalization in them.

"Interesting" Example: This is not in response to a decision you're about to make. It relates to something that happened in the past and results. You tell a basic story and give them the conclusion. They don't agree with the conclusion of the story so they will say "interesting". It's not easy to tell what they truly believe but you can bet good money that the conclusion of the story is the part they disagree with. The conclusion could be 1) your interpretation of why things played out as they did or 2) it could be the ramifications now that it has played out. Be careful here particularly if you get an "interesting" response from someone with a deep background in the arena you're talking about.

What to Do About It: Here it gets tougher. If you call them out on it and the person is honest they will likely give you their real answer or belief. If you don't call them out on it then you don't get any information beyond the fact that they disagree. Depending on the situation, you want to call them out or take note of their response. If it is something important to you, calling it out is likely the best answer since it could have bad ramifications for your future. If you want to keep your cards to your chest, sit down and think about how your conclusion or decision could be wrong and try to solve it yourself. There is a time and place for each one. But. One thing is for sure, if you don't call it out immediately you're less likely to ever get the real answer (they will become more guarded and smile and nod the next time the story is told).

"Makes Sense": For some reason people believe that "makes sense" is similar to "interesting" or "i see". It really isn't from our experience. Makes sense is typically used by smart people to put a period or end to a specific topic/conversation. As usual, we aren't interested in the words/phrases used by regular people since their opinions rarely matter in the first place. We're focused on polite elite people since they matter a lot. When you hear this phrase it means they really do agree and are trying to put a touch of finality around it. You go back and forth with them on a specific topic get to a conclusion and it ends with "makes sense". For one reason or another there is usually a pause as well before they put the topic to an end and it's more like "(pause 1,2,3 seconds) makes sense."

Sound Annoyance: One of the common tells of richer people is their noise cancelling headphones, ear plugs or other items to drown out the noise. Sure some people do listen to a type of music but the point is the same, they dislike noise that is not being controlled by themselves. One item we tweeted about is cell phone ring tones, the vast majority just leave their phone on silent with the vibrator, that's it. So if we add this up you can build a mosaic as follows: 1) has noise cancelling headphones or ear plugs, 2) doesn't use his cell phone ring tone – perhaps as an alarm if needed, 3) will go as far as changing and office phone to have a different ring so he never has to worry about missing his line and 4) a social one, easily startled since their focus is pretty intense when staring at a computer screen.

Never Really Jealous: This is a tough one, since it is a special breed of person. If a person is both successful financially **and** socially it is difficult to make the person jealous or overly competitive in meaningless items. This is kind of funny because your average guy thinks being overly competitive is a good thing *"Because omg Michael Jordan was hyper competitive bro!"*. The reality is that the majority of successful people don't need to be the best at everything, they already learned to specialize. So if they aren't the best soccer player in the group, they will play as hard as possible but they are not going to yell and cry about the game since they know it isn't their core competency. These people are rare no doubt. But. When you start to see them, they will stand out like sore thumbs. Unless it's in their area of expertise they don't have the time and energy to devote serious attention to hobbies. It's just a fun activity to them and they aren't sore losers. This overlays into financials as well, even if a guy makes more money than they do, you won't see a shred of jealousy since the person is already rich so there is no point.

We're going to pause here because if you read this it sounds totally wrong. Why? Well in the work place it is totally wrong. Everyone thinks they are the best and they are directly competing with one another. So of course that is an area where everyone will compete as hard as they can. Similarly, that same guy who was okay being a mediocre soccer player is going to ratchet it up 5,000 notches if it's related to the company he runs. He isn't going to waste his energy on soccer he is going to focus it all on killing that other start up trying to eat into his market share. As we warned in the earlier part of this post, context matters. A lot!

No Need to Pass Blame: You're really dealing with someone who is high up the chain when the person is unwilling to pass the blame and takes ownership/accountability. You will never see this in middle management. Okay never is an overstatement but it's not far from the truth. The only people who are unwilling to pass the blame are the people who are too critical to the firms success. That's you as the CEO or "you" as the high up person within any organization. Passing the blame is one of the most common tactics used by middle level people trying to look good. They don't want to touch anything negative so they sluff off all the negative items to the side (hurting someone else). This is also why they are quick to get fired. The ones who pass the blame enough get caught and popped.

Spotting Blame Passers: For fun, the most common physical tell of a blame passer is a guy with his hands in his pockets constantly. "Hello Wall Street and the financial districts" we see all you guys walking around with one hand in your pocket constantly. Why is this a tell? It is a tell of insecurity. Insecure men typically walk with their hands in their pockets (generally one) and is seen constantly in financial services. People who believe they are important but don't want to take on any risk/responsibility for any failures they incur. If you didn't spot this one before you're going to spot it over and over and over again if you work on Wall Street in particular.

Obsessive Compulsive: It's a bit of a running joke that successful people can suffer from mild autism and obsessive compulsive disorder. Unsurprisingly, we agree with this joke. There is some truth to it since it is not quite natural to have intense focus for multiple hours in a day. If you find that someone has *minor* amounts of OCD or somewhat autistic behavior, they are likely intelligent. Don't let a couple of the odd mannerisms take you off guard, you probably have some of them as well anyway!

Eyes and Tone: Ever notice that smart people in cartoons/movies are always depicted as having more intense focused stares and a tone of voice that is nerdier? Well that's because those two items are pretty accurate. As time goes by and Artificial Intelligence becomes more accurate, we're able to see that "he looks smart/stupid" is a legitimate statement. It's not 100% accurate but the baseline reading can be accurate for something around 80% of people AI reads. There is the natural "attractive or unattractive" which is dependent on symmetry, but, there is also intelligent or unintelligent. There is a "dead" features in the eyes for people who are of lower intelligence and there is a "intense" feature for the eyes of people who are of higher intelligence. We're trying to figure out a better way to explain it, but a good way to practice is to look at a year book of random high schools and guess the person's GPA. This isn't a great test but will help improve accuracy since the photos are in a similar stance across the board.

Finding Lucky People: This is more of a bonus for the post. At the end of the day, luck is a big factor in the magnitude of success. Anyone can be successful, but magnitude is amplified by good luck. While we've created a decent blue print to get lucky, here are a few tells to spot lucky individuals. The answer: look at timing. Timing is really what luck is about. Did someone close a massive deal right before their Investment Banking Bonus is being decided? Did the person buy a stock/crypto currency right before it really took off? Did the guy have *bad* luck in a time frame where it *didn't* matter at all? Did the guy have no emotional reaction to said bad luck? Did the guy hit the right market product/sku just before it became a fad? Did he sell or exit his company when there was still a "blue sky" scenario on the table to command a larger valuation?

These are the things we're also working on to help flush out the right people to hang out with. We've essentially come to the belief that luck is contagious. It is a disease, an addiction a transferable product by osmosis. Seriously. We believe this now. As you continue to move up the ladder you'll find that the people you hang out with are generally luckier. In fact, you could even argue you're *forced* to hang out with lucky people since they were born with the right genetics to become successful or have natural good looks (women in this case). Luck is nothing more than a transferable infectious *good* disease. So we hope you also take those items into account now that you'll be using the above tips to sift through and find smart, rich, successful people. Good luck!

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Compounding, the Most Important Rule in Life

Compounding, the Most Important Rule in Life

Remembering that everything compounds is a good way to think about life in general. This applies to fitness, work and even your friendships/relationships. The bigger issue isn't so much the dollars in your account going up and down, but the consistency and habits you develop over several decades (yes decades) as a single year is a drop in the bucket (we promise you'll have some blow out years and some years of near depression). The key is the constant pressure you're putting on yourself to improve in a particular area. We don't know a single person who attempted to make it for 5+ years that failed. Most expect a turnaround in a year and it never happens (rare unless born into a wealthy family). So we'll outline the major things to remember before deciding to go out and drink beers at yet another low quality spot with your friends.

You Don't Owe Anyone Anything: This is specifically addressed to the 20-year old crowd. The biggest deterrent to your success is the deadweight that hangs on your shoulders right now. If your current set of friends are busy drinking beers on the weekend living paycheck to paycheck, you're in a bad room. This is because you're borrowing time from the future to have fun in the present. Realistically, you're going to revert to the mean. If the average person you're spending time with is living paycheck to paycheck… this is likely going to repeat… for *you*.

Another part of "reversion to the mean" that people forget… People born into wealth are not going to drag you up. This is probably *the most common mistake people make.* Just because you're in an area full of people with money *does not mean they earned a dime.* While this will certainly work if you're an attractive female looking for a husband (ie. Gold Digger), it doesn't work as a male.

So what do you do? The answer is that you only search for people willing to work 60-80 hours a week on practically any business or career. Seriously. If someone is willing to put in 60-80 hours of work per week to live a great life in their 30s, you've found the people who will eventually climb out of the gutter. Also. If someone is willing to kill themselves work wise, the chances that they were born rich is a lot lower. The individuals who are born rich are already starting from a higher position and have a smaller amount of "dues" to pay relative to people at the bottom.

Your Relationships will Compound: If you think the above simply means that you should avoid unsuccessful people… it's much more important than that. If you correctly choose the right people to attach to, that has more value than the money you'll be making. Why? Well rich people only trust individuals they have known for long periods of time. If you've gone up the ranks in real time (everyone around you sees the effort and results), if you ever need to call in a favor they are going to be a lot more open to writing you a check. That goes for a new venture, a new product and any sort of scaled business model.

A good mantra we've seen is that your 20s are for learning/working, your 30s are for earning/scaling and your 40s are for delegating. What people forget is that this applies to your relationships as well. You should be scattering the world looking for good contacts in your 20s (no not hostels in Thailand), earning good money because of your contacts in your 30s and delegating to "up and comers" in your 40s.

Your Work Compounds: This is the bulk of the issues in your 20s. The following work related items compound: critical thinking, speed of processing information, speed of understanding information, accuracy of work, type of information consumed and your emotional intelligence.

Starting with *critical thinking*. If you're not working to solve problems yourself (looking for solutions from new sources), you end up being a cog in a wheel. It means that you're being told what to do constantly and are not learning new information. This is the first item that should go. If you can't come up with your own ideas or conclusions that are self created, you'll never be a differentiated individual. This seems like a "low bar" but it is an extremely high bar. How many people have 100% of their information taken from other people's ideas? Probably 99% of the population.

Speed of processing information accelerates. This means you're given new information and are forced to make a decision. Have you ever met a smart person who takes years and years to decide? No. Why? They have developed rapid information processing speeds. You give them a specific situation and they can typically come to a quick conclusion (and a correct one) without much time spent.

Speed of understanding information refers to obtaining the core concept quickly. When you combine processing information with understanding information, you will see significant gains in all of your performance metrics. Why? It means you're able to take in new information get to a conclusion and solve the problem at rapid speed.

Pausing for a second we can actually use this blog as a good example. While it is a hobby as a whole (evidenced by no sales funnel, extremely basic design and extremely basic navigation features), the amount of content being produced looks high… looks high to a poor producer! While people talk about making the most "dollars per hour" no on ever asks the most important question… *how do you develop that efficiency?* The answer is decades of work from the past.

To give everyone an idea, it takes about 1 hour to write 2,000 words. More or less. So we spend about 1 hour on this blog and maybe 30-45 minutes a week tweeting (we don't tweet all that much). Yes there are always exceptions but that's the general framework. Now… can your average person write 2,000 words in an hour without much effort? Can they maintain a social media presence with a few minutes a week? No. They didn't develop any skilled related to information or processing. This is no different than lifting weights. An extremely powerful person can move 500lbs with ease, the same actually applies to *cognitive tasks as well*.

Accuracy of work. This is another important skill that is completely ignored. While the average investment banker will think this means deleting the tick-marks on graphs and formatting dollar signs appropriately, it is actually an important natural instinct to have. Being able to produce content/value that is nearly error free reduces friction. Instead of going through numerous revisions on a document, presentation or contract, you're simply proof reading and hitting the send button. This is also why major companies have templates for practically everything, it reduces friction creates consistency and makes "on-boarding" a seamless process. Oh and by the way, when you're able to produce error free work quickly, you'll also spot issues in contracts being sent your way!

Information Consumed. If you're consistently consuming information that is different, you'll be able to make unique connections. All products are simply a new way of doing something… or a hole in the current market. Simplistically, by making connections across different sub-sets of different markets you can identify new opportunities.

A common question we get is how to "see the next trends". The only way to do this is by living it. We've talked about a ton of trends on here over the past 7-8 years of writing and those that have followed have seen pretty good accuracy. Timing is always difficult but getting the direction correct is certainly the most valuable as "a rising tide lifts all boats". As always, you're only going to get new information by trying things yourself and looking at information from unknown sources (if everyone already knows about it, it's not new or innovative).

Emotional Intelligence. The last one is the real money maker. At the end of the day, there is someone at the top making major decisions. We can talk about machine learning for days but someone is eventually making a decision on where to take their company. Currently, there is no such thing as a company run by robots.

Developing emotional intelligence will separate the millionaires from the non-millionaires. Being able to tell what the decision maker actually wants (and how to offer it up) will separate the yes's from the no's. Just like anything else, this takes years of practice and if you've worked in sales you have an enormous leg up.

Your Fitness and Diet Compounds: Ask anyone who has been working out consistently for at least a decade. They will tell you that even if they have a set back (can't work out for a week or so) they are able to get into shape rapidly. Why? Muscle memory is real and no we don't have any scientific proof for it (just tons of life experience). The same applies to getting in shape in the first place. If you wait too long, *the amount of effort needed to get the same results goes up exponentially (compounds)*.

Another one that is also ignored is your diet. People believe that your diet cannot compound… But… This is simply false. As a good starting point we can say with conviction that if you've eaten a clean diet for a decade, when you turn 35 the unhealthy foods will make you physically sick. In fact, at this age you can't even have a lot of sugar without feeling sick right after the fact. While you're certainly going to have something unhealthy once and a while, your body is going to reject the food like it is poison. For exact descriptions, your stomach will feel heavier, you'll get a bit nauseous and your energy levels will go down. The funniest part about it is that people will make fun of you and you won't be able to relate. Since eating unhealthy food isn't even appealing despite all the marketing that goes into the sugar and fast food industries.

Another thing we've noticed… (people in their 30s) that attempt to work out and "eat whatever they like"… is that they look older. Their skin is not radiant or clean. Health is just like anything else in life, you can't do "part of it" to offset your other bad habits. You either do everything right and get rewarded or you cut corners and don't get any of the major benefits. If you're put together and do everything correctly, you'll look 5-10 years younger than everyone else.

The Reverse Of Compounding: The last major item is "accelerated declines". What this means is that you will be fighting an enormous uphill battle in every category if you don't start today. Putting it into perspective, remember that a 50% decline requires a 100% gain to break even. So if you give up 5 years of effort in your 20s you will likely need to put in 10+ years of effort to make up the gap (all talent related items equal). No. We are not kidding. As a year in your 20s is certainly worth more than double when compared to a year in your 30s (energy perspective). Feel free to believe that drugs will offset your energy levels… Just remember that incredibly talented people already started working hard a decade ago. So. Even the equal speed isn't enough to gain ground anyway.

Long story short. The one major theme to be taken from anything written on here is that every single year compounds in a massive way. The successful people who are millionaires in their 30s, are not millionaires because of decisions they recently made. They became millionaires at age 20 when they made smart decisions that paid off over 10 years.

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Controlling Emotions

If there is any skill that you should learn it is the ability to control your emotions and the emotions of others. The degree to which you can accomplish this task will improve both your game and future financial prospects.

Investing Control: We already wrote about dollar cost averaging, however most investors lose money in the market over the long-term as they tend to sell when they see their portfolio decline, particularly if the magnitude is large. Psychologically, it is much more difficult to take a loss relative to an emotional high following a gain. With that in mind you should train yourself to invest consistently, this skill alone is going to net you **hundreds of thousands of dollars**.

Dating Women: If you're upset when your girlfriend dumps you or if you get turned down during a regular approach, your emotional control is weak. If you have emotional reactions to a woman's evaluation of you, this means she has hand in the relationship. This is counterintuitive to successful business men who continuously prioritize and service relationships. Simply put, if you care about a woman's opinion of you as a man, you've already lost.

As a quick check for people who are just now learning the nature of women, a seasoned player will never place his hands in his pockets after a failed approach and instead will happily move on to the next one. Body language is a dead giveaway here and the surrounding women will notice as well.

Emotional Persuasion: Any time a person attempts to persuade you regarding a purchase or action based on emotions, you should run. You will notice this is a heavy tactic for convincing someone to get married or to sign up for a get rich quick scheme, diet pill or muscle building formula. Once you realize that both of these actions only have emotional arguments you will quickly remove the blinders. Look for the following characteristics to avoid these emotionally charged decisions: 1) arguments for love, 2) descriptive language that paints a picture or story, 3) no basis of logic, 4) easy or relaxing and 5) time constraints. If you can consistently look for one of the five flaws listed here your emotional control will increase as you won't be sold a lie. Avoiding pitfalls is just as important as making gains.

Fear is Paralyzing: Fear is the most common medium used to sell sketchy products. "Aren't you afraid of dying alone", "Aren't you afraid of missing this opportunity of a life time", "Aren't you afraid of what XYZ person will think". This is the hardest emotion to control but once you have it by the throat, the world will open up to you. The only thing you should be afraid of is living your life on someone else's terms. Living a life you've been told to live is not a life worth living.

Emotional Control is Self Improvement: There is not a single man or woman in the world that has complete control over their emotions. You will catch yourself slipping from time to time, however you need to make emotional control a major theme in your life. Allowing your emotions to drive actions will lead to poor decision making as you will act based on how you feel at the moment. Instead you need to continuously strive to act on situations based on their long-term return. Disregard temporary pain and suffering.

With all of these comments in mind, we strongly suggest you check own emotional IQ. The sooner you can improve your IQ, the faster you will succeed in life

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Conventional Retirement is a Scam

"Save 10% of your income for life and retire when you're 60"

The trap here is deceiving. This type of simple math causes a long-term problem of lifestyle inflation that destroys the exact thing that retirement is supposed to represent… freedom. Freedom to let you make life-long decisions. If you ascribe to the quote above this article is certainly for you.

Spending 90%: This sounds like an idiotic point so we'll dive in further. If you continue to spend 90% of your income… the years you previously saved are worth less today than they were yesterday because your lifestyle has inflated if you make more money. If you made $50K a year and 10 years later make $100K… well your lifestyle retirement spend is now on a 90K salary.. ***this is 200% higher than the 45K you were originally spending*** when you made 50K. Instead why not find the minimum amount needed to live your life.

Retirement is not an End: Do you remember summer breaks when you were little? ***If you were poor they sucked.*** Why did they suck? You were bored out of your mind so you did nothing but watch TV or play sports… whoops can't do that last one effectively at 60 unless you're lucky. In fact many people got summer jobs! So the infatuation of "doing nothing" is a trap in itself, when we're busy doing something we ***dislike*** we constantly want to do nothing and when we are doing nothing we want to be having fun! The word dislike is highlighted for a reason as it gives us a hint to a long-term solution…

The Wall Street Playboy Solution:

Partial Retirement: Now we're getting somewhere. No one really gives this option out in your financial classes but why not shoot for a "semi-retired life style in the 30-40 range?". Instead of saving up for an "end to it all" how about you shoot for mobility and a job that you enjoy doing. For us weight room freaks it could simply be working at a gym, a health nut could be at a juice bar and a person who loves kids could teach. This type of cash should be your ***spending money*** while your accelerated savings can cover your living costs. This way you're doing something you enjoy for the vast majority of your life while you leave your savings unscathed.

Percentages: Now lets take a look at the math in percentage terms. Lets say you save 33% of what you make instead of the old wisdom of 10%. In roughly, 25 years you'd be able to "retire" on 7% returns for the rest of your life. I can hear the hard core players already… "You're too old at the point to crush it in the game"… well lets stop and take a look. The 25 years assumes ***you have zero income.*** Instead we will make the assumption that you could easily replace ~1/2 of your current income with any hobby you like and your time to retirement sinks like a rock, ***you're mobile in a decade.***

Here's the math of the suggested scenario for $60K:

1) For 10 years you save 33%. 20K annual would get to $200K

2) With 200K you are now able to earn $14K a year without doing anything… 14K/40K is now covering ***35% of your life expenses without touching the initial 200K***

3) From year 10 on you can now earn 26K plus doing any job you want for the rest of your life.

The scenario above is a terrible downside case as it assumes you never make any more money and the 20K a year you save is not reinvested until it grows to 200K. For the mathematically sound, the biggest determinant to your freedom is actually ***the rate of spend you need to be happy***.

Conclusion: Naysayers and people with high cost lifestyles are going to be unable to relate. Sure a select few of us may start a successful business and it is true that you can make a lot of money that way, but life is tough and unfair. You could see yourself sidelined and forced to work regular jobs. With that said it is Thanksgiving and ***the one thing we're thankful for is game.*** Getting a body, eating healthy, stacking capital and never buying expensive things we don't need combined with game gives us hope that the future is bright for an early "retirement".

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Cover Letter

We have gotten a lot of emails about this, before we begin here are the reasons why your cover letter does not matter. We will give you a template below if you don't want to believe us but lets begin.

1) We receive thousands of resumes every recruiting season. That alone is 1,000+ pages to review.

2) We have automated computers to search for key words and GPA's (3.5+ GPA, Top Schools, Investment Banking, Research, Trading, Private Equity, Venture Capital, Hedge Fund, etc…)

3) We have no time to read 1,000+ three paragraph essays

4) We don't know your name until you walk in the door, if you have friends who received jobs on Wall Street they will tell you every interviewer will ask you to "walk you through your resume" (hint we did not even bother reading your entire resume either)

5) We know that people who are hired just out of college are bottom barrel on the importance scale, as a reminder no one cares about you.

The above is harsh truth but really think about it. If you were trying to generate millions of dollars for your firm, the last thing on your mind is an introductory cover letter from a 20 year old college graduate. With that said, your resume is extremely important as it outlines what you can actually bring to the firm. This compares to your cover letter should be coherent, error free and to the point.

Think of your cover letter as your "elevator pitch" on why they should hire you and why you would like to work for the firm. Along with everything else you do on Wall Street, keep it short to the point and valuable.

Cover Letter

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COVID-19 Update Easy Solutions for Big Problems

If you've been following our twitter and general view of the virus, unfortunately COVID-19 has gotten much worse. Instead of wasting time debating people online we're just going to outline some basic ways to make sure you're in good shape once this virus plays out. Fortunately, you don't need to do much beyond basic precautionary items and some additional cash. We'll go ahead and get started!

Step 1 – The Basic Stock Up: There is no need to go overboard. If you're buying stuff you would never actually use in the future (that's a bad move). Simple things include: brown rice, water, some frozen foods of your choice and replenish some canned goods. Notice we're not telling you what specific foods to buy since it doesn't matter *that* much. If you have some grains (rice) some protein (beans) a variety of canned foods and a bunch of water… You're pretty good to go.

Step 2 – "Act Broke": This means you should make a few simple choices. Instead of spending money on a falling stock market, a falling bond market etc. You should go ahead and just take the amount you would normally invest and buy the following: 1) toothpaste, 2) soap, 3) toiletries, 4) basic medical supplies etc. We're assuming that you do not have a year's worth of these items and the chances of the products going "bad" is next to none. Why would you do this? Quite simple. By doing a bulk purchase you guarantee a price that is a bit cheaper than normal (majority reading this unlikely go to Costco very often) and you would have bought it anyway. This is effectively a guaranteed return. By buying a bunch of items you would have paid 20% more for, you've locked in a gain on future costs by simply taking additional precautions. Nothing crazy here. If the stock market recovers the 5-10% it lost, oh well, you saved on goods equal to the return anyway.

Step 3 – Avoid the Blame Game: Unsurprisingly, irrational humans will now blame anyone and anything for the spread of this virus. Instead of wasting time trying to place the blame somewhere, go ahead and focus all attention on what you can control. Classic "stoic response", which means you'll only focus on things that are within your control. Don't blame other people for the stock market declines (no one can predict a pandemic out of the blue) and don't blame doctors for following medical procedures. None of these things are within the control of the individual so focus on the micro tasks.

Step 4 – Simple Micro Tasks: This is quite easy! Simply decrease the areas in which you could be exposed. If you can work from home, work from home (some major companies already allow this due to the breakout). If you need to travel, cancel them unless necessary – free excuse to stay at home. If you can avoid the gym go ahead and use your own barbells and exercise outside in a more desolate area. This isn't really a lot of change but significantly reduces your chances of being exposed if you're worried about the potentially contracting the virus.

Other micro tasks that are extremely specific: 1) stop touching your face, 2) stop opening doors with your bare hands and 3) avoid public restroom facilities. Again, some of this is simply not possible but you get the bigger picture. You want to avoid mass gatherings and avoid physical contact with strangers. It makes a lot of logical sense because this is where the virus could easily get to you.

Now why would you do this now? Pretty simple. At this point, even the people who claimed it was "just the flu" have given up. There are too many cases, international growth is accelerating and we've lost the ability to predict exactly where the infection originated in some situations. What does this mean? It means that over the next 3 weeks or so we'll finally see what the real numbers looks like. People are going to go out less, party less and congregate less at least for 3-4 weeks. Expect more cancellations of major mass gatherings. And. There is absolutely no way to know where it is (today) so basing your behavior based on current cases doesn't make much sense. Simply take 3 weeks to be a bit more insulated: read, cook at home a bit more and public settings where germs are quickly spread.

To wrap it up, if you must go to work (majority will) just take a few simple other precautions. Try to walk up the stairs to work, don't touch elevator buttons with your hands, don't touch anything except items in your own office/work area. This isn't difficult to remember and costs nothing (maybe 2-3 minutes a day) as you spend a few extra minutes making sure to wash your hands properly 2x more than usual.

Step 5 – Is this an Overreaction? Not really sure. Implementing this for a few days already hasn't really caused any damage at all. Going for a jog and doing physical pushups to failure and sit-ups/pull ups to failure hasn't been a big change. Having weights at home isn't a big deal as well. In fact, not much changes. The only part that is "painful" is the not going out part. But. Most people are reducing that anyway… So not that big of a deal (yet again). It's almost like a free vacation at this point. Business stalls a bit, you read a bit more and spend a little bit more time on your computer. The only part that is "annoying" is the going to Costco part. You have to get the basic essentials out of the way and after that there isn't much of a change. You'll end up saving money by bulk purchasing food anyway and it won't cost you more than $300-500.

Step 6 – Rational Math: The main problem with the virus is not the death rate of 2%. That's already bad. The real problem is that humans do not understand compounding AND step-function risk. If you attempted to explain step-function risk to 80% of the population, they would not understand it. Step-function risk is associated with this virus/disease. What does it mean? It means that some people get no real reaction. It feels like the common cold, nothing happens and they get over it. Other people (the 2%) are potentially dead with a high percentage in intensive care units. *You do not want to be in an intensive care unit*. Intensive care means your body is going through extreme pain/suffering.

The second part, the "step function", is probably the bigger issue for us. If it travels like the flu, that's already bad (high probability of catching it)… But… The step function is not good. Under no circumstance would we take a 2% chance on life when it can be avoided by staying indoors for a few weeks. It's not that difficult to talk to people through video conferencing. A 2% chance of dying to a virus that will likely moderate in a few months is just not worth it. Imagine a game where you have a 98% chance of being "fine" but a 2% chance of dying completely. You'd never play that game and three weeks of your life reading and lifting weights at home to avoid it would certainly be easy.

Key Highlights: While we're not going to tell you exactly what to buy since you may enjoy certain foods over others here's what we're stocked up on: 1) brown rice, 2) beans, 3) variety of frozen food items from Costco – Chicken Bakes are likely well known to most, burritos and some frozen veggies, 4) a bunch of cases of still and sparkling water and 5) a few cases of granola bars and a few large packs of organic soup.

On the other side went ahead and bulk purchased: 1) toothpaste, 2) dental floss, 3) some multi-vitamins, 4) toilet paper/paper towels and 5) soap/hand sanitizer. As you can see the list of items will last forever (practically) and you will use them eventually. So you're not "wasting money" by stocking up in the first place. You're simply well prepared and the money wouldn't change your life (we doubt buying the S&P 500 on the exact dip with $500 is going to make a difference in 30 years.

What to Watch For: We said it once and we'll say it again. Do not go to Asia. There is just no reason to go out there and we do not believe the situation in Thailand for one second. Significantly more people go to Thailand than Japan/Korea from Wuhan and other parts of China. Their infection rate is likely understated as many of them simply had "no real impact" from the virus (see step function risk). Again. None of this is going to change your life much. You simply take a step back for three weeks, let everyone else figure it out and play it safe. Also. By doing this you won't be stressed out at all since you know you've reduced your chances of catching it by a wide margin and that's all you can really do in the first place.

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Create a Hard Working Well Rounded Person in a Single Post

Create a Hard Working Well Rounded Person in a Single Post

Most posts that address this topic talk about "motivation". As you know, motivation is primarily targeted at the bottom 90% of the population. People who need to be motivated are born to fail (maybe 0.1% turn it around but that's due to the law of large numbers). Instead, we'll do the opposite and create a how to on "creating a hard working individual". None of this is scientific fact (who cares about science since PHD studies are always years behind businesses – a topic for another day) but it is based on a large amount of observations.

Three Item Overview

Grow Up "Poor": One of the common traits of well off people is actually being born with less. This is in quotes for a reason, when we say less we mean *"less relative to the environment".* Your average person complains that he was born with the wrong starting hand. But. Refuses to acknowledge that rich people are rarely born rich to start.

What is "poor" in this situation. Poor means you're constantly surrounded with people who got a head start. This then causes a "fight or flight" reaction where the person complains that his peers have more than him or a "fight" reaction where the person decides to outperform them despite having less. We're not exactly sure how to flip that switch, but you can see it from the beginning. In fact, there is the classic cupcake story where kids were forced to stare at a cupcake for ~15 minutes and if they survived they would receive two (if they ate the cupcake they only got one). This ended up being a marker of future success. This makes sense. While put in a position of discomfort, being seen as "lesser" than peers, being forced to delay gratification etc. the correct response is to "tough it out".

The conclusion from this first step? Create a feedback loop of delayed gratification. If a young person already has a trust fund, the answer would be clear. You'd never tell them about the trust fund and create a positive feedback loop when the child/person delays gratification for a reward. Then you scale up the amount of gratification with the time they must delay. For a cupcake maybe 15 minutes is fair. For a bike maybe they have to mow the lawn for a few months. So on and so forth. The key is creating a natural positive feedback loop between effort, reward and delayed gratification. The last thing we would add is to give it all at once. You want to train the person to realize that longer delayed gratification means bigger rewards. So if someone mows the lawn for 5 years, you'd give them the one time reward after 5 years. Why? Well you don't want them used to small time rewards of $1 since the dopamine rush and connection would be smaller. **In short, step one is to create a positive feedback loop between delayed gratification and reward. Expand this over time.**

Spam Topics: Bill Gates recently stated that success is finding something you can be world class in between ages 12-18. While this sounds good it misses one big point "will the task make any money?". You could be perfectly built for digging ditches with a shovel, but as long as heavy equipment machinery is around… You're not going to make any money doing that.

Instead we'll make a change to this idea. You'll "spam topics", since we know which skills will be more valuable in the future it is a lot easier to choose all the topics. If you're telling someone to spend their time learning how to iron clothing (you're wasting his/her time). If you're telling the same person to learn UI design, you may have a winner on your hands. This is why the spam approach is important. You place the person into an environment to train for 100s of different items. A few months is more than enough. The kicker? *You then encourage them to choose the one they are the best at.*

This last part is critical. Even if they "love" doing topic A if they are really going to be world class in topic B… They must go in that direction to succeed. While there are always "success stories" of someone following their dreams, it just doesn't work out most of the time. Instead you want to go into the direction where you have the most raw-talent. After all, a successful person is much more interested in winning than they are in feeling good about the moment (another form of delayed gratification). **In short, step two requires the person to try numerous topics that will be profitable in the future and choose the one where he/she has the most talent.**

Place Them in the Center: The person now has a good amount of will power (delayed gratification) and knows where his/her talent is. The next step is clear… Make them move up the value chain. If the person is competing in the same age bracket… They are not talented at all. This sounds rude but it is true. As a simple example, anyone who has played sports will know that playing on the "varsity team" as a junior is not impressive at all. You want to be playing at that level as a freshman/sophomore at minimum. If the school is talented at the sport you're likely a sophomore and if they are not great you should be playing at the varsity level in year one. This is the easiest example since we see it in our everyday lives.

What is the "center". Well if you compete up (meaning against people older than you), you're then a middle level person. It is unlikely someone picks up a task in 3-6 months and is suddenly world class. Instead you pick up the task and constantly compete up to a point where you're still able to improve at a rapid rate.

You don't want to compete to a point where you're only playing against the #1 person in the field (losing every day). Instead if you are number 1,000 in the world you want to compete against the guys who are #400-600 or so. After that you move up and up and up.

The last item for the center position is mental state. Many people believe being the best in their age group is their "competition". It isn't. If you truly want to be the best at something you have to seek out people who are better than you. This is a mental model more than anything else. **In short, by placing the individual in the center (constant competition) they are then improving at a rate faster than they normally would.**

Creating "Dedication"

Dedication: This is just a terrible word thrown around by people with no talent. Right up there with passion. We can't decide which is worse. Dedication is essentially the ability to work every single day on an *important task*. This is not the same as "working hard" because working hard on something that adds no value is just a waste of time. Therefore, the answer is quite simple. You create another small reward system for completing the most important task. In the day of smartphones and instant gratification all you need to do is say *"unable to do anything else until five hours of progress on item A is made"*. This requires shutting off all vices before the day begins. Just remember, dedication only counts if the time is being spent on the right task. We don't even want to know how many hours are wasted working hard on something that could have been done with a single line of software code.

Is This Useful? If you're already in rhythm and have a good work ethic, then this is the only question you need to ask. If you're reading this blog we think it's unlikely that you're lazy. Most people have no interest in being successful and are more interested in stretching their current run-rate as far as possible (See: most expats – Thailand, coupon clipping etc.).

Applications of this question are clear. The first one gets rid of worry. "Is this useful?" forces you to step back into the present. Sure bad things could happen but worrying about them is the exact opposite of useful. It is a horrible distraction. The second application comes from your interactions with people. If you're poor or out of shape (enter any item) and you get a distraction ask the same question… Is this useful? If you're trying to make more money, only respond to conversations that move in this direction until the day is near complete. This sounds "rude" but it also works. If we had no money starting today we would do the exact same thing. Cut off contact with items that don't make money and return to them when we had the money to put them into the loop again.

Will I Regret This? This is the last question to ask every single day before any task that takes up more than a couple of hours. If you're already rich it is unlikely that you'll regret going out at night to party. If you're late on rent and going to the movies… Something has gone horribly wrong. You'll regret that decision instantly.

Regret is a moving stick. Some people would regret buying a penthouse apartment if it breaks the budget, while others wouldn't mind if the penthouse never went up in value (see billionaires looking to buy for simple life style improvement). As a simple test you can group all of your daily activities into the "will never regret" and "will likely regret" buckets. While never is a strong word, using polarizing features gets you to the 80/20 mix between good and bad. Eating a healthy meal and going to the gym are in the "never regret" area unless you're missing out on a larger opportunity. Going out to party is likely in the "will regret" area if you're low on cash while in the "never regret" area if you're already set for life.

By creating this basic list in your head you can then move simple low-end vices into the never regret territory. This can range from golfing to partying to travel. The list never really ends. The basic premise is that as you become more and more financially well off your lifestyle improves to include things that regular people wish they could do on a daily basis.

Maintaining a Personality

Keeping Them Well Rounded: The next step is moving into a completely different direction. The above strategy largely works for making money, athletics and competitive endeavors. The formula is simple since you're looking at a triangle where the money flows to the top. If you follow the framework it'll essentially fall into place.

Well rounded essentially means "social life". Social life is the exact opposite strategy as making money since we have to now relate to your average person. The reality is that less than 4 out of every 100 people you meet will have a million dollars. In fact, if you're under 40 that number shrinks well below 1% of all people you interact with. Instead of squabbling over the exact percentages, the point is that the hardworking/smart person that was created is not "relatable". Naturally, people are attracted and connected to people they feel comfortable around and relate to.

The solution: playing dumb. Your average person believes they are smart and they feel they are better than you at first glances. This is human nature. So the person needs to learn the art of appearing dumb. While they are extremely meticulous in work related activities, anything in the social bucket should be thrown out the door. The easiest way to do this is through basic social boosting. All the person needs is a few nice items of clothing, some cash to tip a bartender heavily and being amicable to the staff. You'd think there is something more complicated than this but it isn't. This would be the easiest way to move the sticks in your favor and get "started" so to speak.

The Jealousy Test: While we understand that people have preferences when it comes to dating, there is still a rough rule for beautiful people. Symmetry of faces, hip waist ratio etc. Instead of telling anyone who to date a good way to see if someone is "batting above average" is when they receive jealousy from other people or they get the classic "she must be with him for the money" comment. Both of these are good signals for someone with solid social skills. If people in your same peer group (rich as well) largely agree you're doing better we'd say you're solid from a social skills standpoint.

Pause for a second. There are still people who believe being successful is only related to income and we'll never agree with that. Being rich and stuck in a personal life equivalent to hell is a failed experiment. What was the point of the money in the first place then? There was no point if it didn't get you what you wanted in the first place. And. What people want is a fun/exciting life. **In short, since we've given the overview for a hard working person, you can use this as a "litmus" test for personal life success in the dating category.**

The Health Test: This one is tougher. You can't put a value on good genetics. But. It has to be quite high. If you're born with good genetics you're going to age slower, feel more energetic and look younger. So we'll go with how you *look and feel*. That is right, despite some biometric markers of health which will likely be optimized by private medicine the key is how old you appear and how you feel on a day to day basis.

Simple example is when you turn 30-35 or so and then 40-45 etc. If people correctly guess your age (the people guessing need to be above age 40), then you're in "okay" health. If the people are guessing too high and you're actually younger… then you should do more work on your health. Finally, if people are guessing much lower then you're in good shape.

Now this isn't scientific because the point is related to *stress*. It is stressful trying to get rich, however once you get rich, taking your foot off the pedal is the right move. Stress is the worst item for a person's health and there is no research paper that is going to convince us otherwise. It impacts your skin, immune system, muscles and brain. Looking at all of these things, since we know your body can take a lot more stress in your 20s, it makes logical sense that you should decrease the wear and tear as you go into your 30s and 40s. There is no reason to sacrifice health for money because you don't need to.

Doubling Back on Things to Avoid

In just three sections we have structured a successful person (on the right path, which suggests we believe in nurture over nature for most things!). That said… we do need to double back and find "checkpoints" to make sure things are going according to plan. So we'll highlight a few red flags.

Health Red Flags: If any of the following occur for longer than a short span of time (couple of months) consider it a big red flag: 1) registering as overweight, 2) significant decrease in skin pigmentation, 3) bags under eyes at young age (40), 4) joint/tendon damage that was not caused by injury, 5) foggy memory/disorientation and 6) significant decrease in sex drive (typically hormone related). If any of these flags occur its time to stop and go back to the health tests since we know there is a problem. If they occur for a day or so due to a large project, this is acceptable. If you're on the fence, we'd go ahead and say there is an issue since health is the #1 priority over everything else.

Financial Red Flags: While we outline our specific numbers in Triangle Investing, we note that every single person is different. A broad stroke is that 1) net worth should continue to go up and 2) the savings percentage should continue to go up. People say this is not possible but that is because they do not run a business where you can grow your income at X% and increase your spending by X%/2 (causing a natural increase to re-investment/savings rate). The only exception will be material recession years where everything is down 50% and if you have entirely retired and now spend your time traveling the world and hanging out.

Social Red Flags: These are harder to admit. Everyone believes their lives are in perfect order (according to their social media posts which are then sold to companies that sell them diet pills (wink)) so we'll use another bulleted list. 1) still interested in learning "tricks" to meet new women past age 25-30 or so, we'll be generous and say 30, 2) contact list can be summarized by two industries – work/old friends, 3) every weekend is spent with the same handful of people, 4) unhappy with current living arrangements – already financially independent and 5) weekend activities are the same 80% of the time. All of these items are bad signs for social health, so we'd look into it quickly. The most interesting thing about social red flags is that they are harder to address as a person ages. Good luck turning someone around at age 40 from a boring guy into someone interesting. It rarely happens.

Concluding Remarks and Biases

Naturally, this framework for building a person only works if your beliefs are in-line with this blog. The best way to come up with your own framework is by building out pieces of people you interact with daily. Remember, time is extremely valuable and skipping on any of these items could lead to a lot of regret (visit people nearing death who are much more likely to tell the truth). There is also a lot of reading in-between the lines in this post (for example that feeling "poor" or "mediocre" is dependent on your environment… And…. that competing with people well outside a range doesn't lead to improvement – a 9 year old swinging at MLB level pitches for example) but we'll leave that to the reader.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Creating Focus

Creating Focus

Regular people are watching the Super Bowl as this post is being written. We have no interest in the game since we didn't see a good set up for blow out odds to make money (unlike the presidential election where numbers were *emotionally* set at 10:1). Instead of writing some non-sense motivational speech on how to get amped up about your life, we're going to outline a way to consistently get into "the zone". Getting into the zone is something everyone has experienced at least once in their life and figuring out how to replicate that will separate yourself from the pack rapidly.

Create the Zone First

Step 1: Write Down One Task: This is pretty simple, every day you wake up and you write down the one thing that is most important to you. It should be no longer than one sentence long. *"My #1 priority is X"*. Now you won't waste your time hitting the snooze button on the alarm because you have not done anything to progress on the most important item on your list. Don't waste your time worrying about your other priorities, this will actually kill your focus. Instead you wake up and write down one thing most important to your life and we have no right saying what that item is. Some will say "build second source of income" for others it may be career related. So on and so forth. At this point the only thing you're allowed to do is eat or drink something (get ready for the day) and don't allow yourself to do anything until *progress* is made on the #1 item on your list. Finally, the phrase is not an "end-goal" the phrase needs to be set up as progress otherwise you'll get sick of it rapidly.

Step 2: Create a Reminder: The #1 item on your list should have a substantial reason behind it. You then want to create a visible item to look at on a daily basis as you progress. We are not sure what the reminder will be, that said, we prefer a personal quote made by yourself (not some motivational dude who doesn't care about you and just wants your money). If the task is building up your second source of income then it could be something as simple as *"Do I want to rely on someone else for my livlihood?"*. Place your personal reason in clear view when you sit down to start your task. In this clear example, before you get to do anything to start your day you're going to be reminded that you're relying on someone else to put food on your table. Not a good feeling and should spur on action.

Step 3: You're Not Allowed to Read: That's right. Reading feels like you're progressing on something but we've seen a total of Zero purchases made by books read. We've never seen someone purchase a Ferrari with "number of books read". In fact, we don't know a single time in history where a person reads a book and suddenly gets more money. Secondly, if the item is physical *"I will lose weight" or "I will gain muscle",* then you're not allowed to sit down and read up on new diets and exercise routines. You're going to go straight to the gym to train physically.

The biggest problem with "reading" as it pertains to the most important item in your life is that it feels like something has been done. We've done this many times in the past. Spending 2-3 hours reading about a topic only to find that all of your most valuable energy is completely drained by the time you're done researching…. This is not an efficient use of your brain. Reading is relatively low energy and will simply drain your body before you're able to even get to work. This is also why we do not recommend checking Twitter, Personal Emails, Blogs, News Websites etc until you've started to get to work on the task.

Step 4: Remove All Noise: This is both literal and figurative. Unless the tasks requires phone calls (calling customers as an example) or access to the Internet at that specific moment, you should shut everything out. Take it to the extreme. As an example we prefer turning off our phones before starting to do real work and remove all tabs/browsers unrelated to real time work to prevent any distractions.

This is actually a rare time where we can look to athletes as an example. If anyone has experience in competitive sports… thinking about anything but the present task is a recipe for disaster. The small fraction of a second where focus is lost can cost you the game or the race etc. Just think of all those examples of athletes celebrating before finishing the race, looking to the side or falling asleep as an opponent is able to easily cruise to an extra point. By removing all noise you're going to be left with two items, your brain and the task at hand.

Step 5: Create a Mental Zone: At this point you're about to start the task. You've already recognized it as the most important to you, you've already reminded yourself (utilizing fear) as to why you need to accomplish the task and finally, you're in a place where you cannot be distracted by any means. Now comes the fun part of creating a "zone" or focus point.

The final step before starting is to remind yourself of a previous success. It does not matter what it is, just choose the biggest achievement that you remember (or one of the biggest) and lock into that that time frame. After walking through it in your head as if watching a movie (should take a minute or two) you're going to repeat the task and remember being "in the zone". This is also more commonly known as neuro linguistic programming, but, we'll try to take it a step further. Once you have played the event in your head once or twice the final time, instead of remember the event, remember the mental state you were in. Try to remember what you were thinking of during the event. You'll find out the exact same thing. You were not thinking about anything. Ever wonder why we refer to people that are in the zone as being "unconscious, well now you know.

Step 6: Take Action on the Task: If you've done this correctly your mind will not wander. You've prevented this by starting an action before doing any research at all. If we look at the process, by breaking any of the steps… your brain will become distracted. This is human nature and a natural flaw of all humans. You'll worry about doing other things unrelated to your most important action of the day.

Step 7: All Out or Full Speed: Since our bodies and brains get tired over time the best way to progress is at full speed until exhausted. Since this is hands down the most important task to you, you'll need to continue in this zone until you lose the mental ability to continue. The vast majority won't do the check in steps listed above and will pay dearly for it as the value of the work will decline dramatically. If you're distracted or not 100% focused the value of the work is likely cut into a third. One hour of extreme full speed work and effort will be equivalent to 3 hours of regular effort work.

After Zoning In

After this period of mania (we've found about ~3 hours can be obtained) you'll need to check back out of the intense work mode. Once you find that your mind is wandering onto other topics rapidly and you're not able to focus specifically on one task only, then you're likely out of the zone. Instead of attempting to force your body to re-enter, it's smarter to step out entirely. We recommend meditation for about 15 minutes where you think about nothing.

Re-evaluate the Work: Now that the intense focus period is over, we'd turn to less demanding items that we refer to as clean up. If your time was spent working on a new ad to place online, then we'd switch to proof reading. You can also switch to display issues and other bugs that may occur on your page. Unless you have hired someone to go through everything, you can simply do the lower level items that are less important. After a period of meditation you'll have enough energy left to go through mundane items that are less meaningful but can make a big impact.

Ask a Few Basic Questions: Part of the reason that you'll fade out of the mania stage or "in the zone stage" is you'll run into a hurdle you can't seem to jump. If you see the problem consistently ask yourself what exactly is causing the problem and write it down once for later research. We'd recommend doing all research well into the end of the day since the energy needed to do so is very minimal.

Switch to Task Two, Three and Research

Now that you have made a substantial amount of progress and "cleaned up" the work you've done, it's very easy to move onto your second less important item for the day. Generally, since it is not the premier item for you, this will not require immense focus on your part (not logically sustainable given no person is operating at peak performance every single minute of the day).

Again, we do not know what is important for you. All we know is that there are several areas where you're likely interested in improving. For the remaining items we recommend linking up with a person who is more motivated than yourself in that category. Using the most common items "money and fitness" if your goal is money, then you'll need to find someone who is in better shape than you to hit the gym.

We strongly recommend working in more "team" oriented areas for tier 2-4 priorities. Why? Well if it's not the most important item to you then it is likely the most important item to someone in the group you decide to be a part of. This makes your progress significantly faster than before.

Finally, once you're done with your activities for the day you can flip to researching the answer to your question when you're wrapping up the day. You'll find yourself getting distracted (more likely than not) and this is normal. The positive side is through the extremely easy task of researching a solution you'll find at least one answer and apply that the next day.

Massive Pitfalls to Avoid

We have a laundry list and instead will focus on bullets to get the point across quicker

1) Telling people your #1 priority. This will cause nothing but problems for your progress. Psychologically, telling someone you will do something sends signals to your brain that you've actually done something to make progress (not the case!). Do not confuse marketing with "telling people"it is not the same because when you market you're already done creating a specific product (or practically near done).

2) If you need to tell people… you don't really want it. This is another good way to see if you're actually interested in doing it. Material goods are another great example of this. If you actually want to do something and are not doing it just to create attention, then you're not going to be interested in voicing your priority to the masses.

3) Creating games instead of habits. You're better off changing your long term habits than making crazy games such as "for 10 days i will do X". This will just send a quick dopamine rush when you do something for 10 days and complete the task. Instead by creating a habit you won't have to make up any sort of short term time frame.

4) Constant obsession with priority #1. It's not physically possible to be at peak performance for the human body at all times (otherwise world records would break daily). Therefore the check in process shouldn't lead to constant thinking in the future. Once you've put in the high quality hours and minutes into the priority, set it aside and move on.

5) Negative Thought Spiral. When getting into the zone you're not allowed to frame anything as a negative. This is why visualization of a past success is extremely important. Once you think about how much you want to improve on item X then you immediately shift gears into a previous success. If you're thinking about "what could go wrong" you'll waste valuable brain cells on worrying (this usually leads to thinking about other items unrelated to your project – negative thinking).

Concluding Remarks: Overall, if we continue to follow these steps to check in on a daily basis into the most important item on the list… we'll subsequently improve on the other items. Generally, when your primary item is improving by leaps and bounds, the rest of the items tend to fall into place because your confidence goes up (able to do most important item, will be possible to do the second most).

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Creating Luck

Creating Luck

According to the dictionary, luck is "Success or failure apparently brought by chance rather than through one's own actions" and the more popular definition is "Luck is what happens when preparation meets opportunity". Unsurprisingly, we don't like either of these definitions! Instead we define luck as ***"good fortune*** *that goes to people who don't need it"*. Why? Well once you know how luck works you'll adjust your personality to make it come your way. For fun we're going to provide a step-by-step luck creation machine.

Lucky to Be Alive

Before we begin, we'll point out the obvious. Anyone reading this is lucky to be alive. Millions of people died which diminished the gene pool. There was a one in a billion chance for you to be alive today (probably lower). The chances of being alive in the 21st century? A miracle. The chances of being born into a 1st world country? Another miracle. **And.** The chances of finding this blog? Another miracle! (half joking)

We're sure you've all heard this before and we think the one additional item is the amount of information available to you. That is hands down the most critical change today versus 100 years ago. If someone creates a revolutionary new product, you'll likely hear about it within a year (at the latest). Just ~30 years ago, information was delivered extremely slowly (snail mail) and new information took years to become well known around the globe. Now? ***That could happen in five seconds.***

With the invention of the Internet, you can gain access to information written by investors, billionaires, millionaires, athletes, doctors, etc. While it is up to you to discern which information is most valuable, the availability is meaningful. Remember, one of the primary reasons for the USA being where it is today? Information. Guns versus Bows & Arrows. Therefore, access to information helps level the playing field for anyone living in the 21st century. There are no excuses in the 21st century because the necessary information is available.

"Luck: Good fortune that goes to people who don't need it"

Think about it for a second. Have you ever met a "lucky" person who needed the luck in the first place? Unlikely. Even the broke folk who win the lottery? They lose it quickly! The luckiest people seem to never need the luck in the first place. So we have our hint on how to obtain luck: *When you no longer need it, you'll receive it. As a bonus note? The reverse is also true.*

The Corporate Guy: We know, you're probably questioning our definition already so we'll ask you to think about your past and see if it's true. Have you noticed that the happy guy who isn't interested in moving up is typically the one who does move up? Have you noticed that the same guy has no problems with being laid off yet is never laid off (ever?). Have you noticed the reverse? A guy who is desperately in need of the job/career gets laid off. Or. The guy who recently took a large mortgage is typically the same guy to get cut first? We've noticed as well.

Now, we're not saying you'll simply move up the ladder by doing nothing the real key seems to be stress. They are called "happy go lucky" for a reason not "unhappy stop lucky". Luck seems to favor those that are in a relaxed state and we'd wager it has more to do with 1) performance and 2) mood/demeanor. What person works better with massive amounts of stress hanging over his head all the time (recall the last time someone stood staring over your shoulder as you tried to work)? What person would promote a guy who is constantly negative all of the time? You all know the answer. No one. At the end of the day work is about performance and more importantly people management as you move up the chain and the "Happy Go Lucky" guy is typically the better fit 99 times out of 100.

Dating: Another fun one. Always common for ex-girlfriends or flings to show up right around when you're in a new relationship. Similarly, once you've stopped partying hard for a while and simply go out to have fun here and there your ability to meet new people goes through the roof. Luck? Or the creation of luck? We'll go ahead and say you've created luck. You no longer need social validation and that improves your overall demeanor and it is beyond easy for you to strike up conversations while sober in a night club or a grocery store. No difference to you.

Not good enough? Think about all of the guys you know who tend to do well with women. Are they constantly looking for the next "trick" to get girls? Are they willing to give up their entire career or business to move to a third world country just to meet girls who are 0.5 points better on the same old 1-10 scale? Are they going out incessantly to get "better"? Of course not. Unlike the guys who are faking the actions of successful, relaxed and confident men… They already have these qualities so it doesn't need to be faked. Once again. Once you don't need the validation, opportunities begin to show up on your door-step.

Money: This is what you're here for. Good ole' money luck. If you're reading a blog called Wall Street Playboys and have no interest in becoming a multi-millionaire… we have no idea how you've stumbled upon this website. That said, money luck requires the most mental and physical control. If you don't need it, you'll stumble on it several times over the course of 10+ years. In other words, "the rich get richer", a rare saying we 100% agree with.

Now to prove our point, have you noticed that large opportunities seem to land in front of people with money first? Have you noticed that people who are happy with what they have tend to stumble upon more ways to make even *more* money without needing it? Well we have too. The reason is simple really… when you don't need to make more money you value your time. By valuing your time more? The options weed themselves out for you. Instead of working for a $100 a hour when you were young, you're able to say no and go out to lunch with someone else as a favor instead (doesn't make economical sense but makes sense from a utility maximization sense).

Step by Step on How to Create Luck

On to the good stuff. Before we begin, we're not saying you'll stumble upon *Good Luck* by sitting at home doing nothing. The only people who will benefit from doing nothing at all? Those set up for generational wealth (see lucky to be alive!). Instead, we'll go ahead and give you the step by step to creating luck from scratch! After all who wants to work hard when this crazy game of life can throw money at you for simply having a good time.

Step 1 – Get Financially Stable: It is practically impossible to be happy go lucky when you're broke. Rare specimens can turn it around in terrible situations (think Trump in the 90s). That said, we'd focus on creating a nice financial buffer before trying the more extreme versions of luck creation. A decent buffer is somewhere around 2x annual living expenses. You'll become much less tense knowing that a layoff won't leave you on the Streets.

Step 2 – Keep on the Path: The biggest way to ***destroy*** luck? Go down multiple paths at the same time. You see, for some reason luck favors people who are unrelenting and hard headed. If you've decided to go down the sales path it does not make sense to jump into a coding boot camp. In addition, if you've decided to go into Technology please avoid starting a real estate company. So on and so forth. You're allowed to choose *two* ways to earn an income. You'll focus on these two paths (no more) until luck comes your way.

There are a million ways to get rich. Just don't look at the ones unrelated to you. Luck is distributed equally according to our advanced calculations (we've done none). If you spend 10 years on one path you're more likely to get lucky than if you were to spend 2 years on five different paths. Keep searching and each street, avenue or freeway will have at least one pot of gold. Much harder to find if you're constantly looking at the paths unrelated to you (wasting valuable time!)

Step 3 – Learn to Laugh at Yourself: The second biggest way to ***destroy*** luck? Taking everything seriously. You already know the type. Those guys who are constantly stressed out about the next Career move, the next investment, the recent price in XYZ stock that they were "going to invest in but forgot". So on and so forth. Sure Steve Jobs and others make billions and take everything seriously… If that's the life you want to live, this blog probably isn't for you. Who would enjoy going through life taking every single detail seriously when he could get his pot of gold… blow a good chunk of it in a party infused flame of glory… only to have no way of spending it all anyway! We're hoping you're in the second group otherwise you're probably not fun to hang out with anyway. The feeling of embarrassment is for people who take themselves far too seriously.

Step 4 – Identify Trends: As stated earlier the more popular definition of luck is "Luck is what happens when preparation meets opportunity". The problem is that we're discounting your ability to perceive the future. Does it take a rocket scientist to realize that live streaming will displace "news reports"? Does it take a rocket scientist to realize that mid-teir education systems will go the way of the dinosaur after being displaced by online resources? Does it take a rocket scientist to realize that sales is harder to automate when compared to book keeping? It sure doesn't. Your job is to identify trends and ideally see an inflection point ~5-10 years out. This gives you a full five years to live in the abyss staring at an opportunity that no one sees until it is too late for your competition to catch up.

Step 5 – Hang Out With Lucky People: In the "48 Laws of Power" the Book recommends avoiding the "Unhappy and Unlucky". The best way to do this is to find lucky and happy people. Importantly, if you're finding that people are unwilling to hang out with you… Well guess what that means? You're likely unhappy or unlucky. And. If you're either one of them, you're likely to be both soon! Before it's too late, try and mirror the traits of the happy and lucky (women are generally bubbly and happy for a reason, they know how good luck works!)… Sure enough you'll be one of the people everyone wants to hang around for good luck. Who knows, they may even rub your head for good luck in the future (joke).

Step 6 – Do Not Hope or Wish For Luck: This is the last item on the "avoidance list". By wishing for luck you'll guarantee it won't happen. Luck isn't interested in people who need it (see our definition). Luck is only interested in people who don't have a care for it. So you switched affiliate offers the week before it dried up? Laugh at the stroke of luck and have a shot of tequilla. Had an infographic go viral that results in a one day windfall of 5 figures? Go ahead and blow $1,000 at the wine bar and hand out free drinks to everyone in sight… say nothing about your good fortune. Luck favors those that are willing to lose it all and by blowing some of it you're likely creating more of it anyway. Just don't hope or wish for it otherwise the music changes from James Brown to the Jaws Theme song.

Step 7 – Stay in the Flow of Money Luck: The best way to get money luck? Be there when it is present. No we don't mean rap videos, we mean the transactional nature of money. When large amounts of money are moving around, someone is typically being paid to facilitate the transaction (make the market). Imagine owning just a piece of something as popular as Coinbase. You can create a large amount of money and be exposed to multiple currencies all at the same time. If you don't believe in staying within the flow of money just ask a payment services company (Paypal, Visa, Coinbase, ADP etc.), a major bank or a high end real estate agent.

Step 8 – Create a Stress Free Life: As your income goes up, your net worth also goes up. This is where the fun balance comes in. Constantly take on more risk so long as your stress never increases. This means you never want to feel like you're under a lot of pressure (see performance declines) and it means you should enjoy taking on more risk. If you feel uncomfortable clicking buy or levering up… shut the deal down. Luck rarely favors those that are uncomfortable with the risk they took. Notice. The key is that you must feel comfortable with it. That is why many people can take on a lot of risk and sleep like a baby.

Step 9 – Sit Down and Realize Life is Meaningless: If you've done all of the items above your luck is likely improving. You'll get to a point where you "feel" like you're searching for meaning. Make the mental jump and realize *everything* is meaningless! We're only going to live for a 100 years or so and none of that valuable time should be wasted on "discovering the meaning of life". Nobody will remember if you died with $100M, $10M or $0 in the bank. After all, you're rich already so the only excuse for being unhappy is staring right back at you every single time you step in front of a mirror! The word that describes rich intense unhappy people? Easy. Boring!

Step 10 – Create a Troll/Hobby Website: Create a website entirely made for the laughs since blogging for money is foolish. Somehow it grows despite any effort at all. Change the direction of the blog. Leave an industry you worked in for several years. Write a book on it and give it away for cheap because you've already left the sector anyway… So who cares if competition goes up! Good old luck will probably show up somewhere down the line because of this anyway. Name the website WallStreetP…. Wait.

Let us know if you have any other tips for creating luck. If they are serious in nature? They will be deleted because we'll know you're lying!

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Crypto Currency a Basic Introduction… The Future.

Crypto Currency a Basic Introduction… The Future.

Decentralized crypto currencies are here to stay and will revolutionize the way we live. The naysayers typically bring up topics such as quantum computers (solved with a fork), 51% attack problems (would be self-defeating as value would go to zero after spending on compute power) and government regulation (which was unsuccessful with BitTorrent for the music industry). Instead of exchanging value with middle-men (banks and money exchanges) we'll be able to exchange value directly, quickly and without the need for expensive fees. While scalability is an issue, this is no different than scaling the internet back when it was difficult to near-impossible to send pictures. With enough developers solutions are found. Now that we've made a bunch of aggressive comments we'll jump into the fun point of going through how to get involved. We have a personal finance book coming out in January of 2018 that will explain how we would invest in the space.

Why Does it Matter? In a sentence, the use of crypto currencies will allow us to communicate instantaneously without the use of middle men. No longer will you need to send $100 to a friend in London and pay a $5-30 transfer fee (this will be a mere penny in the future). *The deletion of a middle man is profound as it allows you to trust anyone in the world*. Imagine being able to buy and sell products online to people anywhere around the world with 1) minimal transaction fees, 2) knowing both the sender and receiver will not be burned and 3) the transaction being done instantly. That's essentially the most common value proposition of crypto currencies.

The second part, which we won't go into in detail allows you to offer the same value as a fill function. Meaning, if certain triggers are hit the "value" or crypto currency is released. If Floyd Mayweather wins a fight and you bet on him, the funds for your bet are then released (counter party risk is deleted as it is an automated escrow release). While a simple escrow release is an "if then" feature, there is nothing preventing a fill function from being performed on 1) cars with gasoline, 2) supply chains that need new product, 3) the medical industry to make sure all the right drugs are on deck… so on and so forth. Instead of an inefficient human making this decision, it will automatically signal the order to be "filled" releasing the funds for the transaction… Before people suggest that this is science fiction we would recommend googling around for examples of this (fill and auto send responses)… *They already exist*. Scale of course is still a major issue.

What is the Implication? Well for one, a lot of the value that Banks had goes away. Crypto currencies are a *dis-intermediation technology*. In our book, Efficiency, we specifically recommended avoiding certain parts of the investment banking food chain (ECM in particular will not be a good place to build a career). Take a step back and imagine all the intermediaries who simply accumulate fees for providing "trust". Since trust will now be ubiquitous the value in those intermediaries go away. Don't even think about investing in things such as Money Gram or a Western Union long-term!

Now before this sounds like it is simply "bad" and there will be no jobs… the good news is you're now scalable! Forget about middle men taking chunks out of your value to society, the money will go directly to you. Any business that saw profit erosion due to transaction fees will now see margin expansion. You as an individual (yes everyone reading this!) now get to be *free*. You're now free for your overlords which allows you to take full responsibility for all of your value (this includes your money, so if you lose your keys you have no one to blame but yourself). More responsibility, means more rewards.

Sovereign Individuals: The third most important topic is the idea of becoming a sovereign individual. If your money and worth is now tied to the Internet and you're in charge of your money… the government will now need to compete for your residency. After all, if your worth or money is now seamless and portable around the globe, you'll be free to live in any country of your choice. We doubt this level of freedom will be seen in our life time but it could certainly happen (need to be optimistic). Hint Hint: if you run an e-commerce site be smart and start accepting crypto. You can also read the book the Sovereign Individual from Amazon for a few bucks.

The Bad Parts: Now that we've given out the big highlights there are a *ton* of problems with the technology today. We don't even know where to begin but we'll go ahead and start: 1) the transaction fees need to come down to make it more scalable, 2) transactions cannot be reversed at this time making it difficult if a single error is made… your coins can also be stolen with no intermediary to help you, 3) the speed of the transactions need to be improved dramatically, 4) privacy is a long-term issue with no apparent solution, 5) an alarming number of scam companies are using ICOs to raise money which will eventually lead to a collapse and damage the built in trust and 6) there is significant debate amongst the development teams (on each blockchain) in terms of what the best solutions are for all of the problems listed above.

Example of a Scaling Debate: Since the bad parts are broad will give an example. When Bitcoin forked into Bitcoin Cash and Bitcoin… the sides were split on the best way to scale Bitcoin. In short, Bitcoin is going to be scaled off chain through the lightning network (essentially creating a channel offchain to allow for micro transactions) while Bitcoin cash suggested that the block size was the major issue and by increasing the block size, everything can now remain "on chain". Before the trolls jump in, the key items for Bitcoin Cash are: 1) larger block size, 2) replay attack protection and 3) changing rate of block reward which is why there are more BCH than BTC in circulation today. We'll keep our predictions for the book, but as you can see scaling Bitcoin (improving transaction costs) is not an easy solution and the debate ended up splitting the Bitcoin community. (for fun… a hard fork is when you have two separate chains, versus soft forks which are software updates on the same chain without a split)

How To Get Involved

As stated we'll keep most our predictions for the personal finance book, that said we'll outline several ways to get involved if you're interested in investing some money into crypto currencies today.

Buy on an Exchange: Most novices begin investing by logging into an exchange and purchasing crypto currencies with cash linked to their checking accounts. Examples of exchanges include Bittrex, Coinbase and Kraken. These coins are then stored on the exchange where they can be kept or sold back to the market at spot prices (+ a typical transaction fee).

Storing Your Coins: The individuals involved in crypto currencies for the long-term do not store their coins on an exchange. Look no further than Mount Gox which caused a collapse in the price of Bitcoin as the exchange was hacked. The *blockchain* was not hacked. The *exchange* was hacked. This would be equivalent to giving the pin for your ATM card to a random person (easy to steal at that point). Instead of leaving this potential risk on the table the two more common storage methods are a hardware wallet or a paper wallet. To cut to the chase if you'd like to use a hardware wallet you're best off with a trezor or nano Ledger S. If you're going to store on a paper wallet, be sure to keep the paper in pristine condition and store in a fire & water resistant safe.

Become a Miner: If you're looking to remain entirely anonymous and never go through exchanges, you can also mine the crypto currencies. There are many different crypto currencies and if you find one that you're interested in… go ahead and build or purchase a miner. Just remember, the electrical costs in a first world country make a lot of these ideas unprofitable.

Where to Do Research

In just a couple of pages we've outlined why people should care, why it will matter and how to store all of your *coins*. Now for fun we'll give a peek into what we'll cover when we come out with our investing book. Here are the coins the typical person should understand:

Bitcoin/Bitcoin Cash: To avoid the trolls, we're putting them both into one paragraph. Understanding the coin(s), the scaling debate and how the software code works is the first step into crypto currencies. Think of it as the gateway drug. Without understanding the value of Bitcoin and understanding why decentralized, open source software code is valuable… the average person will be in a world of hurt.

Ethereum: The second most known crypto currency developed for smart contracts. Ethereum offers a significantly different value proposition, the code is run differently and the network is separate from Bitcoin. This is a Turing Complete virtual machine which allows for "smart contracts" (recall the fill and send application highlighted earlier in this post).

Litecoin: Essentially a similar coin to Bitcoin but with small technological differences.

Monero: Another coin similar to Bitcoin with more privacy. A "vanishing" coin that makes it impossible to track at this point (unclear if this will be the case for decades in the future). It doesn't take long to understand the value of 100% anonymity given the illegal drug market.

NEO: Essentially an Ethereum competitor that allows for a variety of programs to be run, compared to Ethereum which is run with Solidity. Solidity is a contract-oriented, high-level language whose syntax is similar to that of *JavaScript* and it is designed to target the Ethereum Virtual Machine.

Hopefully we've already stirred the pot a bit and look forward to seeing how many people understand the space at this point. It should be incredibly clear as to why we left Wall Street at this point (disintermediation technology is not going to help banks).

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like *Efficiency, Get Rich Without Giving Up Your Life*. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality)

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Crystal Clear Structural Changes After COVID

Crystal Clear Structural Changes After COVID

For our astute readers, we've been missing in action for a couple of weeks as we were finalizing research into the great depression of the 1930s along with the impact of money printing. Some of the things we're seeing today are eerily similar. In addition to that, a strange dynamic has occurred where parts of the world are actually open: Korea, Japan, China, Taiwan and Singapore are in much better shape than the USA. The USA has a narrative that we should blame the virus on China (fair enough), but, it doesn't change the end result. These countries are operating at normal (or close to normal) while the USA has no clear timeline to recovery until at least September/October. Pains us to say it but the US is just too far behind tier 1 Asian countries to catch up, the propaganda we receive stating that we're ahead of them simply isn't true (those who are well travelled understand this). The US needs to invest and invest NOW. With that said lets jump into the changes.

#1 Structural Change – Money Printing: If you cannot figure out what to invest in when governments are forced to print endless amounts of money you either need to do research yourself or you need to focus more on making money. Why? Well the only people who cannot figure this out = people who have not made any real amount of money or people who don't like to read. They are usually the same person.

With the tough love out of the way, the answer for the lazy is simple: commodities and crypto. These two asset classes make the most sense and is in-line with views we made several times and even predicted a recession in our book Spending for Maximum Return. In fact, this book was so timely we're shocked it isn't outselling Efficiency!

When you increase the money supply, all you are doing is changing the price of goods long term. People who do not like to read will ask questions like "how come it isn't going vertical RIGHT NOW!". These are low quality questions because you cannot simply go into market place and "market buy" $1-2 trillion dollars worth of anything. Imagine trying to buy $1T worth of Apple stock, even at a $1T+ valuation, you're attempting to purchase over half of the company in a single day. The price will go vertical and you'll completely crash the market.

The time lag is roughly 60-120 days (give or take). When you hear about the next stimulus bill (you can bet they will give people money as surely as the sun will rise tomorrow), realize that this won't really hit the system until 60-120 days later. Until we have some sort of sense of normalcy, unemployment rates of around 7-8% or so, interest rates will remain at zero and maybe even go negative.

#2 Structural Change – Work Environments: The low quality comment from March was that Companies would need more office space to social distance. This comment was beyond crazy as you'd have 1-mile long lines to get into major elevator banks at high rise complexes. After a few months, even Google stated they would be doing more work remote. This was significant as they spent hundreds of millions on new campuses. They had skin in the game to push for a return to normal work… they are now back pedaling.

Going forward you want to become a knowledge worker at minimum and move any of your ideas online. We've been pushing the online income angle for years and those that succeeded are actually UP in terms of income. Take any brick and mortar and think of ways to convert that into an online business. Sure you won't be able to see immediate returns, but like anything in life, the real gains are seen down the line after sudden inflections upward.

Since more people will work from home, this means suburban areas just became more valuable. Having a home office is a real selling point and you will likely see security system sales increase as well. If you are leaving major cities due to crime, you can guess that security systems will also be of value to you.

#3 Structural Changes – Taxes: This is going to become VERY interesting. There is no clear conclusion yet but there is a clear answer here: taxes will need to go up. (Notice this means 401K tax deferral just became meaningless if taxes actually go up later). Does this happen next year? Probably not. Does it happen within the next 5 years? High likelihood. There are too many scenarios here so we we'll go ahead and outline all the various ways for it to happen:

Tax Adjustment Potential: 1) tax free states begin to tax their residents, 2) federal tax brackets change, 3) subsidies for companies begin to go away, 4) wealthy people move to the most tax advantageous regions, 5) real estate taxes go up, 6) consumption taxes are increased and 7) capital gains taxes are changed. If it gets really really bad, you could see governments quite literally take money from accounts as we saw in other countries (IE. you have $100K in a brokerage account and they take 10% from everyone instantly after locking their accounts).

This is going to cause a lot of interesting issues. If you're wealthy you're going to leave the high tax states for good. If they attempt to change the rules in a place you just moved to… you can move yet again. This is the reality of the new working environment. If all of your work is mobile, you can jump around with relative ease.

What does this mean long-term? Call us crazy but it seems like this will be the first step in causing countries to compete for the best and the brightest to move to their country. If your work is entirely remote and you're a high quality producer… Your country needs to find a way to keep them. For those that don't understand why this is so important look no further than NYC. When billionaire hedge fund managers leave, they cause such a large tax hit that the entire state is forced to reduce government employee salaries. Now imagine this but at a MASSIVE scale. Instead of attacking the talented you have to find a way to keep them in your country. Otherwise you get nothing but brain drain and are left with talentless people who drive down the production in your country.

#4 Structural Change – Global Work Force: For all of the people who are thrilled to be working from home, it is time to remember that this has opened up world wide competition. If your job can be done remotely, there is no reason to hire someone in the USA vs. any other country assuming their skills are higher. While there are some communication issues, in general, you've opened up the pool of competition quite a bit.

If you're working remotely it means you're going to rely on technology. If you rely on technology it also means that you're going to have a net reduction in human capital needs. This is a simple fact that many don't want to believe. The entire point of technology is to remove remedial human tasks. As more and more companies look at remote set ups they will learn a lot about video conferencing, automated calendars and software tools to get more capacity out of their technology infrastructure.

This is great for you. If you start your own e-commerce/online based income stream, you won't have to hire anyone. You can scale for quite some time without the need for a single hire. Building out a "team" becomes a relic of the past. You only need a few high quality people who actually add value and the rest can be ignored. You've created an entity that not only grows faster but has higher margins! Overhead walks on two legs.

#5 Structural Change – Crypto: This is going to get very interesting as well. In fact the next 10 years is going to be fascinating as a whole. Crypto currency is an answer to not just the financial system but the overall transfer of data and information to the user vs. a random "woke" Company. Instead of being forced to give away your data, you can have choice. Instead of being forced to hand over all of your photos to Facebook and Google, you can choose to block access. So on and so forth.

Crypto creates an establishment of trust world wide when we live in a society that is becoming more skeptical in nature. You cannot print trillions and trillions of dollars and expect people to believe the economy will suddenly recover. You cannot force people to close down their businesses and then expect them to maintain all of their employees due to an interest free loan (that still needs to be paid back by the way). You cannot have mass riots on the Streets in expensive areas and believe that rich people will simply "live with it". These conclusions are not even debatable.

If the 2000 to 2020 range was the year of the internet and software, 2020-2040 should become the year of decentralized finance and new internet economies. A form of money that is devalued by trillions every 3-5 months is not going to store a lot of value.

#6 Structural Change – E-sports: If you were not bullish on e-sports you should be extremely bullish now. How can you be negative on a growing sector when people are forced to stay at home and have nothing else to do for entertainment? It seems quite obvious that e-sports will become more and more popular for the younger generation.

Notice, we're not saying that this is healthy for them. But. You'd be a fool to avoid investing in coca-cola stock just because it isn't good for you. With high unemployment, video games are a form of cheap entertainment & they can be used globally.

The only issue we see in the near term is that online gaming leads itself to cheating. Without organized venues for competitions a lot of people will use hacks/cheat codes to make sure they win. This is something that will be solved over time and it is a lot easier to socially distance with a computer room. All you'd need to do is have each room manned with a representative from the Company (check them to see if they are cheating) and move on.

#7 Structural Change – Humans are the Same! This is a fun one… humans are structurally the same and always will be. This is why we're going to load up on Canelo Alvarez whenever he fights and remain positive on Trump winning the election. No matter what changes, humans are going to make the same short term decisions and think in the same manner as they did before. The only difference is they apply their flawed logic to a new ecosystem.

If you want proof of this look no further than Litecoin. The founder sold all of his coins at the top and the conclusion was that "he was trying to remove a conflict" which made little to zero sense at all. The price crashed since everyone knows what it means when a founder sells his entire stake.

If humans are the same this means it is likely that Trump wins. We have had this same view since 2017 when his odds were 3:1. We've been positive on the same trade since then. Even though he is losing in the polls by the time October comes around, people will have to make a choice. Right now people are focused on the issues with COVID-19 and the economy.

By October they have to make a choice. Vote for the guy who did a great job when times were normal or vote for the guy who can't even remember how many grandkids he has. A person with visible issues that appear to be the onset of dementia or the status quo. Also. Lots of Trump supporters know they could be fired for being a Trump supporter so they would never answer polls honestly (unless they want to risk their jobs/careers).

#8 Structural Change – At Home Care: From gyms to saunas to facial skin care products, more and more at home solutions should succeed. Why go to a gym when you are now living in a home and can build one yourself? Why go to a professional skin care person when you can have your own routine and avoid catching a dangerous virus? Why go to spas when you can create one yourself in your much larger living situation?

We realize these changes refer to the rich but we have to think about that market as well. If you're rich, you value health and privacy a lot more than the average person. This ticks both boxes and it might even create a much healthier routine for you as well. Take a wild guess if we'd recommend starting an internet biz based on this theme!

#9 Structural Change – Home Improvement: This is going to continue for the foreseeable future. We're not sure how to invest here besides basic stocks like Home Depot. Our best guess is that there has to be a business venture here in landscaping. No rich person is going to spend their time digging ditches, pouring concrete and watering plants. They will pay thousands of dollars to have their yard work taken care of by others.

An interesting angle is to look at the latest and greatest tech products for landscaping. There has to be disruption in the next 3-5 years if we already have robots that take care of distribution/warehouses. Find the right products to help with a common task (retaining walls, concrete pouring, plants and creating a terrace).

The big big big downside here is that this is currently a people business. This involves a lot of headaches, being yelled at by rich people and having to listen to their every little detail. The good news? If you have nothing else to do to make money, this is a good backup plan for now.

#10 Structural Change – Real Estate Value: This is going to be quite messy. Major cities are seeing large reductions in rents. If you had a cap rate of just 2% and suddenly your rental income has to go down 20%, now you can't even pay the mortgage with your tenant. Since people are extremely egocentric, they think that it's perfectly fine to not pay rent "my landlord is rich!". Even though he might be losing tens of thousands of dollars per month due to missed payments.

Moving on, this means you should be very careful when you invest in real estate. While prices may go up due to unlimited money printing, it is not clear if particular major cities will benefit. The major cities are stuck between a rock and a hard place. Raise taxes and rich people will leave. If you don't help the mid-low income families, you see an increase in crime… which causes rich people to leave.

Our simple take is that you want to be exposed to mid-sized suburban homes. This is because families will be forced to live together for longer periods of time and the value of these homes is reasonable. You are in the middle of the risk curve. If things go back to normal quickly, there is still demand. If things do not go back to normal, you own an asset that is in extremely high demand. Think middle class suburban home in tax free areas with good school districts and high quality healthcare systems.

Making Some Fun Predictions: With the high level out of the way, we're going to be looking for all of the following: 1) notable real estate issues now in 2021, originally we expected this to blow up some time in August/September. However. New legislation is going to extend the laws on evictions. So this can't blow up by definition until that is complete. This puts us into 2021 (see we do adjust opinions sometimes!); 2) increased number of gamblers as a percent of the US population. This sounds quite random but makes logical sense. Sports betting and anything to get a "high" will be in demand. If you can't drink, party and do drugs you're going to chase dopamine somewhere: options, betting and leveraged bets on crypto will be likely; 3) big increase in religion, we've been saying this for a while. Since many will go through terrible economic times, they will need a form of hope and optimism. Religion offers this and is one of the major benefits of the entire culture; 4) lots of stealth wealth. If you are making money right now you're better off hiding it. You should be spending tons on growing your business… And you should be hiding your success. The current environment allows you to pretend that things are going bad for you. Take advantage of it since flashing money (today) is just going to lead to crime. You can show off more when the economy is normal again; 5) big divergence in fit vs. unfit people. It was already bad but it's going to get worse. People who are interested in self improvement are likely seeing significant gains. They went from being forced to workout while exhausted to being able to workout whenever they like. Should lead to a lot of at home gyms and healthier living for a large chunk of the population and 6) you're going to see a lot of pain and suffering for people in their 20s. They will be forced to live at home due to the current circumstances. This is going to stunt the growth of many young men so you can expect that in 2030 or so, a lot of the 30 year olds will have the mindset/thinking patterns of a person in his mid 20s.

From an investing perspective you only need to know that the money supply is going to go up. That means you're simply going to own bitcoin/other crypto you believe in, gold and tech stocks. That has been the trade for quite some time. If you force us to choose we're going to say the same thing we said when it hit $4,800, likely the best performing "asset" for the next 2-3 years will be bitcoin/crypto in general.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Dating Life for the Average Man in America

Dating Life for the Average Man in America

Lets take a look at what happens if you decide to be average in the dating market. It isn't pretty so lets go ahead and jump right in.

Joe in College: Professors who have accomplished nothing, are teaching him about sociology and life. They obtained PHDs in XYZ humanities major to pursue a career in teaching the exact same major. He believes that women are princesses who should be treated accordingly. Besides, they have been oppressed for so long.

Joe gets black out drunk at college parties. He gets a sloppy make out here and there… he even loses his virginity by acting outlandish at a party. He can't put two and two together. He catches feelings for this new "girl" and she rejects him.

Joe 23 Years Old: He gets on tinder and every other online dating program there is. He still doesn't have the skills or courage to simply meet people in real life so he sets up dates by utilizing "online game".

Oddly enough, every single date he goes on ends with some sob story from the girl he is with: "Oh my god this D-bag I was dating cheated on me…"

He nods and consoles her. At the end of the date he gives her a hug and doesn't even bother going for a kiss. It's too soon.

He cannot convince her to meet in the future.

Joe 24-28 Years Old: For some reason his matches on Tinder are increasing but he is still not able to secure a girlfriend. He gets too drunk on dates, but surprisingly, a lot of these drunken dates end up in a notch or two. The girls immediately have no interest in Joe the next morning and go back to their regular lives. He feels slightly happier about his life but somewhat empty inside, he feels the need for a relationship.

The girls? They get high fives from their friends. Her closest friends call her a "slut" and it is taken as a complement. They proudly keep their "Come Party With Sluts" t-shirts from college Spring Break.

Joe 29 Years Old: For some reason he is receiving a higher amount of eye contact from women. He just turned 29. Miraculously, out of the blue, he meets a 29 year old woman who is "done with the scene". Everything is perfect! He's ready to settle down, she's ready to settle down… What could possibly go wrong? He ignores the fact that she approached him at a party. It is odd because this never used to happen before.

What a coincidence!

She forces him to wait 7 whole dates before they have sex and he is completely cool with it. He never gets the details about her previous partying past. Unbeknownst to him, it was chalk full of drugs, alcohol with strange men and many, many, many one night stands.

Joe 30 Years Old: Joe is somewhat happy in his current relationship, he is gaining some weight but it's not a big deal. His girlfriend invites him to multiple weddings and she attends many bachelorette parties in Las Vegas. Joe is no longer on Tinder, he does not have any online dating accounts. Everything happened according to the *"life plan"*

As his physique gets slightly worse, he begins dressing slightly worse and naturally the reaction from women is slightly… worse. He doesn't have the social skills to recognize the changes and continues down the path.

Joe 31 Years Old: He finally pops the question to get married. She immediately agrees. They begin sending out wedding invitations.

The photo on the cover is a picture of him kissing her on the cheek and her staring directly at the lens. The classic photo for a wedding afterall.

Walking down the aisle, he is on cloud 9. He finally found that missing "piece" in his life.

Joe 31-34 Years Old: He sees that many of the likes on their wedding photos are from men. Some of these men are even the guys he used to hate in college, those "dude bro d-bags", those losers.

His wife is now pregnant and he assumes the mood changes are due to her conception. Things will change in a few years he says.

Joe 35 Years Old: Nothing has changed for the better. Joe is changing diapers, running around the house and trying to bring in more income at the same time. His wife did not lose the weight she gained during her pregnancy and she wants to quit her full time job.

As the days go on he continues to question his life decisions. A life he cannot live again…

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December Q&A is Closed

Q&A is now closed thanks!

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Deflect or Agree with Everything (a Huge Time Saver with Regular People)

Deflect or Agree with Everything (a Huge Time Saver with Regular People)

This blog is essentially regular people repellant. The average person takes one look at the name of the website and eyes begin to roll. Instead of reading through and finding out we've already met several people in real life and this is not run by a bunch of broke people, the average person moves along quickly. In essence, this website encapsulates what we call "rapport breaking". Everything about it is set up to push away and detract regulars (also known as mosquitoes).

Now unfortunately… you're going to have to interact with regulars on a daily basis and no one should take on the tone that we use in this blog (although it's what we actually think!). We'll go ahead and summarize the best way to go about your day to decrease your interactions with these value leeches …. *Deflect or Agree*.

Two Key Principles

Principle #1 – The Blame or Praise Game: The average person believes in superstitions. Make no mistake about it. The typical person has lucky socks or lucky shirts or some insane item categorically unrelated to success or failure. This is an absolute necessity to understand. People will attribute "value" to obscure objects that are unrelated to success or failure.

If you said hi to someone in the hallway and they got fired 20 seconds later… There is a chance they will blame you for the event! In addition, if you said hi to that same person 20 seconds before getting a promotion, they might view you as "lucky".

There is a reason why weather women routinely get hate email in volatile climate areas and it has nothing to do with logic or reason. They are just looking for someone to blame.

This strange phenomenon is also known as "Shooting the Messenger" or blaming the person who delivers bad news. Unfortunately, *the phrase is not entirely correct*. The correct way to understand this phenomenon is "Shoot **or** Praise the Messenger". If you need an example of praising an unrelated messenger… just look at Television Game shows where people hug and kiss the host of the show even though he had nothing to do with them winning the prize. All of the people who win the prize will say "the host was amazing!".

Hopefully, with the short paragraphs above, you've already identified a few people who view you favorably or unfavorably for unrelated reasons.

Principle #2 – Forced Connections Cause More Hate: This is the second most important item to understand. Due to some sort of "sixth sense" people do not like it when others attempt to become the messenger (or avoid being the messenger). If a good event happens and an individual comes out of the woodwork to praise them… a baseline value of contempt is built. In the reverse scenario, if you witness a negative event and run away suddenly, the person will then believe you had something to do with it and… a baseline value of contempt is built.

Now we see the clear conundrum. Fortunately, there is an answer which is the *Deflect or Agree* framework.

Deflect or Agree

Deflection Points:

Avoiding the Blame or Praise in the First Place: Once we all agree that there is an implicit blame or praise dynamic at play the first step is to play offense. Like practically everything else in life, playing offense sure beats playing defense because you can continue to put the pressure on the opposing team to recover. Playing offense in this case requires you to **deflect** situations where Blame or Praise will take place. The last thing you want to do is have a group of regular people blaming you for their problems (regular people have a **TON** of problems with nothing to lose). In addition, you don't want them asking you for help either (time suck).

#1 Steer the Conversation: Since you'll develop a solid baseline set of sales skills, you will have solid conversational abilities to help steer any and all conversations. You'll naturally find yourself mirroring the body language of everyone you speak with, helping you establish a baseline level of rapport and nothing more. Now your goal is to avoid being associated with anything positive or negative. *Deflect* the conversation to irrelevant pop culture or headline items.

For one reason or another, this seems to work and there is always some meaningless article on Yahoo, Twitter moments or otherwise to pull from. The most consistent item to use is a "widget description" conversation. During the rare times where you're forced to interact with regulars you will ask them about the latest "widget" that came out. New iPhone, New Oculus Rift, New Restaurant… so on and so forth. Now you'll see what we've done with this set up!

After steering the conversation to something "new" that came out you get to ask questions about it since 90% of people will know about it. Pretend you don't know much about it and have them *explain* the widget or what food the restaurant serves, so on and so forth. This is key as you become the "student" in this situation and the person will feel like they added value by giving you information. Importantly, *do not ask them for any actual advice.* All you are doing is asking for *descriptions*. This will make it extremely difficult for them to claim that they added any value to your life since all they did was regurgitate something you could have learned with a five second google search.

In short, ask for *descriptions of innocuous items* and be happy/jovial about the response so you can be the "normal" guy in their eyes.

#2 Deflect All Advice Related Topics: Unless you're asked for it, never give any advice. People don't want advice they just want to hear what they already believe. Since you'll rarely be asked for any advice (a good thing), don't dig your own grave by giving out advice on any topic. Never have an opinion on sports games, politics, making money or otherwise. In fact, if at all possible, your default deflection response is "I don't know anything about XXXX to be honest, I really wish I knew but I've never learned about XXXXX".

There is a strange part of human nature where it is difficult to watch someone do something incorrectly (your instinct is to help)… Don't do it! They won't want the help and even if you're right they typically won't listen. Again, don't give any advice and deflect all advice related topics.

You know you're moving in the *wrong* direction when regular people are asking you questions all the time in your day to day life. Deflect *all* topics away from anything opinionated.

#3 Physical Deflection: You know who regular people don't trust? They don't trust clumsy people (psychology). So you've guessed it! Appear a bit clumsy. If you know you'll be forced into a regular person interaction mess things up a bit. Make your collar unaligned, carry a glass of water far too full of liquid so you're walking around carefully and spilling a tad and of course carelessly drop irrelevant items here and there.

People will not ask for advice from someone they view as clumsy so physically acting the part can certainly help deter any questions. To add to the clumsy-ness you can ramble when asked basic questions so people become a bit frustrated that it takes you five sentences to say something that could have been communicated in 10 words.

Final Note on Deflection: While we've kept it short, these three items alone will make it excruciatingly difficult to be involved in any blame or praise situation. We'd wager you're safe 90% of the time if you follow those cardinal rules: 1) steer to description related conversations – them talking not you, 2) avoid opinions by pointing to a certain aspect where you know "nothing about it" and 3) physically act a bit off or clumsy to avoid direct questions (bonus: they will talk secretly about how they can't believe you're so clumsy!)

Agreement Points:

De-coupling the Connection: Life isn't fair. No matter what you do you're going to have "regular" people ask for your opinion at some point. There is no escaping this situation. Sure we would all rather physically peel back each and every nail from our fingernails to our toenails than be in this situation… but… like paying your taxes, you're going to be forced into this situation from time to time. We're now in agreement mode to avoid the contempt framework where you're associated with some sort of an event where you want no responsibility.

#1 Guess Their Opinion: This requires a lot of quick thinking but you may be able to knock it out quickly. Anyone who asks for advice just wants to hear their own opinion as stated above (reason for avoiding advice). Your goal is to guess their opinion… the one that they have *already* formulated. Typically the structure is *start small and agree*.

If someone is asking about making money, start with some outrageously small way to earn money off their current skill set (time for money exchange for the win!). If it is about physical change add some meaningless item that adds a couple minutes to their exercise routine (add a few sprints!). So on and so forth.

Notice… the framework is exactly the same as advertising directed towards regular people. It involves some small "trick" that will "transform or shock" the person. *What this really means is that people are looking for small changes.* No one wants real advice that requires work, they just want some tiny change that will "change things". The enormous benefit of this line of thinking is that your small edit or suggestion won't hurt or help them. It will be neutral. This helps you avoid future requests and helps you avoid contempt (their feelings towards you).

#2 Suggest a Third Party: Have a quick list of large popular websites and forums to refer the person to. *This is a great way to avoid repeat advice.* You're going to bank on herd mentality. By recommending a large popular website or forum for the answer you can guarantee at least one person on the website/forum knows what they are talking about and you avoid burning one of your actual contacts who knows the answer inside and out.

#3 Keep the Smile and Nod Consistent: Keeping everything together, once you find that you're in "agreement" with some innocuous change lock into the smile and nod set up. "Hmm yeah that makes a lot of sense" should be your gut reaction and make it seem like they got something out of the conversation.

Final Note on Agreement: You're going to find yourself in this situation a few times and you'll be forced to provide an opinion. If you can zero in and agree on some small meaningless change you'll reap the following benefits: 1) no impact in being blamed or praised and 2) correct deflection to a "good source" saving you time

Concluding Remarks

– This set up is specifically for dealing with regular people since they will not change

– Regular people are extremely emotional and irrational and will blame or praise you for association

– Don't try to be involved positively or negatively ***stay neutral*.** If you try to swing it to be a positive you could build contempt and on the flip side they may ask you for more advice (time suck!). No winning in swinging the pendulum.

– Play offense by deflecting all conversations to description based items when possible. If you're forced into those boring topics like sports then go ahead and play "neutral" which is something regional based (home team fan for example).

– If forced into advice situations, start SMALL. No regular person actually wants to improve their life they want some small trick that could change everything for them. By making small irrelevant changes the impact is neutral and you can refer them to a larger resource beyond yourself.

Good luck in dealing with regulars, it isn't easy! It took many years to avoid arguing with idiots on the internet and giving advice to people who desperately need it. Remember these rules and you'll save hours of your life (more likely months or years).

As usual NO questions. A new Q&A will be sent to email subscribers shortly (this week).

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Developing Belief Systems

Developing Belief Systems

After taking a quick vacation we're back to posting. The two most vouched for items were a fitness routine and belief systems. Today, we'll start with the latter.

Girls:

Overview: The first tenet that applies to both men and women is that you cannot *make* a person do anything. You can only *sell* them on doing *something*. In addition, the older a person gets the more set in their ways they become.

Given that backdrop, the ideal girl for you is going to be different from the ideal girl for person B, C and D. You look at the mosaic of the girl and bucket her as you wish. Maybe she's relationship material, maybe she's only good for a one night stand and maybe she's simply someone who is going to dislike you upon hello. Nothing can be done about this.

Once you recognize that you can do nothing to change the initial woman you're meeting, your fears of rejection will go away. As an example… If you're well dressed and well groomed when you approach a woman and her first reaction is to tell you *"Go away you're ugly!"…* Is that really a person you want to meet in the first place? The answer of course is no. You should have a good laugh because someone is going to pick her up and become disappointed in his choice later on. You won that war.

No Woman Is Perfect: Once you stop looking for a perfect woman you're going to broaden the set of women you approach. Dramatically. If you like 80% of her you're in great shape, if you like 90% of her you're in better shape and if you like 50% of her then you're looking at a one-night stand at maximum.

American Women: They are a function of the environment we live in. The USA is incredibly prosperous and no one is in dire need of food or shelter (relative to other countries) so they have no reason to **need** a man. Simply accept this as part of the territory. You cannot change how American culture operates. You're better off improving yourself and ignoring all the doom and gloom about the USA. If it gets bad enough go ahead and ex-patriate.

Cheating: If you decide on the relationship route, do not spend a split second worrying about your girlfriend cheating on you. It is a waste of your valuable time. Simply assume she is not (unless your social cues catch on).

If she is cheating? Simply leave. Do not give her the war by showing any emotions. You explain that she did XYZ and that you're leaving. Emotionless and cold. You do not return any phone calls, text messages or emails. You are gone. If you become emotional or cry when someone disrespects you, you've already lost as it implies you cared about their opinion in the first place. There are no second chances.

Women are Hyper Competitive: You'll find that women are quite catty. They will compare the status of other women who are similar to them in some way and become jealous incredibly easily. *Jealousy truly is a female trait.* This is fine and appears to be part of human nature. Under no circumstances, however, should a man become jealous of another man.

Women are Fun: No man with good game can possibly debate this. A girl you find attractive who is entertaining, bubbly and fun is going to put you in a state of calm quite quickly. If you are speaking to another man and he does not find women to be both fun and relaxing you're speaking to a man with very poor people skills or minimal experience.

Marriage: Under no circumstances do you get legally married in the USA. The court is against you and she will have no reason to be loyal to you. At most you give her a ring, give her the ceremony, but you do not sign the contract. At the end of the day, if she is in love with you, she's going to be okay with this arrangement.

Cliff Notes: With the belief system summarized above here's the cliff notes: 1) you need game in order to sell a woman on going on a date, 2) there is no ideal woman only a person who fulfills your list of needs – example list: Loyal, Bubbly, Size C Chest, Age 21-24, enjoys swimming, 3) American women need you the least so your search is likely harder, this would happen in every country around the world if given the same GDP, 4) Don't waste time on stalking a girl's every move – it reeks of insecurity, 5) Women get jealous of other women quickly, 6) women are a lot of fun, so if you're not having fun meeting them you're in the wrong place or taking it far too seriously

Work

Overview: As we have stated before, retirement is a scam because work is only work if it is something *you don't want to do.* The fastest way to avoid doing something is to have enough cash to work in any profession you wish. Cash flow is king.

Careers vs. Jobs: A career is something everyone should have, a job is something everyone should do when they are in high school to become more motivated about their future careers. How so? A job trades time for money and a career has leverage. We have beaten this one to death so we'll leave it there.

Law of Positivity: Under no circumstances do you say anything negative about an individual. None. You simply say nothing and shine the light on something positive instead. *No one gets credit for bringing another person down.* Repeat that one many times over. If you bring someone down and they become aware of it… There are quite a lot of people who will do far worse to you than yell at you. Avoid any negative associations as it is not worth the risk.

On the same topic, the implied message is to bring as many people up as possible. If you know person A is better than person B, you do not say anything about person B. You simply phrase your opinion as follows "I believe person A is ready for that task at this time".

Co-workers are Not Friends: Absolutely everyone who competes directly with you is not your friend. Do not make this mistake or suffer the consequences. The only co-worker friend relationship you have should be 100% unrelated to your job function. If you are part of an investment banking associate class and believe another associate on that floor will help you… Get ready for a pink slip if it means he can make an extra $5K getting you fired.

Go High Up the Chain: If at all possible always develop a positive relationship with a top tier manager. This does not mean your boss, but two levels above him. If you can obtain momentum from a person 2x more powerful than your boss, it is going to be significantly harder for him to view you negatively (hint hint you're helping his pocket book as well with this positive association). While not fun to talk about office politics matters *a lot.*

Savings Improve Performance: Another reason you should save aggressively? The more money you have in your pocket the less stressed out you become and the more efficient you are at work. Don't believe us? See how you feel when you have your first debt free day or first $100K net worth day etc. You'll focus much more on the task at hand as the back of your mind will no longer be clouded with financial worries.

Cliff Notes: We have written a lot about work in the past but some small items were added above. The short of it is as follows: 1) always choose a career, 2) do not bring down any employee – large or small, 3) positive momentum will apply to your career – eg: help a low end employee get promoted implies you're a good manager, 4) directly competitive co-workers are not friends, 5) reach for the juggular at all times – develop as high up the chain as possible, 6) politics matters a lot, 7) cash in your pocket will improve your performance and finally 8) *the more money you have the less likely you have to do anything you dislike*.

Investing

While the commenter did not specifically ask for this one (we'll have a few more) it is an important one. The best piece of advice we could give is the following: "When it comes to investing you should be a machine". Anyone can get rich over a long duration.

95% of People Will Fail: That is a startling and negative comment. But, it's the truth. By 40 years old most people do not have $100K to their name. This is hardly a drop in the bucket. The positive side? It is incredibly easy to find mentors in their 30s and 40s. Just look for someone who built their net worth from zero.

Doom and Gloom: Every single doom and gloom prophet is of no value. If you listen to the media, they have correctly predicted 25 recessions out of the last 2 we have had over the past 25 years. If you do not get that comment then you're in trouble! You're going to be perfectly fine if you simply invest in assets and *never sell*.

Financial Statements: If you cannot read them or build them you should never have exposure to a single security. Under no circumstances.

During a Recession: In short, nothing changes. You already have cash on the sidelines as we have outlined previously so you continue to buy. *"Fear is a bigger driver than Euphoria"* what this means is euphoria will drive a security to high prices but fear will bring it down below the actual value. The mathematical fact is you'll gain from fear. *Fear is opportunity* for the mechanical investor.

Macroeconomic Predictions: Even Warren Buffet who runs $80B+ has no predictions for the macroeconomic environment. Neither should you. Anyone who tries to predict the world is playing God and is likely broke. Just smile and nod.

Cliff Notes: Summarizing the section 1) most people won't invest or will simply fail at it, 2) Doom and Gloom prophets are of no value to society, 3) if you can't understand the financial implications of a company you shouldn't invest in it, 4) fear is opportunity for the intelligent investor, 5) macroeconomic predictions are a waste of time.. Don't believe us? When the S&P hit 1,700 we posted this idea yet people simply still asked about the macro… we're at 2,000+ now.

Friends and Acquaintances

Overview: If you have more than 5 real friends your life is already set. Do not worry about about having a lot of friends as your standards should raise dramatically each year bringing your true friend count down over time. Once you realize you have 5 friends you're a wealthy man. You should however, have hundreds of acquaintances which will serve as valuable networking tools for you in the future.

Friends: A friend is someone who will actually help you financially and physically if a negative event occurred in your life. This does not mean a brawl at a bar (leave this to the fools who fight in bars), it means a true life changing event. They should be willing to drop what they are doing and help you regardless of the near-term cost. The number of people you will meet who can either 1) afford both of these tasks and 2) be willing to do these tasks will be less than 0.01%. You should return the favor as well. This relationship is not written as a contract but is well known by both of you, under no circumstances would either of you flinch if a real problem arises. *Cost and time are not issues* when helping either of you recover. If you think about the underlined section you'll realize how little friends you truly have.

Acquaintances: This is the difference between healthy social skills and unhealthy social skills. While a club owner may give you free entrance and free drinks you know it is still a tit-for-tat arrangement. You're going to help bring attractive girls in from time to time, or you're going to leave a heavy tip as a thank you for the "boost in status" when you're at the venue. This tit-for-tat arrangement is great for both parties, he makes slightly more money as you bring in girls and you know how to leverage the perceived status. Under no circumstances do you confuse an acquaintance with a friend, keep them separate.

Managing the Friendship/Acquaintance: This is quite easy with a friendship, if you've known each other for 5-10+ years its easy to keep them happy. *You simply keep improving.* On the acquaintance side they are usually more interested in how they feel in your presence. In short, you keep them happy by allowing them to use the perks of other acquaintances you've established. See how *positive momentum* applies to friends as well? Ideally they become acquaintances.

Have a Spine: You will end many acquaintances and friendships over the course of a couple of decades. In short if someone insults you there are no second chances. An insult is clear where as a typical ribbing is not. As a rule of thumb if people consider you petty you're ending too many relationships. If people believe you're a happy-go-lucky person… but you feel insulted… It's likely time to walk. It bears repeating, only a fool would give second chances since there are too many talented people out there.

Cliff Notes: You do not need many friends, a handful is more than enough and remember 1) do not confuse friends for acquaintances, 2) have clear separation between the two groups, 3) maintain a positive tit-for-tat relationship with acquaintances, 4) have an extremely strong spine and walk when you realize someone is dragging you down – no apologies.

Life

Overview: Now for the bulkier part of the post, if we think about all of the sub sections written above we can now form an overall thesis on how to evaluate your life. *The goal of life is to maximize life-time happiness.* If you can spend 100 years out of your 100 years of life in a state of happiness, you've won. The chances of this is zero percent of course, since everyone will have a bad day, but it remains as the number one goal.

Grind Through Your 20s: Why do we recommend this? *It works.* That is simply the best answer. As you move into your 30s you will notice that your body is slowing down relative to your 20 year old self. Even athletes who take performance enhancing drugs cannot compete with men in their mid 20s. In addition? All of the fun activities that can be done at age 25 can be done at 35. Therefore it makes a lot more sense to work hard in your 20s and find what makes you happy… Then spend your money on fun in the following decade.

60 years: This is another reason retirement is a scam. If you go and work in healthcare you will find that most people are not functional by 60 years old. What can you really do with $10M by 60? The answer is practically nothing. You want enough money to take care of basic needs and should not have any regrets about the past 20 years. Think about the 60 years as a weighted timeline.

At age 20 you should spend 15% of time on fun (chasing girls, drinking, socializing), 85% on improvement (sports/health, career/business) by the time you're 30 this should shift to a 25%/75%, 35 years old it should be 45%/55%, by 40 years old 75%/25%. Then likely maintain that ratio for the rest of your life.

25% of your time with a successful career/business should allow you to reap what you have sown. The sad part is most will be unable to live this type of life.

Avoid the Herd: We got a few questions about being stressed out while in your early 20s after making all the right decisions. This is a funny one because it is *mentally taxing to do the opposite of the herd.* That is half of the reason why this blog exists in the first place. Make no mistake to everyone who made the right decisions, by the time you're 3-4 years into your career you'll be too far ahead of your peers to be caught. You can take that to the bank.

It is painful watching everyone else have fun but they will be the exact same people asking you for advice from 25 years old and beyond. Get ready to walk away from a lot of acquaintances, some may even attempt to drag you down.

Always Learning: Under no circumstances do you allow your brain to rot. If you are not reading something with your spare time, go and buy a book today. Anything. If you cannot think of a book we recommend several. This is the easiest way to remain interesting in conversations. Finally, you learn nothing from television – nothing, use it for entertaining guests but it should not interest you in the slightest.

Confidence is Built Overtime: Absolutely nothing good happens over night. If you are able to stay the course in life, making the right decisions consistently, it will snowball. Confidence just like knowledge, just like investing, *compounds over time.*

Cliff Notes: Everyone is going to have a different belief system but we believe this posts outlines some good ones to get you started.

1) Do not expect women to be anything besides women. Asking them to be men is absurd.

2) You build your life up over a long period of time, since decisions compound, the earlier you get started the better off you will be

3) Cash is your friend as it buys you time. It buys you life.

4) Only a fool will not work hard in his 20s, he will not be able to catch you in his 30s since he simply won't have the energy

5) *"What is everyone else doing, it is probably a bad idea"*

6) Walk away from life cancers immediately, have a backbone

7) Say nothing or say something positive, you gain nothing from dragging someone down. The only thing that is gained is anger in your heart and mind.

8) It bears repeating, if you have 5 friends you are a lucky man

9) Health > Wealth

10) Finally, balance. The best way to find balance (entire post objective), is to find people who are older than you that are living the life you wish to live (or a similar life if you already won!)

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Digital Scarcity and Finance

Digital Scarcity and Finance

We're still getting tons of the same questions related to DeFi and digital scarcity. While our views have not changed from 2-3 years ago (in terms of assets to own), the growth of DeFi has been remarkable and is a high-risk high-reward situation. The reason why we wouldn't jump straight into it is due to a risk reward profile. If we know massive institutional money is going into the top two major coins, it reduces the risk. Now if someone is already financially set for life they can go ahead and go up the risk curve to look into DeFi related assets such as AAVE, LUNA and more.

What is DeFi Again? Pretty simple, you put up a crypto currency as collateral (BTC or ETH for example) and take a loan against this collateral. That loan comes with an interest rate. The person giving the loan is protected by the assets you put up for collateral (BTC or ETH), so if the prices drop and the loan is not repaid the BTC/ETH is sent to your address. We've simplified this quite a bit but it is an easy way to think about it. It is similar to you giving a pawn shop $10,000 worth of gold and taking a loan out from them. If you don't pay back the loan they keep the gold at a certain agreed upon threshold.

Now, there are multiple DeFi platforms so it is unclear (at least to us) which one will succeed "for sure". While we'd bet that at least a few survive, the exact winner isn 't obvious to us. What is obvious is that ETH and BTC are being used as the collateral. So what you've done is you've made BTC/ETH a usable asset. Someone with $10,000 in BTC can now take a loan out for $1,000 without giving up their BTC. This is clearly beneficial for taxes as well. You wouldn't realize a gain on the sale if you bought it at a lower price.

The Second Group – Digital Scarcity: We'll be dabbling in digitally scarce items in the near-future. That said, the belief that these digital items are just screen caps is beyond crazy. You are not the owner of the asset. This would be similar to saying that a particular baseball card or art piece is worthless because you can make an exact replica. The reality is you cannot make an exact replica because it would not be the original.

Take a second angle to this. Over time, as technology develops these digital art pieces will be visible in the virtual world (VR/AR). As that develops one could lock the image and only allow certain people/individuals to enter their digital museum to view the work. It is quite logical to believe that a digital museum would be of interest particularly as digital art moves from two dimensional viewing to full 3D rendering and interaction.

The NBA has already started with this development through their "NBA Moments" initiative. Instead of packs of cards, they sell digital images/clips of particular moments in NBA history. You would own that "moment" in time and as it becomes a more and more popular the value of the moment would increase. Imagine owning the last shot that Michael Jordan made over the Utah Jazz to win his last ring. Or imagine owning the moment of any well known snapshot in sports history. While it may not be interested in owning these moments, sports fanatics would be interested (creates digital collectables).

The Third Aspect is Streaming Money: If we assume that musicians can lock their content, this makes music and art even more valuable. How? A famous Artist Named X wants to release a song. He knows that people will attempt to copy it and steal it quickly. Instead he locks this music song into a smart contract that says "XYZ dollars need to be sent to unlock the song". This creates a guaranteed return to unlock it before it gets diluted by copies and massive spread.

In an ideal world, you could also have streaming money/content. Similar to a concert, you would charge people to attend your venue by the hour/minute instead of charging people for the entire segment. Say there was a concert with 3-4 people and you only wanted to see two of them. You could lock these individuals out of the VR concert and sell the ticket based on two shows. In fact, this is something that is occurring already in a more rudimentary form. Individuals buy expensive concert tickets at the front and they live stream it. The live stream paid for the tickets so they get to experience a front row concert without the front row cost.

Finance Without an Intermediary: If you've been following this blog/twitter, there is simply no excuse. You should be well versed on the basics of crypto currency. Effectively, you can now buy/sell digital assets, take out loans against digital assets and create smart contracts for agreements settled in digital assets. You've disabled the need for a middle man.

This is significant as it allows every individual to access complex financial instruments from their phone. Instead of being kicked on or off a system, you'll simply act as another node on the system instead.

Security: Perhaps this sounds far fetched for those that are not keeping up with changes in technology (it is a significant issue if you do not understand what is occurring). So let us look at the security side. The argument is that Bitcoin can be shut down… Well how are they going to confiscate all of the Bitcoin?

If you look at the news there is an interesting story where a man stole $60M worth of BTC. He was sent to jail with a catch: he never gave up his passcode. So while he is serving out his sentence, the coins remain locked despite authorities hoping to recoup the assets.

This is a big story as it shows how secure the network is. Unlike gold (easy to physically recoup) there is no way to grab the assets without the security code/password.

Structural Decline for Regular Finance: Outside of M&A, it is hard to see why one would be positive on the outlook for financial services. If you can take software code and offer up the exact same services without the cost (fund raising can cost up to 7% in terms of fees) why wouldn't you switch?

With interest rates at zero or negative in many cases (along with a guaranteed loss due to inflation), holding large amounts of cash is incredibly risky. You know the value will go down over time (purchasing power). So even if you were to add a small amount into a fixed supply asset like bitcoin, the price by definition goes up (there are more millionaires than there are bitcoins).

So you have two different issues here for regular finance: 1) you can't offer a return to your customers at 0.01% interest or less and 2) you can no longer offer fundraising services at a high cost – either the costs come down or people fund raise in entirely decentralized way.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: [1) Efficiency](), [2) Triangle Investing]() and 3) [Spending for Maximum Return](). In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Do You Need a Car?

[Do You Need a Car?]()

Growing up, cars were known as a cool luxury item. We all want that Lambo, Ferrari… maybe even a Hummer. This is a trap. While we do advise that the average male learn how to fix cars as it is a profitable business if you can bring a car from not running to running and slang it on Craigslist, overall ownership is a dismal financial choice to say the least. Lets run the numskies.

A Honda Civic.

This is arguably one of the best items to use as your average daily use car. It gets you from A to B and is a relatively cheap investment, lets look at the below diagram depicting the depreciating value.

Notes: Years 1-6 are pulled from Kelly Blue Book and year one represents a new car.

Wow. Year two may as well represent what happens when a dime piece passes thirty.

Return Profile: Lets ask a simple hypothetical question, assuming you're a bright guy and do not buy a new car what happens to that $10,702 (Yr-3) if you simply put the income into 7% yielding bonds and got rid of the car instead? Lets take a look.

Notes: Honda Civic value is run off Chart 1 numbers. Investing in bonds grows at 7% and starts at $10.7K. The percentage difference takes the 7% return in bonds less the negative decline in car value.

Above Market Rate Returns: As you can see, by avoiding a car you're effectively creating above market rate returns. As the old saying goes a dollar saved is a dollar earned. ***In this case you're getting 1.5-2.0x long-term market rate returns.*** If we showed you the black chart alone in any sort of investor meeting the books would be closed before the meeting began. If someone were to simply invest in 7% bonds for 7 years he would have $17.2K in the bank, interestingly enough roughly equal to the cost of a brand new car.

We're Not Done Yet: Beyond the above mentioned loss you're seeing the average person drive ~1,000 miles a month (conservative estimate) at $0.25 per mile in total cost we can assume you're losing out on an additional $3,000 a year. Add to this another ~$1,000 annually for insurance, tire changes and other wear and tear items and $4,000 is your additional cost. ***This is a low ball estimate.*** With $4000 a year you can easily afford public transportation or even walk/bike to work. In reality, for men out there public transportation may act as a large value add to your life. Instead of suffering from road rage and traffic you can bring your tablet/kindle/library book and simply read on the way to work (this way you're being productive during your commute).

The Comparison: To end this grim financial picture lets compare car ownership over 7 years to a commuter who we'll peg at ~$120 per month**.** The below diagram shows the cash flows over the next 7 years.

Conclusion: After living in a large metropolis it becomes difficult to justify the costs of long commutes. In this post we haven't even touched on the cost of commuting in a car, with an hour extra a day you could be hitting the gym, learning a language, reading about a new business opportunity or at minimum reading something inspirational. With that said, if someone is flush with cash and has F-you money, by all means go ahead and buy that dream car.

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Donald Trump Brand: Part 2

[Donald Trump Brand: Part 2]()

Before starting we'll again state that we were not first to predict the rise of Trump, [Scott Adams]() and our good friend [Mike Cernovich]() posted on the topic much quicker than we did. We ****will**** however take credit for laying out ***several thousand dollars*** on a major bet on him winning (late last year) so we are now heavily biased with odds clearly stacked in our favor… as the spread thins faster than a sexy girl with a cocaine addiction. Before jumping into how his brand will change, we will answer a few questions and readers can review Part 1 if needed.

Frequent Trump Related Questions

1) How Did Wall Street Feel About Trump? As everyone knows by now we *exited the Street earlier this year*, but, we do know that Donald Trump was absolutely hated by Wall Street in general. At least that is the vibe… so that was an easy answer.

2) Are you actually Pro-Trump? Yes. Donald Trump is a successful business man who has more skills than Hilary Clinton, Bernie Sanders and Lyin Ted Cruz combined. Anyone who read the capitalization table on his company (before he took his share of the family business) or looked into his actual trademarks would realize he is an enormous success and has been planning for this election for several years. Besides, a billionaire who is ~70 years old is not going to gain much by "ruining" the USA economy. A guy who has been obsessed with success since age 25 is not going to suddenly burn down the entire country… unless of course you're an unattractive Anti-Trump hater.

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3) Are We Upset by His Language? No. Anyone who cares more about what someone "says" instead of what they *do* is an imbecile. This is a classic game in business. Typically, the people who are extremely nice and happy go lucky all the time in front of you…. are sharpening the knife to stab you in the back. Never trust a person who says nothing but nice things to you all the time.

Anyone who is afraid or upset by Trump's use of language has lived a pathetic and privileged life. Much better to talk the way you would normally talk than to tip toe around everything like a dork. ***It's not mean if it is true.***

4) Do We Think He is "Thin Skinned"? This is a *resounding* no. Anyone who has managed to create a billion dollar business is not thin skinned. He has made hundreds upon thousands of really tough decisions and has undoubtedly made some mistakes as well.

He is going to fight back every single time a reporter writes negative articles about him because he has ***thick skin*.** Only a castrated loser would allow someone to openly trample on his campaign. Only a weak or "thin skinned" person would allow all the negative press to run with no repercussions.

5) Do You Think He Will Make a Good President? Irrelevant. The president has very little power in the grand scheme of things. The goal is to elect Trump and rid ourselves of politically correct culture and absolutely outrageous attacks on Free Speech. It should be illegal to be fired if you are simply a Donald Trump supporter but that is sadly *not the case* in the United States today.

With the extremely aggressive answers to the common questions lets just move along and see how he will easily become the President through simple branding and image changes.

Imaging Changes Going Forward

Commander-in-Chief: As we get closer to the general election the phrase will be used more often to emphasize that we need *leadership*. We're next to 100% certain everyone has seen this hilarious ad created by the Trump campaign. Fortunately, Trump will have very little trouble positioning himself as stronger than Hillary Clinton. He has a much longer and better track record than her and has absolutely *no* ties with special interest groups. He will highlight *over and over again that he is self funding his campaign*. How can you be a leader if you're begging for donations?

Family Angle: The family first angle is just beginning. Going forward he will bring more and more family members into the campaign, particularly his children and wife. Lets go ahead and start with his kids.

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To the untrained eye, the only take away is that he is receiving support from the Utah Speaker of the house. The real issue is actually at the end of the tweet. He was sold by Donald J. Trump Junior. Expect this trend to continue because he will begin pitting his family against the Clinton family. This is a no lose situation as none of the previous arguments against Trump will work.

Here are some basic examples:

1) “Donald Trump is a mean man who didn’t bother raising his kids and just sent money”. This argument is now dead. If we look at what each of his kids have said publicly both now and more importantly *over the past 10 years prior to this event* you will find that his kids love and respect him. The argument that he is a terrible father dies over night.

2) “He got two divorces!”. This argument will also die. His current wife has shown glowing support for Donald Trump and even his *ex-wives* have said Trump has a good chance of winning with no material negative comments. Good luck.

You now have a man who has typical personal flaws, (reminder 50% of marriages end in divorce and even more than 50% have considered divorce) nothing to complain about. And. The average American is now asking in the back of their heads… Bill Clinton who cheated on his own wife… Is he actually supportive of Hillary on the inside?

Second question. Do we want a woman running the country who couldn’t even stand up for herself? What type of message does that send to the world.

3) “He’s a misogynist!”. This argument will die instantly as well. His daughters have been as successful, arguably even *more* successful than his sons. How can a guy be a misogynist when he has clearly helped create a successful family that includes both men and women?

We are sure there are a few high level personal issues that people will dislike, however, it is clear his family can be leveraged to dismiss the majority of the issues.

Anti-Establishment: As expected, he has tripled down on his anti-establishment rhetoric. The GOP is making an enormous mistake by making comments that suggest “The GOP decides who gets the nomination not the general public”. By phrasing the race as the Establishment vs. the People… the frame is now broken. He will continue down this framework until the GOP finally acknowledges he will be their best chance to defeat Hillary Clinton.

More Presidential: Going forward, the debates will become less brash and he will turn to a more even keel disposition. Trump certainly has the temperament to manage his emotions, otherwise he wouldn’t be a successful multi-billionaire. Managing emotions is the only skill needed to succeed in life since everything is sales. He is a top tier salesman. In short? He is going to down shift his tone to become more mild mannered but will continue to punch back hard if hit with negative press.

Decrease in Financial Rhetoric: You’ve probably noticed, he has toned down his comments surrounding how rich he is. This is to increase his mass appeal. He used his net worth to gather attention from the media which they took as bait (hook line and sinker) and stole the headlines. It is an irrelevant part of his campaign at this point and will be de-emphasized unless Mitt Romney wants to continue embarrassing himself with his comments.

Long story short? Donald Trump is actually running classic “game” on America. What does this mean? It means he is following the general path to success: 1) Grab headlines with some extreme ideas, 2) use social media to dig up the truth, 3) when attention is grabbed close a hard sell, 4) when the sale is near completion switch gears to your viability long-term. We’re undoubtedly in step four of the process. The general population is now leaning to Trump they are just not sold on him from a “warmth” perspective. This will change as he becomes more even keel and shows a softer side.

Don’t worry though… He will continue to throw punches back if ever attacked by the media.

<u>*Reiteration Absolutely No Questions, No Clarifying Questions Either. They Will be Deleted with ZERO Exceptions*</u>

****We will hold a Twitter Q&A to subscribers only next week****

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Don’t Dilute Yourself: The Importance of Becoming Recognized at Your Favorite Bar

Starbucks was a company struggling in 2007 where its Mojo was lost as the company deviated from its core strengths to venture into breakfast sandwiches in addition to invoking other changes including bringing in an automatic espresso making machine.

So what was the problem with this stuff?

First, the cheese from the garbage sandwiches began to overwhelm the aroma of their coffee. Second, the decision to move to an automatic espresso making machine removed much of the romance and theatre that was in play with the use of their La Marzocca machines. No big deal you say? Well in 2007 their stock price dropped from $35 bucks to $20 (40%+ decline). The vast efforts to reform lead to the company to temporarily lose its identity, as focus expanded beyond core strengths.

The solution:

This eventually lead to a change in leadership as the early owner HowardSchultz stepped in to succeed (the then) CEO Jim Donald. Schultz’s vision was to go back to emphasize its roots in producing…fresh roasted Coffee! Shocking (not)! He said “Growth, we now know all too well, is not a strategy. It is a tactic.” The result? The stock went from $20 (at the end of 2007) to a shade under $60 (today).

The franchise’s ventures out of its area of strength resulted in a temporary loss in leverage. ***This same principal applies to managing where you choose to go out.*** As the case with Starbuck spreading itself too thin, you should not over extend yourself in the night scene. In other words, you should NOT be consistently venturing beyond 3-4 of your favorite bars unless you’re attempting to move beyond your comfort zone, you need to have a “go to spot” if you are in a rut. By favorite, we mean places where you stand the best chance of succeeding with the girls/guys you want. These 3-4 favorite bars is your blonde (pun intended), medium or dark roast – its your core strength. The bars you dabble in beyond these represent your burnt cheese on the breakfast sandwiches or unoriginal espresso makers – its not worth it.

So how does this work?

Get to know (inside and out) the supporting staff. Bouncers, bartenders, bar backs, bottle service girls/guys. Develop family-like rapport with them – know their names, names of their friends, what they like to do outside of work etc…Offer to buy them shots, introduce them to your friends, invite them to your own social gatherings, you get the picture. Since these people are embedded in the night scene, they are often very entertaining people. Great, so how does this benefit you?

You are now well-positioned to establish status for yourself. This same status equates to freedom from waiting in pretentious lines, discounts on drinks, and most importantly, that you are a central figure. From an ROI perspective, this is also in your benefit – reduced time waiting in line, lower net costs, and increased popularity. Yes – we are all drawn to people in control – this is an automatic +2 point bump for you. Get ready, your popularity will gradually snowball overtime.

So what is needed? Guys… showing up to a place with 4 guys is not ideal for any bar or club. The only exception is if they are good looking, like 7+. The industry recognizes the importance of garnering a good looking audience – they make money from it. As a general rule of thumb, shoot for a 1:1 ratio in your group, at least in the early-going. Once you’ve established yourself, and only once you’ve established yourself, your dependence on girls can subside overtime. Girls, there is no advise here, as long as you take care of yourself, the night scene is your oyster (assuming you’re in the 7+ range, nickels don’t help too much in making cute girls jealous).

Our experience with this?

We have our preferred neighborhoods set up so that everyone in the club/bar knows us. Our apartments are in the same zone as the stomping grounds. Our chosen bars are within a TaylorMade’s R11 shot (aka ~320 yards, or .1818 miles) away from our beds. We have built and cultivated numerous relationships over the years with people in the “industry”. Our favorite bars on Friday and Saturday nights have lines that threaten to waste one’s night by 15-45mins. When is the last time you’ve waited in these pretentious lines? We hope it was during the recession in 2008. We show up (with a decent looking crowd), complement or lightly flirt with the same bartenders, introduce our friends to them, and place our orders which take under three seconds. The general rule of thumb in the industry is 3:4, meaning it is ok to give a customer a free fourth drink after they buy their third. Our ratio: one-one. This equates to 33% net savings (assuming $10/drink, as 3:4 equates to avg cost/drink at $7.50 vs. 1:1 at $5). So now that we’ve quantified the benefits of time savings (15-45mins) and costs (a 33% off sale), let’s get into what’s most important.

Just last night, one of us had a group of random girls say “you seem to know people here, I can’t believe they just let you in and we have four girls with us.” The group of girls opened me, and this happens often guys. You end up introducing the pack of girls to dynamite drinks not on the menu and ended up taking them to another bar, bypassing the line and actually getting free drinks this time around. The net result? Brought home the Swiss girl in the group, a hard 8.0.

So now ask yourself:“Do I have leverage?”

If not, its time to re-evaluate in the same manner Starbucks had. Stop going to new places if you have not found yourself a home. Hone in on your favorite bars, where logistics are in your favor and begin to build fun, new and advantageous relationships.

Good luck.

Note to readers as the following grows we will certainly add more aggressive photos to prove what we are talking about, at this point it is unfortunately just not there yet.

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Don’t Focus on Net Worth Focus on Adjusted Liftime Spend (ALS)

Don’t Focus on Net Worth Focus on Adjusted Liftime Spend (ALS)

The early retirement crowd is about penny pinching and living like a monk. The masses lack discipline, causing them to spend every pay check that comes in. Both are wrong.

If the end goal is not about Net Worth… Then what is it about?

Adjusted Lifetime Spend (ALS): Is that an actual personal finance acronym. Nope, just made it up. Lets go ahead and define ALS.

ALS = Total dollars spent during your peak years on an an inflation adjusted basis.

Lets define each letter clearly and move onto the conclusions at the end, starting with “A”

Adjusted – Utility Definition: In Econ 101 you learn about the marginal utility of an item. This is a key aspect to our ALS formula and the concept needs to be understood quickly. In simple terms, every dollar you spend is not equal. Example, if you are starving… a single slice of pizza is well worth the $3 you spend to obtain it… however… you would not spend $300 on 100 slices of pizza to eat at that moment in time.

With the most rudimentary example out of the way, lets apply the concept to your financial future.

We have explained over and over again that ~7% returns are obtainable over the *long-term.* In addition to that, if we factor in a 2% inflation rate it means the **real buying power of each dollar invested increases by 5% per year.** If you invest early (emphasis on early) you will increase your buying power. Meaning that $100 invested at age 22 (on business education or investments) will likely grow over the next 20 or so years, leaving you with more money to spend on entertainment. When you start approaching the age of 40-50 you should likely take you foot off the gas (we will get to that later). Now with this in mind we do not want you to become a stingy early retirement evangelist. Run your life like a well oiled business.

An intelligent business man knows two things. **He knows that you need to spend money to make money and all investments compound.** This is key. Knowing that you need to spend money to make money, you are not going to burn all of your money in your 20s.

To be crystal clear here, burn is defined as money that will not return *additional* money in the future (entertainment spend).

– A shot of alcohol by yourself at the bar nets you $0 in the future.

– A nice suit that will help you interview will likely net you positive $ in the future.

– An expensive watch will likely add $0 in the future.

– Spending $10,000 on advertising in a day may or may not add income in the future (if it does KEEP SPENDING!).

So on and So forth…. The crux of the issue is that there are two buckets for money.

Bucket 1 – Spending/Using money for more money – marketing, investments, building clients, business expenses

Bucket 2 – Spending for Entertainment/Utility – partying, concerts, sporting events (all of your non-income generating hobbies)

The end goal over the course of your life is to ***maximize the dollars spent on bucket number two.*** Just realize that bucket number one helps you obtain more of bucket number two in the future.

Clear? Clear. Now lets see how you maximize the peak years.

Lifetime – Peak Years: Assuming you do not spend to impress other people (a futile path to happiness as you're allowing others to choose what you enjoy), the goal is to maximize spending in your peak years. No matter how many drugs come out to elongate your life, you're going to have a grand total of 40 peak years. Lets call it 20 to 60 years old. At 60, no matter what you've done, it's going to be quite difficult for you to live it up partying, traveling, playing sports etc. If drugs were really the answer, then athletes would never be forced to retire.

Once you accept this fact, you're likely leaning towards the masses: You Only Live Once (YOLO!)… the mating call of the middle class. What most do not realize is that your youngest years is where you can grow your income the most. You have an enormous amount of energy to build income streams (recurring cash flow), lock down intelligent friends and go out to learn the rules of the game without blowing a grip of cash.

To summarize your decades simply look at your peers and apply the follow rule "What is everyone else doing? Do the opposite"

20s – Masses: Blow large sums of money on night game "having places on lock with $10-20 tips – LOL". Get blacked out and grab bottles to go to the same club as Lil Wayne – LOL again. Work a dead end job and become an alcoholic. Naturally these guys know all the "best places to go out at night", as you can imagine… They don't.

You: Be smart and do the opposite, day game like a champ. Spend that money on slick clothes and a place with great logistics (does not need to be high end, emphasis on logistics). Put every other cent away into smart investment vehicles. The girl will give you a pass for not being a millionaire, you're young, handsome and energetic. Besides, how many people wake up drunk every Saturday and Sunday earning Zero dollars over 3 days. Yep. Everyone.

By focusing on day game, you improve your sales. By living logistically close to your career and the epicenter of the city? You have no commute and save precious time. You are giving yourself the tools to succeed.

30s – Masses: Follow the masses again to find the truth. Your typical 30 year old is just now realizing he made some serious financial mistakes. He has "some" interest in starting a business but didn't build any necessary skills to do so. He is intent on making money though. He starts reading personal finance blogs, he cuts his cellphone bill from $80.55 to $65.66 to save $14.89. He doesn't realize that these "retirement experts" are actually running a business. No worries, at this point he is going to start dolling out financial advice to anyone who listens and will cut back drinking a tad because he can't afford it… gotta save to "retire!"

You: Ah you did the opposite. You have more than enough money in the bank. You have control of your emotions and don't worry about 10, 20, even 30% corrections in the stock market! It doesn't matter because your net worth moves by 6 figures every month anyway (sometimes even in a week!). Get ready to ratchet up the spending. Your competition is gone! You go out and realize your only competition is high energy young guys who cannot keep up with your lifestyle game. They are pitching drinks at the bar, you're going to the World Series next week. Who wins that battle? In short, you're spending more because you can.

40s – Masses: The masses are now scattered. Some are out of the game due to divorce, unable to catch up financially. Others are still trying to save money but can't seem to get leverage from their salary or hourly jobs (job not career). The common thread? They can't make a mindset jump. They need to stop trading their time for money… But they just can't. They are usually disturbingly risk averse at this time.

You: You've paid your dues for a good 20 years (roughly). If you did really well you already transitioned to the 40 year old lifestyle at 34-35. You simply put your business/career/side hustles/equity/bond cash flow items into cruise control. This does not mean you allow yourself to degrade, you simply have enough success to choose your pressure points. When you see an opportunity to make a significant amount of money you jump in. You work hard. When no opportunity is around, go back to your hobbies (sports, partying, dancing, etc.). The main ideas is that you no longer have your foot on the gas jumping into new situations at all times. Instead you're waiting intelligently like a lion in the grass for the next smart move.

50s and 60s – Masses: Ahh yes the final frontier of the peak years. If you have experience in healthcare you realize that this is where serious issues begin to show their ugly heads. It can be as small as injuries that require surgeries to full blown strokes/heart attacks. Not pleasant. This is another item you wish to avoid.

You: Even if you played your hand perfectly, your body is slowing down. Yes you will be significantly more energetic than the masses but you won't be perfect by any means. Maybe you have a kid, maybe you don't, but at the end of the day you should be spending even more aggressively. Likely in line to slightly above your late 30s and 40s. This is not a material change from your 40s, you just become more and more particular about opportunities that are worth your time. If you're real smart, in your 30s and 40s, you already know some bright old heads to bounce ideas off of (real successful men in their 50s and 60s).

Summary Chart: With the important issues of this post squared away lets take a look at a general framework for your Adjusted Lifetime Spend (ALS). In the chart below we look at how your spending will change (does not include the masses). Yes there are jumps and gaps in the chart because this is how a lot of income production will change (energy levels also change rapidly).

Chart: Net Income Spent by Bucket – Click to Enlarge

Spend1) Notice that bucket one spending is extremely high in your 20s. You don't know much so you learn by doing and failing over and over again. You make many mistakes but your money is being used to generate more income later on. You spend a bit on entertainment but you leverage your youth to stick to cheaper venues.

2) Notice there are jumps, by decade, in income production. If you are learning new things every day, you are going to start scaling your skills and will break out of the $100-150K barrier sooner than later.

3) Through your late 30s and 40s, bucket one spending becomes quite variable. Some years you spend 0-10% on bucket one (already financially independent anyway) and 100% of your income on bucket 2. Other years you spend upwards of 50% on bucket 1.

4) As you approach the end of your peak years, you maximize bucket 2 even more. While you could have done this earlier, you still see good business opportunities arise. Each year you become increasingly picky, hence the increase in bucket 2 spending.

Spend – Dollars Out the Door: The final word in the ALS equation. Spend. Spend is simply bucket two of the summary chart. Money dropped solely on entertainment/hobbies that will unlikely yield a positive cash flow return. While this does not seem like it deserves a section on its own lets go ahead and look at the ways you can spend.

– **Alcohol/Drugs:** Decrease in lifespan, one time increase in happiness

– Sports/Lifting: Long term increase in lifespan, long term increase in happiness

– Art collections/Car collections: No material change in lifespan, long-term increase in happiness

– Traveling: No material change in lifespan, long-term increase in happiness

– **Game/Girls:** No material change in lifespan, long-term increase in happiness

– Mentoring People (Kids for those that want kids): No material change in lifespan, long-term increase in happiness

– Pure Entertainment: No material change in lifespan, short-term increase in happiness

– Charity: No material change in lifespan, long-term increase in happiness

What is the point of the list? The point is that you can spend your money to build an extremely interesting lifestyle the earlier you begin. The only real vice that needs to be taken in at moderation is alcohol/drugs. We're not saints over here so you can certainly partake from time to time, just realize it is likely smarter to do these activities when you are young and to do them intelligently. Drinking and doing drugs on a weekly basis usually means you're an alcoholic. If drinking or drugs cause you to lose income, you ARE an alcoholic. Doing these things when you succeed at a task? Not so much.

The real point in the spend part of the equation is that you are going to die. You don't want to die with $10M in net worth having spent only $5M over the course of your life. Assuming you have no kids, if you made $20M in your life… You should spend $20M by the time you are dead (over $20M for the debt loving financially savvy types as they ready to kick the can – wink wink).

We're not going to fault people for their interests so long as they do not deteriorate their personal well being or the well being of others. If you are obsessed with traveling, feel free to sky through 50+ countries. If you are a car person, get a new whip every year or collect them and fix them. If you are an art collector… build those walls! Just don't become a weird guy who no one wants to hang out with because he penny pinches with a several million dollars in the bank.

Now lets conclude with an example, the dreaded 401K will help frame the point of this long winded article.

The Dreaded 401K: As we have said hundreds of times. Absolutely no one gets rich with a 401K and no one ever will. Even if you hit 7% returns (5% real rate of return) you only end up with about $2M in inflation adjusted dollars (real buying power). With that said, we can use this to explain our ALS formula in much greater detail.

Here is the Framework:

1) Imagine you put away $18K a year (the new 401K maximum) every single year and obtain a 5% return

2) Now we assume you max out your first contribution at age 22 giving you 38 years of returns

3) This results in a total of $2M (this is real buying power)

Now for the kicker, how much of the $2M was attributed to money you put away early versus later? Lets take a look.

Chart: Percentage Contribution to Your Future $2M Retirement – Click to Enlarge

Percentage1) A whopping 5.6% of the $2M comes from your first $18K investment

2) Less than 1% of the total is earned in your latest years (if you continue contributing)

3) By 40, you're more than set to cover living expenses in "retirement"

As you can see, the laws of mathematics work for you if you run your life intelligently and work drastically against you if you do not. You cannot fight compounding returns. You can however, accept the numbers and take advantage of the increases to live an amazing life over your peak years (~20-60).

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There you have it. "You only live once" so lets make the most of it. You want to maximize your **Adjusted Lifetime Spend.** Don't forget it.

1) Money helps you make money.

2) You are going to get older. You are going to die.

Balance. Maximized spending.

With that said, for the young guys out there…

Lets Get It. Lets Get it. Lets Get It.

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Dressing Sharp: Ignore What People Say, Go By The Results

[Dressing Sharp: Ignore What People Say, Go By The Results]

Once in a while we have to cut out the [frugal people] who accidentally come here and believe we're in the same group (not even close). Frugal people believe in scarcity which is why they focus on cost cutting even though there is a significant floor to cost cutting. No matter how much you try and reduce your expenses, you will still spend money. We're going to walk through the escalation of spending and how becoming a millionaire to eat lentils, beans and rice is equivalent to getting in shape to develop a heroin addiction (defeating the purpose entirely). The progression and lifestyle changes will be covered in our book coming out later in the year to complete the trilogy but this should be a good way to think about the future.

The Five Most Common Arguments

"I Wouldn't Buy That": This is the starting point for all the excuses. People who don't have money claim that no one cares about brand name goods, higher end apartments, nice cars etc. Back when we had no money, using mild salsa and draining it to get vegetable intake for the week, this was a common argument "I would never buy that if I was rich". The reality? This was an obvious sign of scarcity belief systems. Anyone who eventually makes it knows that the quality of the goods certainly makes a difference. With many things in life, after you get to certain net worth and income level (described in our book) you'll actually *lose* money by trying to act like you're still broke. People have mistaken our comment about "stealth wealth" to mean that you should dress in $9 H&M t-shirts. This couldn't be more wrong. *Stealth wealth means you're not famous but [people know you are not struggling for cash]. This is the right balance.*

"No One Knows the Difference": This one is just unbelievable. There are studies that say regular people cannot tell the difference between shoes. There are also studies that say "women don't like muscular men". Since they are incredibly wrong, we have to highlight them. Unless you're born under a rock you know for sure that by being muscular and in shape you will certainly have more dating opportunities in any environment where you will be shirtless (the beach, outdoors playing sports etc.). There is just no argument here and studies don't work since a "study" is *based on what people say not what they do.* Making decisions based on what people say would result in failed decisions for life. It's similar to pornography and racism. Everyone "says" they don't watch porn but it's the highest traffic industry. People "say" that racism exists but then you ask people to raise their hand if they are racist… crickets. These are two clear as day examples to prove that going by what people "say" is a disaster. *Bonus: people also say they "don't click ads" on the internet. Then how come the ad companies make billions of dollars.*

"On Credit": This is the third most common excuse. People claim that luxury brands are for broke people buying on credit. Also not true. The Luxury market is primarily dominated by international travelers (this of course makes sense as frequent international travelers are unlikely broke). While it is true that many people go into debt status chasing (not something we recommend since that's hilarious), the largest buyers are actually rich. The large buyers do not buy "just one" unit of anything. They typically have a set of items they rotate at minimum. When you go to a high end place frequently, instead of assuming people there are only "flexing" for the day… wait and see if they come back. If they come back several times and always have different nice items on… They are rich and there is no need to hate on it.

"I Don't Like Fancy Clothing": This one is just as bad as the "studies" excuse. It is easy to take down. Anyone reading this right now can go ahead and prove that it makes a difference. Go through your entire wardrobe and put on the nicest stuff you have. Do not lie. Everyone and their mom has a "nice outfit" for going out, weddings, special events etc. Now after you've put on the best outfit you've got, ask yourself if you feel better/more confident/more important. Use any positive attribute. Unless you're afraid of becoming rich or you're lying to yourself… you know you feel like ten million bucks. Since it changes the way you feel and think this naturally works.

"Not Worth It": The final item sets in. It "isn't worth it". Sure. If you want to live a boring life, it isn't worth it. That is for sure. It means that getting rich in the first place was a total waste of time. If you want to get rich to walk around in $5 t-shirts and drive a Honda Civic to your $150,000 home in the suburbs… you should have retired years ago! If it really wasn't worth it and it really wasn't something you envisioned having… then the person also wouldn't have the need to comment on it. It's always the people that are the most jealous that will comment on it. Same story. Every time.

The Five Most Common Mistakes

I Bought XX and It Didn't Work: The beautiful thing about being well dressed is you *don't* need the highest brands at all times and you *don't* need to go directly to the top end. This is the truth. It takes several years to develop your own style that gets the best reactions based on your personality, your skin tone, body type and the venues you go to. If you're going out in Vegas/Miami your ideal "look" is not going to match the guy going out in New York or London. There are different vibes for each city and the city you like naturally has a specific personality trait as well. This is the most common mistake. People think they can just "buy some brand" and have it work. That's not how style operates.

The most common one we've seen is when people get their first high paying career/business going. They always do the same thing. They cut corners on spending (food/dry cleaning etc.). They save save save… Then they buy some Ferragamo/Gucci loafers and entry level luxury watch. This is so common it honestly hurts typing out. This is sending the ***wrong*** message. The message being sent is that you're trying to get attention because you have one or two items that are "high-end". Even worse is when the shoes don't match the clothing which happens pretty much 99% of the time. Again. If the clothing color and style doesn't match, no one is going to care about the brand because "something is wrong" and everyone knows it. You're trying to impress people and that's never a good thing.

Not Congruent: Everything needs to be in the same region. What does this mean? It means that you shouldn't be carrying a $5 plastic wallet if your suit is worth $1,000. It doesn't look right. Similar to the section above where the shoe style or colors don't line up, the general categories need to be in the same region. You're allowed to have 2 items at most that are not in-line. By way of example, if your cufflinks are $30 and your socks are only worth $5… no one is going to notice or care. In fact, a couple small items that are cheaper typically have a "story" to them hence why you're wearing it. To take it to the other extreme, being incongruent is like going into a Chipotle with a custom made suit and Gucci Oxfords on… That image is quite painful as well.

Have to Get All Clothing on Sale: Stopping here for a second. The main reason why you're learning to look good/dress well and know the right brands is to attract the type of women you actually want to date. Stop and ask yourself "Would this type of girl date this type of guy". Be honest. Anyone who really believes that an *attractive* woman would choose a fat slob with $100M over a well dressed in shape muscular guy with $10M… is clearly insane. If the girl would actually choose the $100M person, it means she's likely for sale (you either see it and notice it or you don't).

Now back to the point, the most common mistake is trying to do everything in the same range at once. This is not necessary. If you're going to go out to a normal venue where you suspect you won't see a single suit… Don't wear the high end stuff and leave it all at home. You're probably going to wear something more fitting like a high end pair of jeans, a basic blazer and even a regular t-shirt. The goal is to stand out in a positive way that matches the actual environment. Over time as you get wealthier and wealthier you're not going to have a "versatile" wardrobe and it'll evolve into the higher end in general anyway. No need to buy stuff you aren't going to use. If you plan on going to a nice place 1-2x a month, you need 1-2 upper tier shoes. If you are going to go every single day…. Well then yes the upgrade is needed.

Upgrading Where it's Meaningless: We're sure there is some angle here, but at the end of the day, upgrading wardrobes being used for outdoor activities or the gym are low ROI. Here you can go ahead and buy those basic shirts and shorts (nike, adidas, it doesn't matter) and use that for the gym. If you're smart, you're already in a high end gym so that's the "entry price". As long as you're not walking around in shirts/shoes that are 5 years old, you really don't need to have anything special. Also. If you do end up going to a nicer gym you'll notice that the attractive girls always have nice gym outfits as well. This is just how it works. The more attractive they are the more focused they are on their appearance which means they are on their "A game" even at the gym.

Another meaningless upgrade is actually work! That's right. If you're still grinding it out at work and there are no clients that day, there is no real reason to wear anything brand oriented. Those shoes and shirts are going to get more wear and tear on them and you can simply chuck them at the end. Your higher quality items are for 1) meetings, 2) events and 3) higher end venues. Since everyone wants to know the exact formula we'll use examples: 1) meetings would be anything that is going to generate you money, 2) events would be any event where you're going to meet someone of importance and 3) higher end venues would be a place like Catch on a Monday in NYC, the Wynn/Encore at Vegas or a Michelin Star Restaurant. If you have a rough weekend coming up with long hours of work, you should just use some of your "throwaway clothing", items you wear to normal days at work or to a regular lunch spot/bar.

Overspending: If you've found this blog we'll guarantee that this will occur when you first attempt to adjust your wardrobe and style. Why? Well if you already followed our basic style advice from Efficiency you'll already know it works (we already got numerous emails about dates/promotions attributed to looking professional/sharp). Since you know it works, you're going to have to go up the learning curve and will likely overspend up front to figure it out. The only way to prevent this is to sit, stop and think about the type of people you're trying to attract. The more you can target your audience (i.e. Facebook ads!), the better the results! On a serious note since the prior paragraphs make it seem like the changes need to be made today, *you have to know what you're going to do*.

That last part needs to be read a hundred times. Unless you know the type of places you like, the cities you're going to go to and the people you enjoy being around… Tailoring specifically to your audience isn't going to work and you'll blow up. Tying this back to Ferragamo loafers (classic style error), they *do* work for people who typically operate in jeans and drive a lot. They *don't* work for guys who like to dress in custom suits and drink champagne (the shoes need to be flipped to oxfords or double monks for example). There are small nuances like this. Ferragamo shoes are great for the right venue and are not great for the wrong venue (just like every other brand on the planet).

The second part of emphasis here is finding the "light version". If you're not sure who you want to be yet, or what venues you'll go to… there is always a starter brand. If you look at the design of the upper mid range: To Boot New York, Magnanni, Allen Edmonds and almost anything else found at a place like Bloomingdales… you'll find that they try to mirror one of the top end brands.

As a basic rule of thumb, if you can find it on sale… that shoe type/brand is not upper end as the real high end brands don't have "sale racks". As an extra point of emphasis, this is why certain high end brands only have certain *types* of shoes that show up on sale on rare occasions.

The Benefits – the Best Part

Quite a lot *should* change over the years (otherwise why are you working so hard!). You should be able to go from "getting looks" because you learned how to have good style/basic dress code abilities (typically just a tailor and clothing from a place like Nordstroms), you then move on to made to measure products with some nicer shoes (anything in the $400-500 range) and then you move to the high-end custom made clothing and brand name shoes/watches (some people even get custom shoes etc.). Now people can complain all they like, but anyone has the ability to at least do step #1 which is learning how to dress with the right colors/fit and prove to themselves it makes a difference. It makes an enormous difference.

#1 Regular People Repellant: That's right. It actually deflects people who you don't want to talk to. When people see a well dressed guy with clothes they even know are not cheap.. they will avoid you. This is worth 100x more than the dating category (second) because people literally move out of your way. They will constantly talk smack behind your back and as always.. leave empty handed. A good way to describe the people you're deflecting? The 3-star review Yelp Crowd. The 3-star review Yelp crowd constantly complains about "prices" for high-end clubs because they shouldn't actually be there as they haven't made it *yet*. The 3-star review high end bar/club is going to be your bread and butter since it's typically the best place (rich people always attract the best looking women). For further explanation of this effect, look no further than the front 10 rows of any major sporting event.

#2 Dating: This is the second most obvious category. We'll re-emphasize. The girls who do not care about your clothing/looks are not the girls you want to attract. The ones you want to attract will 100% care that you look good and are "put together" the most common saying. No attractive girl wants to introduce her "man" as a beer swilling, blue jeans wearing slob. Just like her interest in purses and nice shoes, the way you look is a reflection on her as well. The way this scales up is pretty simple, it goes from: 1) more looks and comments such as – i like your overall outfit/look to 2) "where did you get that" to 3) the most blatant = "Nice XXX". It can get *much* more overt from here but like everything it is an art. Once you're getting complements consistently, you've done it right. Again using the scale, it should go from 1x every 2 weeks to 1x a week to the pinnacle which is "daily" whenever you dress up to your "max potential". Before moving on here, remember the same old quote, "*if she can't experience it, it doesn't exist*". You don't want to be seen with an unattractive poorly dressed woman and we can guarantee you the feeling is more than mutual. You don't need to look like James Bond 365 days a year… but you better be able to pull it off if needed.

#3 Self Confidence: Can't put this into words but we'll try. If you're already making good money, you will still benefit by creating your own distinct style and vibe. You'll go out shopping or look at something and the girl you're with will say something like "I knew you'd like this it's your type". That's when you've essentially hit gold. You're now at a point where you're establishing the direction you're going in life. Besides, *you didn't get rich and succeed to be the same guy did you?* Of course not. So once you have hit your stride you'll slowly upgrade in that "direction". The baseline clothing slowly turns into throwaway clothing, the second level clothing becomes daily wear clothing and the final level is worn maybe 30-40 days a year. Eventually, you end up with only two tiers, the daily wear clothing and high end which look increasingly similar. Funny how that works!

#4 More Events: A hidden secret of high-end fashion/clothing? You'll be invited in. If you're looking sharp all of the time who is the most likely person to recognize high-end fashion… Models and other designers of course. What does this mean. It means those types of people are more likely to talk to you. Take a second and imagine a standard good looking model. Do you see this person talking to someone who looks like James Bond or your average middle aged american. Be honest. We all know the answer is James Bond as this fictional character is easy to compare and contrast with. So. If you're dressed more similar to a rich James Bond type person, you're more likely to attract the right crowd. This ends up ***saving*** you money. Despite what frugal people will tell you, if the ideal version of yourself attracts good looking women, you'll have a hundred more opportunities by dressing sharp and getting invited to events/house parties. The only other "easy" way into this "level of the video game" is by getting into the illegal drug scene.

#5 More Income Opportunity: Here is the slippery slope. When it comes to rich people there are really two categories, people who are extremely frugal and those that aren't. By knowing how to dress sharp and do all of the above you're giving yourself the opportunity to sell to this side of the equation. The frugal side will look down on your style so you should always have that second tier to avoid making them feel insecure/upset. Essentially, by knowing how to look good, you'll open up a door that's essentially shut off from the masses and a lot of rich people as well. It's a good strategy as you never want to close a door when it is full of rich and attractive people.

Conclusion: This should repel a lot of regular people who confused "stealth wealth" with wearing $10 t-shirts and plastic shoes. It also gives a good hint on how detailed our lifestyle/spending book will be as we didn't explain when to buy and upgrade (or the types to go for!). For people that are on the fence about all of this we'd say, get to level one first (90% can't even do that) then take a stab at level 2… then you'll be 1,000% convinced. You're not going to go broke wearing nice clothes when you've made it. The key here is that you've made it. If you're making $200K pre-tax a year, you're definitely not going to buy Gucci shoes and $5,000 custom suits. Now if you're making $50K a month after taxes… you can buy whatever you want and slowly infiltrate the fashion community (it's worth it!).

To emphasize how easy it is to make a difference you don't need the ultra high end today. All you need to do is *show* that you're the type of person who won't be a cheap guy. If you're willing to spend a little extra to look good the message is that when you make more, you're not going be stingy. This is the implied message you send when people see you. And. When we say people, again we're talking about the ones you want to attract. The guys in the Cole Haans and Aldos will hate on you… This is good (they don't waste your time).

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Easiest Way to Improve Is With a Top Down Approach

Easiest Way to Improve Is With a Top Down Approach

Back in high school, teachers would tell you to really "learn" the material otherwise you'd be at a disadvantage. Their strategy was to teach concepts and by looking into the back of the book for answers you were harming your future self. Unfortunately, that is terrible advice. The reality is that finding the "answer" and working backward is actually a good way to build up. In finance there is a phrase "bottoms up" and "tops down" when building a picture and believing that tops down never works is simply false. With this we'll apply it to your life in general.

Find the "Top Down": Generally speaking, you're never going to find an exact ideal of who you want to become. You're going to find guys who you respect from a money making perspective, style perspective, athletic perspective etc. You can't really become any singular individual as their skill set is also quite different from yours (genetics as well).

All of that aside, we still recommend finding people who are around 10-15 years older than you. This will narrow the pool to a few people who you would like to emulate. Ideally you'll choose three of them. Perhaps one is good in your particular career/business, one has a lifestyle/work-life balance you're envious of and another is simply in great shape and you'd be happy if your fitness level was on par with them in 10-15 years (notice if you're 15 years younger, your bar is naturally higher).

At this point you can calibrate for what you plan on doing in the future. If you have a "role model" the chances of success are slim since your skills are never going to align with a singular person. Instead if you have a general picture, you can then find where your skills are better or worse vs. where your plans are. If you're already naturally fit, you can reduce hours here to increase your social skills. Or. If you're already making a lot of money but have fitness issues… you would reverse them. Either way once the picture is built "the answer" you work backward.

Step 1 – Be Smart Before Incorporating: Generally speaking, successful people are talented. If talent didn't exist then everyone would be able to train to break a world record in athletics or create the next Amazon. This is where we'd say the vast majority of people mess up. They mess up ***bad*.** Take a step back and ask yourself if the person is actually talented or if they learned the skill. *This is not the same, will never be the same and is not up for debate*.

Self-awareness is the only way to tell the difference between talent and learned skills. The average person is not self-aware as they constantly think they are better looking, smarter and more talented than everyone in the room (the chances of even one of these being true in a room of 40-50 people is practically zero).

So. Take a look at the handful of people you'd like to emulate and decide "is this person simply too talented or did they figure it out through effort". If the answer is they simply had talent, you have to delete them from your list of people to emulate. This causes a lot of ego destruction because you're admitting that someone has significantly more talent in a particular area. Most won't pass this first test and simply have a list of role models that they will never be able to emulate (copying a life path with less talent is a guarantee for failure).

Before moving on, the key easy indicators of someone having talent is as follows: 1) they are able to produce more than everyone in their field – same level – while working 50% as much or less, 2) the individual claims that everyone can catch up if they just worked hard enough – this is what talented people believe since things come easily to them, 3) their productivity actually increases with higher work loads, what this means is they can efficiently reorganize without any performance drain… similar to good software code and 4) take the results that are being delivered and ask if a person with similar attributes could achieve the same with 2x the amount of time. If the answer is no… again they are too naturally skilled to emulate. As usual, none of the prior four items are "guarantees" but this filter should help you get a clear picture of the future.

Step 2 – Find the Process: Building on step 1, if you're sure the person doesn't have any innate talent in the area in which he's successful you can work backward from their end result. Instead of wasting valuable time trying to recreate the wheel, take the core competencies and integrate them immediately. Coming up with your own spin is not going to work on day one since fundamentals need to be built up first.

You can narrow down the fundamentals by observing how they operate relative to their peer group in a particular environment. If their social skills are high quality, then look at the word choice, body language and style of clothing relative to the group. Until you can find 5-6 items that are definitively different, there is no point in integrating any mannerisms. Copying blindly doesn't work as the only competitive edge is going to come from differentiation.

If you've done this correctly you can now integrate the fundamental differences into your daily life. It takes roughly 6 months to make something a habit. There is no point in trying to create an "on and off switch" since it just leads to underperformance. To make a sports analogy, it would be similar to having two different golf swings, one for practice and one for competition… This makes little sense. If you find something that works, integrate it and move on.

Put the process on repeat. It is unlikely that you'll find all the differentiation in a single event. You have to repeat this process to pick up on all the changes over the course of a few months. When you start to see results in your immediate life, you're effectively done with the basics. Sticking with the same example, once you have copied the habits in a particular social environment and you see a big change in the results you're looking for, you've got the direction right which is good enough. No need to look for additional tricks that unlikely exist anyway.

Step 3 – Thinking For Yourself: This is where most people hit a road block. Copying fundamentals is a good starting point but to differentiate you have to take advantage of your own personal skills. For example, maybe you're a better communicator and lower energy. You probably want to put yourself in environments where there are fewer individuals making it easy for your speaking skills to be seen. On the other hand, maybe you're a polarizing figure. If you're polarizing, you want to be in an environment that address a wider distribution as it increases the chances of finding the right person to connect with.

These are nuances that most people don't think about. It takes a lot of work and requires a lot of introspection. If you see your general results increase, you have to then take it to a micro level and specialize. Without specialization you can't differentiate which is the entire goal (going above normal expectations). By way of example, your "look" and "personality" needs to match the environments you frequent. This applies to work, dating and even your normal social life. By copying a single individual's preferences you reduce (dramatically) your ability to improve your life.

Step 4 – Simple Top Down Example: The reality is that our example will likely go over the heads of an average person. The average person thinks they can "learn" anything even though it is simply not true. You have to specialize in any particular task to improve your results. So we can use a sport as an example, we can go with basketball since that's a commonly known sport in the USA.

If you're trying to become a better player, the first thing you should do is master the basic fundamentals. Instead of looking for a role model, you have to video tape yourself learning all the basics: shooting form, footwork, basic positioning when on defense and a sense for what type of moves you're faster at (some people have better foot work so spins are better than crossovers etc. – common for taller athletic people)

If you've got the basics down, now you can look for someone to emulate. Most people just choose the "best person" in the game which doesn't help. The chances of matching your skills to someone who is actually the best in the world… practically zero. So you find a top 50 player and decide if your style can mirror them. A good example of this is trying to emulate LeBron James versus someone like a JJ Reddick. Their style couldn't be more different and we'll bet everything that starting with LeBron won't work.

Continuing on, we'll assume that you're actually not fast but you've got good foot work and an accurate shot. What does this mean? It should narrow down your search to players with more methodical styles and less reliance on athleticism. Clear examples would be a Dirk Nowitzki, Tim Duncan and Nicola Jokic. If you're looking for shorter versions of the same style you're probably looking at someone like Mark Jackson who was a strange point guard with some speed but played a lot in the post.

At this point, you take film of the individual most similar to where your advantages are and see how they react in particular situations (basically, the person you're emulating is the answer at the back of the book). Since they are not fast or all that athletic, they will have different strategies when catching the ball at the top of the key, in the post, or off a pick and roll for example. For fun you've really mastered the basics of "copying" their style when you play and people say your playing style is similar to them. The reality is that anyone who actually learns how to play basketball (mastering the fundamentals) – or any other sport for that matter – is going to be better than 90% of the population in general.

To conclude, at this point you're now able to become "yourself". If your style of game is similar to person A and people go out of their way to say you're similar to person A… you have to make changes that take you to one level higher. The only way you can do this is find another relative strength. Assuming your style is too similar, there is going to be at least one or two areas where you have some differentiation, say jumping length (while height may not be good). In that case you can practice passing lane steals and chase downs to prevent fast breaks. Or maybe you're an extremely good corner three point shooter but the rest of the floor is not accurate. In that case you'd play a lot of mid-range and then go out to the corner where people will leave you open.

As you can see at this point it gets extremely specific and since the average person 1) won't learn the fundamentals of any task and 2) believes they can be world class by mirroring someone who is not similar to them… they never get any better.

Concluding Remarks: Unfortunately, sports are the easiest example for a short post like this. That said, it can be applied to stating a business and making money as well (we'll cover that very shortly). But to avoid 5,000 word lengthy articles this should be a good start. Take a step back and ask "where am I most similar" then scale up from there. This will work a lot better versus the average person who thinks they can learn and become good at anything (simply not true). Talent is real and winners figure out where they are talented despite "liking" or "disliking" the activity. Since the end goal is to be successful regardless of how exciting it is.

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Economic Changes Ahead

[Economic Changes Ahead]

At this point, the stimulus is already complete. We've taken interest rates to zero, gave no money to the middle class and created a barbell in American society where only the lowest income brackets (temporarily benefit) along with the ultra wealthy (think market cap north of $100B+). We'll explain what this means for you and fortunately our advice still doesn't change. While many people laughed at our strategies they've worked over the past 8 years and if you followed "the plan" you should have at least 2 streams of income each generating a living wage (or better). This creates a level of stability that will allow you to survive in the coming years as well (and potentially move up the socioeconomic ladder).

What Happened? The income being sent to people is flawed to say the least. People who were making around $100,000 in high cost of living cities like NYC, San Francisco, Los Angeles etc. get nothing… Even if they were laid off. If someone kept their job and is still earning $100,000 we can see why they didn't need money. But. Take five seconds and look at the map. New York is the hardest hit, has one of the highest cost of livings in the world and yet the vast majority there will receive nothing. That doesn't make any logical sense. Using a $75,000 marker actually helps middle america the most… Where there are practically no cases (comparison to NYC, Los Angeles, parts of Florida etc.). As many of you remember our view as to imply issue everyone money quickly and have a 100% tax if you made over $XYZ in 2020 income. And. Of course it didn't happen.

The second thing that happened was a massive debt bailout for airlines, Boeing and several other companies that were simply levered up for no reason. Don't even get us started on people who levered up to use an apartment for AirBnB rentals… That one is going to end in tears as we doubt people will suddenly ramp up traveling in 2020. A full year of next to no income is not a situation most can survive (assuming they are levered up)… The ones who were debt free will make it through.

The last item that happened? We saw a significant decline in interest rates and we're even seeing negative yields on treasuries (3 month and 6 month). In fact, the 12 month treasury yield is also near zero and could go negative! This means we're inching towards an environment where banks are going to be forced to charge fees to simply hold onto your money. The system was hit so hard that we may end up like Europe where you're better off buying a complex safe and storing physical cash in a secluded area.

#1 Small and Medium Sized Businesses (SMBs) Get Crushed: This is the first implication. Since they do not receive any serious consideration, they will be under massive pressure coming out of this. The current set up to give them a 3-4 month "forgivable bridge loan" if they keep their employees is laughable at best. Anyone smart (who runs a small business), will not take this loan. *They do not know the revenue line when they start back up again.* If they have to keep the same headcount they would avoid this insane amount of risk. At best, they will hire part of the staff back and use the bridge loan for a smaller company size. So no matter what those SMBs just got smaller and likely less profitable. In order to catch up they will have to find a way to make use of technology to decrease back-end costs.

Oh and by the way… They will get absolutely dismantled by the large corporations. This is because large corporations are first in line for the cheapest debt. Apple is much more likely to get 0% (or negative) coupon debt vs. Mom and Pop's Pizza Shop. So take a wild guess what they will do? They will take out 0%

debt and cut prices putting consistent pressure on the SMBs (Yes we realize Apple won't compete with Pizza shops but if someone doesn't understand the point they should probably leave this website for good).

So you've got large companies who now have near infinite ways to make returns. If your hurdle rate is "0%" all you do is borrow as much as you can and buy anything with operating profits. This may lead to the creation of monopolies in the future. The mega companies win the most in this situation (assuming they are not massively levered today). Also. The good businesses with leverage already, can take down their rates through refinancing and survive if they make it through the current downturn.

#2 Middle to Upper Middle Class Killed: A large amount of the jobs in the USA that pay $75,000+ a year are in major cities (NYC, Bay Area, Los Angeles etc.). They get nothing. If they keep their job they may get to survive but they certainly do not participate in the $1,200 checks or the 0% loans. So if you are in this camp and make around $75,000-$250,000 a year, you got crushed. Not only did you get nothing, but upper-middle class income is one of the highest "expense" lines for a firm. Take a wild guess on what area major companies will target to improve their profit margins. There is a reason why VPs are first to get fired in investment banking during a downturn. Unsurprisingly the SMBs getting killed lines up with the middle to upper middle class. This makes sense given the barbell approach the stimulus plan took.

#3 Real Estate Will Suffer: Coming out of this there will be a lot of bankruptcies and distressed properties. Sure, unless you're connected you won't get the "best ones". That said, there will be a lot of opportunities coming out of it. If oil prices were at $20 in any other time frame it would be on the news 24/7/365. However, the global pandemic is making many people forget about this issue. If oil prices really stay at $20 (or even drop below for a long period of time!) parts of Texas will have a lot of economic problems.

What to Do? In our typical fashion, there is a lot more to this beyond the main items we highlighted… But these main points are the most important. If you are in the middle to upper middle class you have no choice but to start some sort of second form of income that utilizes low operating expenses (Ie. Online sales). There is just no other option and fortunately we've already explained how to do this 100x on this blog alone (and in our products).

Why? Well, the only way to grow and compete is by running ***LEAN***. If you think you were running lean before, think of ways to run even leaner. You have to find a way to ratchet up your use of technology and decrease your use of anything manual. Yes… this means services based revenues will take a bigger hit and people will have lower disposable income. In simple terms, all of these policies have accelerated the use of high-end technology. So if you don't use them… you will have no shot at competing.

Fortunately our step by step recommendation is essentially the same. Get a white collar job (as high paying as possible), ramp up your political standing, get a high rating and then spend 100% of your extra time earning money online. Until your online income is 2x your regular income, you're not allowed to relax. This is 100% possible and we get tons of thank you messages every month now. Why? It works. The people who say it is not possible are just inefficient and ineffective at work. They make excuses and spend their downtime watching Netflix and YouTube at work (or texting). Example below of a successful person, not only did it work but he was one of the people *who didn't* get let go… Gee wonder why?

> @WallStPlayboys so glad I read efficiency and got out of this crisis unscathed (thriving better than ever actually), whereas company men with no business income are taking a massive hit
>
> — Garrison (@GrowthGS) March 27, 2020

The one item of warning we'd add? Financial services are worse. Much worse than before. If you can choose between tech sales, software and investment banking, avoid investment banking at all costs. The only area you should even consider is pure M&A at a high quality firm. The rest will see fee compression. No one is going to try and take their company public in a massive down turn.

Investing: Luckily we've somehow called this stuff right. Pure luck saying it'd hit 2,100s and then go up. That said, at 2,600 it's no longer attractive again but you're forced to find ways to "maintain your wealth". For the vast majority, our view is that you should stay heavy in cash and try to buy a place in an area you like when the dust settles (if you're fortunate enough to have this type of money). If you're not wealthy, investing isn't even on your list of priorities. Again. If you don't have $1,000,000 or more, investing is a colossal waste of time and you're better off just buying indexes or the items recommended in Triangle Investing. Every hour you spend researching "ideas" could have been spent building up a life-long income stream which we promise will generate WAY more than $1,000,000 (probably 7-10x if you're above average). The return is always highest in investing in yourself.

Final Notes: The tone of this post is probably a lot angrier than usual and this is not surprising, we're furious with how this was handled. While there is nothing we can do to stop it we do want to highlight that we're aware that the tone is much more abrasive (should really show how bad this stimulus plan was). For the wealthier readers, we'd also recommend hiding your wealth for a good 3 years or so… Having 10M+ (potentially) unemployed and showing you have money in public is going to attract crime. We wouldn't be surprised to see a lot more home break-ins over the next 12 months as stock markets don't correlate with people having jobs or not. In short, be careful out there.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending. **We hold Q&As 1-2x a month for purchasers only.**

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Efficiency

Efficiency: Get Rich Without Giving Up Your Life

We have written this book as if writing to a son who is interested in becoming rich **and** maintaining a healthy physique and social life. We've seen many people become rich… yet they lack social skills (trapped in relationships they desperately want to escape) or… their bodies have seen material physical decay. We're putting out the framework in this book and you'll have all of the **tools** you need to get get rich and have a fun life at the same time.

We're not going to lie and say this is a "guarantee" to become rich. There are no guarantees. Getting rich and winning at life is no different than sports. We can give you every single step to take and how to do it. But. **It is up to YOU to execute on the steps.** Instead of buying 10 different books at the same time, we'll give everything out in ten key beneficial points:

1) How to get into the top 10% physically with one hour a day of exercise per day. You're going to be busy and unless you're a professional athlete, dedicating an hour a day will be enough. This is the first step to become a well rounded individual as a healthy person can work longer hours, has more energy to go out and have fun and extends his life (the most valuable asset in the world: Time)

2) How to eat correctly to be in the top 10%. We'll give you the rough blue print for items to eat on a daily basis. By simply following the framework you won't need to count calories/macros etc since we're trying to be efficient with our time. By following the framework, you will have less stress (no longer calculating everything you eat) and you'll give yourself some wiggle room to go out and drink when you feel like it.

3) How to figure out what type of intelligence you have. We give you a process to figure out where your skills are. Everyone has *relative* advantage in at least 2-3 categories. Use this to your advantage and develop your natural talents. We believe talent matters more than passions. Talents are natural to you and if they didn't exist everyone would be able to make money in the exact same industries or throw a fastball at 100mph. Finding your type of intelligence is the first step to becoming rich.

4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales. We have talked about this in the past and you'll notice we're adding a new wrinkle. We're giving you the tools to figure out what company to join. You'll have basic mathematical formulas that will tell you if you should join Company A or Company B when the offers come rolling in.

5) How to start an online business and sell (*the basics and all you need to start*). This one is self explanatory. We go into details on how to start an online business and how to sell. The best thing about online businesses? The margin structure. As you'll see the cost of running a website is practically nothing and you'll need minimal start up capital to begin today.

6) Clear outline of how to create and start an online product business with correct copywriting. You'll never be an expert in sales. No one is! Why? Every single second invested in learning more about sales will lead to a financial return. The game continues to evolve but we can give you the basic framework to start.

7) How to go into affiliate marketing if someone wants to take a stab at the competitive space. We give you both the legitimate affiliate marketing route and the dark side as well. The overnight success stories are "too good to be true" because they are. That said there are legitimate ways to do affiliate marketing as well. If you don't want to create a product (yet) most people start here and move to starting a Company later (once they learn a specific niche)

8) Overview of how affiliate marketing operates and how to do it. Beyond the overview, we also tell you how to do it. Both the legitimate way and the dark side as well. We explain why the legitimate way is better long-term, but we'd be lying if we said everyone is selling on an equal playing field (they are not).

9) How to do all of this and maintain a normal social life (avoid choking off your personality). This puts everything together, we give a basic schedule and explain how to improve your social skills and meet new people frequently without losing traction with your business and career. If you're able to keep your composure and go out twice a week, you'll see your phone numbers increase and you'll be much more interesting than the average person who works, sleeps and watches TV all day

10) Common questions and a schedule. We provide a rough schedule on a weekly basis under the assumption that a person is not rich yet. In addition, we answer a large number of common questions and provide good answers to "questions around morality" which essentially says "Break every single rule you can because someone else will, just don't break the law. Ever." this is essentially the gray area that you'll operate in if you're new to any field.

Click Below to Buy the E-Book (PDF) for $9.99

Buy Now

Notes: 1) we also take Bitcoin if there are payment issues, email Admin@wallstreetplayboys.com and 2) keep your email as we'll hold Q&A's for buyers only… You'll see why we set it up this way by the time you're at the second half of the book.

Email us for the address to send to (BTC, LTC, XMR, ETH are accepted).

Notes and Details

Keep Your Receipt: To help prevent constant stealing, we're only going to host Q&A's in the future for people who have purchased the product (rare exceptions maybe 3x a year that will be open to public). If the product was not purchased 1) we're being forced to answer repetitive questions and 2) we don't want to burn time on people who didn't have a few bucks to invest into their future. We will likely update the book periodically (every year or two) and anyone who purchases the product will get the newer versions for free. We realize we can't prevent all theft, however, there is a ton of value in Q&As when specific questions come up in the future. By cutting this off, the thieves will be forced to struggle on their own. *Keep your receipt as you'll need it for future *free* benefits and future products/services etc.*

Writing Style: The writing style is practically identical to the blog. We write to the point and with some incorrect grammar (for dramatic impact of course). It should hurt to read in a sitting since all of the information is actionable. There is too much information and a missed sentence/line could result in valuable information being lost. That said, it is organized in a smooth fashion and should give you a lot to chew on.

Length: The book is 160 pages. Unlike other products, it is written in standard 12 point font (Garamond) on a standard 8.5″ x 11″ pages with no filler photos to take up space.

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Efficiency is Now Up

Good news, at this point everything is running smoothly.

If there are any issues there are three items 1) PayPal holds foreign transactions for 24 hours before releasing the funds – releasing link to product, 2) if you have not received it all you'll need to do is *email us with your receipt or the transaction ID number provided by the PayPal account and we'll manually fix it* and 3) remember to check both spam and junk mail particularly if a foreigner.

admin@wallstreetplayboys.com

Thanks!

Efficiency

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Efficient Market Hypothesis Does Not Make Logical Sense

Efficient Market Hypothesis Does Not Make Logical Sense

We are going to take an extremely complicated subject and attempt to make it understandable to anyone. We will fail miserably at this given that it's our first attempt at describing the idea. In this case we're using the readership as our Guinea Pig so thank you for reading! Essentially, we are going to walk through from start to finish and explain how markets are not efficient along with how they are becoming more inefficient through the use of ETFs.

The Beginning

Efficient Market Hypothesis: In basic terms, the efficient market hypothesis states that it is not possible to outperform the stock market because *"all share prices reflect all information"*. This means as we sit here today, every single stock perfectly reflects the value of the underlying Company. Now if someone is an efficient market hypothesis believer we can look at both historical examples and current examples today to prove this is not the case.

Historical Example Internet Bust: We'll start by looking into the past. During the Internet bust there was a Company called "Pets.com", it is now infamous for being one of the biggest disasters in Internet IPO history. To keep it simple, the Company generated $619,000 in revenue (that is thousands of dollars not millions) yet the Company raised a total of $300 million dollars (yes million not thousands). More importantly, while the Company earned $619,000 per year in total sales it was also spending millions of dollars leading to a total cash flow burn in the millions. Please take a look at the photo below from the Pets.com IPO.

To avoid deeper explanations, here are the basics… The line that says "Proceeds, before expenses, to Pets.com" is essentially how much money would be added to a checking account: $76 million dollars. Not only that… but the checking account already had $30 million dollars in the bank (see Balance Sheet Cash and Cash equivalents). Now the checking account has $106 million dollars which is shown in the Pro Forma as Adjusted column. This sounds great because if the Company is going to see that checking account go up in the future, the total value of the Company is well above $106 million. The problem? It's losing millions of dollars… quickly.

Fast forward a little bit (a little bit over a year to be exact) and after losing tons of money there is practically no money left in the checking account. No problem… they will just go and ask for more money to put more cash into that checking account. Unfortunately? No one wants to put money into that checking account because they believe it will never actually go up in the future. Therefore, the Company goes under.

We're not saying that you should never invest in a company that is losing money today. Far from it. We're saying that the "Efficient Market" was unable to correctly value the future cash flows of Pets.com. On a small scale, if you created a website that lost $50 in the first month, it does not mean your website/idea is going to fail. The same applies to any large company that is currently losing money. If it can get to positive cash flows in a timely manner or raise funds easily, it will be around for a long time.

The Efficient Market hypothesis defenders will say *"Hindsight is 20/20 it would be impossible to predict the failure of Pets.com if you were an investor at that time"*. Well, that is what was said about the real estate pop… and a few geniuses *did* figure it out and made hundreds of millions of dollars in approximately one year. To emphasize this point, they did not "guess" they went directly to the source of information and found the underlying issue with the real estate market and made millions. While it is true that 99.99% of people could not figure out the underlying issue, saying that the top 0.01% could not is factually incorrect based on the data. While we will unlikely predict the next major crash or boom (would never claim such a thing) saying that 100% of people cannot do this? We'll take the other side of the bet!

Fast Forward to Today

Assuming we've convinced you that markets are not 100% efficient, we'll begin to tie this to the market today. If you're still convinced that markets are 100% efficient we have no problems with it, we'll simply agree to disagree. This will prevent the comments section from turning into a large scale debate. We're being extremely careful with our wording using the phrase 100% which means every single stock and bond is currently priced correctly today to reflect all information. Not 99.99% but 100%.

Enter Index Funds and ETFs: We have long suggested that people dollar cost average into index funds. That is because over the long-term, we think the American Economy will continue to do better. This is not a new concept given that Warren Buffet himself has recommended this strategy. So if a recession happens and someone loses their money from an index fund… please send hate mail to Warren Buffet instead of a bunch of crazy people on a blog called "Wall Street Playboys".

Back to the point. What exactly is an index fund or an ETF? An index fund/ETF is a vehicle that tracks the overall performance of a *group of stocks*. Using the S&P 500 as an example, if you invest into an ETF that tracks the S&P 500 you're getting exposure to 500 different stocks. Remember, investing in the S&P 500 is not an investment in "America" it is specifically an investment in 500 of the largest stocks in the United States. If you wanted to invest in all American equities you'd have to buy somewhere around 4,000 different stocks and buy one share of each.

Now lets think about why this matters. If everyone decides to invest in nothing but index funds (take the case of 99%) it means that the market is inefficient. Why? Well if everyone buys the exact same stocks over and over again… no one is helping "correct" the market except for the 1%. Lets look at two basic examples using a smaller index fund.

In this index fund we'll have four Companies (Pets.com, B, C, D). Since 99% of people have decided to become "cult like" passive investors all we are going to do is buy the exact same four companies forever. The people in the 1% sit and wait as more and more bids to buy keep coming in and eventually they capitulate and sell at an enormous valuation. The strategy is to simply click buy and forget about it so the passive investors don't look at the performance of the companies. In short, *there are millions of people hoping to buy 1 share of all four companies and eventually someone managing their own money decides to go ahead and sell it to them*.

Pets.com suddenly loses a ton of money. And. The market did not recognize a change. Why? Since there are 99 buys coming in for every one sell, there is always a new person who is willing to buy this dying company (remember people are blindly throwing money into this fund). Put this together and you'll see that while the stock price may function for a while… Does the current price reflect the true value of Pets.com? The answer of course is no. While Companies B, C and D may be solid companies, Pets.com is essentially obtaining money for free by issuing new shares to sell back to the market. As they burn more and more money, they just issue shares to the market to keep the balance sheet full of cash and go back to losing money hand over fist.

Now… lets move to a more applicable example since the one above is not realistic at all. There are approximately 2,000 ETFs in the market today (probably more). Lets call this index fund the "Candy Fund". In this fund people get to invest in every single publicly traded company that makes candy (chocolate, taffy, gummy bears etc.).

Everything is going well in the candy fund until chocolate company #1 goes bankrupt due to accounting fraud unrelated to the consumption of chocolate. Now the ETF is valued at $45 since Chocolate Company 1 no longer holds any value. But wait… Should chocolate Company #2 be worth $5? Lets assume there were only two places in the world to buy chocolate… In that case chocolate company 2 is probably worth $10.

The problem? It's still sitting there at $5 and *when you buy an index fund you're equally buying each candy company.*

Now that everyone is thoroughly confused (we're having a hard time putting this new concept into practice ourselves) lets think about what this all means in a few simple ways: 1) As more and more people invest in baskets of stocks, the underlying assets are receiving bids equally even if they deserve two bids instead of one. In the candy example, a smart person would happily pay $5 for the second chocolate Company. 2) In addition, as more people move to passive it also means that many companies are receiving bids that don't deserve them. Pets.com is an example where there is a bid for an asset that shouldn't be worth a cent and 3) Flipping this around, if someone panic sells the "candy fund" with billions of dollars, it will bring down the price of all candy companies even if one of them (say the company that makes mints) sees an increase in cash flow of 100%

Fast Forward to the Future (All Real World Items)

Currently, more and more money is flowing into passive investments (indexing). With our confusing examples listed above (hopefully it wasn't that confusing) we can see that this will create market inefficiency. During the next downturn there should be a *watershed of opportunities*. As companies go bankrupt and other companies go public, there will be a large change in the securities held by each index fund.

We'll go ahead and repeat that. Since there are around 2,000 ETFs today, many of these ETFs will hold the *incorrect* weight of stocks.

The second thing that will happen? We will see a lot of people become extremely rich. Why? Well… if more and more people are ignoring the entire stock market and believe they can never identify an opportunity… That by definition means there is more opportunity for YOU. If you are an expert in say real estate you'll want to study every single publicly traded real estate ETF and Company. If you're an expert in oil and gas you should spend a good amount of time studying oil and gas ETFs and the companies held by each ETF as well. As we move forward, if any particular ETF continues to go up in value that just means more and more opportunity for you during the next recession.

All of that said if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like our upcoming book Efficiency. The benefits include: 1) How to get into the top 10% physically with 1 hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career **and** the *right* company: Wall Street, Technology or Sales; 5) How to start an online business (the basics); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). **Efficiency will be available in July**, subscribe to receive discounts or follow us on Twitter for the launch. Remember we can give the tools, but no one can execute on the plan but you.

Note: Since you've made it this far in the post we'll explain how the pre-sale will work. All members subscribed to our email list will be given a link to purchase the product at a discount (for one day). The product will then be sent to you once it is officially launched (the following day). Have a great week and we'll go back to our normal posting schedule (focusing back on the normal topics).

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End of the Road. What to Expect and How to Spot Them

End of the Road. What to Expect and How to Spot Them

When you reach your financial security levels, most people ask "what next?"

Instead of answering the question, which is impossible for each person, we'll provide a sneak peek at how your actions will *likely* change. As noted this is from the perspective of a business owner and no longer from someone interested (at all) in Wall Street. In addition, we're assuming you're a single male.

Finally, this post can also be interpreted as “how to spot someone who has made it”.

1) You Will No Longer Have an Interest in “Opinions”: A common criticism here is we delete comments from people we don’t like and mark them as spam so they never return. Why? Simple. *We don’t care about the opinions of people we don’t know.* When you’re set for life you think differently. This is not a forum for “discussions” (see waste of time) and should never be viewed as one.

Instead of doing what most regular people do, we do the opposite… The typical person will ask 10+ people their “opinion” on a topic to make sure they make the “right move”. When you’ve already made it in life you’re not wasting your time discussing topics. *You’re spending your time getting things done.* This is simply because a successful person ***knows how to find the right answer*.**

Most people don’t deserve the right to an opinion in the first place. Why? They have not succeeded in the topic they wish to speak about. Instead of polling tens, hundreds, or thousands of people to get an answer that feels right, you’ll have a clear and concise step-by-step process to finding the right person to answer the question. Instead of asking strangers or acquaintances, you’ll go through your personal process and find the right person. *Once that person is found, you pay the price to obtain the answer from them and execute as they say.*

2) Disconnection from People: In our prior post, explaining how money will change your life, several unsuccessful people attempted to ignore the word ***temporary*** when we walked through the ***temporary*** negative effects of money. This is because your average person is looking for an excuse to avoid getting the things they want the most (fear of failure). This disconnection will likely ebb and flow depending on your own personal state. But. For the most part, it will be ***temporary*** in nature as you learn to hide your wealth from society (assuming that is the path you take).

It is certainly not normal to wake up on a Monday or a Saturday and not know the difference. For most, the days are clearly different as they have people to report to and deadlines to meet.

Interestingly, when financially set, you’re better off creating a reason to get on a somewhat normal schedule on weekdays to create your own grounding mechanism (avoid downward drug and alcohol spiral). This will help bridge the disconnection gap a bit. The gap will always be there. But. You’ll find ways to ground yourself for a more “relatable” life style.

Hint: there is a reason many rich people turn to charity work, forced human connection.

3) Nothing to Talk About: Unless you’re out with friends to meet *other new people*, you’re not going to have much to say in one on one conversations. You’ll come off as eccentric already. Most people have many issues they want to vent about while your entire goal is finding new challenges or sources of entertainment (dopamine rush without the health impacts).

You’re certainly not going to blow the lid on exactly what you’re doing so you’ll find yourself avoiding the topic everyone talks about: Work/Money. Ironically, once you have it, you don’t talk much about it during your *personal life* (again assumes you’ll be a stealth wealth person).

Since you have less to talk about, your social priorities will shift quite a bit. The only way for you to be enticed to go out and have fun is if there is someone you specifically wish to meet. Otherwise, you’ll likely go out solo and have a carefree night without being interviewed for the 100th time about *“What is it that you do again… exactly?”*.

4) No Stress: Assuming you’ve learned the art of stoicism, you’re not going to have any stress in your life at all. Your only interest will be in maintaining your current health, which is worth more than every single cent in your bank account. If we think about stress, it usually involves negative things that could occur to you if you fail at doing something. Therefore, if you can fail at anything and still be fine… it is almost impossible to become stressed. Your only stress will be self inflicted through physical exhaustion (fitness) or product creation (mental stress).

The real takeaway is that no one can apply stress to you anymore because they have no control over your life. Similar to creating forced human connections by picking up a routine that is done during the weekdays, you’ll create self inflected stress. Most will turn to the money game, trying to increase the numbers on a screen since it is the hardest game to play. *There is no fun in life without a challenge.*

5) Irrational Buying Behavior: You won’t think about *planning* for purchases anymore, you’ll simply look at items you want… buy them… or go through long stretches of buying nothing. If you’re *earning more than you can spend* the behaviors you exhibit won’t make much sense. Sometimes you’ll find yourself buying many items at once for prices that appear to be inflated (you won’t care) and other times you’ll delay purchases for long periods of time because you don’t feel like spending the time to obtain them.

The key here is that planning is no longer in your vocabulary when it comes to general goods/products. You’ll learn that possessions don’t matter much to you and all of your planning will surround memorable life events (trips) that take up material blocks of time.

6) Skyrocketing Time Value: The value of your time will increase at an exponential rate, you’ll become more protective of your free time on a *weekly basis.* Tolerance levels also decline at the same rate. This means you’re going to quickly change priorities and where you spend your time will rapidly evolve on a monthly basis *at minimum* as you review each week and the time you used wisely or burned each day.

An interesting note is your hobbies will evolve as well, for better or worse this blog will become a more sporadic hobby in the future. We haven’t seen much need to write anymore. We feel the content on the blog is already enough for anyone with a high IQ and competitive drive to succeed without silly motivation or discussion.

On a more positive note, we’ve officially started creating a basic product we wish we had several years ago. When our internal metrics are hit we’ll go ahead and press publish with limited “marketing” since books are **not good products for money making purposes** (Why? it is non-recurring revenue).

7) Rapid Learning of Complex Topics: Since the two types of growth are essentially financial and mental, you’ll find time to dive into complex topics. Each month (or year) you’ll find a new “difficult” topic that interests you and become a quasi expert in the field. We use the word quasi as you’ll know enough about the field to have interesting questions, but you won’t have the tools necessary to solve those questions without giving up another major slug of your time.

Maybe you’ll be different but every 3-6 months you’ll find the *truth* about a new topic which only makes you much more dangerous as people will be unable to lie to you easily. You’ll find yourself saying the tried and true “Wow, I don’t know anything about XXX can you tell me about it?” only to see if the person is a liar.

8) Mainstream Understanding: Instead of being part of the mainstream, you’ll understand the psychology of the mainstream. This is vastly different from being a participant as you’re simply selling your items based on mainstream philosophies while you avoid partaking in any of them. To put it more simply, the things you find fun… people will loathe and the things you loathe… you’ll sell, because its what the mainstream wants.

There is nothing wrong with selling mainstream products as that is where the market is. The joke is that your own preferences never match up to the needs of your average customer. If your product works and you use it yourself… the way you sell it would unlikely ever work on yourself.

9) Stable Dopamine Levels: The largest rush you’ll ever get is when you’re free. There is no doubt about it and once you’ve gone through the temporary drug/alcohol spiral to try and chase that next high, you’ll settle into a steady emotional state. People can yell at you, they can suck up to you, they can even attempt to get physical with you… Your emotional state won’t change much. Unless your life is actually at risk you’re unlikely going to get a material adrenaline rush.

This does not mean you have no emotions, it simply means you will always be stable. The highs and lows are smaller and day to day changes are quite irrelevant. Try to envision a buddhist monk and you'll get an idea, the only difference is a slight smile to your face as you won't require the intense mental concentration.

10) Distain for Authority: So long as you're not breaking the actual law (sent to jail) you're not going to have a shred of tolerance for anyone who attempts to act as an authority figure over you. In short? ***You're no longer employable.***

An accelerated increase in your pushback to anyone telling you what to do will be seen in short order. We can't speak for the rich men with wives who boss them around as we'll never understand those folks, but the rest usually exhibit personality traits of a recluse. Historically, it was bad to be ostracized from a tribe as it was part of basic survival. In this case, the isolation will be self inflicted as answering to someone will not be on the priority list.

11) Inability to Be Bored, Only Frustrated: Assuming you have a type B personality, you won't find yourself being bored. You'll go through spurts of being social and spurts of learning new topics as stated above. There are too many topics to learn about and too many places to see to possibly become bored for long stretches of time. In fact, you won't be bored for short stretches of time.

The one downside, is delays in time (airplane delays, traffic etc.) will drive you nuts. Burning of your time is one of the rare items (next to health/your family) that will have any ability to impact your emotions negatively. This shows up in two ways: 1) if it is a travel delay you'll scramble to find productive things to do… likely fail at doing something remotely and 2) if someone is wasting your time, you'll pay the bill and leave or simply leave the conversation abruptly if there is no reason to wait.

12) No Impact from Rejections: This is a broad topic but can involve trying to sell a product to dating. When you know that you're already set, it becomes impossible for anyone to rattle you with a "no". If a person doesn't want to buy your product you simply move to the next. Similarly, if you're chatting to a girl on a date and she is negative towards you it won't even be an after thought. Previously, most people will feel some emotion when hearing a "no" in either work or play. But. Those days are long gone and you can even take an emphatic no publicly. The event will be forgotten within 24 hours.

You'll only remember positive things from your past as the negative items won't seem relevant anymore. Again. Forgotten instantly.

13) Decrease in Mental Circles: When you're doing everything to climb up, your brain is "on" constantly. You're trapped in your head for the most part trying to figure out the next move. When you're done, it is *extremely* easy to turn this function on and off. You could have emails, phone calls, text messages and a siren going off in the background but you'll be able to tune out all of it at a moments notice.

This is critical as being trapped in your mind actually reduces work performance. Being able to shut down all thoughts as if you are at rest will allow you to learn and create at faster rates than the past.

14) Annoyance With Travel: A small topic but a dead giveaway someone is very well off financially. They absolutely hate flights that are not direct. They absolutely hate being in the airport. Finally? They also absolutely loathe specific cities and will do their best to avoid them at all cost.

"To travel to love to laugh" is something younger people want to do. "To see the world". You'll be tired of moving around a lot and will have a few set places you will call home.

15) Everyone Knows Each Other: The triangle gets smaller and smaller on the way up. The reality is that anyone who works in the same industry as us (no, not Wall Street anymore) has probably already crossed paths several times. In fact, we'd wager that if you're in the top 1% (keeping it simple) in your industry… You'll know every single person who is at or above your level by first name and last name basis within 6 months. Simply no chance it won't be the case.

Funny enough, when you go to events/parties… Everyone will know the same people as well. This is why it does not make sense to put your face out there unless you are willing to pay the toll of being famous.

Summary Notes

Below is a quick summary of what to expect and we'll also throw in some fun nuances and see if anyone recognizes similar traits in people they know (that are financially set).

– No interest in opinions, therefore will come off as a "know it all" and will generally dislike people unless prefaced with a reason to be speaking to them.

– Generally disconnected from society creating a largely eccentric personality by default

– Does not want to reveal much about his/her life with new people and therefore avoids all topics that most people chat about (work/stressful situations)

– Appears to be largely carefree

– Irrational behavior when it comes to spending habits

– Difficult to get a hold of unless "sold" on the event

– Interested in many new topics and continues to learn a new obscure item each year

– Understands human psychology well, yet all decisions on personal basis appear to be done with cut-throat logic

– Un-rattled emotionally, yet easily annoyed when treated like a "regular person" by a regular person.

– Zero tolerance level for wasting of time or being told what to do (unless specifically asking an expert and likely paying for said information)

– The word bored is killed from the vocabulary list

– Cannot seem to understand negative feelings associated with rejection, because rejections have no impact on their lives

– Clarity of thought

– Speed of travel is more important than comfort of travel (will travel "in style" if it does not impact flight duration)

– Seems to have the same biz contacts that remain unchanged for many years

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Enterprise Sales: A Legitimate Career to Get Rich

[Enterprise Sales: A Legitimate Career to Get Rich]

This is a guest post from frequent commenter "Tech Sales" who works in the industry and has already *made it* up the stack so to speak. Enterprise sales is one of the few careers we recommend in Efficiency and we thought it would make sense to do a cleaner overview of how to get into the space and luckily he was willing to do the post. All of the words are his and we've made some basic organizational/formatting changes. **We'd like to thank him for his contributions and the Q&A section is now closed**. If your question is redundant we didn't approve them. Thanks!

How to Make It In Enterprise Software Sales

Next to Wall Street, Enterprise software is one of the best careers out there. The earning potential is extremely high, with the higher level VPs earning high 7 figures (search for the top earning tech sales people, they make over $5M in Google). That was a few years ago, and is likely higher now… *The median for an enterprise account executive seems to be around 250k, with base salaries going to 100-150k and good years bringing your total earning up to $1M (or more)*. The one funny thing about Enterprise software is that people do not hate it as much as Wall Street. On Wall Street I don't think anyone likes their jobs. In software, plenty of guys working at home 40-60 hours a week making a killing loving life. No need to have "exit options".

Where else would you exit to? Plenty of people will stay in sales their entire careers and not hate their lives, unlike people in Wall Street who all want to leave. See the founders of this blog for example. (*WSPs note, as many of you know we left many years ago and we agree that around 95% of Wall Street professionals don't like their jobs).* I've heard plenty say the job is super easy. However those were the guys who were good at it, a large amount drop out before they make any real money.

Where can I end up? Assuming you start as an SDR.. that should be much shorter than an analyst stint (1 year of your life. 6 Months if you're a crafty hustler and 2+ if you let companies abuse you). A lot stop at enterprise account executive. If you get lucky you can have your established accounts and just do new demos and manage accounts working from home for 40 hours a week. *This position takes years to get to but with a six figure base and multiple six figure comp, most do not mind.* If you want to venture into leadership there is the VP of sales, CRO, and CEO in a lot of cases. At the very top is founding your own company, see the Salesforce founder for example. His LinkedIn indicates he was a VP at Oracle before going off on his own.

Can I Do Sales? The best sales guys I have met have a very high EQ with a level of social skills and the ability to hustle and grind. If you're your a nerdy guy who as Aspergers and can't pick up the phone you will most likely have a hard time getting your first job, then subsequently fired if you do get your first job. Feel free to give it a try however, it's completely possible you will make it. To be honest the answer is I don't know.

Even guys who I thought would kill it have given it up for greener pastures. If you are a hustler and are good with girls (this is a dead giveaway, can you cold approach a girl and have decent results? You'd most likely be a good fit then). The only real way to tell is try it for a few months. You'll know pretty quickly if this is something you can hack or not. Emphasis on the cold approaching part. If you can cold approach comfortably and do well, this would almost definitely be an excellent fit.

Career Progression

The career progression typically goes: SDR (6 months to 2 years) ==> Small Business Account Executive (1+ years) ==> Mid Market Account Executive (1+ Years) == > Enterprise Account Executive.

Enterprise Account executive is where everyone wants to be (along with the six figure BASE salaries and 1M earning potential). Keep in mind this path is not set in stone…at all. Some guys start as Account Executives, but most start as SDRs. You can do this in 1-2 years probably if you are a killer and start as an SDR at a very early stage startup. Then get extremely lucky and given enterprise accounts to close because they need someone that minute… and by chance you're the most senior SDR.

For most it will take 3 years on the very low side for those talented/lucky to 5 for those who are engaged. Longer even if you let companies use you (a lot of companies will keep you as an SDR as long as they can, 2-3 years in some cases. The best solution here is to leave to a better company as an AE after 1 year max. Different geography if there are not a lot of options).

Compensation and Roles: Keep in mind these are rough numbers, and you might see different numbers places. The advice given is for those who want to become an enterprise AE, or higher as fast as reasonable. SDR — $45-110k All In. HIGHLY dependent on geography and market you sell to. A small business rep might make 45k in Kansas for example, while an enterprise SDR might make 110k in NYC. You're setting appointments for the account executives. 100+ calls a day reading from a script. Probably equivalent to being an analyst minus the 100 hour weeks… More like 40-50. My SDR role was in at 8 AM out at 4:30 sharp with an hour lunch break.

What to do: Get promoted from this role as fast as possible. There is not a lot of money to be made unless you get a few % on the backend and somehow originate a million+ dollar deal. I would say it is almost worse to start at Oracle than a startup. Oracle makes you stay in an SDR role for 1.5+ years. I've seen it done in 6 at a startup, and even faster. However, starting at Oracle is a great resume booster, so do what you want. There is not a lot to do except learn how to use the phone and position yourself to move into an AE role at your current company.

When I started I spent 1 day training, the next day I was on my phone and set up my first appointment. Don't feel bad about leaving as you are probably adding value day 1. Most jobs take 1 year to be beneficial to the company, a good SDR will do it on DAY 2. You're already generating revenue. After 6 months you can start looking for new AE jobs at another company unless your current employer brings you up to speed.

DO NOT GET TRAPPED HERE. Plenty of companies will hire you as an SDR and just leave you there. If they do that look to lateral to an AE position after a year to another company. It's not worth it to take the time to look for the perfect SDR job. Everyday spent looking for a job is a day you can be grinding putting in your time trying to get promoted. If you're not long out of college think of this as grad school. Eat ramen and have roommates for a bit.

SMB AE — 100k-120k (Estimate) and Mid Market AE — 120k-150k (Estimate)

What to do: These jobs are much better, but still a stepping stone if you're the kind who wants to make it to the enterprise. Additionally, you will start doing demos and do a lot less cold calling. Minimum duration of 1 year. It's possible to go from SMB AE to enterprise AE, but you generally need 3-5 years of experience. So you're paying your dues until you can get to the big leagues. The most common route is probably SMB 1-2 years ==> MM 1-3 years ==> Enterprise however.

Put up solid numbers until you can get promoted. No reason to leave unless you get pigeonholed or you cannot be promoted any more. Enjoy the higher salary and ability to live a decent life. Enterprise — 200-300k. Up to Millions with accelerators. The big leagues. Same as before, but now you're selling to companies with thousands of employees. After you make it here no need to sell to SMB or mid market ever again.

Same as the other Account Executive Roles. Ideally you do little cold calling, as there are not that many fortune 100 or even 1000 companies to call. If you add in a few reps and few SDRS, that's less than a few hundred companies per person, much less than a highly productive SDR can contact in one day. Many stay here. 150k base, 250k OTE working from home a lot earning up to 1M. Not too bad…. at all. (Wall Street guys might disagree…. seven figures or bust?). *Note:* Some companies go SDR ==> Inside Sales == > Outside Sales. The timeline and pay is similar to SDR ==> SMB/MM AE == > Enterprise AE.

VP on up. Can't really comment here as I'm not an expert. The general consensus is that you make more than most reps, but less than the best. Which is how it should be, and why many stay selling to the enterprise indefinitely. However it is less selling, and a lot more managing and training. If you want to chill on the grind, this is a good place to go. If you are one of those "I gotta be at the top" types. Working your way up and shifting over to enterprise leadership at a big company as soon as possible might be a good route. Flirting with the idea of starting your own company of course, or figure out some way to get a good chunk of equity as a sales centric founder or even as a rep.

Keep in mind you are NOT an "idea person" as a cofounder. Without deals, the nerds have nothing to make. Again, I'm really not the best person to ask here… so look elsewhere. The advice in this section is purely speculation.

How Do I Get a Job?

The best way is by far internal referral. If you have a family friend, neighbor, relative, friend's dad. Literally ask them for a job. If they are a manger they might be able to hire you, if they are a rep they can recommend you to their manager and you might get an interview. Alternatively ask someone in software sales. Maybe I'M not hiring, but I probably have a friend who needs good people, and I'd be doing 2 people a favor. People in the industry often know others in the industry naturally.

Otherwise apply online for SDR jobs until you get something. It might take a few interviews for you to land something. Once you get it feel free to take it if you want, grind it out for a year or so and move to AE. Cold calling also works. Might be kind of weird in other professions, but if you can cold call and pitch a manager you can probably pitch a prospect just fine. Plus it puts you ahead of 100 other candidates…. Otherwise messaging on LinkedIn also works I'm assuming (never tested).

Target School List for Oracle Class Of Program: If you're wanting to get into Oracle right out of school I suggest going to one of these schools: "Baylor Berkeley Boston College Cal Poly Cornell Duke Georgetown Stanford SMU Texas A & M UCLA U Mass U Michigan UCSB UNC USC UT Austin UVa U Wisconsin Indiana Penn State THE Ohio State Wake Forest Va Consortium HBCU*" That was copied word-for-word from a response from an Oracle Sales Manager when I was gunning for software sales at the end of college. So do what you want with that information. I think a 3.2 is also preferred… If you want this I also suggest getting in contact with an Oracle Sales manager via LinkedIn or another method, they might be able to help you cut the line and get you an interview.

Conclusion

Enterprise software sales is perfect for the low to mid 20's hard worker who does not know what to do. You can realistically reach enterprise in a few years (before 30). One of the realistic (albeit VERY hard) to make a million dollars a year before 30. If anyone asks you the often dreaded "What do you do?" — "I sell enterprise software".

Probably the best answer ever. The person probably knows you make a lot of money, but has no clue if that is 100k or 1M. Emphases on them knowing you are **probably** well off, but not knowing if you are actually rich or not. It seems like everyone knows of someone making a killing in software sales.

What to do (in a few words): Get a job as an SDR, grind to an AE position, make it to enterprise AE. Congratulations, you're in one of the best reasonable-to-attain jobs on this planet. Feel free to celebrate.

ON GETTING THE JOB TO ANSWER YOUR QUESTIONS

1. When you're Interviewing for a job, here's what they look for on your resume:

A college degree. It is possible without a college degree, however this is highly recommended. You might be able to be a rep with no degree, however getting into management will be very hard. You're on your own if you decide to go without it or not. I'm assuming if you're reading this blog you decided to go to college…Underwater basketweaving from Local Community College is fine. One of my managers went to a for profit school…. it just gets you in the door. After you're in you're in.

Sales experience. Even door to door or retail count. The rationale is that it makes you much less of a risk to hire if you have already been successful in some sales environment. If given a choice a manager will choose someone with 1 or 2 years selling pots and pans door to door successfully over a decent candidate from a good school. Mr. Pots and Pans honestly has a better chance at making it because of his proven record. However the new grad still has a decent shot.

Easiest way by far is from an internal referral. Even a rep giving your resume to a manager will very often get you an immediate interview. I've gotten friends in with zero experience from the inside and they skipped the entire interview process at a start up, all because the sales manager WAS HR at that point. We had no candidates lined up, so it was literally: He sounds like he can sell, He's hired!. Literally no one else to compete with. Usually sales hires for sales. HR does a god awful job deciding who would make a good sales person.

If breaking into Investment Banking was a 10 on the difficulty scale, software would probably be between 4 and 6 depending on factors. Challenging, but doable for most college graduates. Apply to a ton of entry level roles. Go to networking events. It took me a few interviews until I was finally hired. No harm in starting at a start up. It might actually push your career forward at lightning speed. Oracle makes you stay at the basic level for 2 years, it took me 6 months at a start up.

2. When you meet or email someone. Talk about your ability to hustle and how you work really hard. Talk about your good social skills. Tell a story about how you were in a frat in college and partied a bit and everyone loved you. You thought you might be good at sales. Talk about the sports you played in college and how you are super competitive. If you're a nerd, talk about how no one realizes it but that academics at a top tier institution are ruthlessly competitive and you are extremely competitive in that aspect and how you hate losing. I'm not sure if this is true but it would most likely work.

3. When you get an interview focus on… Focus on not being nervous. If you were in a sport emphasize your competitiveness. If you didn't play sports on college emphasize how hard you work. Talk about how money is a good motivator for you (important). You want a big house, fast cars, and your girlfriend likes to spend cash like crazy. Even if you don't it will help you get the job. *(Sales Manager is thinking: "This guy is going to work his ass off")*

Act confident and a bit of aggressiveness helps. Talk about how you are good with women if you think the sales manager is young and might be comfortable on the topic. A lot of sales managers know that the two are extremely similar and this will put you in a positive light. Watch out though, it is possible this can backfire if you have a female manager or some sort of weird SJW manager.

4. If you still have trouble… Get a sales job in business to business. Paychex, ADP, anything really. Show some success and you will have an easier time getting interviews. Try contacting sales recruiters. If they can place you they will for a quick 5k+ (their commission from the client). Honestly even if you are a complete dweeb eventually a hiring manager will give you a shot for you to prove yourself at one of the second tier companies. If you can't sell (Ie get fired more than a few times from sales jobs for not performing) that's a bigger problem and not something I can help you with. It might be time to find a new career.

5. How to improve sales skills…. Go out and chase women, pick up a mild alcoholic habit and hang out at bars. Learn to like people. As much as this blog tells you to hate average people, you're most likely going to sell to average people and that attitude will NOT make you friends. So at least fake liking them. There are a ton of books out there on this topic. To start: fanatical prospecting, challenger sale, and so many more. Oh, and before anyone asks. I have NEVER been drug tested for a business to business sales job.

6. Other Random Thoughts: *Even for guys that are good, you are going to have huge ups and downs. Even the top producers have them.* Some days making money is so easy is a joke, some days you will feel like you are trying to walk through an endless desert trying to sell. It also depends on the company/market fit. If you have a ton of hot leads waiting it can be as easy as a few phone calls. Sometimes you'll be given a list of random people and it is very difficult.

It's best to be friendly with your co-workers. There are usually enough leads and territories to go around. Your job is to create opportunity, and very rarely is there a "limited" area to prospect. Of course it is a work environment so don't trust anyone too much, but be friendly if you can.

The reasoning? If one of your "buddies" leaves to go to Oracle/SAP, a hot new startup, becomes a manager/VP at a top company, or you need a job in a year you can give them a call. The best path to a good job is through a referral. There's less throwing you under the boss. Managers will be on your ass if you don't produce, but if you do you can pretty much do what you want.

On recruiters: I love sales recruiters. Many people hate them and find them really annoying, however I really don't mind them. They're one in-mail away from hooking you up with jobs extremely quickly. Just remember that they get paid to place you, so be sure to vet the jobs they show you. Never harm in seeing what jobs they have at that moment that might pay a multiple of what you are currently making

Wall Street Playboys Note: It is important to recognize all the Careers outlined in our book are 100% fine. We never worked in Enterprise sales and that is why we brought in a Guest poster. If you are currently an M&A investment banker or working at Facebook in tech… there is no reason to switch.

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Evaluating Location Independent Income vs. Corporate Income (Some Career Ideas)

[Evaluating Location Independent Income vs. Corporate Income (Some Career Ideas)]

To be clear, we're making no change to our original recommendations. For a summary of why you need to start a Company or business at some point (ideally now) you can see [our post on the Company man].

That said, we got into a quick Twitter back and forth about the perils of traveling abroad and attempting to live the nomadic lifestyle. The push-back was that "everyone knows someone living on $100K tax free due to specific hurdles if you spend 330 days out of the year outside of the USA". First of all these are clear exceptions to the rule as most are not in this situation and even then it's interesting because we'd rather earn $300K at a company in the USA instead. We'll explain why here.

Frugal vs. Earning: We've read those [frugality blogs] already. If you save 50% of your income you can retire in 17 years so it's not about how much you make it is about your percentage savings rate. Great. No one asks the most important question (Elephant in the room), do you actually want to live like that forever? If you're earning $100K a year and spend $50,000 a year… You're never going to be rich. It's simply false. You're better off earning $200K a year, and saving $100K a year since the option of "living abroad" is always there!

It's interesting as this seems to be a foreign concept to many people who never got a chance to earn high amounts of money. Sure earning $250K a year in NYC or California is taxed heavily. That said… That person likely has a lot more income mobility than the person living off of Air BnB income of $80K a year living out of a suitcase. No matter what he does, he can't really gain leverage out of his income without either starting a business or going back to higher cost of living city.

Before we move on, we know there are exceptions to the rule. There is always someone who has "pulled it off". That said, for every guy that has pulled it off there are 99 guys who are living off of just $60,000 a year at age 35. An ugly ugly ugly sight to see. Now if someone has successfully scaled a business that's a different story as your earnings are not tied to your location. We're simply attempting to compare the high-end corporate employee to the nomadic suitcase traveler making $80K or so. In 99.99% of cases, we'd rather be in the corporate position as your skills are likely improving at a rapid rate.

How to Evaluate Your Options: To keep it simple we have a few rules when evaluating the corporate position with the "leave for good" scenario. The first one is obvious, you never quit any career based income without something else lined up already. We don't care how much you hate your Company or how much your Boss hates you. You always hang out till the very last day to collect severance, a healthcare package and a few extra paychecks as they get the paperwork ready to lay you off.

The second one is also severe, when you start your business/side income… You need to earn at least 2x what you're making in your career before you quit. If you attempt to quit when your business is making the same as your career income (after tax numbers), you've made a terrible mistake. Any business is going to have volatility so you exchanged higher volatility income for lower volatility income for no good reason. The one exception is if you're forced to quit in order to unlock time for higher revenues. This makes logical sense as you've hit a wall in terms of juggling two items at once: your career and your side business.

With the two biggest items out of the way we strongly suggest looking at your "true total comp". While you can hang out on the Blind app all day to find total comp for every Company, it doesn't really tell you the "true total comp" since high paying positions have many perks. Here are a few just to get you started: 1) how many days do you travel?, 2) how much are you spending on food on a daily basis as you can easily expense food up to $100/day at many companies – when traveling, 3) how much leverage are you getting out of your healthcare benefits?, 4) is there a benefit to your Company's 401K/retirement income match – while unimportant if you become rich it is important if you're not rich yet as a match can easily add $15,000+ more per year and 5) what other services do you get for free from the Company?

While the above may seem like a bunch of fake questions, if you've entered into any of the careers we mentioned in [Efficiency] you know that they are real questions to ask. If you're still climbing the ladder, we would bet all of these benefits add up to well over $30-40K or so in a year. Not paying for food 100 days out of the year is already a large number after tax (not to mention pre-tax) and the points you accrue if a frequent flyer will not be laughable (easy to accrue enough for a international business class flight – vacation – and free hotels for the trip as well).

Thinking About Switching – Think Slowly: While the above just refers to the perks, if you get another career offer we would recommend thinking extremely slowly about the switch. For example, jumping to a new Company for 10-15% more income is likely a foolish move. Why? If you're in great standing at your Company, the fact that you're not on the "lay off list" is worth more than 10%. While we're currently in a bullish economy, knowing that you'll be safe in a downturn is definitely worth a lot more than 10% as the cash flows for a full year are quite substantial. As a starting number we'd say you need to move up at least 25% for the switch to be worth it for you.

Speaking of switching, if you're considering the remote work job for less pay, we suggest you run the math extremely closely. Again, if you have a successful business you run (100% ownership) none of this matters. Instead… If you're in a position where you're deciding between "remote work for less pay" and "higher pay at expensive corporate headquarters"… The answer is to go to the headquarters. You're only fooling yourself if you believe that the CEO of the organization will take the remote worker seriously. Imagine yourself as the CEO. You get to choose between two people, one you see every day and you know is fully committed to the organization or the second person who is working remotely from Hawaii. You're going to choose the first guy. Oh and by the way? One of the reasons why Companies are allowing people to work remotely is so they can't move, get paid less and they know they are stuck and can't do much about it!

That final sentence is brutal for most people as they have never been in a hiring position. The reason why you allow for remote work is you know the employee gets stuck in his cushy lifestyle and is now unemployable and unattractive to all competitors.

Now the Math: When you become a millionaire, the game is a lot less about savings "rate" as it is about "dollars saved". This is another distinction that needs to be flushed out. If you're a millionaire and you can somehow generate $100K a year tax free by living abroad, you have to ask yourself "How many dollars can i save and invest with this set up". The answer is likely no more than around $50,000 a year.

This "sounds fine" you say… Until you put it into excel for 10 years. If you could have worked in a high earning corporate position earning say $200K after taxes… You're way better off staying in the high cost of living area. Why? Well even if you spend $100,000 a year and save $100,000 that is 2x better than calling it quits today. Don't laugh at an extra $50K since it's a huge number over the course of ten years. You both saved the same "percentage" but the result in the future is not even close to the same.

Naturally, the past few paragraphs are going to upset people. The "remote work" trend is not something that is benefiting employees it is actually benefiting the Employer. It is extremely naive to believe that a Company is looking out for your best interests by allowing you to work remotely. They know that when you pull the trigger and get accustomed to being at the "top of the food chain" in a lower cost of living city, you're never going to downgrade your lifestyle. By the time the employee realizes what has happened, it is too late for him to suddenly go back and climb the ladder again.

Compounding is honestly nuts when you add up how much this impacts your net worth (working remotely vs. sucking it up until you get a real high profile business running). Remote work is likely costing you at least 20% per year since you're going to be paid less and promoted slower (if at all). Since this is a compounding effect just put the numbers into a calculator and assume 10 years of "living the remote life" and you'll get an ugly number of 6.2x (1.20^10 = 6.1917).

Interesting Corporate Angles: One other corporate angle we'd recommend is the "consultant" or "token" employee. If you move up high enough you can actually negotiate a high paid position with minimal work hours without the upside. This is only for people who are successful (many of you will fall into this camp). If you do succeed with your side business and it earns 2x what you're making at your Company (career) you should seriously ask yourself "am i indispensable". While 99.99% of people are replaceable, if you're generating enough value there may be a way for you to become an adviser/face of some sort. Extremely similar to being a board member.

As an example, if you're a sales person who simply has high quality relationships with major customers. You can go ahead and negotiate a high base salary (no bonus) and you'll simply "monitor the major accounts". This is actually good for the Company as they get to pay you way less and they have zero disruption. They will no longer include you as part of their "leadership model" and things like that and your hours will drop to the 15 hours per week range. In exchange you can go ahead and move to Miami Beach and focus the majority of your time on your business while collecting a nice salary for showing up and shaking hands 5-10 days out of the month.

The above scenario is actually quite common it just isn't advertised. If you want to find the people who are doing this, simply look for senior people in your organization who live in "strange places". Then see if their numbers are "flat" year after year. These are the people who likely negotiated a set-up similar to the above. The other interesting part is that you're pretty difficult to fire. Since you are accepting numbers well below market rate and they don't want to disturb their major payers, you are left alone with minimal micro management. Also. As an item of warning, similar to the idea of quitting, if you pull this trigger realize that your career is officially over. You're trading in an annuity that should last a decent amount of time for the freedom to work on something else.

Concluding Remarks: There are a few items in here that should be taken seriously. The first is asking yourself "what bridge am I burning". We don't mean a personal relationship, we're referring to a general path. If you begin working remotely for example don't expect promotions or raises anymore.

The second item to think about is the concept of dollars versus percentages once you get past the age of thirty or so. The reality is that "low cost of living areas" are always going to be there. If they aren't there in the future then those same people benefiting from it now will be in a world of pain if the cost goes up.

The third item we want to emphasize is that it *is* possible to have both location independent income and high earnings. That said, it won't be coming from a career, it will be coming from an online based business you run. Headquarters = where real decisions are made and where you want to be until you're "The Boss".

The fourth item is that true compensation is difficult to calculate. Your personal standing within a firm is valuable, your perks are valuable, the way you are treated is valuable etc. The worst thing you can do is simply leave for 10-15% more only to find out your hours went up 25% and your side business dies due to the increased stress.

The fifth and final item? Always look at Compounding. This relates to your earnings, your relationships and your investments. Most individuals only look at their portfolio when they think of compounding but this ignores reality. By way of example, we doubt you view your friends of 10-20 years in the same light as people you've known for 5 years. The people who have known you for more than a decade have seen you go through a lot more and you also got to see their reactions to success and failure.

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Even the Top 10% is Seeing Compression Time to Get Rich Fast.

Even the Top 10% is Seeing Compression Time to Get Rich Fast.

What a crazy time to be alive, we're seeing interest rates go down, unemployment levels drop dramatically and the top 10% of earners are actually seeing wage ***compression*.** That last part is quite shocking as it implies a bigger shift to "two economies" predicted quite a while ago on this blog. Either way we're sticking with the same old 2021 likely a down turn unless something drastic happens. In case people attempt to *"troll us"* in the comments we've done exactly what we said we'd do. Dollar cost average into index funds since 2011… Bought Real Estate… Bought Crypto… and ended with some fun individual bets on stocks. For the entirety of 2019 we've only put money into two things: 1) crypto and 2) cash. That's it. So to emphasize, no we did not *"sell"* as there is no point to selling unless we see a significant down day. **If we sell stocks** we'll let everyone know. This means our stock positive as a "dollar basis" is higher, but as a percent of net worth is much lower as all money earned this year went into cash/crypto. Now onto the post.

When Breaking Records Isn't Good: When everyone is bullish you should be bearish and when everyone is bearish you should be bullish. This is the same old theory thrown out by Warren Buffet who suggests buying when there is "blood in the streets". A good indicator of overly bullish scenarios is the unemployment rate. This rate is currently set at just ~3.7%. That's an insane number from any perspective. In the year 2000 it was just under 4%…. (followed by dot-com bust)…. In the year 2007 it was around 4.6% (followed by the real estate bust) and now it is 3.7%…. lower than both of those previous lows.

Seems like an obvious sell? Not quite, you have to also look at the rate of decline of the unemployment rate which is still severe. When it flattens out, that's the time to get out. If we look at the numbers when the rate of declines slows it means that unemployment can't really move much lower. Then the bottom falls out and we go into unemployment hiking territory. Don't get us wrong, recessions are awful and ideally we never see one. That said, the chances of "never seeing one" is basically zero especially if it has been over a decade since a downturn.

Wage Compression: This is an unbelievable trend that we thought would not occur for some time period. To be in the top 10% you have to earn ***less*** than you did a year ago. Which is absolutely insane to think about. It means that we're seeing wage compression for high earning white collar jobs in addition to regular pressure across the middle class. We have no problem saying we got this totally wrong. We thought for sure the top 10% would at least be fine, but it appears that you need to be in the top 5% to really make it! This is such an interesting stat we're still having a hard time thinking through the long-term consequences. The one clear one is that people will become extremely class aware going forward. When people are seeing buying power go down they wear it physically on their faces and body language while those who are not will have a hard time *"hiding "*.

Taking a look at the chart above, we see that buying power went down for every single segment excluding the top 1%. Now sure we can argue that $20.5K to $22.0K was a big jump… But it's more likely a rounding error similar to the move in the bottom 10% (the bottom brackets always move around more due to the gig economy, minimum wage changes etc.) When we look at the 50% to 95% range… Nothing really changed from 2018 to 2019. That's quite an interesting trend as the cost of goods is certainly going up over time. Sure. People can come into the comments and say there is "no inflation" but simply ask yourself "Am I paying the same price for everything from 5-years ago?" We all know the answer is that things got more expensive. Meanwhile the top 1% saw a notable increase of ~7% to $328K.

Before moving on, we realize these are national numbers. If you live in high cost of living areas such as New York, Los Angeles and San Francisco, the Top 1% number moves up to $500,000+ and the median moves up closer to $70,000-90,000 or so. That said, the trend is actually similar in high cost of living areas. After an initial increase in income (5-7 years after entering work force) the numbers flatten out and you either make it big or you're stuck in the center. This is why you see a lot of people in the $150,000 – $200,000 range with a huge age band of 25 – 40 years of age.

Declining Rates: Unsurprisingly the fed has started to cut interest rates by a pretty large amount. People will look at the numbers and say "1.875% is not that much different from 2.40%"… But. It is a huge change. The reason why it looks small? The average person looks at it from a small numbers perspective. If you've got a $100,000 loan and it has interest payments of $2,400 a year versus $1,875 a year, this unlikely breaks the bank for most people.

So why is it a big deal? It's a big deal when you look at the percent change and use large numbers. If you've gone from 2.4% to 1.875% that is a rough 22% decline in the interest rate. Now… run these numbers on a very large sum of money. Say $10 trillion dollars? This means the total interest payment would be $240 billion versus $187.5 billion dollars or a whopping $52.5 billion.

Yes we have simplified the concept quite a bit, that said, if a 25% decrease doesn't sound like much just look at all of the prior recessions. Generally speaking, the Fed has attempted to begin cutting rates in advance of an official recession. This occurred before the dot com bust and before the global housing crisis. Some historical facts, in the late 2000s the rate was at 6.5% or so and went down to around 5.4% before we entered an official recession (-17% decline in the rate). In July of 2007, the rate was around 5.25% and declined to about 4.0% before we were officially in a recession (-24%).

Now onto the more important item, since we know the fed is attempting to cut before recessions it's a good idea to time this out. Between the first rate cut and official recession in 2001 was about 15 months. Between the first rate cut and official recession in 2008, it was about 6-7 months. For fun we can look at the early 90s as well where it was around 14-15 months. With this rough math it implies we've got around 8-16 months from October of 2019… *This puts us into June of 2020 to February of 2021.* (Now you know why we expect a downturn by 2021 or so). Funny enough, this is more anecdotal, however this blog now gets more page views on the posts about spending money (clothing etc.) vs. earning money at this point. A significant shift from just 3 years ago (generally not a good sign as it means people think their wages now are "normal" versus significantly inflated when compared to mid-economic cycle wages).

The Positive News: As always, crisis is just another word for opportunity. We've said that for years and are excited for the next downturn (if it comes) since it's the easiest time to make it into the top 1% or top 5%. Think about it like this, if everything is crashing down, it means assets are not priced correctly. Look at stocks and real estate for the most ludicrous mispricing back in 2008-2009.

The bigger positive news? If you're worried about making money, this is your time to strike. It is undeniably the easiest time to secure funding and to find a niche market. We're not saying that the market will last. But. If there is an obscure niche market like the fidget spinner craze, you can make out like a bandit in a single good year. No one really does the math and all you really need is one or two good years for your life to change. If you were to save $500,000 after taxes (one event income) due to a clean strike when the iron is hot, it would lead to $2 million dollars in value in around 14-years assuming you simply earn money to pay the bills during that time frame.

The other important item is that "talent goes on sale". Since large companies are littered with politics and other riff raff, when a downturn takes place it is quite easy to find talented people at a reasonable cost. In raging bull markets (like the one we're in), you have many people overearning or quite literally doing nothing as headcount ballooned and management lost sight of the department.

This Money Making Game Shouldn't End: Another fun math exercise we ran through is how quickly people can fall out of the 1%. This is an important thing to recognize. If you take your foot off the gas you will fall behind QUICKLY. Not slowly. QUICKLY. So lets take a look at these rough numbers. *We include home value in all calculations of net worth to keep it simple.*

In the Age 30-34 band, to be in the top 1% you need a net worth of $925,000

In the Age 35-39 band, to be in the top 1% you need a net worth of $2,307,000

In the Age 40-44 band, to be in the top 1% you need a net worth of $2,865,000

In the Age 45-49 band, to be in the top 1% you need a net worth of $9,666,000

In the Age 50-54 band, to be in the top 1% you need a net worth of $14,745,000

Take a look at those numbers. The only time the numbers seem to decelerate is around the late thirties to early 40s band as the cost of having a family likely weighs in on results. That said, the numbers are extremely clear. Even if you're in the top 1% at age 30, there is no guarantee you'll be even close by age 45-49. Assuming that money doubles every 7 years, if you had a million by the time you were in the 45-49 band… it means that you only really have $4,000,000 so you have to come up with a $6,000,000 spread. If this doesn't prove the point that winners continue to work after becoming rich… we don't know what will.

We'll have our usual monthly Q&A on Friday of this week November 8.

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Everything Comes Down to Ego: Feed it to Get What You Want

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The reason why people want to be famous? They want to be the center of attention (we have no idea why anyone would want this). The reason people want the Patek watch, Ferrari and big house? To get more attention. The reason why people buy brand name clothing? To get more attention. And. Of course. The reason why people want more money? So they can buy even more stuff to gather attention! Eventually, the ego drives everything and the smart people will prefer being out of the spot light. Sure you can use money here and there to press the greed button (some random girl at the bar) but… It doesn't actually result material amounts of utility. Except feeding the ego. Now the good news is you can take large scale advantage of this.

How to Use the Ego

Use the Ego to Obtain a Contact: To become likable take the opposite tone of this blog. Don't talk in blunt, direct sentences. Don't give out hard facts. Stick with being in the grey area. Since we know facts and opinions are looked down upon, you'll simply talk around topics until figuring out what their opinion is. Once you find their opinion that will now be "your opinion". The best way to do this is with the following topics: politics, sports, celebrities and the economy. If you know the person is a liberal, agree with something like wage inequality. If they think the stock market is a short or a buy… simply agree with them. You don't gain anything by telling them you believe the opposite. By doing this you now have someone who is open to your opinion on something they *don't* have a strong opinion on.

Now you see where we're going… this all ties into your network. Lets say you need help finding the right place to manufacture your product. Once you find the right guy, you'll talk to him for a little bit to build rapport. You're going to ask him for help so he needs to like you first. Agree with him on politics, sports, etc. After a few weeks or months he'll like you and begin messaging you as a friend. Now you'll go ahead and "close the sale" asking for help with your product… We've given enough hints on where we're going with this sub section!

Praise a Different Quality to Establish Rapport: Making it harder, the person doesn't have a strong opinion on any of the hot topics. If they had a strong opinion you latch onto it because those are heavily emotional (politics, religion, sports, economics, etc.). How do you proceed? Well you target a quality they are actively trying to improve. If you take the time to try and build rapport, you'll inevitably find one area where they are insecure and trying to improve. This could be fitness, diet, their own social skills etc. It is inevitable.

If you find out that they are the shy type and don't have many friends invite them to a party. If they are trying to fix their diet, invite them to eat in situations where they are forced to make the right health decision (don't tell them it was pre-planned of course). You see the point by now. If you can help them take even 1/2 a step in the right direction and do nothing but give them positive encouragement, there is a zero percent chance they will dislike you.

Always Tell Them it is "Worth a Shot": There is no point in trying to change someone's opinion. So what you should do is bias towards the standard *"Everyone needs new experiences and it sounds like it ***could*** work"*. Even if you think the idea is terrible, chances are they are going to do it anyway. Since they are not asking you for money you're in good shape because you really lose nothing in the situation. Why? Well look at the logic flow below!

If you tell them "it could work" they will give you some credit in the case that it did work. "Everyone else said it wouldn't work except you!". Now if it fails? Well you hedged it with "could" so you already had the standard 1-2 sentences of what the risks were (hedged it all out). So even if it fails (most ideas people pitch you on fail), they won't be upset because you believed in them and they just got "bad luck". Emphasis on the bad luck part, never tell them it was their fault go with bad luck 100% of the time.

How Get Rid of Your Own Ego

This depends on the situation. As you know, if you're an athlete for example, being humble is just foolish. You earn less since you want to gather more attention to get endorsements and more followers. The quiet athletes don't have the "look" or the "vibe" to pull in the mega deals and contracts. In other cases you do want to kill the ego…

Do You Want Money or Prestige? This is most prevalent on Wall Street. Many people choose prestigious banks even though they may pay them less long-term. They just see the name brand and think that's the right decision. It isn't. Always choose the right environment for you to move up the responsibility ladder. We've covered this many times but people still email us with Career questions! There should be no "which bank" questions. You always choose the one that leads to promotions. You're better off working at Citi Group than Goldman Sachs if you're never going to get the chance to move up the ladder. This is a classic example of choosing the money over your ego. Never let the ego win because you'll lose long-term.

Do You Want Freedom or Attention? Another good question is if you'd rather sell shoe laces online for $200K a year or work at a name brand company for $200K a year. The first one is terribly boring. No one cares about your shoe lace business but at least you're hanging out online selling them from a beach in Rio de Janeiro. This one is quite interesting because we know several people who sell extremely boring products online that live well (working from a computer screen). The flip side is when you get into the standard *"what do you do?"* question from regular people they won't be interested.

Do You Want Function or Flash? This one kills the ego as well, if you can afford brand name clothing and cars do you actually want it for yourself or do you want it for attention. There is nothing wrong with being interested in cars or threads… the question is the "why?". If the answer is you're spending money to impress other people… that usually ends in disaster. The people impressed by it are not the people you want to attract. Think about it like this. If you can afford a Ferrari are you impressed by a Ferrari? The answer is no. All you'll think is "cool car". The people who are impressed… can't afford one. Why would you want to attract these people? So on and so forth.

There are certainly exceptions to this rule, if you're part of a Ferrari club or some exclusive yacht club you'll meet a lot of good connections no doubt. At the same time… if you were successful enough to make it this far you already know the same people! The higher you move up in the pyramid the closer everyone is.

How to Avoid the Ego Trap

The last part is more of a life long commitment. No one enjoys losing money on an investment. No one enjoys being wrong. No one enjoys "smiling and nodding" when someone tells them something factually incorrect. None of these things are fun but they are a necessity for mental health.

Smiling and Nodding: This is the best strategy we know of. If someone tells you something factually incorrect "smile, nod and agree". This will go against every single bone in your body. You want to tell them how they are wrong and even have the facts to back it up. Don't bother!!!! *If you smile and nod, they won't talk to you and you'll save time.* You're not going to change their opinion anyway (they never actually asked for your opinion they just started spouting out nonsense).

Put Yourself in Failure Situation: Say you're not a good lateral athlete (just an example). Play some sports like tennis that require it. This will result in a lot of losing. If you lose at least once a week in something, you will then realize there are many people who are better than you. This is a great exercise. Most average people will make excuses blaming referees in sports or saying they were somehow "cheated". Instead you'll do this to simply remember what it's like to lose once and a while. Also. It's a good reminder of someone always being better. The money game is a great example since there are around 2,000 billionaires in the world and therefore it is practically impossible to win that game.

Avoid Debt: We practically never talk about debt here… Because we don't use it. In rare cases a mortgage can be taken out for a rental property, however the cash flows need to be funded by a passive or semi-passive income stream. This makes it a lot easier to keep the ego in check. Even if you're near 100% certain that a good investment has come up, levering into it just doesn't make sense (you built up 7 figures in net worth so why would you risk losing it all?).

Concluding Remarks and Questions

These are the main things we've noticed: 1) don't bother changing people's opinions, 2) by having no real social media presence your opinion can conflict from one person to another to help build rapport and 3) lots of money is lost chasing attention – instead of the end goal of more freedom and money. If you have good strategies for making people like you by feeding their ego please leave them in the comments. As we said, a good example is to take this blog, built on ***rapport breaking*…** and do the opposite.

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Everything Has a Good and Bad Side… Including Money

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While the title is all encompassing we'll go ahead and say that health is the only category where we can't think of any upside. Becoming disabled or significantly impaired. One item could be "appreciating life more" if you know that you only have a few years to live. Besides that we can't really think of any benefits from becoming ill/sick. This is also due to our belief that Health is always #1 followed by your personal relationships and money. Essentially we have a bias towards health that makes it impossible for us to recognize why being impaired would ever have a silver lining. That said. We used to believe that getting richer was always a good thing… that isn't true as well. So we'll highlight some interesting things to think about.

Bad Side of Getting Rich: If getting rich means you have $100,000 in your account, then there isn't much downside. We've been there before and not much changes (you simply lose the fear of becoming homeless any time soon). When we refer to rich, we're going to draw a minimum value at around $1,000,000. At this point, things start to change. This is because you will have to be a lot more careful. Even if you're flying under the radar for the most part, anyone who spends more than a few hours with you at a time (per month) will eventually figure you out. They won't know how much you're worth *exactly* but they'll know that you're doing well. It could be free time, it could be the amount you fly, it could be your demeanor when money conversations come up (every average dude spends a ton of time talking about money and you won't relate). Or the most likely culprit… people will realize that you never complain about money.

You'd think there is no downside, but there is a big one: *general distrust.* This can also be called cynicism, the richer you get the more likely you'll develop more cynicism as you'll notice people "angling" for something. It could be as small as "oh sure you can pay for this you're rich!" (while at lunch) or as large as "Hey I know this isn't a lot of money for you so let me do the project" (classic). Essentially, unless the person is not directly competing with you (in your field) and the person is also rich (millionaire at minimum), it isn't easy to trust them. The life you live compared to a person still trying to "make it" is unfathomable.

For fun this is also a good way to tell if someone is actually rich. They don't complain about having "a lot of friends". People who have no money are the ones who are most likely to suffer from "a low friend count". If you're rich and socially intelligent you'll limit the number of real contacts to handful. This isn't due to anti-social behavior. It is due to experience. Essentially, people who don't have much going on for them will always ask about "how to network better" a polite way of saying they want to scam their way into a good network of rich people without doing any work. These same people will also ask how to become “the life of the party” because people are less likely to hang out with unsuccessful people. Funny how it works. When you make it, you spend more time avoiding people than you do trying to get into a new network. You already have your network since you had value (ta da!).

Bad Side of Spending: One of the other interesting things to be aware of is the downside of spending. Travel is probably the biggest giveaway. Once you’re well off and you’ve traveled to say 30-40 major cities, you don’t feel a “jolt” when you go to a new one. For people on the younger side of the age spectrum, packing your bags and landing in a new city (Moscow, Buenos Aires, Miami, etc.) is exciting. You feel a rush of adrenaline and excitement. We’re here to tell you that this goes away! Eventually, when you have gone to numerous cities, the plane flight and the new city are not exciting anymore. You simply land and you feel like you’ve already been there before. Essentially you’ve become desensitized to new cities unless something extreme is happening.

This same desensitization will overflow into material items as well. If you grew up with no money, buying a new item (car, suit, shoes etc.) gave you a rush. Fast forward a few years after living a more comfortable life and this feeling declines. In fact, buying clothes will become mundane/boring (usually the most common one to go first). You will simply look at your shoes or shirts and say “oh yeah i need to replace this it’s old” and go buy a new one. There will be no emotion and you might even get questioned by the sales people “are you sure you want to buy this so quickly you’ve only been in the store for 5 minutes”. Hilariously, some people will ask you for your ID since your rapid purchase will look like someone who is operating with a stolen credit card. They will be even more confused when you tell them to cut off all the tags and throw away the receipt (no returns).

The final downside of spending? Comfort. The more money you make the more money you’ll spend on comfort. Not sure why this is but it’s a common trend. If you are then forced to stay in a terrible hotel or sit in the middle seat of a plane all the way in the back, you’re going to feel terrible. This is again a “1%er problem” but is a legitimate problem. *The more you get used to something the harder it is to go back.* This simple sentence is important and explains why we don’t believe in spending more than you make. If you’re saving over 50% of your income, you’re able to live the same life for at least a year without any sort of cash flow.

Good Side of Being Broke: Flipping this around but sticking with money, there is one very big upside to being broke… you don’t know what you didn’t have! Sure you always knew that other people had access to more resources than you did, but you definitely did not know what they were consuming. This means your decisions going forward are *hopefully* more practical. If you’re used to viewing a $100 purchase as a big deal, you’re going to save and invest like crazy until you actually view that purchase as tiny. Odd how that works.

Keeping it simple with examples, take your living situation. If you grew up in a richer home we’ve noticed that these individuals hate living in smaller places out of college. This creates a need to “upgrade” their living situation over and over again (increasing fixed costs). On the contrary, a person who grew up with no money and had to live in a shared bedroom for his life, is going to feel perfectly fine in a one bedroom apartment. In fact, that one bedroom apartment feels a bit big and annoying making him more likely to stay and simply hire a maid for once a month cleaning. When we think of this example it helps explain why the top 1% changes so rapidly every 10-20 years. It’s because the offspring of rich people do not know what a difficult life looks like. This requires them to spend more to try and mirror their prior lifestyle even if they don’t have the money.

The last upside of starting from zero is that each small gain actually gives you a rush. If a person grew up upper middle class, being able to go out to dinner once a week is not special. If you grew up with nothing, being able to go out and spend $50 on dinner every week is an absolute luxury. This “life style high” lasts a long time. Why? Well if $50 can give you a big “life style high” then you only need to earn ~$50/week for a few years in a row to keep this high ($2,600 in annual income spending). Compare this to someone who “expects” to do this. They likely need to spend an extra $500 a week to get the same high ($26,000 in annual income spending).

Good Side of Being Low Status at the Beginning: While this is a different bullet it it still related to being broke. Anyone who started with almost no money, knows that they are treated differently from people with money. This is the same for attractive and unattractive people. Believing that a good looking or rich man will be treated the same as an ugly or broke man but the general public is unbelievably crazy. If you don’t “look” the part or people can get the sense that you “don’t belong” they’ll definitely try to ostracize you and push you away. This teaches you a valuable lesson on human nature and also makes you significantly better at reading people.

The work place is probably the best example. Once a person from a lower status background gets moved up once or twice, he’ll immediately recognize the difference in treatment from people below him. In fact, he can figure out which of those people came from lower or upper classes based on how he’s treated. As a general rule? If the person grew up rich he’ll always believe that he deserves your spot and that he’s underpaid. You see this a lot on Wall Street which is why we used it as an example. If anyone reading this is still on Wall Street, please let us know when the industry wakes up and realizes the best hire is never the guy who grew up rich. The best hire in the guy who grew up with nothing because he had to do a lot more work and stand out to make it in the first place. The only exception is the ultra rich candidate who can somehow immediately bring revenue into the firm (his dad/mom is a client for example, which happen all the time too)

The other major benefit of being low status is that your close friends are more trustworthy. This relates to the prior paragraphs as your friends when you had nothing are the same people you’ll trust when you have everything. Naturally, you’ll lose a ton of people through attrition but it’s always good to know that the people who also make it are unlikely going to stab you in the back any time soon.

Bad Side of “Success”: One of the themes here is “detachment”. While it could be argued that this isn’t bad but a by product it does help us understand why many celebrities and artists die of drug abuse. When you make a big break through (sell a company, make the next big music hit) you get an enormous high. You’re thrilled beyond belief and feel like you’re a king. We imagine this is what your average person feels like when he goes to Thailand or another cheap place where he’s suddenly in the top 1% of the pecking order.

The big negative here is that you’re going to spend a lot of time trying to chase that high. In some cases it won’t actually show up. We’ve seen too many cases of one hit wonders and multiple failed companies (after one successful one). While it hasn’t happened to us (yet and hopefully never) it is very very very easy to see how it happens. When you make your first breakthrough we’ll all but guarantee you go through a stage of hedonism (nothing is ever enough!). If you’re smart/lucky you’ll recognize it and break the pattern. But. There is no doubt that many people fall victim to the spiral if they can’t find anything to replace the high they got from success (money/success is the most powerful drug in the world).

Good Side of Mediocrity: That’s right, there is an actual good side here. The good side is that you’re likely emotionally stable all of the time. While we don’t think this is a life most of our readers are interested in, just take the life of a monk (an extreme). By being able to remain stable at all times, the person is relieved of all worry from his life. He doesn’t have to worry about investments or people angling for his pot of the pie since there are no investment and there is no pie. Instead he’s able to make due with what he has and simply “lives”.

There is a lot of good here that only makes sense once you’ve seen success destroy a few lives. Don’t get us wrong, we strongly prefer immense success with emotional control. But. Living a basic life has many merits. It can create a meditative calm around your life as there are no tasks that need to be done. If you want to see what this is like, try to turn off all of your electronics and leave them for at least 2-3 days. You’ll be surprised at how addicted you are to working and “moving forward”.

Bonus: One last negative for being rich is motivation. If you have $3M in investments, you’re generating $180K without moving at 6% returns. This means a new idea that makes $20-40K but occupies your time, might be a complete waste of your time. This won’t make sense to regular people and will also become apparent when you’re unmotivated for projects most people would die to have.

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Everything You Need to Know About Choosing a Career

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For one reason or another we're getting more and more questions about "what should I do?" and other such variations of this question. With that said lets go ahead and set the framework. Assuming you are young and intelligent you should have a lot of choices. So lets go ahead and break this down step by step with the following outline

1) What Careers are even worth pursuing and why?

2) What is a Job and what is a Career?

3) But so many people make $150-250K per year, what about them?

4) But isn't everyone replaceable?

5) How do I find a legitimate mentor to show me the truth?

6) How do I find out if I have an interest in this?

7) Why do you talk about starting businesses if you're talking about careers?

8) Concluding remarks

Once you've gone through this post you'll have all the tools you need to make an intelligent decision about your career. **If you mess this step up you'll lose $5M+ over the course of the next 30 years and you will also work 2x as many hours**. That is not a typo.

1) What Careers are even worth pursuing?

The only careers worth pursuing are **Sales** (ANY variation, higher end the better), **Silicon Valley** (equity exposure) **and Wall Street** (front office – Hedge Funds/Private Equity/Investment Banking/Sales & Trading/Research, in that order… feel free to flip PE and HF if you love transactional work). It really is that simple and the hard work has been done for you in a single sentence. Here is how the leverage works in each one of these industries

- Sales: You are paid for each sale you make. Each sale is an *event*
- Silicon Valley: The leverage in your financial model is equity the sale of the security is the *event*
- Wall Street: You are paid for each transaction closed *event*, or each position closed *event* and to a lesser degree each handshake that results in increased business *event*

2) What is a Job and What is a Career?

This is pretty simple. Event is underscored in an annoying way above for a reason, in any other position you have no event. You simply work more hours and you get paid more or less and your hourly wage moves up or down based on your tenure etc. **You are essentially a money making machine for someone else.**

No matter how high your hourly wage is, **someone else is writing your check** correct?

Lets play a game then… You are a business owner and you are paying Joe Hourly a wage of $500/hour! Man that's a lot of money! Wait… As a rational business owner… You are only going to pay him a fraction of his actual value otherwise he should be fired right? **Correct.**

Want to be depressed now? **In general you are being paid 5-10% of your net value.** Go through the revenue, operating expense and net-income line of your company if you want to see the truth.

3) But so many people make $150-250K per year, what about them?

Playing musical chairs! You remember that game in elementary school? That is exactly what you are playing if you are not the ***first hand shake revenue generator***.

Lets see what happens if there is a recession. Most people (see people who think $100K is a lot of money – it's not), believe it is "last in first out"… When in reality it is based on headcount for each office and the business performance in each sub-segment of the firm (usually revenue and net profit).

With all that said… You make $150-250K a year this must mean someone who matters knows who you are right? You couldn't be more wrong.

Since most people don't take the effort lets look at an extremely basic calculation from a company everyone knows… Walmart for the real nerds you can double check our work here. At SEC.gov:

http://www.sec.gov/Archives/edgar/data/104169/000010416914000019/wmtform10-kx13114.htm

Walmart Example:

"As of the end of fiscal 2014, the Company and its subsidiaries employed approximately **2.2 million employees ("associates")** worldwide"

"During fiscal 2014, we generated total revenues of **$476 billion"**

Now lets do some real simple math here…

Average Revenue Per Employee – *$*476,000,000,000/2,200,000 = ***$216,364***

Think about it. Walmart… a massive retail store that employees ***hundreds of thousands of people at minimum wage*** can generate revenue of $216K/employee. If this doesn't make you feel replaceable nothing will.

4) But isn't everyone replaceable?

In short, **YES.** Even that BSD Managing Director is going to be replaced by someone, maybe they find someone who makes less in revenue but they can secretly pay him less which in turn improves business margins. Maybe they can consolidate two sets of clients and give it to the even bigger BSD since he wants to earn more money for his family this year. In short, yes a thousand times yes everyone is replaceable.

Now this question misses the point of course – by a country mile in fact. By choosing a legitimate career you are doing multiple things: 1) you become less replaceable – downside protection, 2) have numbers to point to in terms of revenue generation – ability to leave to a competitor, 3) be paid based on performance – generate significantly more in a macro up tick, 4) let your savings buy you **precious time** and…. the REAL point

By going into a revenue generating role you are building skills that will be directly transferable to starting your own successful business in the future

5) How do I find a legitimate mentor to show me the truth?

Okay I finally get it you say.

"By going into one of these three industries I am building a skillset early that will drive future earnings in an *exponential fashion* instead of a *linear fashion*. My job will likely be *gruelling* as I learn the ropes but I will be paid well and will *give myself a future I wouldn't even believe myself"*

Now how do you find out which industry is right for you? The answer is **look 7-10 years ahead of you**

Why do you have to look so far into the future? The people who are only 2-3 years ahead of you are likely 1) bitter or 2) poor performers.

Why? For high compensation positions **the drop out rate is 80-90% in the first three years.** This means if a guy is fresh on the job, the chances you're talking to a poor performer is significantly higher than you talking to a top performer.

With that said, if you search for a real estate agent in his **early 30s if you're in your early 20s**. If you're thinking about Wall Street, do not bother with the opinions of people who are not **Vice President or higher.** If you are looking at engineering, contact people who went to **top engineering firms** and left after 3-5 years.

This is a rare case where the people 2-3 years ahead of you will always lead you astray because chances are you're not talking to a winner.

6) How do I find out if I have an interest in this?

We get this question a lot and here is some more harsh truth. This is a dumb question.It is a dumb question because it *implies that you never even tried it*. Go try it and find out which one you like the most and go for it.

Make sure you like it because it is better to be happy for 52 weeks out of the year instead of only 2 weeks out of the year — see the vast majority who hate their jobs.

7) Why do you talk about starting businesses if you're talking about careers?

This one is a layup. Most people, even talented people, do not have the skills to start a business immediately. Most don't have the risk tolerance or simply don't have the business acumen established.

There is no reason to put your personal finances into a downward spiral if you do not have to. Build a career and continue to think about business ideas on the side. Once you get one feel free to leave.

Anyone with experience knows, **on a risk adjusted basis, your own business is the best way to get rich.** So absolutely go for it, when the opportunity is there.

8) Concluding Remarks

We already know that people are going to jump in with "exceptions to the rule". At the end of the day these exceptions always have the same story, the person caught a break or somehow eventually ended up in a 1) business or 2) quasi sales position.

You can absolutely start your career at a McKinsey, a Google – non-engineering, a start up – non-engineering, etc. Just remember that if you want leverage you're going to need to generate at some point. If you're looking to skate by without any generation… you're making the worst personal and financial decision of your life. The last thing you want to do is ***have* to work in your 30s, better to *want* to work in your 30s.**

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Expanding Your Comfort Zone Versus Taking a Risk

Thinking back through life experiences we believe that young men today are unable to distinguish the difference between the two. The major difference is that ***an expansion of your comfort zone entails zero risk.*** Unlike buying a pink sheet stock, or getting into a bar brawl, when you step out of your comfort zone there is absolutely nothing to be lost. Seeing that our culture discourages talking to strangers and encourages following the textbook men in particular suffer from extreme social anxiety issues by the time they graduate from college. With that said here is a blueprint of extreme baby steps to take in order to improve your comfort zone over time.

1) Create a Fake E-mail. This allows you to post on blogs and ask questions to people you look up to and maybe you'll get lucky and catch a response. This also helps you evade your irrational fear of being "outed"

2) Talk to Store Clerks. From now on you're not going to go into a store without asking a question, any question. If you're buying a pair of shoes and you know which pair… No matter what you'll ask someone their opinion at minimum.

3) Sign Up for a Social Event. If you don't live on an island there will be free social events for you in a variety of hobbies. Go every week.

4) Take Up a Hobby You Would "Never" Do. It's time to do the reverse of your personality. If you're not changing you're dying. Learn to sing, dance, write, paint anything you would never do.

5) Begin Talking to Everyone. Your goal is to befriend a "stranger" and keep in contact with them. Your social skills are now improving as you're able to turn the switch on uncomfortable interactions.

6) Begin Filtering. Your new goal here is obtain strong relationships with the right people. Whoever you want to be. Rich, Artsy, Artistic, Smart, Sexy… insert description.

Repeat Step 4.

This list sounds like it is meant for a computer nerd. It is. The reason is that the computer acts as a quasi-contact to the real world when in fact it is no where near reality. You're going to repeat steps 4 though 7 over and over again. When you can't find things that make you feel uncomfortable, congratulations, you're becoming a man. At this point you should turn your sights to making the full transformation. ***A real man is not afraid of real risk.*** The level of that risk can increase or decrease his value. If you need further proof think of all the men we look up to Entrepreneurs, War Heroes, Fire Fighters and the list goes on. The list of risky behaviors is quite large as the premise, unlike comfort zone expansion, is the following ***"To obtain we must give up".*** Real risk involves downside to your physical, mental or financial well being. Three main concepts below.

Invested Time (Emotional/Financial). This one is the most obvious, block out a substantial amount of time to obtain or build something. The trick of course is that you should be using "borrowed time" you should be [so busy already](#) that you're giving up another hobby to obtain this new skill/lucrative business. In this case you're taking a small risk as you're assuming the next venture will be more lucrative to you over the long-term than your current invested time.

Going All In (Financial). During your build up phase you've learned something. It's time to use that knowledge to go all in. Draw upon your knowledge base and offer a service or invest heavily into something you know better than the back of your hand. This one is more related to financials as you're banking on your years of knowledge for monetary gain.

Dangerous Situations (Physical/Emotional). Take that map of Manhattan and throw it into the trash. Get on a bus to Queens/Bronx/Harlem, anything that would make you feel physically threatened.

Conclusion: Since we live in a fearful society that encourages being scared of everything your best approach is to slowly raise your risk tolerance over time. In the extreme case where we're afraid of "strangers" we should instead start at the very bottom as an anonymous person who admits he wants advice and build up to a person who is willing to take real risks. As you become more and more comfortable in your own skin, everything else will fall into place. Assuming of course you're always putting in your best effort.

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Explaining Life Traps and How to Spot People Who Fell For Them

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We've covered a lot of topics here on this blog and we'll attempt to put two together in this post. Essentially this will help explain why some of the information appears to conflict. It is largely due to timing, since your financial stability, age and location determine what makes sense for you at a certain point in time. To make this come together, we're going to make comparisons between what your regular person does and what a future successful person typically does. Reminder. Our view of success does not mean "money" since we would never trade places with a rich old, out of shape, overweight, boring guy with a miserable personal life (no friends either).

#1 Instant Gratification Trap: This is essentially the very first trap that regular people fall for. In a rare case, we have empathy here since people are targeted at ages when they are impressionable (14-20) or so. They are sold a dream that if they lever up with debt, they will go on and get a 4 year degree that grants them a good paying job/career. Fast forward to 2018 and we know with certainty that this is not true at all. Many people with college degrees are the same people working at Starbucks, Retail Stores and Restaurants. They don't have a choice since their debt went towards a degree for a school that does not have high quality *exit opportunities*

Your typical successful person will see through this trap. They will go through the weeds and figure out the following: *"Does this actually lead to higher income streams"*. If it does not, then why would someone spend 4 years drinking low quality beer to obtain the degree? No logical person would. To emphasize, we realize this is quite a tough task for your typical teenager since they don't have much life experience. And. This is why there is such a large separation at age ~20 or so between the haves and have nots. We don't make the rules here we just adjust to them. Here is an older post that is still relevant on how to operate the college system.

We have used basic math formulas to decide if the education is worth it. Simplistically, we think it makes little sense to take on debt unless you're positive that it can be paid off within ~1-2 years. If you're already working, then you would also include the opportunity cost of your work. For fun, at this point in time, our recommendations haven't changed from the older post. One thing that has changed is we would recommend coding boot camps now. The high quality programs that require significant commitment to both obtain acceptance and complete lead to high paying careers as of this writing.

#2 The Stress Trap: Assuming someone was able to avoid the first trap, the second big trap we see people fall into begins around age 22. They usually have the exact same friends they had in college/high school and are attached at the hip. This leads to similar group think where they seek out other people who have also known each other since high school/college. Similar to smart people thinking alike, regular people also congregate in the same areas. This is typically highlighted by the striped t-shirt un-tucked with jeans out at the bars.

Now what is the stress trap? It is essentially the endless cycle of drinking 4 days a week gaining weight slowly but surely as the savings rate stays at around 10%. Instead of focusing on the issue (which is time lost due to "social obligations") they continue looking for ways to squeeze more income out of the Company they work for. They incessantly talk about trying to interview to a new place. They incessantly talk about trying to make an extra 5% working for someone else. This creates a lot of stress since the Company is never incentivized to overpay relative to market wages. Constantly worrying about how to squeeze more income out of the P&L usually leads to… you guessed it! More drinking and low quality socializing to "relax". Our favorite comment of all time is the people who say "oh man it feels great to drink a beer after work"… every day… in front of a TV with other people who just barely made it through the week. In short, the signs of incorrect decision making surround ***survival*** if the person gives off this vibe you know it's time to smile, nod, agree with their issues. And. Avoid them in the future.

Naturally, we have less empathy for this group because they are trading the highest amount of energy they will ever have for a few beers and low quality comrades. This is entirely controllable and should be recognizable. The smart person in the group looks at his situation and reassesses it. Sure you don't want to give up your entire social life. But. You don't want to tread water because of it. Instead of going our constantly, you find any source of secondary income over the next 3 years. People think this needs to be a massive number, but it doesn't. It just needs to create a buffer room between you and your stress levels. One distinct inflection point was getting enough money to pay for the 8 nights a week of going out (Thursday/Saturday). Once your online revenue is paying for your social time, you feel less guilty, you drink a lot less and it doesn't create any stress (was funded by income unrelated to your work).

#3 The Leverage Trap: Here is where the big change in net worth occurs from what we have seen. Your average guy is barely saving money and is worried about the *expense* line. Therefore? He looks directly at his cash outflows which will read: Food, Rent, Taxes. You sure can't avoid Taxes and saving a few dollars on beer during the week won't do much. So. He goes down the "buy a home" path. While this used to be a good idea back in the day, buying a home without an investment return in mind doesn't make a lot of sense. Even professionals who work in real estate are not going to put 80% of their net worth into their primary residence (doesn't make any sense, all eggs are now stuck in one basket). Funny enough, if the person really messed up, he won't be able to afford the down payment in the first place and will only talk about the dream of buying! (which he shouldn't do)

The successful guy has already tasted blood at this point. If he spent 2-3 years building another income stream we have no doubt he is clearing at least $1-2K a month. This is peanuts but it's all he needs to see. Why? Well if this income stream is perpetual he just needs to repeat it a couple of times and suddenly he's looking at $3-6K… $6-12K… etc. Instead of worrying about leverage and his "rental payment" he's busy looking for ways to pay his rent without levering up (i.e scaling his small ideas). This leads to a big change in belief systems. The successful person believes in generating and creating to obtain more, while the regular person is focused on squeezing the expense line to create headroom. Unfortunately, the regular person doesn't realize that debt payments cannot be missed and if his income ever goes down he'll be under water quickly.

At this point we'll do a short recap. Both people are around 25 years old. If the person is levered up with $100K+ in student debt he's likely already in a big hole. If the person avoided this big initial trap, then he's spending too much time hanging out at low quality bars meeting other mediocre people. After that he looks at the amount he saved and tries to "squeeze" more juice out of it by levering up, only to lock himself into one region with no way to exit the contract easily. Contrast this to the successful person who is debt free and is now generating some solid side income.

#4 Building on Sand: At this point you can see that the regular person is building on sand at this point. Since the structure is not stable (debt, one form of income) a single minor shake up and the whole building collapses. Naturally, this is when most people feel the strain of potentially starting a family (typically several years too early). From what we've seen the standard move is to get married at around 30. These are relatively smart guys with high quality careers but minimal other items going on (not rich, not dead broke either). The problem? The infrastructure hasn't been built so they are essentially trying to put more items into the house that is built on sand.

At this point the successful person is rocking and rolling. His friends have changed quite a bit since he is able to go out whenever he wants. Monday night? Sure. Wednesday? Maybe, but Thursday is usually reserved for yoga class and XYZ sport in the morning. So on and so forth. The difference between these two people become quite enormous at around this age because of the income disparity (typically 2x income disparity). If someone is in a middle tier city they are clearing $200K while their old peer group is at $100K. In larger cities you could double both of these numbers as an example. With such a higher income disparity, buying that basic home/apartment now looks reasonable and the money isn't needed to reinvest in any business at this time. (goes ahead and buys).

To illustrate this look at how the income difference adds up assuming this is essentially what happens.

Now look at that difference! It is insane really. With one good decision of finding a way to create another stream of income that equals his current career, ***he is now $687K richer than his peer making a difference of 729%.*** There is no other word to use besides insane. They spend the exact same amount of money each year and yet one guy is well on his way while the other person followed the "save 10% every year rule" and got nothing out of it! Note, we didn't even include a 5% annual investment gain and if we did the numbers would be significantly worse.

#5 Scaling the Spending: At this point the lives of the two individuals couldn't be any more different. One is looking to get by with an eventual family to start while the other person is just now looking at his savings and saying *"buying a home would now net me return without investment gains"*. This couldn't be more different since the purchase for the successful person will have an immediate ROI positive impact and also improve his quality of life.

Now it gets really uncomfortable because the successful person has to avoid telling people how he lives his life. You don't want people to know you're spending half of your income (significantly more than you used to spend) partying, traveling and taking up new hobbies. Instead you're going to have a natural "glow" that says you're set and don't have any worries. Funny enough, this is around the point when you believe in "women's intuition" because they can sense it as well and recognize you're better off than most. For the younger readers when you hit 30-35 let us know if you see the same thing happen.

Everyone has a different reaction to this new life but we wrote a pretty solid post on this topic called "End of the Road". These are the common threads to be cognizant of. You end up having much *less* to talk about because there is nothing to complain about. Generally speaking 90%+ of conversations is just some guy complaining about something to you. You won't be able to relate so you'll avoid these people. In addition, your spending becomes very inconsistent. Sometimes you feel like partying hard and drop a lot of money on alcohol. Other months you don't feel like going out at all and spend your time in the gym and going for hikes/running on a beach/traveling to a new city. We really don't know what you'll do but we do know that it sure won't be "normal". As a dead giveaway, if a guy is over 30 and randomly decides to take a "quick trip" internationally, he is probably rich. The only people who do these things are people with money and a lot of free time.

#6 Health Trap: Now we're moving onto more serious issues. Many people will be filtered out by this point. They are already in the regular person camp. The bad news? The game isn't over! Some people do everything correctly and still fail in this category. When you're 20, your body can take a beating so you invest that energy into work/secondary income streams etc. If you try to do this at 30-39 you'll look horrible. We still get a good laugh out of people who think "all people who work 80 hours a week in their 20s will look terrible"…. Then why do rich people live longer? It just doesn't make sense and is a horrible argument to justify being lazy and broke.

Moving on here, at age 30-35 or so (rough range for making it), health becomes the #1 factor. Your hormone levels decline, your body needs more rest to recover from minor injuries etc. Many people let it fall apart here and pay for it with future hospital bills and doctor visits. They essentially missed the point. The point of getting rich was to 1) live a fun and healthy life and 2) use it as a tool to get anything you dreamed of. If you're simply getting rich to get rich, all you will have is a bunch of digits sitting in an account that don't add any utility to your life.

We've given away the health answer here many times but for completeness the answer is the following: 1) extensive flexibility training, 2) high quality vegetable and fruits, 3) low carbohydrates, no sugars except on special occasions, 4) decreased daily alcohol intake – besides, who would respect a blacked out person over the age of 23 anyway?, and 5) removing stressful relationships despite potential income stream – focus on lower maintenance higher quality clients.

#7 Personal Life Trap: It still doesn't end! Then there is the personal life trap. If you want a perfect example of this just go into any major investment bank or law firm. "The boss is calling" typically refers to a significant other they are no longer in love with. This is why many *financially rich* **but unsuccessful men** live lives of quiet desperation.

This will be a shorter section since you're reading this blog anyway. Anyone who can withstand more than a few short weeks of posts will likely understand the reality: never allow for governmental contracts in your personal life. Simply ignore all the hatred you get for living by this rule. You'll be better off for it and we have 100% conviction that it won't impact your life at all. In fact, it will make it better. You'll filter out every single person who was only interested in a family if the dollars were there as well. Before moving on, as usual, we're not again having a family as it's a personal decision. We're against getting the government involved (increases taxes and adds zero upside for you).

#8 The Argumentative Trap: This is another one we see (more common with people in their 40s for some reason). The need to "prove someone wrong". Despite already being successful and rich, there are a few people who avoid all seven major traps but feel the need to "sell" their idea to someone else. We don't understand it. We go with the smile, nod, agree and ignore route instead. This allows you to avoid conversations with people you strongly disagree with. Why? To an outsider you both look foolish and this doesn't help you at all.

We're not sure how to really fix this trap but it causes a lot of grey hairs from what we have seen. Arguing with people when you're already set is quite comical. The worst of the lot are the people who throw passive aggressive comments towards other people who are set. We don't even know what they get out of it but your best move is to agree and amplify the comment. The good news? Usually the people stick in this "need to prove they are right" camp have failed in #7 (typically have a bad personal life so they make up for it with condescending commentary). Instead, take the high road, have a good laugh. Agree with what they have to say. Delete their number and go back to meeting people you want to spend time with.

#9 The Attention Trap: We'll write our most controversial comment here which won't surprise anyone who has been reading for a while. The one thing you'll learn after succeeding is 90% of people are essentially worthless. That is of course a harsh comment but doesn't take way from reality. If you worked in a restaurant you know employees and customers steal food/items. If you make bets with people don't' expect them to pay up when they lose. If you hire someone, expect a sub-par job. If you incentivize someone to screw you for $100 when they would make $200 over the next year, expect them to screw you due to short term thinking. This is one of the realities of life. After all, these are the same people who think diet pills are going to make them skinny and buy well marketed caffeine pills with guarana.

With that paragraph out of the way, the last thing to be aware of is the trap of "needing" attention. If you find yourself trying to impress other people, the game has been lost. If you find that you're only showing your cards when needed… The game has been won. Since this is confusing for people who are not rich (yet) we'll provide an example. If you're going out dressed extremely sharp and don't talk about it, you're in the clear. While you are displaying wealth in some sense, you're not going out of your way to flash it. In another example, if people ask about money and you blurt out that XYZ is not enough or XYZ doesn't matter, you're going down the wrong road. All you're doing in that case is showcasing that money is all you have. It's a clear line to us at this point in time but is likely unclear to people who don't have much money. Putting it another way, if you have to make it obvious you're well off, you're doing it wrong. If people can figure it out without big signs (like a lambo) you're doing it right. Another good example would be being well known at a high-end restaurant. Any bright person would realize you're doing pretty good if you're eating an expensive place every week.

#10 Risking it All: The final trap is risking it all. When you make it, you get a rush of "immortality" and believe everything will go your way. Don't worry, lady luck will happily strike that idea down. Instead of trying to risk it all you should only take more risk up to a point where it is not relevant. We can't even count the number of people who have failed risking it all when they already beat the game.

To keep it simple, if you need $10,000 a month to survive forever, you'd never take that income out of boring assets: dividend stocks, bonds, CDs. This level of cash flow would essentially be set in stone and never moved. Never. No exceptions. The remaining money can then be used to blow on anything you'd like. It can be risky investments, parting, traveling, buying a boat/island in extreme cases etc. None of our business to be honest. The key is never risking it all because you don't want to replay the game.

Concluding Remarks: Putting it all together you see there are really about 10 major traps, they become less and less life changing as you get older but they are always there. A simple way to think about it is "Financial, Health, Personal, Mental". These are how the traps are laid out. First the system is set up for you to fail financially, then they target your health and personal life followed by mental traps to keep you grinding up the totem pole (for money you don't even need!). There is nothing wrong with the money making part just don't become those insecure guys with nothing else to live for but a few extra digits in a bank account that will go to charity.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**

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Explaining the Warren Buffet Bet, Passive vs. Active and What to Do About It

Explaining the Warren Buffet Bet, Passive vs. Active and What to Do About It

As you know we're positive on long-term dollar cost averaging in general since you'll essentially mirror market returns of 7-10% over a lifetime. The problem? The next downturn will be severe because people are emotional. The one item that *practically nobody talks about* is the lack of emotional stability during the next decline.

Understanding Passive and Active

Move To Passive: The move to passive has been enormous, approximately $200 billion has moved into passive ETFs while actively managed funds lost $150B in net fund flows (just last year!). What does this mean? It means that there are now *billions upon billions of dollars sitting in accounts where money can be pulled out with a few short clicks.*

We anticipate the next decline to be an absolute bloodbath. This won't change the long-term horizon of 7-10% returns in indexes, but it will likely lead to many people losing millions of dollars due to lack of emotional control.

Review of the Warren Buffet Bet: In 2009, Warren Buffet made a $500,000 wager that no investment professional could select a set of five hedge funds to match the performance of an un-managed S&P 500 index. It seems simple enough until we look at what happened.

"For Protégé Partners' side of our ten-year bet, Ted picked ***five funds-of-funds*** *whose results were to be averaged and compared against my Vanguard S&P index fund. The five he selected had invested their money in* ***more than 100 hedge funds****, which meant that the overall performance of the funds-of-funds would not be distorted by the good or poor results of a single manager."*

We cannot emphasize the bold and italics enough because it will prove our point even more.

Fund of Funds are Scams: We have absolutely no defense for "fund of fund" hedge funds. They are essentially scams. You're paying fees upon other management fees just to underperform over the long-term. As an example: If you buy a "fund of fund" (double fees), you're paying the manager of the fund picking a fee of about 1% and you still have to pay another 1-2% fee levied by each hedge fund so your total cost is about 2-3% out the gate! *In short, point one is that fund of funds are not intelligent investment vehicles. Period.*

Blanket Hedge Funds Can't Be Compared to the S&P 500: We have no idea why people compare the performance of a hedge fund to an S&P 500 index. They are not related at all. In fact, many hedge funds are set up to underperform the S&P otherwise the fund is not doing its job. We don't think this is well understood so we'll provide an example.

A large percentage of hedge fund money is run in what is called "market neutral" books. This means your dollars short are equal to your dollars long. To make that comment even simpler, it means that if you invest $100 into stock X you must short sell $100 in stock Y in the *same* sector.

We have simplified this concept to make it easier to understand but the point is clear. A market neutral book is set up to provide stock price appreciation with no exposure to the S&P 500. If you're doing 5% returns on an annual basis you're running a pretty solid book because you should in theory not have any exposure to the S&P 500 (which is appreciating by 7-10%).

If you don’t believe this then take a look at the same chart provided in Warren Buffet’s letter to investors (page 22).

Buffet.jpg

Look carefully. ***Notice that every single fund outperformed the S&P 500 during the last recession (2008)?***

Despite having excessive fees (again Fund of Funds are poor investment vehicles), every single one of the fund of funds declined *less* than the S&P even with a negative 3% headwind. Why is that the case? Well now you know. Large sums of hedge fund money are not set up to beat the market. The only way to make this bet fair? Compare the returns of the S&P 500 to hedge funds with a Beta of 1.

The point of this section is three fold. 1) we think the next decline will be severe. When more money is in passive it means individual investors are able to click sell (emotional) allowing for a flooding of the gates creating a massive buying opportunity on the dip, 2) comparing the S&P 500 to a basket of hedge funds is beyond foolish as it does not take into account the beta exposure of the fund and 3) we do agree that dollar cost averaging over the long-term will yield a ~7-10% return, however, if you’re already worth a lot of money we’re getting closer and closer to suggesting a basket of bonds!

Valuation Has Surpassed the Average

If you’re in it for the long-haul (40+ years) you can certainly ignore this section. Most are not at this point given our demographics have continued to change (most readers are in their 30s). If we look at all of the valuation metrics there is practically no item where we can cleanly say we’re below average

S&P 500 – Price to Sales (Last Twelve Months): Price to sales ratios are typically attractive somewhere below 1.5x. At this point were at approximately 2x and moving upward as the S&P continues to appreciate. While the companies are certainly more profitable, the sales multiples are not very attractive anymore. While we don’t think we’re at the top yet, there isn’t much room to run and if it ever hits a 2.3x it’s probably best to exit all together.

S&P 500 – Price to Sales (Next Twelve Months): Largely speaking you’re looking for a similar entry point at around 1.5x or lower on an NTM basis. If you’re extremely bullish then investing at 1.5-1.7x is also fine because it implies that numbers should be higher than current forecasts. That said, we’re creeping up towards that same 2x marker making it tougher to justify throwing in large sums of money.

S&P 500 – Price to Earnings (Last Twelve Months): A sign of life. Companies today are significantly more profitable due to advancements in technology (internet, software, automation). This means that the P/E is actually relatively reasonable in the low 20s on an LTM basis. That said, this is still above the average where you want to be seeing numbers closer to 19x.

Price to Earnings (Next Twelve Months): Finally, we come to our last metric, the forward P/E. This is the last reason why we're still okay dollar cost averaging ***some money*** for now. Despite the run-up and despite the valuation on a price to sales basis, the earnings per share on a forward looking basis remains reasonable in the high teens. It is certainly above average but we're not in excess of 20x and we do believe that there is more room to cut costs and achieve the earnings numbers.

What Does This All Mean? The stock market is above average on every single metric including the forward FTM multiple. It does not mean there will be a decline near-term (in fact *we think nothing will happen this year and it will be fine*). The problem is that bonds will become significantly more attractive once rates go up a couple of more times and there will be a better *risk to reward* buying opportunity. This is good news for everyone who has built up their financial independence fund.

What to Do

Now that it is becoming clear that we're at least beyond *average* valuation, what we're saying is that we should all look to new investment vehicles beyond just S&P dollar cost averaging. We are not saying that you should throw your money into a hedge fund (many require millions just to get in by the way!), instead we think you should operate *like* a hedge fund at this point.

This means, if you are over the age of 30 and you are financially independent, it is time to brush up on your risk profile. If you've been averaging into the S&P for the last decade you've made a ton of money and there is no reason to risk your principal.

– **We recommend starting a business ASAP.** Make no mistake, if you've had a good run career wise and things start to get softer, that stream of cash flow is going to be under pressure. Start learning online sales or at least consulting on the side. Getting comfortable now is what everyone else is doing and that is exactly what you *shouldn't* be doing.

– Take your market exposure from 1 to sub 1 by year end 2017. If nothing is learned from this post we suggest explicitly reducing your market exposure to under 1. For newbies this means if your entire portfolio was just the S&P 500 (that would be market exposure of 1), then we would reduce that to at least 0.7 or so (70% stocks, 30% bonds) somewhere around the end of the year when rates have gone up a couple of times.

– Do Not Risk Principal. Under no circumstances do you risk your actual principal wealth. This is the money that is stashed away to cover your cost of living forever. It is not worth it to have high exposure to the stock market with above average valuations across every single metric. If you're already rich lets keep it that way.

– Watch Tax Rates and the Muni Market: If rates do increase and the tax rate declines there will be an enormous buying opportunity for tax free returns! Everyone has been praying for "5% risk free" for a long-time and we may get *close* to there if rates do go up quite a bit and the tax rate comes down! We can always pray! But at minimum, it should be tracked diligently for the remainder of 2017.

– Don't Be Fooled by Indexes: Yes it works. As we stated in the past if you dollar cost over 50+ years it's going to work. The problem is listening to the media and allowing them to drive people into indexes (notice everyone talks about indexes now). Don't be fooled means… Don't expect this upward trend to go forever. When the declines come there will be a stampede out (people have no emotional control and never will) so expect a bigger buying opportunity. If your plan is to stomach the downturn just remember this post and it will likely be uglier than most people think!

For fun, notice that even Warren Buffet is willing to pay high fees for solid *Investment Bankers (M&A),* not related to equities.

"And, finally, let me offer an olive branch to Wall Streeters, many of them good friends of mine. Berkshire loves to pay fees – even outrageous fees – to investment bankers who bring us acquisitions. Moreover, we have paid substantial sums for over-performance to our two in-house investment managers – and we hope to make even larger payments to them in the future."

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Extreme Prioritization When Traveling Like a Mad Man

To say that 2019 has been busy is nothing short of an understatement. This year relative to last year has caused far too much economic activity. It feels a lot like 2006/2007 hence why *new money* we're getting is not being spent buying stocks or bonds (no we never sell or trade since it just isn't worth the mental hassle). All that said, we figured there couldn't be a better time to talk about extreme levels of productivity. Our up-coming book is going to have information that will only resonate with people who eventually make it to the top (not people who are now upset with this blog since the average income has gone up 250%). With that we'll jump in.

Overview 2019, Too Much Money Sloshing Around

Money First: In times of high economic activity you want to do two key things: 1) focus your energy on the biggest opportunities and 2) start giving up those hobbies temporarily. While writing is fun and cool since we get to see the 1% make it and laugh at the people making $200K a year who will be out of jobs in less than a few years, it just isn't a priority. This becomes harder and harder as your hours ratchet up while you think "Do I even need the money?" As soon as this question comes up you know you're in a period of too much activity. Essentially, you're losing respect for the amount of effort it took to make it somewhere so you're thinking about taking the "easy" route which always ends in tears.

When we say money first we mean you're going to work like you're 23 again for at least a year. High economic activity means too many people have too much money to waste. This is going to put strain on a lot of your personal relationships. But. If they are close friends they'll understand that you're not going to be going out 3x a week anymore and it'll fall to the classic *"1x at most, see you Saturday"*.

Now we'll define "Money First": calculate how much each activity should yield on a daily income basis (holler at those affiliates who correctly learned to think like this earlier!). Even if you have to travel all over the place to close a few sales, you should go ahead and do the death march. It's all about probabilities to close and you're going to throw all of that "partying money" into a driver, late night flights if needed and of course the classic "driver pick up" where you pay the guy to get your food as you move to different locations (have no time at all). If the value of the sale is going to equal more than 1 week of income (based on your current daily intake)… you're working all week, all night, all year until that calculation breaks down.

No More "Heavy Nights": This is probably the worst part about high economic activity times. You actually can't pull those 4-5am party nights more than 1-2x a year. Seriously, it just isn't possible. You'll wake up and lose 48 hours worth of productivity which could have then (by the calculation above) bought you 2 weeks of income or 4 weeks of investment income at minimum (anyone reading this will be investing around 50% of their income). Even if you were 40 years old, it doesn't make any sense to lose 1 full month of investment income for one "fun night out". The only way it could possibly make sense is if your passive income was higher than $1M/year after taxes.

So the biggest way to prevent this productivity loss is to say no to all of those big parties. This will absolutely test your will power. Anyone who makes it in life knows that private events are the highest quality, highest return events as you don't have to worry about ridiculous things like "paying for a drink at the bar" or having to "look through the crowd" for someone decent enough to talk to. Either way. The unfortunate downside to "making it rain" for a year is that you're going to ditch a lot of the fun ***temporarily*** as you're essentially purchasing 4-years of fun during the next down turn.

Normalized Activity: Before moving on, all of the items we recommend below are for high economic activity years like 2019, 2013, 2006 and 2007. They apply to any type of economic environment… That said… We'll emphasize that these extreme measures are only needed for high economic times. If you're in a standard year (normal), continue to go out and have tons of fun 2-3x a week since the number of money making events will be limited and doable with 5 days of effort per week.

Extreme Prioritization

Workouts Take a Hit: It really can get this bad. If you are in a time of extreme stress you will not be able to work out properly. You're going to be forced to improvise and go into what we call "preventative workouts". This means you're trying to max out your workouts and minimize the declines. If you have a full month of money making, we predict your physical fitness will decline by about 10%. This is not terrible but it sure beats most people who would fall by 30% as their VO2Max would drop off a cliff (no running for a month causes a catastrophic drop). So here is the best way to workout in a hectic week where we assume you only have a total of 3 hours to work out.

3 Hours turns into four days of working out. That is about 45 minutes each. It is smarter to do this with 30 minutes, 30 minutes, 1 hour, 1 hour. During the 30 minute workout sessions you will be doing reps until failure. The whole "workout routine" is dead. Dead. It means that you just don't have time for a full workout for 7 straight days. So you're going to choose only four exercises: Cardio, back, chest, legs. Forget everything else.

The 30 minute days = lift weights until failure on each rep. This is for back, chest or legs. You're going to take a weight slightly lower than your normal weight (5% lower to prevent injury) and you'll do each set until failure. Rep after rep. If you can get through 4 different exercises, you're crushing it. Then depending on if you're a night or morning person you rack up the body weight exercises: sit-ups, pushups, dips until failure just before you jump into the shower. This is of course extreme but allows you to extend the workout without losing valuable time.

The 1 hour days. Essentially you want to do at least a 40 minute cardio activity. Once you go over 20 minutes the body realizes it's a real workout so when you push to 40 minutes twice a week you'll prevent a step down in cardio declines. For the remaining 20 minutes you do the other body exercises you missed. Since you have 3 hours in total, you're going to have to do back or chest before or after the run. Our own recommendation is to do the run up front (counter intuitive) since you're typically so exhausted it is easy to quit the run early and say "oh I have to go back to work".

That's a brutal 3 hour work out while traveling around managing a 100 different things at once. It doesn't even include your regular work but it's 100% possible to still crank out 3 hours or so even if you're living based on flight times. (extreme pro-tip, airports have yoga/meditation rooms where you can stretch if your flight gets delayed. You can also do basic workouts there in a corner and just hit the lounge for a shower).

Pack as Light as Possible Idle as Little as Possible: It isn't enough to pack the minimum. You want to pack the minimum in order. When you open up all your bags when going to meeting or the hotel, everything should be organized in the way it will be brought out. If you have clothing that will be used on day 4, it should be at the bottom. The older used clothes should be towards the bottom (or bottom compartment) so the rest of your items press down on the used clothing (doesn't matter if they get wrinkled since you're not using them again). Think about everything you'll pull out of the bag. Your bag will be different but once you think about this in detail once, organizing in the future will be like clock-work. Extreme situation, if you have specific liquids you need to carry, go on amazon and buy as many "travel sized" plastic containers as you need and they'll allow you to save space versus calculating everything for each trip.

On the idling side, this is where having a driver is critical. If it's a really jammed day where you have to move around fast, the difference between Uber Black and a driver is the ability to never sit around waiting for food. Have it ordered, eat and drink in the car and you've just saved yourself 1-2 hours. Uber's slogan is "everyone's private driver" but we all know that it really isn't the same if you're truly busy.

Low Quality at End of Day: You know those emails that make you cringe when you respond to them because they barely even clear your ROI? This is where you finally get to ignore them. That's right! The one benefit of being legitimately ultra busy is you can laugh at all those smaller non-needle moving events and answer them in 2-3 sentences dead last at the end of the day. Ideally, you'll actually win a few bigger accounts and you can delete them forever! Just thinking about this will make a huge smile cross your face, nothing like having someone you barely care about get upset and switch only to find out it's because you landed something better. It's kind of like running into an ex-girlfriend and she sees you with someone 100x more attractive (awful to say out loud but everyone knows that feeling)

Everything Gets Turned Off: You're going to run out of energy. There is just no way to expect to be "on point" every single time you are trying to ramp up production of something or make a new sale. A good way to combat this is the "zig zag" strategy. You want to have the first 3-4 hours of the day be important, the next 2 hours be less important (lower money opportunity) and the last 3-4 hours be highly important. This causes you to take a "break" as your brain gets a bit of a rest in the middle.

As a note, during this time you should actually avoid responding to personal life items. This sounds ruthless as well but unless it's an emergency just tell them you'll respond end of the day. Yes. We realize this makes it seem like personal relationships are on par with a mediocre customer… While true in terms of time dedication, your personal relationships should "get it" and not cry about your delayed responses to their random messages. Also if you give them a heads up they are 100x less likely to care, they know this happens and will be understanding.

Stagger the Caffeine: You're going to consume caffeine. Unless you're against it for religious reasons using caffeine is going to put you in the "right mood at the right time". If you up the Caffeine dose before the first 3 hours you will be in a fantastic "on mode" for the important meetings. This will lead to a moderate crash during the less important meeting (zig zag). So think about changing up your intake to match when you should be paying attention. As you know, we recommend coffee with butter if you're going to be in some sort of long form conversation. This would mean you're going into a single long meeting for 4-6 hours of focus for something extremely important vs. smaller shorter meetings. For those really in the know, we also mean stagger with two meanings here (covered in book so no don't ask what, if you know, you know)

Read Read Read: This is what travel is for, reading and preparing for what needs to be said the next day. This can either be actual information or it could be soft information. Is the guy an avid Democrat? Don't be stupid, leave the republican cufflinks in the bag. Did the guy get married early with limited life experience? Don't be stupid, wear the boring trustful color of blue. Did the person recently get divorced and wants to go out a lot? Don't be stupid, line that meeting up last so you may convince him to go out and party. Essentially, don't go into any meeting with the same material. You're just being unproductive with your time. Those low quality customers that you're responding to are actually causing you to lose money (substantial amounts of money). Oh and of course, always choose the window seat. It's always easier to sleep in versus getting bumped in the aisle seat by a random person walking around (aisle seats are just terrible).

Extreme Organization

Quick recap, you're going to have 1) no more meaningless personal life conversations unless it is serious, if it's serious all "work" needs to go on hold – death for example but we really doubt it will occur, 2) you're going to zig zag the important items, adjust your caffeine intake and do a painfully efficient three hours of working out and 3) you'll turn off all devices hit the window seat and either prepare or sleep.

Food and Drinks: You're going to be busy so you actually want to think about what you're consuming through the day. There is a zero percent shot you'll be able to eat something amazing mid-day so this means breakfast and dinner is where you'll line up something extremely healthy. Also. You want to drink a TON of water in the morning since you'll be dehydrated within a few short hours. It's fascinating to see how poorly the body operates when dehydrated and if you're not drinking at least 32-48 ounces of water the first 30 minutes in the morning. You'll pay for it quickly. Sounds extreme because it is. It also works. (Note: yes you pack chlorella and toss it into the water in the morning)

Paperwork: No one should be using paper. Always put everything on an iPad. Period. The way you prevent ever carrying worthless pieces of paper is asking if "soft copies" are fine. This is going to tell you how old the person is (decision maker). So not only are you decreasing the weight of the items you need to bring they are handing you valuable information. No one under 40 or so wants to deal with paper, it's all digital.

"Dead Clothing": If you know you're going to have to pick items up and perhaps carry things? Guess what just take some workout clothing/accessories that you're going to get rid of soon. Extreme yes… again that's why it is called extreme organization. You can one time use it and be on your way. You can take it to the ultimate extreme by throwing away old workout shoes if you need to (this of course would mean you're picking something up on the very last day).

Scatter Pack: Need to carry a lot of cash? Scatter pack it. If you are moving more than $100,000 around, you want to stack it up into groups of either 5,000 or 10,000 and scatter it around the carry on. This won't be registered by the equipment and you won't have to waste time with TSA for example if you're going through TSA instead of Clear.

Not So Extreme: Always have the following: Clear, TSA Pre-Check, Global services. Also have the following: travel sized liquid containers and combs/grooming kits that are thin (less space). Also have your phone set to vibrate and stacked alarms to give you an idea of when you need to get going. All of this is obvious but it's fun to see how many people break all of these rules and end up wasting time going to buy something at Walgreens last second.

That's our quick rant on extreme prioritization in a travel heavy environment. Yes. This article was written on a phone hence the limited time to organize a photo or backlinks. It has been insanely busy this year and on a positive note we will have a Q&A on a Monday (yes we've actually got a Monday off). So circle that day and then we'll do our status/class post on Tuesday. As many of you have noticed the $150K a year online crowd has finally turned negative on our blog, right in-line with our expectations. We finally made the jump to the next level so the content here will naturally change. For the better, the people at the top for some reason are always more attractive, younger looking and less focused on boring stuff like "dating" since no one has problems in that category!

Q&A May 20. Also probably a lot of typos so no need to remind us in the comments…. Also if you have extreme tips let us know immediately!

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FAQ Update and Fast Answers

This will be a mixed post but good timing. Some of the questions we are getting continue to have some of the same answers so in the next Q&A we'll (try) to remember to link to this article. Also, it has been fun to see that the economy is doing so well that no one seems to be worried about "getting a career" or "getting a job" and the majority of the questions have morphed into Option A vs. Option B type situations.

Motivation! We continue to get these questions and there is never going to be an answer form us. Our opinion is not "fun" and is not for people who will never make it anyway. In our world view, you either want to be successful or you don't. It just doesn't make sense to waste life trying to do the "minimum" since the path of least resistance never works for anyone. Even billionaires will admit to awful hours at some point in their life where they work until their hands can barely move. For the people who started a Company and succeeded (or those crazy guys still in banking) you can remember the time you were staring at your screen and you quite literally lost control of your eyes (left eye looking different direction as right eye) causing you to give up and sleep.

No the above is not meant to say "work till you can't function" the point is that working in general is just like any other muscle. While one person can produce tons of value in just an hour, this is likely because he used to take 10+ hours to produce the same amount. He got better. Exact same thing as any sport… If you train every day, you get faster. Making money is not different. Our only point from the paragraph above is that you eventually have to "find out" how much your body can take. Also, please spare us the "oh my god your health is ruined" comments. People who make it always look younger than their age by the time they are 40 because… they didn't have to work long hours anymore! Funny how that works, it is almost as if you get rewarded for making mature decisions in life.

To conclude this topic, we will never have an answer for motivation. You either want something or you don't. There is no secret here. There is no Tony Robbins seminar or $100 online course that fixes you… it is simply up to you. If our readers want to know why we continued to push when things weren't going well it is simply because we couldn't look in the mirror. How can anyone wake up in the morning at 6am or 10am… and feel good looking in the mirror with a $10,000 bank account while working 25-30 hours a week? We couldn't do it and that's a personality trait. If someone is broke and only has $10,000 but they worked like a dog trying to get ahead (say 60-80 hours) it is actually *EASY* to look in the mirror. You can wake up look at yourself and say "look I am not there now but I sure am doing everything I possibly can to get there". Everyone else wakes up after watching Netflix and lies to themselves "I did everything I could"… simply a lie.

Increasing Productivity: Thisis similar to motivation but we'll go ahead and assume it was a legitimate question. If you're struggling to increase productivity we'll give out a few that have worked for us. We've made some changes so we'll do them in steps.

The first step is to find something to *complete* before moving onto your major task. In general, we used to put the first major task up front and never move on until it was done. Instead… we made a slight change. Now you find one *easy* task that absolutely needs to be done during the day. After that task is complete you move onto the most important task of the day. We're not sure why it works but it does. You feel more energized when you close the book on one of the tasks and get to move onto the next. Ever notice that when you're extremely busy that you get the most work done? This is probably some sort of human programming.

A good second step for productivity… delete all access to social media. We are either using it or are off of it. This is a strange way to operate in the world we live in. That said, we try to do it like this so you are forced to avoid it until you're done with the most important tasks. Similarly, it becomes more of a "hobby" versus an addiction. It is so easy to wake up and look at Twitter, Facebook, Instagram etc. Instead you should wake up, get ready, then go do that first easy task. After the first easy task is done you'll forget that you even had social media and get the major item done. Once complete… you'll feel even better and may take a break to look at entertainment options

The third step is to decide if you're a morning or night person. At this point in our lives we realized this is a real phenomenon. Decide if you're more creative at night or if you're more creative in the morning. This also explains why some people wake up extremely early and others are up extremely late. It's a legitimate body composition issue. We can't prove it with "facts" all we have is decades of experience watching this. So. Figure this out and push all your creative outlets into the night time or in the morning. This causes extreme growth in your ability to make better and better products. Of the three above this is probably the most underrated. As a bonus tip, if you're in tune with your body, ramp up the air conditioning before you do any creative work. For some reason being cooler helps (not sure why).

"Option A or Option B": These questions are starting to get redundant. Only you can answer them because we follow the exact same process regardless of who is asking. First question: do you want to be rich? Most say yes otherwise we have absolutely no idea why they would read this blog. Let's assume you say yes. The second question is "How rich?" If the answer is $5M+ in net worth, you must choose the option that allows the most time to start a business and if the answer is "$1-2M" you choose the one with higher earnings potential over 10-20 years.

Before any "clarifying" questions come in, please don't nit-pick. If you are choosing between investment banking and enterprise sales… then the answer is simply "do the one you'll be best at"… Again one we cannot answer. Same with "M&A or Tech Software Coder"… The answer is always "which one will you actually be good at". While it is true that you may make more in one versus the other in year 1-3… BUT and this is a big BUT…. You don't make real money until you're 5-7 years in. So… Always choose the one you're best at if you're choosing between one of the three careers we recommend.

The exceptions: The only time we really have exceptions is based on older people 30-35 and up or people with no degrees. In that case you're probably best off learning a trade related to real estate and then moving into flipping homes. Significantly better. To close this out… if you don't care about being rich then our advice isn't really going to help at all. To really kill this topic…. 1) will you be good at it, 2) choose that one, 3) if you're unsure choose the one with lower hours and 4) all of it is absolutely meaningless compared to equity in your own venture – you will absolutely out earn your peers who stay in careers (if your business succeeds of course!)

Investing/Trading Ideas: This is becoming funnier and funnier as we get older. It shows that most people who say they earn a lot of money… really don't. Why? No one needs to trade around all the time if they are rich. It's actually an obvious tell that someone is *not* rich. They probably hand out on Wall Street Bets on Reddit… making ridiculous trades and losing it all eventually.

Our view on investing is still the same. Read triangle investing and the way to diversify is by moving *cash flow* to another asset class. This seems ridiculous but is 100% possible if you're actually making a lot of money. Unless you're worth $10M+ you can move your exposure by several hundred basis points by simply buying a different asset class. The math works this way and you can see it below.

Assume you're "Joe" the successful 30-year old affiliate marketer. You have a net worth of $2.5 million dollars. Well to get to $2.5M the chances are you were making at least $300K after taxes (keeping it simple and that is likely low). If you really believe that real estate or stocks are going down… do you need to sell? NO. All you do is take that $300K and you invest it into something else entirely, even cash. If you do that now your cash just increased by $300K. $300K/$2.8M… that's 10.7%. This is exactly how we operate. If we think a certain asset class is "heated" we stop buying it and but the other one. This also allows you to never sell. Even if you're 40 years old and your portfolio goes down 40%… by the time you're 55 you'll be worth significantly more as recessions/downturns rarely last more than a year or two. Hey… Even in the wild wild west of crypto currencies, a year was all it took.

Unfortunately, we realize this type of thinking isn't applicable to everyone. So what is the solution? The solution goes back to the same thing we put in Efficiency. Spend all your time earning and creating cash flow streams until the above paragraph makes sense. Why would you burn your valuable time "trading" a $500,000 trading account when you could build a cash flow machine that generates $500,000… per *year*. You'd need a 100% return just to keep up which is unlikely doable on a consistent basis year after year. To conclude here… If you're really worth $20M+ or some other huge number, you're not stressed about money in the first place… that's why we know it is all nonsense and lies

Finding Suppliers and Demand: This has been covered so many times and maybe we'll add it to the FAQ. Two things: 1) before making any product you test demand with a check out screen that says "out of stock" and 2) you get manufacturing information by going to conventions in your market. Both of these things are not difficult concepts and highlights that most people really do not even try. Why would anyone mass produce something without knowing if there is demand? The cost of doing this would be tens of thousands and the cost of testing demand would be a couple of thousand (just buy traffic)

The second point is even more obvious. If you plan on selling canned beverages, wouldn't you attend a beverage conference? At a beverage conference the entire supply chain would be present from people who are selling the beverages to people who are helping make them and market them. These two questions are probably the most frustrating as it shows that people don't take success seriously. If someone thinks they are going to make a product by "happenstance" with no connections or fame or build in customer base… it just won't work

On that note, the internet has certainly made it possible to get rich quicker. The one thing people ignore now (this is a 2019 comment) is that every single smart person knows this as well. The competition is going *UP* and is only going to go *UP*. Since everyone has access to the same resources. A smart person will track down the right software tools and will find every angle to test demand before going into mass production. The rich get richer… this will continue.

Those are the big ones from yesterday, so we'll go back to normal posting by end of week. Has been a crazy year and hope yours has gone well!

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February Q&A is CLOSED

Closed now thanks!

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Financial Disasters in 10 Simple Equations

Financial Disasters in 10 Simple Equations

Even if you work a mediocre job and don't see much room for large earnings you're still going to save a large amount of money by simply avoiding disaster. Lets go ahead and take a walk through the math behind the vast majority of financial disasters people will make. If you can simply avoid catastrophe, you'll be far ahead of your peers.

1) College Debt

We already covered this topic at length in our post on college. If you missed it check it out. If the debt you take out to go to school is not immediately paid off by *additional* income due to the degree, it was a waste. Debt in general makes it incredibly difficult to gain financial leverage in the future. You're swimming up stream.

Equation to Remember: Additional 1 year annual income from education > debt load.

If you're taking on $10K in debt but your gross income is increasing by $10K, again **due to the degree** then it would likely make sense the payback period is roughly a year. Taking on $20K in debt to increase your income by only $5K? Not so much.

2) Taking Unearned Time Off

If you are in your 20s and you feel like life is difficult and you need to "find yourself"… All you are going to find is *a zero bank account, no employment opportunities and a couple of notches with 5s at best* from your hostel adventures. Don't be fooled, unless you're building tangible skills, this decision alone will financially bury you for a multitude of years.

Equation to Remember: 1 year taken off = 4 years of earnings depleted

If you run the math it works out. Lets assume you save 20% of your annual *net income*. This means 80% is spent, 20% is saved = 4:1 ratio of spending to earning. With that ratio you see that 1 year off now implies a negative impact of 4 years working. Gets ugly very fast doesn't it?

3) Getting Married

It is taboo to run numbers on anything emotional but it really doesn't make any financial sense.

Equation to Remember: 50% zero financial impact and 50% losing half your assets

Simply put, you are taking on financial risk for no apparent reason. Since we are applying logic to an emotional decision, you can also apply emotional reasoning to avoiding this trap. If she loved you in the first place, *she wouldn't need a government contract to prove it.* Getting the government involved never helps.

4) Excessive Drinking and Partying

Drinking and partying is great if you have a purpose. No one wants to be around the socially awkward guy who has worse game than an Atari. With that said, once you've gotten a good grasp of game (12 months maximum) it's time to re-evaluate the value of your time.

Equation to Remember: One drinking session costs 2x your daily income

This formula naturally compounds. When you're young, not making much and able to recover quickly, the cost of a hangover is relatively minimal. Once you start increasing your income… Even at the $150K annual mark, it becomes tough to justify. *You're losing $833 per session.*

5) Picking Individual Stocks

Practically everyone believes they are smarter than average. In addition, even if they understand beating the market is near impossible they **STILL** buy individual stocks! Nonsense. Instead of trying to convince people to avoid picking individual stocks, lets simply convince them to avoid picking individual stocks when it will damage their financial future. EG. When they are young.

Equation to Remember: 1 year of 10% losses = 3 years of investment gains

Relatively simple, if your portfolio declines by 10% in a single year while the market was up 9% (the long-term average). You have to hit market returns for 3 years to be back to parody. Continuing with the basic math.

Person 1 goes up 9% per year = $109 in year 2.

Person 2 *picks stocks* = $90 in year 2… and doesn't get to $109 until sometime in year 4-5.

Pretty simple, only invest what you can afford to lose. *If you're not financially independent you cannot afford to lose anything.*

6) Location Lock-in… Buying a Home

We'll never win over the real estate guys on this one. Unless you're absolutely certain you're going to stay in a single city for the rest of your life it makes no sense to purchase a piece of real estate. You're going to lose out on mobility (see switching firms) which can cause major headaches for you unless you're in the hub for your profession. We can even put this concept into an equation.

*Equation to Remember: 15% * annual income > value of your city to you*

This is much more fungible, but it helps. When you switch firms to a separate city the general rule is you're paid at least 15% higher than your previous income (otherwise you wouldn't switch in the first place). If you would switch cities for a 15%+ pay raise… Do not bother taking on mortgage debt. The 5% selling commission or managing a property remotely can be an enormous headache. Not to mention finding tenants

7) Compounding Cash Flow Management

No matter what anyone says, cash flow is king not "cash". We explained this in a previous post and the long-story short is that you need a flow chart for your finances. If you simply put money away in a bank you've already lost out on ~35% gains over the past two years. Given a high savings rate, it is certainly not uncommon to double your net worth every 2 years with those market gains.

Equation to Remember: The Rule of 72

Its an equation you learned in middle school (or even elementary school!). Take your rate 72 and divide it by the interest rate to get your doubling power. In short, it takes 72 years to double your money in a bank account. In a bull market of 10% gains? Only 7.2 years. The difference is quite literally, a life time.

8) Living Beyond Your Means

We have a short decent story on the use of credit cards and you'll see that credit cards are your friends. *2% returns in cash on every single purchase!* This is going to add up once your monthly bills exceed 4-5K a month. Now if you decide to live beyond your means… you're going to lose the game as your credit score will get hammered, your savings rate will be zero and you won't have a shot at becoming rich.

*Equation to Remember: (Credit debt * interest rate) (1/ savings rate)*

Any form of credit debt is an enormous problem. Even if you have $1,000… That number is growing by 15%+ per year and we have added an extra multiplier factor to give you additional reason to get rid of it. Long story short? **No credit card debt period.**

9) Being Paid by the Hour

In one of most popular posts, you'll see a deep look at careers. In short, don't work in industries paid entirely by the hour as you will never have leverage relative to time. So long as you're pegged to a ticking clock you're going to have a hard time accelerating earnings.

Equation to Remember: Earned income = hourly rate + (Event, Ownership or both)

For a simple understanding of this, your income must come in two forms (at minimum). If you're being paid to work at a firm by the hour, that is fine… however you MUST work in a profession where you are also compensated by an *event* (sale, closing of a transaction) or you must have the option to build ownership in the firm (equity). For a drawn out answer please refer to our post on careers, but the equation above if the simplest to understand. No secondary component = time for money = leave immediately.

10) Networking Flat

When was the last time a poor person got you a new career position? That is right, never.

With that back drop, keep this in your back pocket when you send your next text message or email.

Equation to Remember: 1 email to equal or lesser for every 2 emails to someone of higher value.

Makes it a lot harder to communicate doesn't it? That is the point. As you are well aware, you need to find ways to improve a person's life to have someone higher than you help you out. In addition, it requires that you take a hard look at who you communicate with. There is some subjectivity here, but the equation works for life in general, it is quite difficult to get someone more powerful to help you so for every 3-4 people you meet, maybe one will befriend you. Such is life. At the same time, the messages sent to an equal or younger person you are mentoring will have a lot more productive conversation filling the void.

Lets make this even harder for the go-getters, apply this to your weekend schedule as well. Friday, Saturday and Sunday… You get one day to party it out, but the other two you need to spend around people better than you.

"If you're the best person in the room, you're in the WRONG room"

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If you think about it, these simple equations are easy to follow. Wall Street or not, every single person can follow the 10 equations above and see enormous results over the next 3, 6, 12 or even 24 months!

Are you above or in-line with these equations?

Our guess is the common pitfalls will be #4, #5, #7 and #10. These are certainly the more difficult ones to crack.

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Financial Samurai Paid up and What We Think Trump Does

Financial Samurai Paid up and What We Think Trump Does

Well we recently had the chance to cash in on our Trump bet with Sam from Financial Samurai. He's a much nicer guy than any of us and we provide some highlights although there wasn't much to talk about when things are going good across the board. Maybe we'll find another item to bet on since we still disagree that people are "rational creatures" when we largely view humans as driven 99% by emotion (only 1% figure out how to be rational, hence the disparity in wealth).

Dinner with Sam

Wall Street is in Secular Decline: There is no doubt that Wall Street for now is in secular decline (unless something changes). Billions of dollars (around half of fund flows) are going into passive ETFs with extremely low fees (around 0.09%) and trading is becoming more automated by the second. Since Sam exited the industry total compensation is down around 15-20% give or take since we've now witnessed two years in a row of declines. Layoffs occurred across Wall Street last year (unless you've been living under a rock you've seen the press releases!)

We don't think this will change since we're going to roll with what we think the future looks like. Unless you're in a client facing role where your value is based on relationships (very difficult to automate in the future) then you're going to see a squeeze. Robotics and computer systems are going to be able to make trades and do basic find replace or data entry type items in the near future. In addition, these systems will be able to process much more information rapidly when new data is presented making maintenance type Wall Street work largely worthless. The value will be in the relationships, strategic thought and naturally a balance sheet for raising funds.

The Game of Lying Down Continues: As we've said in the past always lie *down*. This means if you're making $X or have $X in recurring income always give a number materially below that. There is no point in telling anyone what you make.

Generally speaking, everyone believes they are worth more than you are, some sort of competitive pre-programming, best to just talk about median industry pay since this is easier to confirm as there are many third parties that disclose income ranges (hint hint practically every head hunting firm will give you a range).

We Still Hate San Francisco: The place is a dump and every straight male should avoid the place unless they need to be there for money (temporarily). Sam loves the area but he's also married and ready to have his first kid. We won't convince him on this second topic either (first being people are generally irrational). The place looks like a complete dump with needles on the street next to homeless people, actual human feces and absurd rental prices to hang out with guys who have sex with ugly, fat, old, sea donkeys.

The negatives aside it could be a good place to invest given potential for major technology IPOs in the future (Uber and AirBnB for example). Luckily or unluckily, we hate the place so much we'll never own a piece of that nasty place. Finally, we think there are many places to own property that have similar rental markets to San Francisco, this includes New York and Los Angeles and many other places outside of the USA. We'll never have to pay for a piece of that trash city.

The Market Rally Post Trump: Predicting the economy is largely a waste of time. But. Two things are clear: 1) people believe trump will help the economy and 2) if the corporate tax rate is lowered business owners will benefit. With that backdrop the answer is clear, we're still better off investing time and energy building an actual company instead of trying to time the market. If you believe the market is overdone just keep dollar cost averaging but put in *less* on a monthly basis as you spend more on your actual company. A corporate tax rate reduction from the 30s to even 20% will impact you much more over the long-term.

So we are clear, we're still dollar cost averaging we're just going to do less since we believe he will likely make some positive US tax reforms.

Interest Rates are Going Up: Rates are going to go up based on commentary from the Fed. This means bond prices are going to come down and it may be smart to review bonds after the next couple of interest rate increases. If you have a large amount of money in the bank that you've spent 10+ years to accumulate it may be smarter to decrease the volatility in your portfolio. In addition, if the tax rate were to come down, the value of municipal bonds will decrease materially as well (tax free benefits no longer as meaningful). We think that would also be an interesting opportunity. If we see a decline in the tax rate that isn't sustainable or believe a new establishment will raise taxes once the Trump term is over… may be time to buy those as well.

Blend Into the Crowd: For day to day living, standing out as being rich doesn't make any sense. Unless you're trying to make a good first impression you can simply dress modestly to avoid being harassed by regular people. We have a more lax stance on luxury goods and believe there is a time and place for them (specific occasions). Dressing sharp on days when you're not meeting anyone new doesn't make much sense because your buddies shouldn't care if you're wearing that bling bling on a day to day basis.

Who Do You Owe? While the topic didn't come up much, we thought about it after Sam recently disclosed he will be starting a family. We think this is a good time to ask "who should you pay back?" and the first answer is *typically* your family. Remember, we encourage you to cut contact with family members who are holding you down/getting in your way. But, if there is someone who helped you then you should throw some money their way as a thank you. We've started a personal list of people who helped us get to where we are and will start helping them in order. Most of these people will be influential when you were young, some won't even want the money (or ness it) but we're going to start a tally for the excess money.

No we're not going to start some charity to try and save the world, we'll go first to people who were influential or helpful before the success started rolling in. Finally, if you're not financially independent these types of bigger moves can wait. If you're growing your income rapidly then you will add the most value to those around you by investing in yourself.

In short, Sam is a great guy and is much nicer than any of us ever will be. We still disagree on two things 1) that people are rational (we don't think so) and 2) that San Francisco is a great city (we hate the place more than we hate fat people… that's a lot of hate).

What Trump Will and Won't Do:

Hard to put this into discussion topics so we'll put it in bullets (Wall Street Playboys opinion not Sam):

– **America First:** He will prioritize American companies in a big way particularly with a potential import or border tax. This is clear based on the announcements from major car manufacturers who have talked to the future president. We go with actions and signs are pointing to bringing manufacturing back to the United States.
– **Taxes:** Personal income taxes and business taxes will be adjusted. We really doubt we see a 15% corporate tax rate and also doubt the current tax plan which raises taxes on the middle class will go through. Instead we think there will be a smaller adjustment to personal income taxes where the brackets are moved to give breaks to middle class earners and we think a tax rate in the 20s makes more logical sense for corporations.
– **Media Decline:** He will continue to damage the media. We think this is becoming clearer and clearer as well given that he seems to prefer social media and tweets over interviews. This is unlikely to change. Expect material negative changes to media add buying patterns and the future of marketing in general. Long-story short, media will continue to be in pain for the foreseeable future.
– **Immigration:** Illegal immigration reform will happen. We again do not know exactly how this will be done, either a tax on Mexico to cripple their economy until something is done with the illegal immigration problem. He will likely build the wall, we put a high probability on that given it would psychologically lock in a second term for him. While we already made a killing off of Mexico and the decline is likely already priced in now, we don't see Mexico as a good investment at this time (best to avoid instead of shorting now that it has come down some 20% since the day before the election)
– **Energy:** It is hard to see how he'll adjust the system to take away from clean energy type companies so we'd suggesting looking into oil and gas companies exposed to the USA. Meaning, we wouldn't try to play this idea (move away from clean energy) by investing in offshore companies given the potential taxes foreign companies will pay. We have a basic overview of the Oil and Gas sector and would look at American Based companies that fit into where you believe oil prices will go.
– **Health Care:** This is another convoluted topic and we think this is much more complex than "repeal Obamacare" while it sounds nice to say it from a marketing perspective (gathering republican support who hate liberals) the actual action will be different. We think it will take some time to come up with a better solution or to find a way to outright repeal Obama Care. We'll see what happens but think this one is the hardest to profit off of since we won't know who really benefits in an outsized way.

Focusing on You: As always we suggest all readers focus on what they can control. This means we would first focus on building a business since this would benefit you the most long-term even if taxes don't come down (taxes decreasing is just another reason to do so. After that we would review a financial portfolio and decide if you want to adjust your exposure based on his clear America First prioritization, recent auto manufacturing announcements and of course hatred of the Media.

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Find a Mentor

Many of our readers have requested a post on finding and cultivating a strong mentor. We'll outline a step by step process on finding a worthwhile mentor. The bad news is that most people, particularly on internet forums, have not passed step one.

Search When You Want to Quit: Most people don't deserve to have solid mentors as they have not put in the work to deserve assistance. This is similar to why most people are broke. A solid mentor will only help people who have put themselves through pain and suffering. If you're struggling with women, money, sports or even something as simple as dancing, you should force yourself to try it yourself. Talk to 100 women before you ask for any help with game. Edit your resume 10 times before asking for professional help. Practice your jump shot on video camera before you ask for help with your form. This list goes on. When you've tried and failed many times, now you're in a position to ask for help as you're about to quit.

Filter Potential Mentors: Zero in on what you need help with. Maybe it is style, maybe it is conversational skills, maybe it is your form when doing heavy squats. Once you have the exact issue you are facing, find a person who is particularly skilled in the craft. For sports it may be smarter to hire a trainer and for style it may be smarter to hire a fashion consultant but ideally you have something to offer in return for the information they will provide. This means you will form a strong bond with your mentor as it is a mutually beneficial relationship. With that said, the title of this section is **filter.** Why? Finding a mentor who is only firing on one cylinder is always worse than someone who is firing on every cylinder.

Run them through these simple questions:

1. Did This Person Have Less to Work With? As an example, getting career advice from a trust fund baby is useless. If you're looking for advice, find out how many opportunities the person had and ask yourself if you've had more or less opportunities than them. If the person overcame a more adverse situation… You're on the right track.

2. Ask a Layup Question: This is very similar to our advice on Wall Street, where you want to lower expectations and over deliver. To make your life easier, ask a few fake novice questions about the topic. Why? This will allow you to quickly filter the fakers from the people who legitimately want to help and have been around the block. If you're eating healthy and are on a high protein diet to gain muscle and a person tells you to start eating more junk calories, you can quickly cross them off the list for advice (notice you already have the basics down as you've hit a plateau due to failure). Similarly, if a guy tells you his best opening line is "Hi" then you can be certain he is either a 9/10 or a troll, both are a waste of your time.

3. Mentors Are Congruent and Content: Once filters one and two have gone by, you want to find someone who is consistently helpful and does not sway. Humans are naturally emotional, however a clear character should be present. Even if the person isn't perfect in all aspects of life, you can find a few mentors to create the person you hope to become. The last step is crucial as a person who sways on a personality basis and seems upset or unhappy is likely harboring feelings of self loathing. The ideal mentor has lost his ego a long time ago, this does not mean a loss of confidence, but an acceptance of his past failures.

Not many people will pass the filter above which may cause you to search for professional advice, but once you find one you can move on with your mentoring process.

Don't Waste Their Time: This is the most important piece of the process, **establish trust with your mentor.** If you are asking for lifting advice and continue to stay with the same routine, don't be surprised if they quit on you. If you're using the same lines and wearing the same clothes when an expert is telling you otherwise… You're disrespecting their opinion. Instead listen to their advice to the T and they will be more than happy to guide you as they see errors in the process. Instead of attempting something once, when a mentor guides you he will likely trouble shoot your issues, this will often lead to exponential improvement.

Pay It Back: Once you've established a strong relationship, you should attempt to help your mentor and also pay the information back to a younger generation. While mentors are likely firing on all cylinders, giving small tokens of appreciation back should suffice. Now you have a strong bond to work with and you'll cultivate a relationship in the other direction by paying the information back to a younger man.

Concluding Remarks: Now that you have a guide to finding mentors, the more important question to ask is… Do you deserve help? You must pay the price first and it is always the same. Pain and failure.

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Five Life Truths No One Has The Guts To Tell You

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When you are young or even old, you're told a bunch of lies. Lets fix this.

1. Money Buys Happiness: It does. You only hear about the wealthy people who get sucked into lifestyle inflation and locked down in multiple divorces. The rest? Couldn't be happier. Once you realize that money can save your life through advancements in medical procedures and that is buys you time and freedom you will never waste a penny again. That useless car or iPhone isn't why money buys you happiness it is the freedom and long-term health benefits.

Stress free, cortisol decreases, testosterone increases, healthier food, a better sex life, more time. No contest. Don't believe the lies you're being told.

2. Your Family Doesn't Matter: The harsh truth. Most people have poor fathers and mothers due to our defunct society. A friend of ours over at D&P has a similar life experience, many of our family members are complete and utter losers. Why should you be forced to spend time with someone who is a net loss on your life? In fact I'd say my dad dying in front of my eyes was probably the best thing that happened to me. He was an alcoholic with nothing positive to say and no longer had the opportunity to give me his useless negative and pessimistic life advice. His favorite coffee mug said "Life's a B**** and then you die", yeah that's true if you can't control your own mindset. You're a quitter and you deserve to fail.

If your family is bringing you up and helping you grow, then hold on to them tight, for most this is simply not true. Your family is a time suck. You can't choose your family, but you can certainly choose how they influence you. You don't need to completely axe people, they did raise you, but there is certainly no obligation to do as they wish throughout your entire life. If they are just dragging you down, cut the cord, this leads to point 3.

3. Don't Give Handouts to the Poor: Another crazy idea is that you should spend time doing volunteer work giving hand outs to those less fortunate than you. This is complete garbage. If you never learn to work for anything you're going to rely solely on the hand that feeds you, never leaving your comfort zone and never standing up for yourself. If you want to help someone less fortunate teach him a task that will help him grow as a person, do not simply give him a few dollars from your pocket. Back when I was living in a car I asked many repair guys how to fix watches. After I learned, I simply fixed watches for rich people. Yeah I got insulted and made fun of for having a total of 4 outfits to wear 7 days a week but by month six I had enough money for a new wardrobe. I never bought it. Notably, my clients never insulted my outfit as they respected my desire to earn my worth. My tattered t-shirts likely got me more business since their kids were spoiled brats spending daddy's money on Spring Break trips having sex with scum bags or striking out with 5's and 6's drinking AMFs to the dome.

4. Education Isn't Always the Answer: By the time you graduate college you have been grilled into believing that 17 PHDs is how you make money. Not true. You ever notice these professors are also typically jaded and unhappy? You make money by adding value to someone's life not by reciting poetry from the 1800's or memorizing a bunch of algorithms. If you can help people become better in anything from athletics to making money to getting women you will be well off in the future. I promise. Besides, education today is nothing more than regurgitating the opinion of some old guy or girl onto a 10 page document, double spaced with no hints of disagreement.

5. Get Rich by Helping People. For some reason everyone believes that Wall Street people steal for a living or that they should get ahead by backstabbing people left and right to move up one rung on the corporate ladder. You will lose. You make real money by constantly helping and improving the lives of people, particularly wealthy people (this is similar to point 3). Wealthy people have limited time to waste, they spend time jetting around trying to fit three 30 minute meetings into an hour. So if you can help well off individuals, they will be more than happy to give you a nice paycheck. If you're a billionaire an hour of your time is worth many thousands of dollars, so if you can save him an hour? You'll be doing just fine.

We have an elongated and cleaned up version here: Uncovering the Truth. This post has been infiltrated by regular people and we do not have time to clean it up. So. Please refer to the longer version where we are continuing to ban poor comments and questions.

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Follow the Hate and You'll Find the Truth

Follow the Hate and You'll Find the Truth

After launching our first and (extremely likely) last book we saw an interesting trend. Multiple people who said our work was terrible, useless and "BS" all did exactly what was expected… They bought it. Surely a few will slam it as being fake (we know it isn't), a few will steal and try to emulate it (won't work never does) and the remaining will simply read it and obtain the full value. Overall, we hope the vast majority who dislike our work will do the third part (simply take the info and make money from it). Why? Well some people just won't like you and there is no reason to wish any problems on them. They'll ignore you if you ignore them. This bring us to the topic of the day: following hate.

The Main Points

The general rule is to find what someone hates and you'll get to the truth. If someone dislikes a person for having a lot of money? They are likely broke. If they hate someone for having a beautiful wife/girlfriend? They struggle at dating. If they believe they deserve something for nothing? They likely lived a privileged life where everything was historically given to them. If you follow the hate… you'll find exactly what is going on with the person on the inside. You know what we're going to say next. We're thrilled to say this website is hated.

Unfortunate Consequence of Hate: The unfortunate consequence of people with insecurity in any area of life… Is they will never fix their underlying issues. You'd be surprised to see the number of people in their 40s/50s with deep insecurity issues in certain areas (not well rounded). This could be dating, money, attention… anything. Essentially, they miss out on an enormous section of life and go through till the bitter end thinking that is "how life is" because it would kill their ego to know it wasn't so.

Use it to Your Advantage: With the two unfortunate parts out of the way, you know exactly what we're going to say… "Take advantage of this". If you know a person struggles in topic A your best course of action is *to agree with their struggles in topic A*. You're not going to win any points by telling him how to fix his situation. Why? Well everyone is a genius in every topic (make this an assumption every time you meet a new person).

This adjustment is quite difficult to make. The typical gut reaction is to say "oh I know this well let me help you" (assuming you do). By doing this the other person will feel even more insecure and dislike you immediately. You're better off doing the smile, nod and agree approach. You can then quickly change the subject to something more amicable and potentially change the interaction into something positive. If they specifically ask you for advice, then you can absolutely give it to them… Otherwise you've wasted your own time and started a new interaction off on the wrong foot.

Interesting Psychological Issues

With the main points out of the way we think it makes sense to highlight a lot of underlying psychological issues you'll find. Who knows if we get them all correct but we'll go ahead and try to highlight several we've seen.

Do This With Your Money: Generally speaking, you shouldn't tell anyone what to do with their hard earned money. Unless people are going to you for the idea (website, book, financial advisory service, etc.) it just doesn't make sense. The problem? People do this all the time! The most common example? Poor people telling rich people how to spend their money. It does not make any sense at all. *If someone is rich they can do whatever they want with their cash.* Now, when you see someone you know constantly "explaining" how they would do something totally different with their money… All you've learned is that they don't have as much as the person they are criticizing. That's the real tell.

You Must Have Had XXX Issue in the Past: This is another clean tell. When someone makes an assumption about your past and makes it a negative, it means they can't believe your current actions in that particular topic. For example, if you do well in the dating department a common criticism will be "oh someone must have really done a number on you in the past". Another example, if you buy a fast car/expensive watch etc. "oh you must be very insecure and have a napoleon complex". As you can see, the attempt to stereotype someone is a way to protect their ego. If you harbor no resentment and simply like buying an expensive watch… They can't understand that because it breaks down everything they believe (see rich people are evil).

Passive Aggressive Behavior: This is the most common as you go up the ranks financially. People will attempt to denigrate you with passive aggressive comments incessantly. The best part about the interaction is they are highlighting how insecure they are on the inside. They don't have the guts to say what they actually think which emphasizes how insecure they actually are. If someone has nothing to lose, they don't need to resort to passive aggressive behavior because… well… they have nothing to lose. Never trust a passive aggressive person, you're dealing with a snake so tread carefully. They have an innate need to boost their own egos and if you take their ego down even one notch, you'll be on their radar forever.

Once You See the Truth….

Once you see the truth *you cannot un-see it*. That is one of the best and worst things. It is the best thing for you long-term and will likely be a painful experience once you learn a new fact. Why is this an important concept? Well you'll have to become critical of the things you dislike. Do you actually dislike a specific person, activity or group or is it a reflection of something you lack on the inside. Once you've already learned the harsh truths you'll find that you no longer dislike the vast majority of people! As we've stated numerous times in the past, if someone can change your emotions… you've already lost because it means you value their opinion. If you really didn't care you'd ignore it.

Seeing the Truth: For those that have already read Efficiency, you can see many ugly truths come out page after page after page… (after page). We've been taught lies on the following topics: fitness, diet, education, internet income and more. It takes a lot of work to swallow the truth and we have no doubt that it isn't a "fun read". That said… Once you see it and begin to act on it, you realize it's an enormous competitive advantage. You're busy doing the exact opposite of what everyone else is doing. They think you are "extreme" and you're simply getting all the results. You go to sleep with a big smile on your face.

The process is clear, you learn a new truth and absolutely dislike every person who steered you in the wrong direction (*Hello Humanities Professors and the Supplement Industry!).* Once you learn the truth however, your income goes up, your spending becomes more efficient and you get to practice the "smile and nod" approach until it becomes second nature.

Quick Conclusion

If your beliefs are largely in-line with what the masses have taught you… it would be wise to add that on the list of ideas to challenge. Go into the weeds and see if it is really true (don't read about it, act on multiple different opinions from the media to people viewed as extreme). What you'll find is that the small less heard voices are typically the ones leading the way. No one gets ahead by doing what everyone else is doing.

As a fun bonus, we did end up hitting our sales number goal! We'll have an extra Q&A on Wednesday August 2 (beginning at 6PM EST). There will be a new post here at that time and *you'll need to put in your PayPal transaction ID to leave a question* (put this into the comments section and it'll be deleted before approved)… We'll go back to our more normalized posting schedule over the course of this month.

Efficiency: The feedback has been absolutely positive. The funny part is that it is exactly as we expected, most people felt the product was too dense and painful to read (that was the point) since books are usually filled with nothing but filler. Here's a cool comment left by someone that only talks about a single chapter in the book.

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You can purchase Efficiency Here.

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Follow Your Skills Not Your Dreams

[Follow Your Skills Not Your Dreams]

We tested a similar post title in a tweet *"Follow the $$$ Not Your Dreams"*. In short, following your dreams is usually a sure fire way to *fail*. The skills that a person has will unlikely match perfectly with his or her dream business/career. When people think about their dreams they are really thinking about the life they want to live. They do not think about all of the work and adaptation that it takes to get there.

A Successful Person Wants to Be the Best

Generally speaking, a successful person is *most interested in being the best*. It is humorous that people view successful people as arrogant and hard-headed because the only way they became successful is by focusing on what they are *good* at. Maybe they were more interested in Topic A but they realized they were phenomenal in Topic B (a close topic but not the same). They admit the following to themselves:

"Well, I would love to be in the top 1% in skill A but *realistically* I would only be in the top *20%*. If I remain *adaptable* and go for skill B *I will be* in the top 1%."

Get to the top 1% in practically any skill and you're going to be rich.

Extremely Basic Example: Lets assume someone is trying to attend the best possible college. Their goal is to get into a top university. Why? The top 25 schools are practically the only ones that will lead to an extremely high paying career.

This person realizes he may be able to obtain a scholarship for sports in either Water Polo or Tennis. Great. The problem is that he's in the top 5% among High School students in Tennis but in the top 20% in Water Polo. The answer? Even if his "dream" is playing Water Polo in College… He should **quit playing it.**

By focusing all of his energy into Tennis where he's clearly on the borderline of being "elite" he'll increase his odds of getting a scholarship and *in addition* he's thinking about his future (a top university).

Finally, he is still an elite athlete and he will be given even more resources to potentially become a professional (IE: the top colleges will have the top coaches as well). It is a no brainer to stop following his "dream" and adapt.

This is what a successful person will do.

Skills Are Not Created Equal

Now that a person is focusing on skills rather than dreams, one has to ask himself "what skills are actually valuable". Again. The answer is going to be based on the return on your *time*. We only get about 80 years to live and those last 10 years will be much less exciting than the first 40 years. A person's body is never going to beat time. Better use it efficiently.

Language Example: Lets say one of your interests lies in languages. It would be wise to choose one that has a high probability of being useful for you in the future. If you decide to learn a language that is spoken on one remote island… You're wasting your valuable time. Instead you can come up with a handful of languages that would be valuable for different purposes.

If you're interested in using it for business in the future… English and Mandarin are the best bets.

If you're interested in using it for outsourcing purposes… Hindustani makes sense

If you're interested in using it for political discussions with Putin… Russian is your best bet (half joke).

Payback Period on the Skill: At this point, hopefully we are in agreement. Our time is limited and freedom in our 30s is significantly more important than a life of mediocrity chasing "dreams" for 40 years. The biggest question to ask is "what skills will be a necessity for everyone?". Here is a list of 10 items that offer a tremendous payback:

1) Sales: We've beaten this one to death in a separate post but it needs to be mentioned again. Sales will be used every single day in your life so you better learn how to do it today.

2) Public Speaking: This is the number one fear for Americans. It makes no sense. If someone intends on being successful they will be forced to make presentations at some point in their life. They can remain in the background for a long time… But… Eventually they will be forced to make public speeches.

3) Writing: While our entertainment writing is mediocre at best (just look at the blog!) you're going to need solid writing skills for putting together contracts. At *minimum* everyone needs to understand the basics. In addition, you're going to be forced to communicate with people (a lot!) assigning tasks via email etc.

4) Reading: Yes. Reading is a skill. The ability to understand tone and context in written form is a lost art. And. It doesn't stop there. Everyone needs to learn how to read body language as well.

5) Math: Quick math is the real key. When people chat about numbers, you can do a spot check in your head. If someone claims to make $500K per year but later states that he makes just under $1,000 per day, you know he's lying somewhere in there.

6) Ability to Play Dumb: Yes this is a skill as well. When you meet someone you don't want to keep in contact with, it is best to smile, nod and agree. This is actually the hardest skill to learn.

In addition, when you hear people make comments that are completely wrong, ***let them run with it*.** Letting someone run with false information about you (or a specific topic) can give you an enormous edge. You'll have to pick your spots on when to call them out and when to let them run with bad information.

7) Dating: After our post on personal finance and dating we stopped arguing as broke people invaded the comments section like the Mexican border. They all had "rich friends" who don't do well (IE: ego protection since their wallets are light). While it is **true** that dating is a complex topic where you can do poorly even if you're rich (and well even if you're broke) it is best to learn every angle possible.

8) Health and Fitness: You only get one body. Again. You only get one body so if you don't treat it correctly you will lose time and money. Health > wealth every single time.

9) Technology: You would be surprised at how little people know (this includes us). You can make a living by simply setting up websites for people. Once you learn the skill, you pitch it as follows "I will set it up for you and do everything… but on an annual basis you will pay me x% on top of the hosting fees which I will cover". Then the person will write you a check every year.

How do we know this works? It's exactly how you're reading this blog (although we did it that way for an extremely obvious reason).

10) Style and Design: Most people do not know how to dress. They do not know how to make a presentation look good. They do not know what colors go where and why. In short, they are lost. Learning how to dress (at minimum) is extremely important as people will judge you in less than two seconds!

Time to Go Niche

If someone is proficient in all ten of the items above, he's going to have the correct *building blocks* to go niche. This means you have built the foundation. You didn't waste the most energetic portion of your life (18-25) building skills that don't have *broad appeal*. Your skills are extremely good and broad so you can target niche items you know extremely well. Examples below:

Style and Design: Lets say you know the basics but you suddenly realize you're getting complements left and right on your hats. This may sound boring to you… But… a $20 hat can carry margins in the teens. You can quickly target the specific niche and create a website selling products for other people or creating your own actual hat. Given that it would be your first stab we would go ahead and sell the hats you approve of and that would create an "authority" website on hats. Again. This may sound dumb but the hat industry makes billions per year. *(notice you're combining many of the 10 skills here)*

Motivational Speaker: While we would never be caught dead at a motivational seminar after seeing them back in our teens… They are cash cows. People *will pay* a lot of money to "feel like a winner" for a short period of time. Of course it is all a sham. But. This is also why people get emotional over their home sports team. People will pay thousands of dollars to be associated with a winner if they cannot win themselves. *(notice you're combining many of the 10 skills here)*

Private Gym Ownership: Becoming a physical trainer is generally a losing battle. You're trading your time for money. Starting an actual gym can be outstanding. Private trainers make $100+ per hour and if your knowledge exceeds theirs… You can monetize your physical health knowledge to create a business. *(notice you're combining many of the 10 skills here)*

Copywriting: In the case your main skill is writing and you have a solid understanding of sales… Learn to copywrite. If you become good enough… you can then charge a fee based on performance rather than an hourly rate. Even if your "dream" was playing in the NFL, you can go ancillary and sell NFL related items for a large margin. *(notice you're combining many of the 10 skills here)*

Your Skills Become Your "Dream"

So far we've done the following: 1) focus on skills, 2) what skills are valuable and 3) examples of niche skills becoming profitable. Now the obvious question is "what about my dreams?".

The problem with this question is simple, if you followed your skills you'll be **as close as possible** to your dream scenario. Want proof? Look at Mark Cuban.

Mark Cuban made his billions in the technology industry. What is his passion? Apparently basketball.

You can take one single look at Mark Cuban and know he would never play basketball in the NBA. He probably didn't even play in college (we don't know his story that well) but he certainly has a "passion" for basketball. Fast forward to today and what happened? **He owns the Dallas Mavericks.**

If you don't have the *skills* to do exactly what you want, being the owner of the exact industry is probably the best alternative.

Finally, the average person is going to say "What does software have to do with basketball! He could have worked in the basketball industry and been just as happy!". While the argument sounds good, it does not make any sense. If Mark Cuban lacked the *skills* to start and sell a software Company and his only skills were basic sales… He would probably take that path. Instead?

He was smart enough to find out exactly where his skills were. If you find your skills, you'll end up as **close as possible** to your dream scenario.

Recap

1) Following your skills will lead you as *close as possible* to your actual dream

2) People who argue that it is smarter to spend 40 years doing something you enjoy (for peanuts) do not understand the time value of life. Do not waste time arguing with them: Smile, nod and agree

3) A successful person is more interested in being the best. If you're the best (or close to it) you're going to have the *freedom* to do what you like. In addition, you're acknowledging your dreams *may change in the future.* (IE: a real open mind).

4) We have listed 10 life skills that everyone will need to use: Sales, public speaking, writing, reading, quick math, playing dumb, dating, health & fitness, technology and design.

5) Once you find your skills. Once you have a solid understanding of the ten life skills. And. Once you have comfort in which skill you will be *good* at… *You go niche.*

In short? Just because you're interested in something doesn't mean you're going to be the best at it. If you're the best at something, *you'll have your entire life* to explore all of your interests.

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For New Readers – Please Read

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The Q&A this month wasn't great due to redundant questions. So we're going to have to review the basics and explain why we don't answer the same old tired questions "Hi i have $200K how do i invest" or "but i am better than average at investing" or "should i switch jobs for a $10K raise". All of these questions have been answered so many times and make zero sense to debate. If you put numbers into an excel sheet you'll see that it never works out. So lets go ahead and begin.

No Dating Advice: We left that arena about 5-years ago. We realized that the vast majority of men who struggle in this arena are in two groups: 1) extreme nerds with no personalities and 2) unsuccessful people. Since the first one is easily solved (you go out a lot and force yourself to be social more and more), this leaves us with the second group. The second group will not like any content on this blog. We don't sugar coat things, we don't sell dreams like Tony Robbins and we don't wait around trying to get people to take action. As we've said motivation is for losers.

If you need motivation, you will fail in your dating life anyway. It isn't hard to talk to people in any setting: bar, club, coffee shop, grocery store or at a park. All you have to do is get used to it. The people who feel uncomfortable talking to strangers are typically extremely introverted or scared of being rejected. The big issue here is that fear of rejection means you actually care about the opinion of a stranger (again not a good thing). So. In the end? You have to focus on becoming successful financially (and physically appealing by being in shape). After those two things are done, all you have to do is talk to tons of people every week until your social skills improve. It's really that simple and if someone is too lazy (or weird) to do this… their issues are too big for us to solve. It has been many years and people still claim that this is hard (it isn't). Making money is 100x harder unless the person is extremely unattractive or strange.

Onto Making Money: Unless you get to a million dollars you shouldn't bother with investing. This means you should not be "researching ideas". You either dollar cost average into index funds or you create a "forever portfolio" which is basically 20% gold/crypto, 20% bonds, 20% stocks, 20% cash, 20% real estate. There are other versions of this but you get the point. You essentially want to get an equal amount of every major asset class and rebalance every 2-3 years or so (until you have a million at minimum).

Why would you do this? You should be TOO BUSY to watch and manage an active portfolio. If you didn't even get to a million dollars it means you don't make enough money. People seem to forget this part. If you're making $100K a year, this just isn't enough to get rich. Never has been and never will be. Even if you make $10,000 after taxes per month, it's going to take you nearly a decade to get to a million (you will always have some living expenses).

Pause for a second. Run the math. If you only have $250K this means that you're probably only making around $10K after tax a month (or less). How exactly are you going to get rich this way? You can't. If you make $10K a month after tax that's around $220K gross income (job/career).

220K/year = $110/hour. You should never think in hourly wages but we're using it as an example. If you decided to work 50% more hours? That equals $110K per year. Guess what… That means your investment portfolio of $250K needs to generate at MINIMUM of 44% returns just to offset your opportunity cost. The chances are next to none that you will do this successfully. Only the top investors in the world could do this with a small capital base.

*Review: you should ALWAYS choose to start a biz or get another form of income. Why? The 50% in extra income is LESS RISKY. You can guarantee you hit market returns (say 10%) while also making 50% mor*e.

It gets better.

The final part is also always ignored. If you work a career making $220K and create a biz making $110K per year… You're probably a millionaire already! Why? **You can sell that business for $330K or so.** It is insane that people don't realize this when businesses are sold every hour of every day world wide. So not only do you have to beat the market by 40% you also have to beat the exit multiple upon selling a business. So if you are worth $110/hour or so… Guess what? You now have to generate 150%+ returns every year to justify spending your time investing. **Good luck with that.**

Life Stories: Life stories never add any value. This is how social interactions work. People use a lot of meaningless descriptive language when telling stories. This is great for a social interaction and is an utter failure for figuring out problems. If you can't convey your issue quickly, you don't know what the issue is.

When you're trying to find answers you want to delete ALL descriptions and delete ALL of your personal background. Why? You reduce all of the variables. The chances of a truly unique situation? Probably under 1%.

If you look at all our old Q&As it's the same thing and we started deleting them. "Looking to invest $300K, $400K, $350K" and none of them even have a second form of income. Go back to the above and you'll see that you're wasting your own time.

The second form of wasted time is "job changes". Two different jobs paying about the same +/- 5-10%. This doesn't matter either. Sorry. It doesn't matter at all. If you make $110K or $120K there is no difference. You want to choose the position that either 1) leads to faster promotions – step up in income or 2) the one that frees up your time – start a second income stream.

The strange part is that we've said this for 7-8 years now and the people who have listened to us are also getting tired of it and message us privately! It is a waste of your time and ours. If you're worried about an extra $5K you're not going to get rich. Period.

How Do You Get Rich? We gave an extremely clear way to get rich in Efficiency. It will work for anyone with ambition. If you want the basics it is this: 1) choose performance based income and 2) save as much as you can to start any business you are good at – we recommend online sales. This is an ever green strategy.

People come into the Q&A over and over and over again expecting their situation to be different. It isn't. If you expect to get rich off one position… those days are a relic of the past. Sure you might get ultra lucky and land as the #3 employee of the next Google. And. The chances are slim. So better to prepare for an evergreen strategy. Also. You can continue searching for the next Google as long as you spend your nights working on another project. If this is too hard for you? Then enjoy a lifetime of suffering.

It is better to put the pain up front, get rich ASAP and never worry about it again. The people who follow the evergreen strategy are rich by their 30s and get to enjoy 50 years of fun. People who try to short cut it usually end up falling behind every single year. They are never able to enjoy life (they peaked in high school/just after college and fell into a spiral of despair).

This Website Isn't for Everyone: Our guess is that a lot of people found this and won't like the content here as we don't sell magic pills. We don't sugar coat information. We say everything straight/direct/blunt so there is no misunderstanding. If this is "difficult" then the person is certainly not going to survive a negotiation or slog through long hours when everything seems hopeless.

This website is designed for people who have a chance in the first place. People who come on here and cry about being "behind" get no remorse from us. Either get onto the right track now (ie. today), or just quit and become a drain on society. It isn't our life. If someone gets the concept here they can dig themselves out at age 20, 30, 40 etc.

Look Around: If you look around right now, you're seeing who the real winners were in real time. The people who were making a killing are suddenly silent. Why? They only had one form of income. Again. ***This is a death sentence.***

Cannot put that message out there enough. If you have income from different business lines that chances of going to are unlikely. We can use our own items as an example: online sales way up, real estate income definitely down and investment portfolio is up. You can argue that we should look into brick and mortar but we're involved in three different online niches: two are booming right now and one is down 30-40%. Does this matter? No because the net is positive. Ie. diversification works.

To be clear here we empathize with the people getting killed by this and *we do not believe it was un-preventable.* That is a critical distinction. While we can feel bad for the people impacted by it, we cannot sit here and say it was "inevitable" because it wasn't. There was a 12-year bull market (longest in history) where you could have started at least one form of additional income between 2008 and 2020. Relying on a single source just because it was going well isn't the greatest strategy when you had a clear opportunity to develop multiple forms of income.

Conclusion: For the newer readers, please read this and understand that the major views will never change. If this is a problem then the blog is not for you. We only tailor to people who are self motivated and willing to run basic math into an excel sheet. Given that our angle is niche we generally only attract the top 5% or so of the population. With that out of the way we'll get back to regular posting soon.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending. **We hold Q&As 1-2x a month for purchasers only.**

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Four Levels of Financial Independence for a Single Person

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As a general rule of thumb you'll want 25x your annual spending to call yourself financially independent. Instead of debating this rule since people like to argue on the internet, we'll use it as a basis for the post. Having 25x annual living expenses doesn't say much about how the person lives. But. Knowing the monthly net income definitely gives us a lot of ideas on how a person can spend his free time. In here we'll cover the USA and give a few ways to compare this to other countries as well.

Lifestyle Benefits By Income

Bare Minimum – $4,000 a Month: We're not interested in the frugality crowd. Their lifestyles are not attractive (double entendre). As a single person, it takes a bare minimum of $4,000 a month to live a decent life without coupon clipping. Remember, this is in the USA **and** does not include major cities like New York, San Francisco or Los Angeles where this is no longer enough to get by (many of these cities require ~$2,500-3,000 for a simple one-bedroom apartment). Luckily, no one needs to live in the most expensive cities and $4,000 a month is enough to live in a lot of good areas. You'll be single and have all of your basics covered.

Breakdown: Essentially, you'll afford a basic apartment ~$1,500 a month, $500 will cover your regular bills such as a cell phone, utilities and gym membership, $1,000 goes to food and the last $1,000 is for fun and random expenses/buffer. This is not an exciting life. The good news is that you don't have to worry about putting food on the table and you no longer have to "take it on the chin" because you can quit whenever you like. While everyone has a different level for independence since it's simply 25x annual spending, this is a good idea of what the bare minimum looks like. (*Roughly $1.2 million assuming you never work again*)

Normal/Solid – $6,500 a Month: At this level we'd say it's near impossible to say the person is not financially independent. Assuming you're a single person, your life is now comfortable. If you live in an expensive city, it isn't amazing. But. You can always move. Your lifestyle will allow you to take care of everything you need including vacation. It allows you to take care of your health. Your free time is now valuable and you have *flexibility.*

Breakdown: The same items as the bare minimum but you now have $2,500 a month extra. This is a meaningful amount of money since it is 62.5% higher than the monthly spending you used to have. This allows you to choose how you maximize your utility. If someone prefers to live near the beach, they can pay up and live there. If they prefer going out more… They can do that. If they prefer buying a one time item per year ($30,000) they can also do that! There is a lot of wiggle room. The downside here is that it is not safe to buy anything extravagant (expensive home with high maintenance costs, sports cars, etc.). (*Roughly $2 million assuming you never work again*)

Living the Good Life – $10,000 a Month: At this point you see a lot of opportunity. You're able to spend and avoid looking at your accounts since they are being replenished. Fast. This equates to ~$329 per day in spending. Unless you want to go out 5-7 days a week it's going to be near impossible to burn through this money. The only way you're going to do it is if you have an expensive recurring cost: home/sports car. In fact, you can afford one of those things assuming you don't go out and spend a large amount of money consistently.

Breakdown: Unlike the flexible lifestyle prior to this, you're living a "carefree" lifestyle. Again this is a little bit less so in high cost cities. But. It's still achievable in high cost cities assuming you have good social skills. At this range, many people have a hard time seeing a reason to generate more money. If you can spend $10,000 a month forever, there isn't much you're missing out on. You can still fly business class if you feel like. A few small changes and you get what you like. The only downside here is having a family could ruin the math. A typical $10K/month budget breaks down as follows: 1) nice apartment in an area you like $3.5-4K, 2) $2,000 food, utilities, gym etc. and 3) $4.0-4.5K a month for drinks, going on dates, events (sports/concerts), travel etc. with $4,000+ in disposable income for fun alone, it's difficult to run out of things to do. You could add in extreme sports, learning a musical instrument, dance and hundreds of other activities. To cap this all off, if you want a single luxury item you could do that as well (in exchange for some disposable income). This would be a high end apartment or a sports car. (*Roughly $3 million assuming you never work again*)

Unquestionably Set – $20,000 a Month: A common number thrown around for single people is "$500K/year". After taxes this is around $25K/month. We'd say you can go to $20K and won't see much of a difference. It takes a ton of spending to even attempt to burn through $20K/month consistently. On a one off (yes it is easy) on a consistent basis… Not so much. You're essentially pushed into "luxury". This means the only way you can consistently spend $20,000 a month is by going luxury with either a residence or "toys" (sports cars etc.). Unless you suffer from a drug addiction it is next to impossible to blow through this money!

Breakdown: Essentially you have everything you want. The only items that are out of the picture are jet setting and *multiple* material obsessions. If you're interested in having multiple sports cars, a private driver, a private cook and a mansion… That's the only way you're going to burn this type of money. You could easily live in a luxury apartment, drive a sports car and go out 3 days a week and be fine! Hard to argue that this is a "bad life". It's an amazing life and we hope everyone can experience this type of living for at least 5 years. *(Roughly $6 million assuming you never work again)*

Adjusting for Cities

We've given four basic tiers for "financial independence". The key here is adjusting these numbers based on how one lives. If you're concerned about "running out of money" you'd simply make one of these adjustments. Also. If you're looking to maximize the money, you can also move to one of these areas. We'll start with the hardest and work down.

Tier One Cities: While everyone knows our view on San Francisco, it is by far one of the most expensive cities in the world. We would say it isn't a "tier one city" from an opinion standpoint. That said, we'll refer to "Tier One" as expensive places. *Tier One Cities Would Include:* New York, Miami, San Francisco, Los Angeles, "Silicon Valley", Tokyo, Seoul, Zurich, Hong Kong, Singapore, Paris and a few more. Essentially, if it's a top 5 most expensive city in a western country… It's probably a Tier One. *We've got bad news here*. If someone wants to live in one of these cities we would say the levels of financial independence are adjusted *down.* Meaning ~$6,500/month would be needed to feel financially set in a tier one city. The good news is if you're not interested in living in any of these cities, you can leave since that $6,500 is location independent.

Tier Two Cities: This is where things get much more reasonable. You look for the next tier down within a specific state or region and you'll find livable cities that don't drain your bank account. These places include: Las Vegas, Fort Lauderdale, Houston/Dallas, Philadelphia, etc. These cities are solid but they don't kill the bank account (a good thing). Another way to identify a tier 2 city is find a place where people are migrating to today. Many people are leaving expensive cities for more reasonably priced areas and we see that with the list of cities in this paragraph. This is essentially the benchmark we used for the four tiers of Financial Independence.

Add 25-33% Areas (Relative to Tier 2 Cities): These cities are generally in Eastern Europe and Latin America. While people believe they can live like kings on "half" this is not true. Anyone with experience will tell you the same thing. You're forced to live in the nicest areas. You don't want to live in the mediocre neighborhoods. For high quality food and a high quality standard of living, you're pushed into the nicer areas. As an additional note, you won't be the only guy who came up with this idea. There will be a few foreigners living there with a heavy wallet as well. This leads to a total reduction in cost of about 25-33% for a similar lifestyle in the USA. Simply speaking, take the numbers you see above (the four levels) and add 33%. This will give you an idea of where you stand. If you're at ~$7,500 a month, this will "feel" like $10,000+ per month in these cities. The natural downside is living abroad but we won't argue about that part since it is a personal choice.

Add 40-50% Areas (Relative to Tier 2 Cities): This is where the backpackers usually go: South East Asia. At the time of this writing you can add 50% without blinking. Areas like Thailand are significantly cheaper and have a different geopolitical tradeoff. The upside is that the region is livable for the right person with the right personality (nope, not us). Unfortunately, we have not visited Africa and several other parts of the world so we can't decide if they would fall in this category. So we keep it simple with South East Asia.

Important Conclusion: As an example, if you are currently in the $6,500 a month camp and go through a recession, there is no reason to panic. Even if your cash flow drops to $4,000 a month… You can reduce your spending and stay. **Or.** You could move to a lower cost region and arbitrage the exchange rates. The ability to move to a different city is an important swing factor unless you're dead set on living in one city alone (*Hint: we will guess that you end up living in two cities instead of one*).

Making This All Seem Reasonable

It is unlikely that anyone agrees with this post so far. Since numbers move around so much based on the individual. That said… lets add another wrinkle into the story. If the numbers don't seem achievable we have to ask "how to set it up" so that it is achievable. The main assumption we've made so far is that you have $0 in active income (Explanation of Passive and Semi-Passive Income). The second assumption we've made is that you live forever and don't touch principal. These are two BIG assumptions. By making a small change to either the numbers get easy (fast).

Active Income: We don't consider online income as passive. Even if you work 2-4 hours a week, that is still 2-4 hours a week. Now if you can do this and generate $3,000-5,000 a month… maybe it really is worth it. 2-4 hours is not much time and it can push you from one category into the next (except the $10,000 to $20,000 move). We focus a ton on online income since it doesn't hurt your freedom. Unlike every other form of income, you can do it from anywhere in the world. This concept typically hurts the cubicle crowd since they cannot imagine being able to earn the same amount of money regardless of where they live and travel to.

Assuming you're in this boat, you've suddenly moved your monthly spending from $6,500 to $10,000+ and have room to save additional money as well. The other important item is the time frame. Continuing to work from age 30-50 is not a big deal. In fact, as we alluded to in a separate post we think a healthy amount of work per week is 15-25 hours.

Touching Principal: Unless you have a desperate need to leave all your money to charity there is no real reason to die with a boatload of cash. In fact, you want to die with $0 ideally. This is unreasonable but if we look at the expected life span we can see that going negative isn't a big deal if you have a long time frame. If you're spending $10,000 a month (using round numbers) but turn 65 this year… It's probably best to ratchet it up. The chances of living to 100 are slim and if you begin spending closer to $11,000-12,000 a month it is unlikely that you run out of money. The risk averse crowd will say it's not worth it. But. The numbers don't lie and the chances you burn out of money before dying (typical age is in the 80s) is unlikely. Besides, 25 + 65 = 90. Way above the average age and also assumes you have zero investment returns for 25 straight years.

Putting All of This Together in an Example: Lets say you're in the $10,000 per month camp. You've been at this same level for a while and turn 60. Well in this case you can let all your worries go away. Why? Well you can lock in in ~2% with no risk (money markets are already at 1.4% so feel free to run it with the exact if you like). We make a basic assumption that anyone reading this blog will not live past 90. This is highly unlikely and represents low single digits of the population (women live longer than men, smaller bodies and frames require less burden on cardiovascular system). Put this all together and you'll see that you can spend the exact same amount of money for *35 straight years assuming returns are terribly low and stuck at 2%… forever*. This also assumes you never change your location.

Important Conclusions

Putting all of these concepts together we would say the best way to feel comfortable financially is to "make it" in a big Tier 1 city first. There are many reasons for this: 1) if you make it financially in a Tier 1 city, any alternative city you choose will decrease your cost of living, 2) if you make it in a big city, you've successfully avoided playing the game of keeping up with your neighbors (trying to win the "money game" in any tier 1 city is crazy), 3) travelling is necessary to build a few escape options, all you need is one or two cities you like that are not tier 1, this allows you to have flexibility, 4) active income is likely a part of your life forever, you may quit for a couple of years but it is unlikely to continue for more than a year or two, instead you'll do something lower key at minimum to occupy around 20/hours per week or less, 5) we consider a person as set when they never have to touch their principal, this hasn't changed. But. If someone gets over the age of 60 or so… it becomes less important since no one lives forever!, 6) as a quick note, since the financial independence numbers are based on tier 2 cities, a general rule of thumb from the "rich" is that $500K/year pre-tax income is needed to feel set for life in a tier 1 city this is around $25K a month or 25% higher than the numbers in this post. ***For entertainment purposes we're running a poll on twitter to see how *little* people need to feel financially set.***

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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FAQ

Personal Finance

1) What is Your View on the Personal Finance Industry? This requires an extremely lengthy response (outlined by hundreds of posts on this blog). In short, the current personal finance industry is a scam in our view where each individual attempts to *seem just like you* in order to sell you advice that will only lead to $1,000 in extra *savings*. The standard pitch is "I was 25-35 years old with $XX in credit card debt and made it by…. ". In reality is no one gets rich by penny pinching, the same bloggers giving out such information make $500K+ from their personal finance blogs which is how they really make money. It is not mathematically possible to get rich with $30K per year in total savings. You need to move your income into the multi-six-figure range before you start accumulating real wealth. If you were to make $400K in a single year your total savings could be $300K+ which is ~60x larger than the median of just $5K assuming a 10% savings rate.

2) What Do You Think About the Stock Market Levels? Always the same answer, do not worry much about the stock market. In general you shouldn't care if the S&P is at 1,700 or 3,000… simply dollar cost average into cheap ETFs such as VOO, SPY, DIA, etc.

If you're trying to beat the stock market and you only have a half million dollars or so in the bank, your time will be better spent elsewhere (starting a biz!). $500K in the bank does not give you enough leverage to see out-sized returns. It means if you beat the bench mark by call it 5% that is only $25K. You may as well go and chase real revenue in a business. $25K for 10+hours a week is only $48/hour… That is *significantly lower* than what you're making in your career anyway.

If the economy collapses? It doesn't matter again. Generally recessions last about a year so you simply sit around and take the extra cash that was on the sidelines an buy any time there is a large correction. Your cash was on the sidelines because you want to continue buying through the dips so you get lower entry prices. Maybe you lost your job for a few months. No big deal. You had cash on the side to keep buying and get your next position.

If the market goes up 20%? Great already exposed getting richer!

What if inflation goes "crazy"? If you *own assets…* you're getting richer! If you own an asset such as a home, it typically goes up along with inflation.

3) I Make $50K and I am X Years Old What Do I Do? Some tough love, *we think you can do better*. If you look around **there is money everywhere.** A weekend in a high cost city driving an Uber will net you $30+ an hour. That is an extremely low estimate and yet that gets you an extra $60K per year. Why is it an *extra* 60K per year? Well, if you're not working at least 80 hours per week and you're not happy with your income… you have no one to blame but yourself. Anyone who believes they should be rich working 40 hours a week is going to be in for a rude awakening.

If anyone believes that anything over 40 hours is "too much work" then how exactly will that person catch up to someone with *more* talent putting in *more* time? If Person A is working 60 hours a week making $100K per year and you're working 40 hours a week making $50K… You're already making significantly less than Person A on an "hourly basis" and there is no way you're going to catch up by working less and learning less.

Get to the grind! We also strongly suggest **you read our post on careers.** Finally, if you really want to get rich, **you must start a business.**

4) I get it, Sales, Wall Street and Silicon Valley are the Only Careers to Get Rich, Which Position do I Take?

We are glad you see the light! As stated many times, the *fastest* way to get rich is with a scalable business where you are selling a product that adds value to everyday lives. Assuming you do not have an idea yet, it is wise to hedge your bets and build skills in one of those three positions. (*IE: may as well start a career until you have at least one revenue generating idea*)

We do not give out advice that is not based on real experience so for Silicon Valley we suggest you reach out to top tier Silicon Valley people. We are not the best people to ask. Search around, find people who are worth at least $1M (liquid, earned by themselves, $0 inherited) by the age of thirty or so and ask them for advice.

Sales is partially related to Wall Street (it relates to the sell side). With that said, if you don't want to go into sales, then we suggest looking up mentors (again) in the sector you wish to work in (again) and background check the mentor to make sure he earned it all himself (again). The one piece of advice we can give, is that recurring higher end sales will be much better than trying to sell in volume (*we recommend enterprise software sales*)

Wall Street, this one we can easily answer. Go to the position that is closest in relevant work experience. If you want to run a long-only portfolio in the future (long-term) it makes sense to have an internship at the bottom of the totem pole in Financial Advisory and work your way up to wealth management/asset management. If you want to work in private equity, then you need to build you experience in transaction based work. You go from a low end boutique in investment banking to a bulge bracket to a PE firm.

When it comes to Wall Street, always always always choose the job function over the bank name. If you can become an investment banking analyst at a mid sized bank this is going to be significantly better than working at Goldman Sachs wealth management. Again, always.

Finally, when you're deciding where to start you should always ask what your resume looks like. Ideally you have some connections and can get some relevant experience somewhere near the lower end of the totem pole (lets call it wealth management). In that case you then work up from there and improve your options. If you are starting from zero then you simply blast your resume to anyone and everyone who will listen. Remember, *if you don't have any offers, you don't have any options* so you may have to start from the bottom.

5) Where Do You Track Your Investments? For those that are serious about developing multiple streams of income and a high net worth, we can recommend **Personal Capital**. The Company offers *free* software tools with the following four key features: 1) ability to *avoid losing money* by tracking all fees associated with an investment product allowing you to choose the best possible fund for your future, 2) portfolio analysis where your risk profile is stacked up against your current age and retirement goals, 3) in addition to these free tools, you can also track your net worth and path to becoming a millionaire and 4) when you hit $100K in networth you'll receive a free one time consultation with an investment professional at Personal Capital. After linking up all of your accounts you'll be able to sit back and watch as your net worth goes up and your fees remain minimal over the next several years. We strongly believe that Personal Capital is the premier personal finance software tool when compared to its competitors such as Mint. If you're looking to avoid personal financial collapse, it makes sense to track everything in one place for *free*.

Wall Street

1) How Much do People on Wall Street Get Paid? Here is the breakdown. We have listed information beyond the entry level positions. If you don't believe the data, feel free to purchase a full compensation package from Glocap or another headhunter firm. You'll be wasting your money because we have the numbers right here for free. This is a *guideline*. The numbers below reflect the latest bonus cycle.

Investment Banking (2016 numbers)

Analyst – Base ~$80-100K (100% targeted bonus) 150-200K (age 22-25)

Associate – Base $125-180 (100% targeted bonus minimum) $230-365K if you are promoted to VP (age 26-33, wide range due to young talent and MBAs)

VP – Base $200-225K (100%+, call it 125% targeted bonus due to revenue generation, total $400-550K) (age 30+)

Director – Base ~$250K (Variable call it 1.5x base salary target due to revenue generation, somewhere around $600K) (age 32+)

Managing Director – Base ~$350K (Variable, call it 2x base salary as a target due to revenue generation, somewhere around $975K) (age 32+)

*Note: Yes base salaries at the junior level are moving up a tad, call it $5-10K depending on if you're an analyst or an associate. However, as the numbers show, your goal is to get promoted since the variable numbers become larger and larger as a % of your salary

2) Should I Take a Financial Modeling Courses? No. Absolutely not. We have given a free three statement model when **we first started blogging and that is all you need to be able to build**. Income Statement, Balance Sheet, Cash Flow and bottoms up by segment. It is older but this does not matter. Replace it with any company and you're set. You should be able to build this in 1-2 days maximum.

Spend the rest of your time developing people skills, sales skills etc.

Nail in Coffin. Every bank has different models and will train you for several weeks before you start your career. If you can build a three statement model (clean) you're going to be fine. If you *must* take "classes" then take excel courses that teach you short cuts (formatting short cuts – alt e-s- (letter), navigation short cuts – F5 and others).

Most won't listen and will become financial processing monkeys (career suicide). You will do much better than them in your career if you focus on what matters. ***Salesmanship, strategic thinking (reading about the sector/industry/structuring of deals) and relationships.***

3) What Bank/Group do I Join? This question misses the point by a country mile. *The question is, which bank/Group will allow you to get promoted the fastest.* Always choose the one with the highest promotion rate. If you have no idea which group is good and you are starting blind then you turn to prestige for long-term career development and the rank order is as follows. ***Elite Boutique:*** *(*Moelis, Qatalyst, Centerview, Evercore, Lazard, etc.) ***Bulge Bracket*** (Goldman, Morgan Stanley, Citi, etc.); ***Middle Market*** (Jefferies, Piper Jaffray, etc.) ***No-Name Banks*** (simply make sure it is the same job function).

Importantly, if you want to go into Private Equity and get a career offer in private equity you *take* it. If you want to go into banking and get an offer in banking…. you *take* it. There is no point in "learning something" to jump later. *Always jump straight into the position if possible.*

Remember after your first job none of this matters at all anymore. From that point forward you choose the firm that is going to promote you the fastest. Think smart. It is about responsibility not prestige. *Reiterate: Promotion and responsibility first, prestige last.* People who obsess over prestige will earn less than those who focus on getting promoted and obtaining more responsibility.

4) Industry Overview on XXX Sector? It depends on demand, these are for Wall Street folk and we'll do them if an industry gets hot. This means it's likely but no promises. We have done quite a few industry overviews and you can see them below. These take a lot of time since we don't want to constantly update valuation tables.

A Detailed Look at Financial Institutions Group

Overview of the Consumer Sector

Overview of the Healthcare Sector

Overview of the Oil and Gas Sector

A Detailed Look at Technology Media and Telecom (TMT)... also find Part 2 here

We will try to do more of these over time.

5) Will You Do Resume Reviews? No thanks, we do not trade time for money. In addition, everyone should learn how to best present themselves (ie: sales!). With all of the time in the world… you're learning how to communicate your value in a single page. Better to learn these important skills early. Once you have the email and resume templates, the rest is up to you to work on and master. We have clear outlines on how to write a better resume and how a one page resume should look. Yes we said one page for a reason, 2 page resumes will be thrown in the trash.

6) Can You Hire Me? No. We thought about using this as a recruiting tool but it took too much time. We have helped a large number of people obtain careers already and many of them were **from non-target schools.**

This blog was much much smaller back then and based on our 100% conversion rate we knew the blog had the correct tools to allow anyone interested to break in. If you follow the advice here and grind it out, you'll be much better off long-term. IE: getting into the Street with no hand holding will serve you well in your actual career.

7) I am XX Years Old What Do I Do to Break In? We also get this one far too many times, here's the general guideline.

Student: The same structure always applies. 1) Target School, 2) 3.5+ GPA with finance courses taken, 3) Work Experience – this can override a bad GPA and 4) start networking.

Major? Choose the closest to finance. Business + emphasis on finance classes. Engineering + finance is also great. Economics + finance also works. Finally, triple check at the career center to see where people end up. Accounting + corporate finance classes are *required* otherwise the recruiters/HR won't think you are prepared or serious about a Wall Street career.

If you have to choose between target and non-target. Bite the bullet, go to the target.

If your GPA is a 3.4? Take a couple easy classes bump it to a 3.5

If you have no work experience? Will be extremely difficult to get any interviews. Start networking and start at the bottom if you have to in a job such as asset management intern at a tiny firm.

If you don't have contacts? You are increasing your reliance on the filter system. Not a good idea.

Analyst: If you are 25 years old or younger, keep gunning for an entry level slot as an analyst. This means you pass CFA level 1 if you have absolutely no finance experience to prove you understand the basics and then you get straight to networking. If you're at a non-target then read our post on how to network/recruit. Now if you are from a no name school, no work experience and low GPA. You have next to no shot and are better off going to get an MBA later in life. This is the truth. As a non-target or older candidate with no experience, you need to have something to bring to the table otherwise you will lose time and time again to 22 year old candidates with banking internships, top GPAs and a great school.

Associate: If you are 26-33 years old this is your second chance to break in. If you have nothing related to finance, probably best to get an MBA.

Vice President and Above: Likely 33+ years old and you're making a switch from a **revenue generating career.** In this case you should already know if you're well qualified. Generally speaking, if you're in a sales role or run a product line at a firm and are paid $300K+… You're likely a good fit (this is general as most people who are in this slot know if they have the skills to move to the sell-side or not)

There you have it, it will answer 99% of questions. If you're young you simply network and spin your resume assuming you have some skills that are transferable. If you're in your late 20s you're likely better off with a top MBA.

8) Networking?

This is now the most common question, none of these answers will ever change.

Part 1: Networking Email for Work

The only reason to change the format is for extremely small boutique type shops (No name, we are not referring to solid firms such as Lazard/Moelis etc.).

1) Introduction of who you are (one short sentence)

2) Why you want to work for them and how you can contribute (2 short sentences)

3) How you can be reached (attach resume)

Thanks,

Name

Simple Example:

"Hi, my name is XXX I have worked at XXX bank for 1 year as an investment banking analyst in the Healthcare group. I am interested in joining the team at (Firm) and believe I would be a great fit due to XX and XX transactions. In addition, I understand the group specializes in XX and XX where I have experience due to XX and XX. If there are any opportunities to join the team, I can be reached at (xxx) xxx-xxxx and have attached my resume as well.

Thanks,

Name

That is it, no reason to boil the ocean, keep it simple. You can change the words around to be even more concise or appropriate to your specific situation but this will ensure you get to the point and show what you have to offer immediately.

The most insulting thing you can do is send them a long winded email. Why? You're wasting their valuable time.

Part 2: Networking for Career Events

This is even shorter than the email because you're going to get into a conversation as soon as you go through this introduction. Shake the person's hand when it is your turn to talk to the person at the booth and proceed as follows:

"Hi, I'm (name) a (junior/senior/sophomore) graduating in 20XX studying (major). I am interested in joining (group/division) because of (reason) and (relevant experience) which I think can add value to the firm. Do you mind giving me a quick overview of (specific question about group/division)?"

That is all, filling in the blanks is up to you.

Part 3: Networking to Meet Women

Again we are getting even shorter. The skills needed to meet women are hard to master but are easy to understand. There are only four currencies you barter with: 1) Looks, 2) personality/entertainment/social skills, 3) Money and 4) other women

Night Club: Your main currencies are other women (now you are friends with the staff), Money (tip heavy now you are good friends with the staff), Dress/look sharp (now it is easier to meet people everyone wants to talk to attractive men/women).

Day Game: Main currencies are 1) looks and 2) social skills. It is harder to show your net-worth in this environment beyond dressing sharp.

Social Circle: Main currencies again are entertainment/personality/social skills. This is followed by money which you can use to buy more entertainment/excitement. Looks are less of a factor since you're already part of the "in group".

It really is as simple as above. Ask yourself where you're weak and begin fixing those weaknesses. It will take a large amount of time to get good.

Part 4: Networking to Meet Business Partners

Even shorter!

Fill the Gap.

This means develop a skill and fill the void for people who need this skill. If you work in real estate and have an incredible ability to add ROI to a home through renovation but don't have the cash, then you should search out people who have broken down properties that need renovation (with ROI in mind of course)

Final Notes: If you have no skills, no money, no friends, and you're not interesting… You're not ready to network at all. You need to build a set of skills first. Go practice on everything that will help you network first (work skills, money, entertainment skills – living an interesting life)

Life

1) How Do I improve my Diet? We have [covered diet]() advice in a post. If you haven't taken a look then go ahead and read the post. If you're slogging 80 hours a week you need to be efficient and as we stated before, if you don't want to read the post, here's the basic outline:

Breakfast: Fruit + Protein. Worst case a protein shake in the AM and a banana/fruit bowl on your way to work

Lunch: If you have a high paying job, lunch is used to improve your political positioning so you always eat with people so suck up the $10-12 meals

Dinner: You can get $25+ from your company, do not waste it on unhealthy food. Most people will eat terribly which starts the downward spiral. There are hundreds of options online using seamless. If you don't have to work late… then make your meal at home after your day is done.

By doing this you guarantee 2/3 of your main meals are healthy. Lunch may be hit or miss, but if you're smart all 3 will be perfectly fine and you won't break the bank.

2) When Should I Work Out? Well do you even work out? If you're under 30 years old and you don't work out 5 days a week you've already lost in the first place. If you have been working out 6 days a week, you probably *already have a healthy routine! See how that works?* So the question is not when you should work out, it is if you even work out in the first place. We got this question many times and the answer when pushed is exactly the same.

"There is no science, there is simply consistency."

Consistency is how you keep yourself honest. If you can make it to the gym and lift correctly, you're going to see gains.

3) Does Money Attract Women? Yes. Anyone who says otherwise has never made a good amount of money. Here is a general guideline since the question is asked so frequently:

$50K or less: it will be a negative to your sex life because you are not making enough

$50K – $100K: in a regular city this will be perfectly fine, in a ***major city*** it is still a detriment to your sex life

$100K-$175K: in a regular city you're doing well, in a major city it now has no negative or positive impacts to your sex life

$175-$250K: Positive impact to your sex life in practically ***every city***

$250-500K: Significant positive, less because of your life but **because of the value of your time.** At this point you're extremely busy, you're traveling, *you're not available,* these are traits that will make you incredibly attractive. It won't be possible to fake these trips/traits.

$500K+: It is practically impossible to blow through this type of money with common sense and everything in the previous tier are truer.

$1M+: If you can make this income at any point in your life you're set. Your life changes because all of your actions value your time and comfort. You fly business/first class and do not care. You live a life that is **impossible** to fake.

Given the range and scope of this blog, it is certainly possible to get to $250-500K (before mid 30's of course). This is achievable for anyone who wants it. When you start pushing up on high 6 figures and 7 figure numbers, you're going to have to do something special.

4) Are You Writing a Book? *Maybe.* The answer has not changed much. At the end of the day we don't want to put in the effort to actually earn money from it at this time. Based on previous product launches in other business lines we know the sales number would equate to low to mid five figures, this is simply not worth the amount of time necessary to create the book. As of now, this blog will remain as a hobby and we're happy to help people with smart questions left in specific posts.

5) What College Should I Attend? You need to attend a top tier college or you need to attend a junior college and transfer to a top tier college. If you don't want to do this, then you must become an entrepreneur. Many people now suggest avoiding college all together. We disagree depending on the math. You will find that most successful people at least obtain entrance into top schools and then become successful later by dropping out or starting a company later.

With that said, college is a *major* life changing decision, you do not rack up $100K+ in debt just to get a piece of paper. If you can make say $30K a year without a degree or $80K with a degree, then we suggest that your college education is worth $50K of debt. **The point is that the degree you obtain needs to increase your earnings otherwise it is of no value.** Our full post on college is here.

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Frugality is a Feminine Quality

Frugality is a Feminine Quality

Our last post explained why Personal Finance on the Internet is Bogus. This post is going to focus specifically on frugality. Frugality is 1) a feminine quality, 2) will make you soft over time and 3) it will prevent you from reaching your potential.

Why is it trending you ask?

It is trending because people are weak. Period. Everyone is slaving away earning less than they are worth (*they wouldn't hire you if they could not profit from you*) and instead of standing up and fighting the big battle they are scrimping by keeping the crumbs. Is it a coincidence that frugality is the newest trend and people are suffering from low testosterone?

Of course it isn't.

"Frugality is a Feminine Quality" – Wall Street Playboys

1) How is Frugality a Feminine Quality?

Restraint is a basic feminine quality and frugality is just that, an act of restraint. Let that sink in. When you think of a high quality sexy woman… what are some things most guys want if they are looking for an actual relationship?

They want her to be:

– Loyal, a form of restraint when presented with her desire to "trade up"

– Thrifty, a form of restraint against materialism

– Not an Alcoholic, a simple example of restraint

These are clear forms of restraint. They are great qualities in a girlfriend. Not a successful male.

Is it a "coincidence" that most men who are not in charge of their marriage/relationship constantly complain about their wife/girlfriend spending too much money?! **Of course it isn't.** Their wife/girlfriend is running the show! Or in old school language, *"she wears the pants in the relationship"*. She doesn't need to show any restraint!

Frugality can be a great quality for a potential girlfriend, not for living your dream.

No. Not one bit.

Frugality Teaches You to "Relax": This is a great concept. The catch? It is not a masculine quality. Successful men do not stop and "relax" for the rest of their lives. This is another feminine quality. Feminine girls want to sit on the beach drink Mai Thai's and do their nails. Awesome. Flip it around. Apply it to a man.

"Hey guys I want to sit on the beach and do nothing. I really need a vacation because life is hard and I don't want to live life anymore I'd rather just chill and relax. Instead of trying to see how good I can be I'm going to hang out on the beach"

How many of you would run to take his advice? None. He would simply be a cool guy to "chill and relax with". After that he is of no value because he has no reason to be alive anymore.

"Soft Like Charmin!" – Kobe Bryant

2) How Does Frugality Teach You to be Soft?

When our post dropped last Friday a reader quickly emailed… We didn't respond.

"You guys just need to flex your frugality muscles and get used to living with less."

In younger generation language… WTF is a frugality muscle?! Is this something hipsters have in their Skinny Jeans?… After a spike of annoyance we realized the reader was missing the point. What he was really confusing is the following:

Are you trying to be rich or are you settling for happiness *only.*

They are not the same.

You can absolutely be both, but they are not the same.

If you are able to teach yourself to live with less you will be happier because you are decreasing your expectations relative to your results. However. This is a big capitalized HOWEVER. You will not get rich.

If you go down the path of frugality you will live off a modest amount of money, call it $50-75K or so. **You will not get rich.**

This blog is about getting rich AND being happy. Not just being happy.

*"Frugality is Boring as F***." – Wall Street Playboys*

3) How Does Frugality Prevent You From Reaching Your Potential

This one is obvious. You are drowning in a risk averse sewer. If you remain frugal for life you will now suffer from the worst feeling in the world.

It won't happen now but it will happen when you least expect it. On your death bed. If you do not believe this, go work at a hospital. The hospital is going to be filled with people telling you they wish they *"lived for themselves"*. This is another way of saying, I wish I pursued my passion.

You should listen up when someone is about to die. They have no reason to lie.

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The Wall Street Playboys Solution

We are not telling you to start a business… yet. We are not telling you to quit your job… yet. Not everyone needs to do that or wants to do that…

Instead:

1) Build Skills: You will have a passion for something. If it is blogging, that is great. We don't think it's a good idea but there is a lot of money in setting up blogs for people.

2) Do Not Copy: Do it the hard way. Find your skills the hard way. Why? You will be unique. No one can replicate you anymore.

3) Reinvest Aggressively: Keep building your skills. Be selfish. Invest in You. Every morning stand in front of the mirror and say that the only company that matters is "ME Inc.".

4) Wait for the Calling: You are not good enough if you tell people you are good. You are not ready. You wait. Keep investing, learning and growing… *Wait until other people tell you that you're good.* You're now ready.

5) Network: You know you are good enough now. You will feel it. Reach out to people in your space/sector/passion. They will welcome you.

6) Pull the trigger.

7) An Event.

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One last thing.

When you are ready, calculate the risks and **spend. Spend as much as you like.**

Laugh in the face of frugality as you continue to spend to earn.

Buy people's time.

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Fund Flows and Financial Incentives for Anyone to Understand (Also Q&A Announcement)

Fund Flows and Financial Incentives for Anyone to Understand (Also Q&A Announcement)

Some of our posts are too technical and some of them are watered down. The goal here is to explain what is currently going on in markets from a high level and why you're seeing so much debate on Twitter. Some people believe that everything is going to crash and other people believe we're going to see hyperinflation. As usual, the S&P going down 70% or seeing hyper inflation of 30%+ per day are both unlikely. They could happen in theory but hopefully we can agree it is unlikely. So lets go ahead and talk about why you have to look at fund flows. Fund flows is fancy wording for where people want to put their money.

Fund Flows: Finance has a lot of jargon that can be simplified. "Equities" is just a stock. "Cap Tables" = list of who owns how much of the company. "Liquidation preferences" = who gets paid first and last if the Company goes bankrupt and must sell all of its assets. "Fund flows" is another one = where the money is going.

The first step/concept is a bit confusing… Money isn't really "lost". Meaning? If you see the price of bonds fall down… It means that someone sold that bond and collected cash. That cash is now sitting in his account. If you own 1,000 bottles of coca-cola and sold them for $1 each or $0.70 each you'd have $1,000 or $700. No matter how you slice it, the person who sold now has cash.

The second part is "where does this money go". IE. The fancy world of finance = Fund Flows. So if you just got $1,000 or $700… What are you doing with this money? You are going to have choices. Here are a few and we will definitely miss a lot: 1) leave in cash, 2) use it to buy goods/service, 3) use it to buy/invest in real estate, 4) use it to buy gold/crypto, 5) use it to buy bonds, 6) use it to buy stocks, 7) use it to fund a new business, 8) use it to buy inventory, 9) use it to pay bills… so on and so forth.

The third part is the piece where most retail investors lose their footing. If you are a billionaire and sold $1B worth of government bonds, are you really going to be able to use $1B to just pay for food? Of course not. You have to invest in something. This is important since most individuals deal with small amounts of money. If you are dealing with large amounts of money, say a billion dollars, it isn't responsible to leave 100% of it in cash under your mansion. So? What are your options. You can simplify it and say: 1) cash, 2) stocks, 3) bonds, 4) crypto/gold/silver and 5) real estate.

Now the fourth part, the decision making. Look at those five options. Over the past few months, interest rates were taken to zero. So your options in terms of returns are as follows: 1) cash at 0%, 2) stocks at ???, 3) bonds at 0%, 4) crypto/gold/silver – inflation hedge and 5) real estate at ???. Notice. Bonds typically offer a return since you're taking on risk (the bond you bought is tied to a particular company staying alive). And? If that bond now generates a 0% return (or near 0) why would you take the unnecessary risk of owning a bond vs. having it in a bank account earning interest?

Now we purposely used question marks since you have to make a judgement call on if the market is under or overvalued (we know long term returns in stocks is around 7%). That said, the point should be clear, by taking interest rates to zero you've force people to take on more risk. If you get no return from cash and no return from bonds… It means you have to be sure the market is going down. That's the only reason to remain in cash/0% yielding bonds.

Now the fifth and final conclusion point to explain what happened the last month. ***You saw a massive net bond outflow.*** So if we know that tens of billions of dollars have left the bond market we would return to point 2… this money has to go somewhere. It can go into cash at 0% or go back into bonds (unlikely since you just sold). So. You're left with very few options. Which one of those options offer a positive long-term return? You guessed it stocks. Many fund managers can't even buy some of the other stuff (crypto, real estate for example – topic for another day) so you're stock with stocks.

Does this mean that the stock market is going to continue to go up? Not necessarily, but if you watch the movement of money you can see why we had this rapid rally from 2,200 back to 2,780. We'd argue that we're back to overvalued again (have said this since 2,640 or so) but the recent rise makes sense off the bottom if you were watching fund flows. Remember, the movement of money is way more important than any economic indicator or retail investor because we really doubt anyone reading this is able to buy and sell $100+ billion worth of bonds. You can access this information for free by following this link: https://www.yardeni.com/

Moving onto Financial Incentives: With the fund flow part explained we can move onto incentives and bailouts. When companies go bankrupt, the employees are hit less than the CEOs (generally). Why? Well if a company goes under, it usually gets bought out by another group of people. The concept of bailouts creates a lot of bad incentives. If you were the CEO of Boeing and knew that you would never have risk of going under… Then you just take out a bunch of debt and remain levered up at all times. In fact, you'd be a fool to not lever up if you knew the government would hand you a check in the end at the interest of national security.

This is a slippery slope. You certainly don't want foreign companies purchasing your airlines (anything related to national security) but why would we allow poorly run companies to be run by the same people? It doesn't make any sense. If Boeing is taken over by a better management team, the USA wins over the long term as do the employees. Instead of focusing on poorly run companies that should be fixed, we should have been focused on sending money to the workers. Having the value of the stock decline doesn't hurt the vast majority of the workers since management teams & executives are the only ones who really own any stock (just look at who owns the company – the fancy Cap Table).

The excuse making has already begun and you'll see more of it. "The airlines didn't do anything wrong". "No one could have predicted this". These arguments are poor and are typically made to rationalize decisions. Said another way, if you bought a house and got fired because the Company you work for got bought out last week, does that mean you should get a bailout too? No one could have known the Company was being sold! It doesn't make any sense. If you are a well run company or financially responsible individual, you have savings for a rainy day. The amount of cash flow run-way you have is dependent on how much risk you took.

A smarter solution? If the government is forcing you to go out of business (shutting down your restaurants, hair salons, etc.) then they should cover the payroll with direct payments. No this isn't a great solution but that is who is impacted by this. You're forcing people to live without income, so you have to replace that income. Why would you spend the vast majority of the money on servicing a company that is levered up 5-10x? Doesn't make sense. The manager of the Company should have started a rainy day fund for unforeseen events. The worker is being forced out of a job… This is simply not the same.

This applies to AirBnB super hosts as well. If they bought 10 homes on leverage and didn't have any money in the bank to pay for a month of no income… They have to go under. This is how risk and reward operates. If you levered up and borrowed a bunch of money with no way to deal with a few bad months, you're simply out. The people who should be rewarded are the super hosts who were able to survive the storm. Some super hosts likely have cash to survive a year or more. If that's the case, they survive the downturn and are one of the rare survivors. When the dust settles they also get to buy more assets since they survived and were responsible hosts.

To summarize this, since the government is the one who forced businesses to close, they should look to help the people who are out of work. They should not bailout massive companies that shouldn't have been levered to the gills in the first place. We're as capitalist as it gets and yet it makes way more sense to send everyone money and simply tax it back based on their 2020 income. This way the money goes to people who needed it the most and you don't have to worry about massive defaults down the line. You don't restructure the debt of a poorly run company and let their employees struggle to pay rent and pay for food.

Fund Flows and Incentives: One comment we get on here is we're too blunt and cynical. This is for a reason. This website is written for people who are entering the work force and cut throat business environments. In that particular situation you should be much more cynical and focus on incentives. Why? Well people are going to work to make money, not hug each other and have fun at the clubs. To explain this further, this is also why we've recommended ordering catering and tipping people who work at grocery stores right now. The are getting unfairly treated relative to their value (in our opinion). If we wanted to be entirely heartless we'd recommend against that. It's important to take the situation into account.

If you want a cheat sheet for fund flows and incentives first ask what the environment is. If it's anything related to making money, veer on the side of incentives and people optimizing for that incentive. If you give your employees a reason to cheat you they will and if you give your customers a reason to look elsewhere they will. So be a bit more "cynical" and calculated. If it comes to your friends you should be more centric as you're not going to lose a friend over a $20 meal difference at dinner (unless the guy does it 100x in a row and shows he's trying to game the system). Finally, with anyone in your immediate family being more of a communist makes sense as you don't want any of them to feel "lower". As a reminder this website tailors to making money and succeeding in a cut throat environment so we veer to profiteering type ideals. (Hat Tip, yes we agree with Taleb who said something along the lines of capitalist with strangers, socialist with friends and communist with family).

Just like investing, fund flows and incentives apply to any online venture you start (or brick and mortar). You will avoid screwing your customers long term at any cost (example selling them something and price gouging later on something that wasn't included). You will also incentivize your workers to stay longer even if it means you're paying a high than market wage salary. As always it's a gradient. If you apply this gradient of colors to fund flows the answers will become more clear over time.

Q&A Announcement: *We'll hold our Q&A on April 12th Easter Sunday, purposefully to reduce redundant questions. Best of luck and enjoy the weekend!*

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending. **We hold Q&As 1-2x a month for purchasers only.**

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Gambling Like a Boss: Always Bet On Black

Gambling Like a Boss: Always Bet On Black

Click Bait title! That said, we 're going to jump into a fun and controversial topic "Gambling". According to a quick google search there are two definitions: 1) *play games of chance* for money and 2) *take risky action* in the hope of a desired result. Between these two, we think the first one is a little bit better since the second one implies all of your bets are "risky"… which we'll argue is not the case at all times. Finally, before we begin, none of this is professional advice. We're simply outlining how we think about it.

Play Games of Chance: This is an important concept in the first four words of the definition. Chance implies "probabilities" and the "expected value" is unlikely perfect every single time. When we talk about games of chance, we are not talking about games like roulette or the lottery where there is a massive edge to "the house" If someone defines gambling as playing games like slot machines, roulette, the lottery etc. we'll agree and say you should never play. There is no fun in taking *unnecessary risk.* There are a multitude of other options with much better odds… Ones with emotion… sports/poker etc.

Step 1) Play Emotional Games of Chance: Here is where we would go ahead and say it is "okay" to gamble from time to time. In emotional games of chance such as Poker, Sports or Politics… it can make sense to take a *calculated* bet. ***The more emotions involved the better***. Without emotions it makes it quite difficult to get an edge. In other games, the house typically has an edge so they win over and over again in the long-term. When people get involved the odds are never "correct" since emotions will always swing it in one direction or another.

Step 2) Get an Edge: We'll use the last two public bets we announced on twitter. The NBA MVP race and the presidential election. Our edge is essentially two items: 1) stats and 2) reading emotions. Combining these two you should be able to get a decent feel for when certain events are heavily skewed in one direction or another. Do you need to be a mathematician? No. You just need access to the right software tools (MATLAB – Matrix Laboratory) works well for stats and the emotional reading is more of an art than science (we'd say it takes about 5 years to get decent at reading emotions of herds).

Step 3) Wait, Wait, Wait: As you can see we've only announced two bets over two years or so. We bet on both Westbrook and Harden for MVP (mid/late 2016) and Donald Trump (~11 months before election). Here is the "why" for both.

Westbrook/Harden: With the change in the NBA landscape, you knew that Kevin Durant, Stephen Curry and Lebron James were not going to win the MVP. This has nothing to do with stats and everything to do with emotion. When Lebron left for Miami, he didn't win the first year because people were "upset" even though he was still the best player in the league by far. Why? A lot of the voting process has to do with emotion… Once we eliminated three of the best players in the league you were left with essentially: Anthony Davis, Russell Westbrook, James Harden and Kawhi Leonard. All in the real risk was Kawhi Leonard given that his team would win a lot (we looked at the odds and didn't bet until a couple months into the season). Once the numbers started to show, the only risk was he'd have a breakout 2nd half which is extremely unlikely if you run the stats (offense stats Popovich vs. D'Antoni vs. Donovan). So the risk made sense.

Donald Trump: This one was much more “controversial”. To us it looked pretty similar to the same logic in a different fashion. There was more *emotion* against him… But the stats don’t lie. Run the stats on the history of back to back democratic wins (or back to back republican wins) after a two term presidency… And you’ll see they are bad. Even Democratic candidates knew Trump was going to be the republican ticket… and people were still offering 5:1 and even 10:1 odds against him… Insanity and 100% emotion.

Step 4) Calculate Your Own Probabilities: People on twitter are “shocked” we’re now betting on Floyd Mayweather because his odds are so “low”. That’s not how we see it. We entered already through various platform at a ~20% return ($5,000 bet gets you $1,000). ***This means it’s a 20% return in just 2 months.*** While it looks like a “worse odds bet” because the “dollar win is lower” we don’t look at it like that. Stick with running the stats and coming up with your own probabilities. Sure a $1,000 bet on Trump won a cool $5,000-10,000 but if someone gives you a ridiculous offer you should go ahead and play the game anyway.

Mayweather Risk: We’ll go ahead and give our odds. **We think it should be at 20 to 1.** That’s our own number and means $20 should win you $1… or… $20,000 should win you $1,000. That’s the more realistic line since we give him no “real” shot of winning. High security environment and high paychecks for both fighters should keep it clean. *Note: we chat time to time with a boxer Ed Latimore and have encouraged him to do a breakdown of fighting style given his background.*

FullSizeRender

Mayweather Match Gets Rigged: This is a real risk since we’re talking about sports here. Just like the NBA bet, where stats don’t always matter (emotions matter as well), if the match is rigged we’re screwed. Rigging includes: 1) Ref somehow allows a low-blow or some strange attack that goes “missed” and Mayweather gets KO’d, 2) Judges somehow give him the win if the fight goes 12 rounds and 3) somebody drugs Mayweather

Risk of DQ: Mayweather has fought the best people in the world for about 20 years with zero losses. Anyone with basic knowledge of boxing knows he didn’t “cheat” any of those wins including the controversial KO of Ortiz where… Ortiz was getting embarrassed and tried to head-butt him. For those with good memories – Mayweather 61/125 power punches *49%* and Ortiz at 22/117 or *22%* -. And. He won in Jabs at 14% vs. Ortiz at a whopping 0%. Therefore, the chances he gets DQ’d are RAZOR thin, but “anything could happen”.

Illegal Bet & Throwing the Fight: This isn’t a risk. We see it floated on social media but the reality is he would lose more even if he bet $100M+ on himself. His brand would be destroyed and he would lose out on revenue for 40+ years. By beating Conor (ideally badly in a few rounds), he’ll elevate the *status* of boxing and generate more money for the sport and himself over the next 40 years. We’re unsure if this will do any real brand damage to MMA (we’ll see) since people will realize

Outlandish Other Risks: The last set of crazy risks include things we could barely even comprehend. Such as: 1) illegal gloves being used – e.g. Antonio Margarito, Luis Resto, 2) Mayweather gets injured for some insane reason – tears a tendon during fight, breaks something in a strange way moving around the ring and 3) somebody jumps in the ring and KO’s Conor for no reason giving Mayweather a DQ win

Zero Disrespect to Conor: As a note, if this was an MMA fight, we would put every cent onto Conor in a brutal KO in probably 50 seconds or so. The reality is MMA and Boxing are not really related for those that are at least familiar with both sports (notice all the pro-boxers hint at it being a joke but don’t want to screw either of them out of *hundreds of millions of dollars)*. They are both fantastic to watch. But. They are not the same. Just look at the tactics used in boxing, if you tried to do a lot of these things in an MMA fight you’d be on the ground in seconds, KO’d or worse.

Step 5) Get Good at Math: We’ve talked more about sports/politics but you can also learn Poker and a few other games (potentially blackjack in special situations). With statistics alone you can gain an edge in both games and place bets based on expected values and more importantly *adjust* your bets as you go through different hands through a game. The more variables there are to choose from (ability to move around the bet size) along with your knowledge of the number of cards in the decks you can make *expected value positive* wagers over and over again.

Step 6) Expected Value Positive? Lets assume that you believe you have a 51% chance of winning. Does this mean you should bet everything you can? Of course not! It means you *could* bet on it but it’s not that attractive. This is something you’ll have to figure out on your own. Given the math set up you can see we likely bet *close to the same* amount on Westbrook/Harden combination as we are on Mayweather/Conor. In addition, you can see that we bet *more* on Donald Trump. Why? It all depends on your calculated expected value. **Example:** we would have taken even Odds on Trump but it was 5:1 to 10:1 very good spread, we would take Mayweather up to ~12:1 but at 14:1 or so it’s not worth it.. so on and so forth. *Note: we have no doubt there is some mathematical way to do it but we still view gambling as a fun *profitable* hobby and don’t take it too seriously.*

Step 7) Have Fun: As you can see… We don’t have a raw calculation for step 6. The reality is we should. That’s okay for us since we treat it as a fun hobby/game and as long as we’re making money over the course of 5-10 bets… It’s alright with us. We *do not bet more than we are willing to lose* based on our own calculations. This is also why “low dollar win spreads” like Mayweather are not attractive to some people, they just can’t afford to lose $10,000 for example in a single day. That’s fine and we’re “gambling” that’ll change once you make a bunch of money!

Concluding Remarks: As usual? Since everyone says Gambling is bad… You know what to do… the opposite. No one "needs" to gamble, we're simply pointing out how we think about the process. If someone is losing over the course of a year, it's time to call it quits for another year and revisit the strategy. If someone is winning on a consistent basis then it's certainly a fun hobby to have. Just remember, exactly like a work environment, *always trick the counter party into thinking he's smarter than you even if he has no experience in the topic*. Then make the bet.

On an extremely cheesy note… Thank you to all of our subscribers for the advanced pick-up of **Efficiency!** For those that received the email (check your junk mail as well), you'll have until July 21 to pre-order (as stated in the email). While we're definitely not going to make a financial return on it given that we put a good deal of time into making it as clean as possible (no junk words) it *was extremely fun to create it*. We're thinking of new ideas to gift out small tokens of appreciation for the purchase in the future (we already have a few ideas).

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life (July 23, 2017)***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality).

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Game By Ethnicity

Game By Ethnicity

Disclaimer: *This article is direct and offensive to people unwilling to acknowledge the stereotypes in the world we live in. Instead of complaining about them we're offering solutions. If you find a stigma we missed, we'll attempt to find another player who breaks the mold… which of course is the goal in becoming more interesting and successful.*

For some reason the topic is taboo here in the US. This is likely due to the College system where we learn about things such as the preference of "whitening up", racial triangulation and the different mortgage rates given based on similar financial profiles (race adjusted). Of course all of these classes are taught by women or she-males who complain for a living.

So with that said, the bigger problem is all of these complainer majors (ethnic studies, sociology, insert ___ studies here) do not provide any solutions to improving your life. Instead, these "forward thinking" majors cause more anger between one another as people attempt to credit and discredit each other based on "privilege" or lack of "privilege".

To all of these people… good luck… winners don't have time for this because they are ***busy adapting to their environment***.

With that said below is a no non-sense look at the stereotypes presented to each ethnicity and more importantly, below the diagram is ***what you can do about it.***

If forced to choose the yellow cells highlight the first stereotype you should tackle.

rankings v2

The Basics:
White: As you've been taught in college you're "privileged"… Unfortunately life does not give handouts and you're going to be forced to deal with insecure lash-outs in college and beyond as people degrade many if not all of your accomplishments. Strong game or social competence would suggest that you agree with them on paper or in upfront confrontational situations, this involves a high amount of control to be told over and over "you achieved this because of XYZ privilege". It would be wise to re-frame situations at all times when confronted with a positive attitude, don't worry the amount of BS you'll receive from women remains. Finally, don't forget that you would benefit from dance skills, the last thing you want to be is the "stiff white guy" in a club.

Black: Here you're looking at a couple of positive and negative contributions, one being that you'll have a positive sex stigma ("large dick" stereotype) which is offset by a negative money stigma (poor and dangerous). In this case you can benefit dramatically by increasing the amount of money/safety you exude. In fact one of our writers wears fake glasses and dresses in a high end suit to be perceived as more intelligent at the office and in meetings. It works. Assuming you've obtained an Americanized accent you're going to avoid slipping into the foreign camp so you should use this to your benefit in the corporate ladder game.

Middle Eastern: This is a relatively neutral category excluding the un-American piece so your focus here will reside in continued increase in game, money and working on your tone of voice to prevent yourself from being seen as a foreigner. Additionally, Asian/Middle Eastern men tend to have smaller frames than most so you'll benefit much more from the weight room than your counterparts. It may take years to increase and develop but you can see substantial gains over time.

Latin: This is another blurry category as there are stereotypes surrounding a sex-symbol Latin guy combined with the immigration issue in the US. So if you want the most bang for your buck, you're going to increase income, neutralize your voice and learn to dance quickly. You're neutralizing your immigration standpoint by having a career and then focus intensely on giving off the sex-symbol Latin guy vibe which is best done with dancing abilities.

Asian/Indian: In this category you're looking to quickly neutralize the insecure portion, accent and cheap issues that you're being stereotyped with ("small dick" stereotype as well). The first and most important aspect is to destroy your insecurity stereotype by using self depreciating humor with a sly grin. Most people in this category (another generalization) will turn to anger, which will not work as it will be misinterpreted as insecure. You can use that when you're in a short-term relationship. The next skill you'll learn is to neutralize your foreign stigma by working on your tone of voice to slowly blend into the crowd.

Notable Takeaways: Eventually, when you're in this long-term, you'll naturally neutralize all the negative stereotypes and will not need to use specific types of humor etc. for most however, the above is a good starting point. For a smart reader, your goal is to capitalize on the positive stereotypes and neutralize your negative ones, relative to your environment. We encourage maxing out your looks… with that said you can read between the lines and realize a "light/weak" stereotype is going to benefit more from an attractive body (sexual) while a "poor" stereotype will benefit from an increase in well fitted threads (well off).

Focusing on Work: As always, the basics of work apply across the board which leads us to the following statement ***"perception is reality"***. With that in mind you're going to slightly adjust your work focus onto your negative work stigmas to create a better perception. In short we encourage the following.

• **White:** Show up earlier than most
• **Black:** Dress much sharper than most
• **Middle Eastern:** Show up earlier than most, focus on relationships
• **Latin:** Dress sharper than most and show up earlier
• **Asian/Indian:** Zero in on salesmanship and co-worker relationships, "socially adapted"

Focusing on Venues: It gets much more difficult here as your city, vibe, venues to choose from and income will determine many of your decisions. However, when you choose venues you're going to focus in on the positive stereotypes you can exude relative to the venue. Here are the basics.

• **High-end:** Full suit for everyone, no excuses (if you are in your low to mid 20's don't bother)
• **Dance Venue:** Fitted t-shirts leaving the slacks at home
• **Hipster Dive Bars:** Fitted clothing, leaving both slacks and collars at home
• **Yoga Sessions:** Hot yoga, you're in shape, an excuse to take off your shirt
• **Grocery Stores:** Whole foods only, in gym gear or dressed to impress

As noted here it is based on ethnicity.
• **High-end:** (Everyone with money)
• **Dance Venue:** (Everyone who can dance)
• **Hipster Dive Bars:** (Everyone who can give a welcoming vibe)
• **Yoga Sessions:** (Everyone who is in shape)
• **Grocery Stores:** (Everyone who is in shape and dresses sharp)

Whoops, guess you realized that every venue is open because you're already tailoring your life to each venue. Don't get us wrong, you're likely better off starting in a dance venue/yoga studio compared to a high end club, but don't be fooled into thinking you can't pull from any of these venues. Again, take a step back and quickly ask yourself ***"which negative or positive stereotypes are being amplified in this environment?"*, adapt and pull.**

Conclusion: While there are certainly places where your style won't be accepted, this is the case for every single ethnicity on earth, so it's time to stop making excuses and find a spot where you can be the man of the hour. The time you spend complaining about how it is tough for XYZ ethnicity to win at life is wasted time. You may as well get into a little ball and cry in the corner of your room with a Kleenex in your hand. Instead, acknowledge the stereotypes and break them down one by one over time, suddenly you're one of the guys who doesn't fit into the mold anymore… you're now part of the solution. Or you can go back to watching TV, hating on specific groups and contributing to the problem by providing zero solutions for every man out there. ***It's up to you.***

PS: For you Wall Street guys, or people looking to break in… We don't care one bit about diversity, so don't bring that up during the interview process. The only thing we care about is direct results, hopefully you're seeing a trend here. *(Unfortunately we actually read all those ethnic studies books, disgusting waste of time)*

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Get Out of the Middle Class

Get Out of the Middle Class

We are unaware of a post that addresses the issues of the middle class mindset. We're going to try and tackle this.

The middle class mindset is essentially derived by mainstream propaganda, indoctrination during college and through branding and insecurity. The trick to keeping the middle class in the middle class? Focus their attention away from themselves. Force them to focus outward, base their lives on the opinions of others, and ignore their own intrinsic value. If that is not disturbing enough take a look at the points below and begin ridding yourself of each mindset/action.

1) Talk the Least: Just one week ago during a short business trip, an uber driver who makes $120K per year with his current job and his uber side hustle was explaining ***how to invest in equities.*** The conversation was interesting, not because of the underscored point above, but because he gave every single detail about his life… For free. If you're going to move up in life you have to be ***getting more information than you are giving.***

For simplicity, if you are obtaining more information than you are giving throughout the day, you're going to hold onto more information to give to higher powers than you. There is no point in giving any information out unless you see a mutually beneficial outcome. It really is that simple. Play it cool and let them do the talking, two ears one mouth. The ratio should always be the same.

To drive home the point, think through your most successful interview. Have you ever landed a job where you explained how great you were for 2/3 of the time while the other 1/3 of the time you allowed the interviewer to speak? The answer of course, is no. If you carefully choose your words and times to interject, the interviewer will come to the conclusion that you are bright. *If you're actually good at X task, other people will tell them. Not you.*

2) Don't Trade Time for Money: We got a lot of questions about what this means. Although, the repeated question is likely the same user logging into different IP addresses, we're going to knock this one out of the park right now.

If you are earning the ***majority*** of your income based on a Salary or Hourly wage you are trading time for money.

If you are earning the ***majority*** of your income based on performance based incentive compensation and passive income, you are NOT trading time for money.

It really is that simple. People don't understand that Sales, Wall Street, Equity in Silicon Valley and Businesses do not trade time for money. This is simply because they cannot rewire their brains. ***You want to trade your money for time.***

Yes if you work for a large corporation in sales, Wall Street or otherwise, you will be paid a salary as a ****Part**** of your total compensation. Make no mistake. If your salary > bonus, you don't matter to the firm… At all.

Finally, since everyone has asked for an example of how you can avoid trading time for money, below is the clearest and cleanest way to think about **buying time with money.**

Advertising.

If you spend $10,000,000 a year on advertising are you wasting money? The answer of course… is it depends. If you spend $10,000,000 a year on advertising that leads to $20,000,000 in net income… The answer is no. By advertising you are buying a person's time (getting them to look at your product/service) and ideally convince them to buy… Without you doing a thing. Correct? Correct. Below is a typical week of business advertising spend (no, not for this blog of course).

FB Sample 2

3) Compete With Yourself: Another growing trend for the middle class is to "compete with everyone". This is actually a poverty mindset more than it is a middle class mindset… Yet you see this belief growing in the middle class nowadays. Go to a middle or upper middle class area and people are sizing each other up like they are going to get into the ring for a 12 round boxing match. It is comical.

Why is it comical? It is comical because if you are competing with someone, you have some belief that the person you're seeing is better than you. If you believe the average person in the bar or club is better than you, it means you're not very successful yourself. *Only people who are broke believe they are in a competition with everyone or believe people are competing with them.* To say the least? It is a joke.

If you need further proof of this, simply look at the top performers in any industry. They do not compete with people who are below them. You won't see the #1 tennis player in the world getting on twitter to smack talk the #500 player in the world. If anything, he will try to find ways to give him pointers to improve his game.

Instead? They compete with themselves. If you are at the top of your game you are competing with your previous year. If it's money you're after, you're comparing your next year to the previous year's earnings and nothing else. Take a page from the elite and emulate them. You are only competing with yourself.

When you meet a new person you should search for information and ask yourself "can we both win by working together?". If the answer is not a yes, simply move on. There is no reason to compete with someone if they are not going to be in your lane.

4) Cut Alcoholism: If you are still blacking out from your drinking adventures and you are over the age of 22, you should be ashamed of yourself. In addition, you have a serious drinking problem. There is no exception to this rule.

Alcohol is a great substance for celebration and should be taken seriously. If you got your first $100K+ bonus check as a hedge fund associate, feel free to have some drinks and a nice dinner. However… You should not black out and get kicked out of a club/bar.

There is no glory in being able to "crush 10 drinks in a night". All you are saying is that you're trying to escape your normal life.

5) Prestige is a Trap: We talked about this on our FAQ page and it needs to be revisited. The only thing that prestige is good for, is if it is the beginning of your career. Here is how the prestige trap works.

Head Hunter: Hello associate at Barclays, we have a position open at *Goldman Sachs* that we are looking to fill. Are you interested?

Naive Junior Banker: Absolutely it's *Goldman Sachs!*

Head Hunter: Great send me your resume and we will be in touch (click – giggles on the other line because you are about to make $10K extra to restart the entire political process while the headhunter collects a nice fee)

The headhunters are getting more creative these days and are even convincing people to move from potential promotions to "the buy side" where they will make the exact same amount but work extra hours. **It is a trap.** Before you make a jump you should make sure that you are not making it due to prestige. We've said it before and we will say it again.

"F**K Prestige. Get MONEY"

This highlighted point brings us to the next part of the middle class mindset…

6) Chase Responsibility: This is where most people fail to jump out of the middle ranks. Many people prefer that steady $120-140K base salary and $100-120K bonus for life. ***This is career death.*** You need to take a risk and chase the pie, without the pie there is no income growth.

Most people in the middle class enjoy following rules and regulations because it is how they moved up to their cushy positions. This is not going to serve them well once they approach the age of 30. You're going to have to find a way to get a piece of the pie. If you want a cliff notes explanation of how following the rules won't work… Here you go.

Managing Director: Hey you've done a great job for us, if you want to stay on long-term we will take care of you no worries.

Sr. Associate/Jr. VP: Well you have taken care of me before, i believe this is a great slot and want to continue being part of the team.

—- *1 year passes, **record numbers*** —

Managing Director: Hey we had another great year here's your bonus of $100K (flat from last year)

Sr. Associate/Jr. VP: Well, numbers were up why is my income flat?

Managing Director: Well we don't know if you contributed **that** much so we felt that paying you at the top of the class would be fair.

Now you are wondering, well how do you get out of this situation?! How do you avoid being in the support role for the rest of your life? How do you avoid the flat line of $150-250K for the rest of your life?!

Just like everything else in life, the answer is simple. **Take risk.**

At this point, you need to analyze your firm. Find the weak spots and see if you can find a way to *increase the size of the pie* (also known as the bonus pool). Once you are able to prove you can increase the size of the pool through revenue generation (yes you may need to step on toes here) you're going to be able to haggle for a slice of the pie. **It is simple, yet incredibly difficult to pull off.**

7) Think BIG: Most people see that phrase and believe it means *"Think about making your ego huge"*. This is entirely wrong. What does think big mean? It means you need to think of ways to leverage your skills to maximize returns.

People keep emailing us about how to use their 401K's. We have the same answer. **Who cares.** Please stop emailing with these questions.

While you should max it out (tax purposes) and at a minimum get the Company match (free money), if you are even thinking about your 401K beyond a couple of clicks on the computer screen, you're wasting time. Not a single person in the history of mankind got rich off their 401K with time to enjoy it and no one ever will… **by definition.** If you're worried about perfect allocation of a few hundred thousand dollars, you don't see the point and you're wasting your own time.

Even if you contribute $17,500 per year for the next 30 years. That is $525K. Lets go ahead and 4x that just to make you feel richer. That's $2M. The catch? ***You're 60.***Oh and by the way? **Due to inflation that $2M is only worth $1M in today's dollars.**

If you do not believe that a million or two by 60 is not an accomplishment, go and volunteer at a hospital. It is a great experience. It is a disturbing experience. Every single "rich" person you meet will tell you they wish they lived their lives for themselves and not for other people… saving and waiting for the perfect time to enjoy life… **That never happened.** Try to keep that bubbly smile on your face as you realize these men and women have money but no way to enjoy it.

… What does this have to do with thinking big? Everything.

Once you realize that you only have 30 years to live. **Ages 25-55**, you're going to start building real skills. Time is not on your side. *Once you really* understand that this is the only time frame for fun and enjoyment, you're not going to worry about missing your friend's bachelors party or missing the next sporting event, you're worried about **maximizing you.** Finally, *once you realize* the clock is always ticking, you're going to start thinking in terms of scale and leverage instead of time and wages.

The paragraphs above will unlikely stick with anyone who reads it. They will simply nod and agree and go back to reading about the latest sporting event, celebrity gossip, or swiping on tinder. All this means for the people who get it? **There is no competition.**

8) Read for Information NOT Motivation: This is going to strike a cord with a lot of readers and people. Motivation based reading is the biggest ponzi-scheme in the world. Not only is it a ponzi-scheme but it is a LEGAL one at that. Don't make us laugh. Here is how it works in simple steps

Step 1: Write extremely emotional posts/texts on the internet to force a readers to "feel like they can be somebody"

Step 2: Write a book or sell a product that convinces people to "take action", anything you can do that gets them out of their comfort zone

Step 3: Once you sell 100+ units, 10-20 success stories roll in and they will foolishly claim ***"THE product changed their life"***(For some reason they don't realize they changed their own lives and the product did nothing)

Step 4: Author takes success stories (ignores failure stories of course, that would be bad marketing!) and then uses that to validate the product

Step 5: Slowly raise prices of product as people who were on the fence to buy it, see the prices rising and then decides to buy it as well! If the prices are going up it must be good! (See point 5 about prestige and branding being a trap)

Step 6: Take the success stories that roll in (a few will always be successful) and reiterate

There you go. Now you know how the motivation ponzi-scheme works. Smart people realize this scheme and only buy information based products, not feel good motivation based products. If the product is based on motivation or "go get em" type hype, you know it is a way to **create a recurring revenue stream based on emotion.**

To those that don't believe this, you're being scammed. If you are able to put yourself outside of your comfort zone ON YOUR OWN, you already had the skills necessary to succeed. Do not hold up some book and claim it was the holy bible to your success. It wasn't. Your success was based on your own internal motivation and don't let anyone else take claim for it. They are just going to use you for marketing.

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Hopefully this gives the readerbase a lot to think about.

1) Are you trying to prove to the world how good you are through your words to new acquaintances? **Stop.**

2) Are you trading all of your time for money? **Find a way to leverage your time.**

3) Do you think everyone is competition, or that people are trying to compete with you? **Neither will be of value.**

4) Are you still getting drunk every weekend? **Hope you just sealed a big transaction that night.**

5) Are you choosing prestige over money? **Foolish.**

6) Are you moving positions for the brand? **When responsibility leads to a piece of the pie, choose responsibility.**

7) Do you think you're going to live an amazing life at 60? **Go volunteer at a hospital.**

8) Are you buying motivational products? ***You're the product.***

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Get Rich With Real Estate – An Overview

[Get Rich With Real Estate – An Overview]

There was an advanced discussion in our highly popular post on passive income. We've taken it and organized the content into a readable blog post (thank you to all the commenters "ownmyhood", "Nixon", "RE Guy", "YM" for creating this idea). In addition to adding highly valued comments, we have vetted a few of the named individuals to confirm they are millionaires from the real estate game (ambiguity for double protection of their identities!). As many are aware we prefer the online route, but lets get started on this path.

Step by Step to Making Big Money in Real Estate

There are a lot of books on real estate investing out there, problem is most are terrible (and written by get rich quick gurus rather than people who have been there). If anyone's actually interested here is an 8 step process to get started in real estate that actually works:

Step One – No Need for College: Skip college and go to a technology school for a building trade, preferably the one that pays the most in your area (plumber, electrician etc).

Step Two – Become a Contractor: Get a job with a reputable contractor in your field, preferably someone who offers overtime opportunities. *Work as many hours as possible*, learn all you can and get licensed as quickly as possible. Make friends with other tradespeople on job sites, preferably the more intelligent, young, hungry ones (these can be tough to find). Save every penny you can.

Step Three – Location, Location, Location: Locate an area that is run down, but shows some signs of turning around. Meaning multifamily buildings for sale that bring in double digit cap rates are common enough to where as there might be a few listed on the MLS and the population of the immediate area (or least the surrounding area) is not decreasing and preferably growing. Also, being within commuting distance to a desirable downtown area helps a lot.

There is quite a bit more than this when locating a suitable area, but there are some things that must be left out for others to figure out *(notice no one gives away their business, otherwise they would be out of it!)*. *If this area is local, good for you, if not, time to pack up and move.* There are a lot of places where you can buy double digit caps all day that aren't total war-zones. You don't want rodeo drive (entry cost too high/tough to make money) but make sure it isn't a demilitarized zone either.

– *Investor Note – RE Guy:* You can call these run down areas with signs of turning around "the borderlands" because they normally are on the border between a garbage area and a nice area. *You shouldn't count on anyone giving away all their trade secrets,* especially not for free, especially not on a public blog, the same way this blog won't give you specific stock picks or exactly the products they market online. However, all these resources combined make a great starting point for anyone looking to get into real estate, so if it is something you'd like to do, after us giving all this information in one place, you have no excuse not to start!

Step Four – "Campaigning" (no different than affiliate marketing): After locating the right area, use the MLS, targeted mailings, call campaign (anything else!) to locate a building with potential for a double digit cap and an owner willing to sell. *Bonus points if they are willing to hold paper.* Remember these properties are rarely pretty, be prepared to deal with some rough tenants and buildings. If either of these scare you, stop reading now.

– *Investor Note – RE Guy: He's* currently setting up a deal with a single digit cap on a multi that will convert into a double digit cap, based on the purchase price and what he put into it for the renovation and subsequent higher rental income. Not based off it's "true" cap, it's new after rehabbed value which he believes will remain single cap. Cap is more tied to the general area than the building, it's more *"how risky is it to rent properties in this neighborhood"* or "*what quality or income level of tenant will possibly be attracted here"* and cap will generally decrease as the quality of tenant increases (it's less risky to rent to a doctor than a bus driver, and the market recognizes this and makes doctor friendly buildings more expensive than bus driver friendly buildings, relative to cash flow). Currently the owner is warming up to the idea of holding paper.

Step Five – Cash Flow Positive: Buy the building using a method that *allows for at least some cash flow after all expenses* (lenders don't like negative cash flow). Meet the tenants, keep the decent ones, immediately evict the bad ones, raise all rents to market rates if they are not already (if you lose sleep over raising ol' miss McGillicudy's rent $50 per month or start shaking in your shoes when you realize you have to hand Chopper the Hells Angel an eviction notice, this ain't your gig). Renovate the lousy units into nice apartments using low cost but durable materials. You're not going for a luxury penthouse, just a nice clean apartment. Now is the time to call your buddies you met on the job to help you or at least learn enough to be proficient at a few other activities. Hanging drywall, painting, basic carpentry can be learned by anyone who's willing to put in a little time.

Investor Note – RE Guy: Decide ahead of time what the rules are and enforce them. Make them firm and strongly in YOUR favor. Add to that a moderate dose of *pragmatic compassion*; evictions are an expensive proposition and you may need to decide between a small and large loss. Make the decision to evict more on something like the person not answering phone calls than on them not being able to pay for a week or two IF there is an agreed upon payment plan that you believe they will stick to. If you conduct yourself ethically, you will have no problems with evictions.

Step Six – Learn from Competitors: Learn how local apartments are advertised, list your vacancies, learn how to take nice pictures and write coherent, appealing descriptions. Price them right, don't overprice or they will sit vacant and carrying costs will eat up any profit. And most importantly *SCREEN YOUR TENANTS THOROUGHLY*. Nice people will rarely tolerate living next door to dirtbags for any length of time.

Investor Note – RE Guy: If you get too few phone calls you know it's priced too high, too many and it's priced too low (art that turns into a science over time). Know your market, know the seasonal variance, know what to expect as reasonable so you can adjust accordingly. Sometimes trying to squeeze every dollar out of a place leads to having to compromise on the quality of the tenant… and that knowing this is also knowing what is a good tenant for that particular neighborhood.

Step Seven – To be the Best, Never Settle Like the Rest: Alright, you've got one building cash-flowing, good work. Time to sit back and let the rent checks fill up your bank account right? Wrong. Visit the property often, pick up litter, respond to maintenance calls promptly, evict non-payers and troublemakers and *ALWAYS PAY ALL OF YOUR BILLS ON TIME*. Credit will *make or break you* in this game.

Step – Eight Wash Rinse and Repeat: Now just repeat steps 4 through 7 over and over and over…

Key Notes

–*When you are starting out, nothing is beneath you:* Unclog toilets, keep your own books, do apartment showings, represent yourself in court. Learn these things now so you can teach and competently evaluate others to do them for you later.

–*Don't let emotions get the best of you.* From buying a property to resolving tenant disputes emotions run high in the real estate world. Dealing with a stubborn moron who you want to purchase a building from? Be nice. Handing a tenant an eviction notice? Be nice. Nothing to be gained from losing your cool.

–*Keep in touch with people that matter.* RE agent points you toward a good deal? Keep in touch. A seller holds paper for you? Keep his contact info and reach out to him later if you need a reference. A bank loan officer mentions they have some foreclosures in the works? Call him in a few weeks and see how their coming along. All pretty obvious stuff if you read this blog. The moneys out there, if you want it, it's yours.

– *Income Property Debate: Opinion one:* Don't be the guy who buys a duplex in order to "live in one unit and let the other unit pay my mortgage" as a side hustle. If you're going to get into this game plan on going big or not wasting your time (scale remember). Real estate is a complex endeavor that involves quite a few areas of expertise (sales, advertising, legal, building trades, tax accounting etc). You don't have to be a master of all of them, but must be at least competent enough to judge whether someone else who you're paying is doing a good job. Learning all this takes a lot of time and doing so just to "pay your mortgage" is foolish. *Opinion two:* If you buy it well enough to much more than cover the mortgage *(which is a standard you should absolutely set for yourself)* it is possible. In addition, you can go up to 4 units of pure residential while still qualifying for residential mortgages.

The main point of ownmyhood that I agree with 100% is not just buying a property to pay your mortgage, but buying a place to live in it and have it as an investment can be done all sorts of ways (including renting rooms, always legal if you live there to my knowledge a.k.a. Airbnb before there was an Airbnb), and for those who are really strapped for cash, that means you can even get a single FHA loan for a few % down.

How To Manage Once You Get the Hang of It

Once you've got the hang of it there is potential to see cash on cash returns of **at least** 10-20%, with minimal work (relatively speaking). If you don't want to manage tenants you don't want success bad enough (Real estate being your chosen path to riches). If this is the mindset someone has to be successful… well it is the most common red flag example. The second most common red flag? Are you willing to spend your Saturday checking out and analyzing deals rather than watching sports from 12pm to 12am? No? You don't want it bad enough.

Back to dealing with tenants…hire a property manager. Yes you will pay money for the service and it will hurt your returns, but if you buy a property correctly you will be able to afford it and still make plenty of money. Average rent per month on units can come in around $800 and managers typically charge between 5-10% depending on your scale. If you're just starting out and paying $80 ($800/rent x 10% mgmt. fee), that's the best $80 you'll ever spend because you don't have to deal with tenants, contractors, or accounting. As a note, don't choose a property manager solely based on the management fee. You can find a manager for 6% ($48/month in my example vs $80) and save a few bucks, but the wrong property manager can cost you ***much more*** than that in excess repairs or lost income. Find a manager who is going to look out for your best interests as an investor, not just someone looking to increase their revenue.

Deal Example – Nixon: Here's the deal he's working on today. 16 units priced around a 10% cap rate for $500K (that means around $50K of cash flow a year *after* paying a manager, but before debt service). The lending terms he went with on the last deal was 75% LTV at 4.5% using 25 year. That would cost about $25K of debt service a year on this deal, leaving $25K of the original $50K cash flow. He'd put up $125K of equity and end up with a 20% cash on cash return on a semi-passive basis.

Investor Note – ownmyhood: In most cases would recommend training and hiring your own property manager over a paying a management company. While the short term costs in time and money may be greater (training, setting them up with office, tools etc), in the long term you're not going to pay for someone else's overhead and the needs of your tenants/buildings will always take preference.

Basic Real Estate

You throw money at the property and hand the keys over to someone else to deal with it. This is not a risk-free situation given 1) potential debt load, 2) trust in property manager, 3) interest rate environment and 4) any one time hazard/maintenance issue that kills your yield for the year. We peg a solid return at *somewhere around 6-9%.* This includes a management company eating into your yield and of course the natural reserve fund for any maintenance issues.

Another option is working through a private equity firm such as a Blackstone, Lone Star or Brookfield. You're locking up your money for a longer period of time (typically) but the returns should be notably higher as well (double digits). Now there is certainly a wide range of private equity transactions from low to extremely high risk… But. Locking the money up for longer periods of time is generally the theme here. Unless you're in the Ultra Rich group, it's one of your best bets to get exposure to commercial real estate (apartment buildings, offices etc.).

Bigger Pockets: Biggerpockets can be a good resource for beginners, and possibly if you have some good knowledge already a resource for looking deeper into specific topics. For example there is a thread there on construction of a full home from a lot. The issue with it is that it's got a whole host of contributors of various levels of competency, different backgrounds, goals etc. It is easy to get confused or get misinformation in the form of biases you may not recognize as a beginner from there.

That said it is a a good beginner's guide to real estate, because the person who wrote it called the system of "buy, renovate, rent, refinance", he says "BRRR", which he correctly stated was something many investors have been doing for a while and he was just creating an acronym for easy understanding. In other words, if you treat it as a summary of various concepts and a jumping off point for either further study or just to give you a basic framework to use while you go out and start taking action then it is good.

Of course, your best education is your first deal. A single deal is worth an additional 10k-20k because you'll be getting your education out of it. Like as if you were paying a college for a semester of classes on real estate.

Example of Bias: There is a segment example where it discusses using someone to do certain repairs and spoke against it, while another contributor (who had many more units) said *"I could see if you already have your portfolio and are just trying to maintain cash flow, then it is good, but if you want to keep building it, you're better off paying someone to do it and looking for your next property."* Also, if you are just starting out and don't have a background in the trades, it could also possibly be useful (this is another point of dispute among some people).

Basic REITs Exposure

A Real Estate Investment Trust is a company that owns and operates income producing real estate (yes there are other types like healthcare but we'll keep it simple). While they do offer high yields (distributing 90% of earnings to shareholders), the REIT is exposed to 1) tax rate changes – you're taxed based on your personal income bracket vs. dividend distribution rate, 2) reliance on debt, meaning more leverage is needed to boost returns, 3) real estate can be extremely location dependent and is prone to cycles just like we saw in 2008 and 4) since it's an equity product and as a shareholder, we have to realize they can only re-invest 10% of net income since the rest is being distributed. Take a look at REITs and you'll see they move around in ways un-related to the stock market.

Your best bet is to DCA into VNQ for REIT exposure (0.12% expense ratio as of this writing), although be mindful at the moment as REITs tend to underperform in a rising interest rate environment thanks to the bond-like income. Dividends will be taxed at your ordinary rate vs. qualified rate, but netting 66% of VNQ at 4.7% is higher than 85% of VYM at 2.8%. Check out PFF as well for another high yielding (5.7%) ETF that isn't related to real estate

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Get Rid of Jealousy, Hatred and Stress by Thinking in Multiple Dimensions

[Get Rid of Jealousy, Hatred and Stress by Thinking in Multiple Dimensions]

One thing we have realized over the years is that the vast majority of the population (**see regular people**) think one-dimensionally. We had a joke tweet stating there is no such thing as a successful person with an unattractive wife. Immediately, we got low quality responses citing "Mark Zuckerberg" as a counter example. This of course proved our point. They admit that she is not attractive but then say he is a good example. This of course defeats the entire argument. Why? How can you view someone as successful if you'd never choose his life partner? As we said, one dimensional. To prevent one-dimensional thinking we'll provide several ways to decrease any form of jealousy/resentment in the future. Once we think about life in multiple dimensions you'll also pick up on the "sub-conscious" mind of your peers.

Thinking in Multiple Dimensions

Multi-Dimensions Gets Rid of Jealousy: Most people have jealousy/resentment but never look at the whole picture. If you take a single person, using Zuckerberg again, people will envy his life. We on the other hand have absolutely no interest in ever being him. No. This is not a "hater" post since he is living his own life. If he got to billions of dollars and wants to continue down his current path. good on him. It's not for us. Jealousy gets erased once you look at life multi-dimension-ally. If you look at a single dimension we can guarantee you'll find someone who is superior to you in at least one aspect of life after meeting less than five people. Instead, ask yourself *"would i really want to take everything the person has?"*.

A good way to see if people understand this topic is to see if they would trade places with Warren Buffet. Mark Zuckerberg is a harder example since most people cannot comprehend being unable to change his personal life (remember when you trade you also take their personality and future life choices). If we use Warren Buffet we can see if the person gets the picture. No one reading this (unless there is someone in their 80s reading this) would ever considering trading their lives for his. Sure he has billions upon billions of dollars. But. He is 80+ after all. Would you trade places with Buffet? No. You're going to be gone in short order.

Multi-Dimensions Create Role Models: Now lets say you do find someone you would trade with. As a basic example lets create an imaginary guy exactly the same age as you with more money, better fitness, better looking girlfriends, low stress levels and a fun personality. Instead of being jealous, what is the natural reaction? Befriend the person. In our souls we know that the people we spend time with end up being similar to ourselves. This is why attractive people generally hang out with attractive people. Fit people generally have fit friends… so on and so forth. By looking at things multi-dimension-ally you'll weed out your frequent contact list extremely quickly. The people on the list should have a similar value chain as you. Otherwise you're surrounding yourself with people you don't want to become.

Taking a step back, we find that this makes it *impossible to be jealous of other people*. In just four paragraphs we have eradicated all forms of jealousy. If you find yourself being jealous of someone then we suggest looking at it multi-dimension-ally first. Just because someone is good at Item A doesn't mean they are any good at the rest (basic herd mentality automatically assumes an expert in Topic A is an expert in Topic B… Even if unrelated – Lord knows we would never ask a 100lbs overweight billionaire for fitness advice). The second step is to then ask why you're jealous. If someone really has a life you want, then you should actively find ways to spend more *free* time with them. After all, they have what you want and you're willingly admitting it. Hating on them isn't going to help!

Multi-Dimensions Allows for Diversification: Now that we've gotten rid of all jealousy, it is also time to kill the hating part as well! On a personal note we don't hate anyone. Seriously, we don't. If we don't enjoy someone's company, we go dead silent and simply ignore. Hating the person just gives them more attention and burns valuable time. This simple point will save hours of time. When you dislike someone, remember that the easiest way to get them out of your life is by ignoring them. It really is that simple. Then if you run into them in the future, since you haven't had to waste your time with them for the past year or so, you'll be able to put up with the short interaction.

Now comes the fun part. While we want to completely ignore people we don't jive with, we can use the multi-dimensional strategy to help us choose "leaders". Leader is just a cheesy word for someone better than another person at a certain task. As a basic example when you think about sports, you automatically assume the best player on the team needs to be the "leader". Lets apply the same logic to parts of your life. If you want to get in shape, you should find someone with a physique that you're working towards. If the guy is not bright and can't do much else but work out… that's fine! Just make sure you follow his ideas on working out. Similarly, if a guy is making 4x what you're making per year, that is also fantastic. If he has an overbearing wife that you'd never talk to in a million years… Just don't bring it up. Follow that money making advice and use it to your personal advantage.

Before moving on we have a critical note to write here. ***Under no circumstances do you offer help to the person you're taking advice from.*** This is counter intuitive but works much better. Most people have the logical assumption of "well he is not good with women so i should help him there". Absolutely not. People have large egos. If a guy is better at making money than you are **and** you're asking him for advice… He will never listen to your dating tips. This is because he already thinks he is better than you at everything. This doesn't make logical sense since it should be clear based on your lifestyles but it is reality. ***People are extremely invested into their egos so never give advice unless asked.*** This is a serious warning and if this rule is broken don't be surprised if that workout partner/business partner etc suddenly drops off the face of the planet.

Multi-Dimensions Help With "Life Math": Life math is nothing more than deciding where you want to be in 5, 10, 15 years or so. There is no way to plan 10 years perfectly. But. You can take a framework and use it to decide where you need to be. As a simple example, maybe you're interested in having a family. Maybe you want to be single forever. Maybe you only want to work 20 hours a week. Maybe you want to party hard for a few years. Maybe you want to a take year off to travel the world. So on and so forth.

Multi-dimensional looks are extremely valuable with the internet. Now that you have no hatred and no jealousy after reading this post, you can look forward to the future. Find someone who is 10 years older than you and is currently living a life you want to live. Seriously. They do exist and it is possible to meet them. Most are just too lazy to look. Once you find them you can then map out a rough idea of how they got there, what went wrong and what they would do differently. A simple example is "quitting work". Many years ago we used to believe in "retirement" where you hit your number at age 35-40 and simply did nothing forever. *We were dead wrong there*. Every single person we met that was over the age of 40 and "retired" said the same thing. You'll get tired of drinking and partying within 3 months. They were right. This simple adjustment changes the way you map out where you want to be from where you currently sit today.

Take a look at an example. If you find a guy you admire that is 10 years older than you (meaning you'd love to be in their shoes in 10 years), ask them what they would do differently. This can range from money to life experiences. If you're already on the path financially maybe it ends up being related to travel. We have no doubt they will have several recommendations for you. It is not possible to go through life and live for 10 years straight with no mistakes. Mistakes are always made, you just need to find the right person to admit to a few of them.

For fun, the most common one we hear from people these days is "fitness". Most older people let themselves go in the 30-40 age range and it becomes increasingly difficult to "get it back". With this in mind, have a good idea of how your health regimen will evolve as you age and your metabolism slows down. To cap this all off, one guy had an interesting one which was the following: "I wish I upgraded my gym and took Yoga earlier". Why? He now meets all of his current girlfriends at the gym/yoga studios after battling some muscle tension for years (two birds one stone, double entendre).

Multi-Dimensions Give You Flexibility: As mentioned above, 5-year and 10-year plans rarely go accordingly for every single thing a person is trying to achieve. Going from $0 in the bank to 1) a million dollars, 2) great social circle, 3) tip top fitness and 4) freedom to travel takes a good amount of time (we estimate 10 years as achievable). The good news is that you can make adjustments. Generally speaking, when you're looking to pad your net-worth… freedom or fitness typically take a hit. When someone tries to increase their social skills, this usually hurts the fitness line the most. If someone tries to increase fitness, their social life takes a slight step back. So on and so forth. So if you end up getting to year five and miss slightly on two of the "big four" don't sweat it, the multi-dimensional outlook gives you a better holistic view on how you've progressed.

For what it is worth we have found that the last item is actually the hardest of the four. While money gets the lime light, it is actually freedom that is much more rare. In fact, many people with money are not free at all. They could make half a million dollars a year and not save much if they have kids to feed and live in an expensive city (yes it is possible, just look at the rents and add in three more people to support!).

Multi-Dimensions Make it Difficult to Trade Places: Putting the Multi-dimensional pieces together, the key item here is remembering that you must live with that person's choices. All of them. This is hard to do mentally since your average person only sees the surface. If someone decides to trade places with Warren Buffet then they also get to live for ~10 years. Similarly, if someone idolizes a guy worth $100M+ that is out of shape and lives a personal life that is in shambles… He too gets to live with all of those decisions with no ability to change them (you're forced to make all the decisions that person would make). Once we can put this lens on you'll find that there are maybe 0.01% of people you're interested in trading places with. These people are guys you look up to. So you wouldn't dislike them in the first place.

The Amazing Long-term Benefits of Multiple Dimensions

Before listing all of them there is one downside. People will attempt to "bring you down" by comparing you on a single item every single time they run into you. This is how passive aggressive people work since they've only beaten **one of the five rigged games in life**. Get used to it. The options are the same: 1) smile, nod and agree and 2) put them in their place by amplifying. As many of you know we prefer the first option since it kills the conversation. The amplification part makes people feel much more uncomfortable because only a secure person would admit another man/woman is better than them in a specific task. Try both, they both work. *Pro-Tip: extremely insecure and passive aggressive people will usually try to put you in the one situation in which you would lose to them over and over again. If they have horrible social skills and are old they will do their best to put you into a room with old people to call you an "entitled young guy". If they are good at science then they would attempt to compare you to them in that topic only. It is the only thing they have so they have to highlight it to feel better about themselves.*

Easier to Plan: Multiple dimensions allow you to plan a lot better. If you're focused on a single piece of life you'll likely go down the wrong path. Besides, who wants to be a deca-millionaire with type II diabetes? Who wants to have fame and money but live less than thirty years? Who wants to date beautiful women only to lose it all and live like a bum smoking marijuana at age thirty five? So on and so forth. Multiple dimensions help you find real people you look up to. We're not going to tell anyone how to live, if you've found this blog you're likely in agreement with some of the points but not all of them. The key here is making sure you develop the correct well rounded personality that you always wanted. *In short, success is defined by what you want not what you're told to want.* We have an ingrained belief of what success is and yet we'd unlikely want any of it (not interested in fame, not interested in a house in suburbia and most certainly not interested in "settling down" at the standard age of 30).

Easier to Walk Away: There is no reason to keep in contact with the same people for a long period of time just because there is "history" there. The reason why many successful people have friends for over 10 years is they are quick to identify people on the same path. The path to success in their eyes. While a few will likely make it with you, the vast majority will come and go. It isn't even a big deal. If someone does extremely well and moves onto bigger and better things, shake their hand and say good luck! If you don't burn their time, they will happily help you in the future anyway. Just don't be a burden on people who make a leap. The same applies backward. If you make a big leap, as long as no one is sucking up your time, you should be happy to respond. While "walk away" has a negative connotation, you could also replace this with "pruning" a rose garden. In order to make sure you have high quality you have to maintain the rose garden. If one of the "buds" spring up and have improved dramatically, you let it grow and it's back into the garden.

Significant Emotional Control: You will see a 100% improvement in emotional control if these items are taken seriously. Why? If it becomes difficult to be jealous or hateful towards someone… why would you be emotionally rattled? You wouldn't be! Emotional control is a fascinating topic because a lot of people confuse introversion with emotional control. Just because someone doesn't act out verbally, they will act out in terms of body language and behavior. Emotional control is your ability to remain in the same state despite the surroundings. This is why we put so much more value into "clutch" players in sports and into "calm take downs" in an argument. In fact these things are so valued by simply talking slowly and calmly you can be more convincing even if you're incorrect (important negotiation tip there).

Easier to Improve! That is right. Since your view of life will be less one dimensional, you can improve your life quickly. If you only focus on one item it is unlikely that you'll see significant strides in a few months. It could be fitness, social life, money, etc. Enter any topic and if you only have one item you're interested in it is much more likely that you'll hit the "wall". Each wall will take a longer amount of time to break down so it is best to see improvements in other areas of life beyond this. We can't even count how many people focus on single course of action and end up losing it all. Focusing on money is probably the most common where chasing an extra $1M when you're already worth $10M defeats the purpose of money in the first place. This is particularly true when you don't have anything you thought the money would bring. And with that we're done, perhaps 1% of the world will understand the point of this post (we're being generous)!

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Getting Financially Rich Alone – The Most Common Path?

Getting Financially Rich Alone – The Most Common Path?

While we have a different definition of "rich" (money not being enough, not by a long shot), we'll go ahead and focus on the money part here. The most important word in the title is the word "alone". While successful people will tell you they never made it alone, we've found that this is usually false. What they are saying is that they didn't make a lot of money until they had a bigger organization. The original time when they became rich (say a million or two for a single person) was more likely done alone than with some "life coach" or "partner". This is because you need to be extremely good at something first before you can have a chance at getting rich.

Mentor / Partnership Myth: We've noticed many people ask for a "mentor or partner". Our view of a mentor/partner is an extremely successful guy you talk to for *maybe* 15 minutes twice a year (10 minutes would be more accurate). That is all. Why would a successful person sit down and hold a person's hand from start to finish (unless you're his son/daughter)? It's irrational. Instead your mentor/partner could also be "books". Which of course is the most common resource for getting rich. No surprise.This is also what a large percentage of the rich population will recommend as well.

A Few People Get Rich Through Nepotism: Now that we have dispelled this hand holding idea, another good one is the nepotism idea. Sure, some people who are ultra rich will be able to pass down the wealth to their kids. The reality? The vast majority of people who become millionaires in any given year are first generation millionaires. This has been proven true year after year for decades now. Since most people have a distain for capitalism and the rich, they will fight this fact to death. Ensuring that they will never get rich in the process. The reality is that generational hand downs usually lead to one or two capitulations. One person gets rich, his kids end up being "okay" and by the next turn of the century it's gone as all of the personality traits have been lost.

What Do You Do? So. We know that walking around "networking" is a waste of time (an incredible waste for both parties especially if you have no skills). This leads people with a black hole. Wheel spinning usually occurs where they say things like "where do i start" and then go to a "entrepreneur class". This is again inefficient. No one can teach someone to be an entrepreneur.

The answer is in practical skills. The first and most important thing you have to do is figure out what you are good at. This is something that needs to be done at a young age. We'd argue it should be known by age 15-17 at the latest (probably too late). While this sounds bad it is likely accurate. If someone knows they are exceptional in topic A at age 15-17 they will easily widdle down the list of jobs/careers/businesses that need his or her special abilities.

Before we get negative comments about how early you must start, the best time to start is always today. If you have a general idea of what you're good at, you have a starting point. Similarly, if you know you're terrible at certain activities, avoid them like the plague (crossing all of them off the list). We used 15-17 because this is when the really rich people know they have a talent, most figure it out in their 20s and end up being "rich" but not ultra rich. Rich being $5-15 million, ultra rich being $100M+.

The one item to be ***extremely*** careful of here is "being bad at something" and "not liking something".

That last item in quotes is usually where we see people mess up. Some people are "scared" to sell, but we can tell in seconds that they would be amazing at the position if they tried. This is why we tell people ***passion and interests are largely useless for making money***. Money is only made when you're good at something and there is a demand for that skill. If you're great at sales but don't want to learn, you've essentially lost the game from day one. So before moving on remember that quote. ***Hating something doesn't mean you're bad at it***. Ask yourself if it makes money first, if you're rich you can do what you like for the rest of your life anyway.

Read Aggressively About the Topic: At this point you should have at least a few ideas about your talents. No one can do that for you. Now you have to read to "learn" the trade. Reading is interesting since we've essentially stopped the last 3-5 years after succeeding (1-3 books a year now). Why? *Reading essentially tells you things to avoid.* This is a critical part of understanding books.

If everyone gets the same information on things to avoid, the only thing left is *execution*. Similar to any sport, business is essentially the same. You can give the same guy the same technique and coaching but executing is going to vary enormously from person to person. Then your second hurdle is quick and fast decision making (when there are situations that appear to be a 50/50 or 45/55 and you make the right move based on "feel/gut instinct").

So to recap, Your first step is figuring out what you're actually talented at (passion is for losers chasing dreams), then you're going to read aggressively about these topics to avoid the major flaws. The major flaws (techniques) will then force you to execute on what is supposed to be done. When you reach this stage you're now ideally down to a handful of skills.

What do you do with these handful of skills? You figure out which one is the most bearable. That is right. If you are good at say five different things but can't stand two of them that's actually fine. Stick with the three items that are either "okay" and more ideally "fun". Remember, we already assume that all of these skills payout roughly the same. If you have two talents: 1) that makes no real money that you love and 2) one that would make millions that you hate… Guess what? You get to choose number 2. When you get rich you can then go back to number 1. But. We doubt you'll be sick of winning and will eventually love the task you hated to begin with.

Make the Value as High as Possible: Now that you have your skill, you have to ask "how do i maximize this". The answer is always the same: 1) ownership followed by 2) performance. If you can't create ownership, then you're better off going into performance. Ownership always wins because the business can be sold at a *multiple* of what is being earned. If you earn $200K in a performance based career using the skill that's awesome. What is more awesome? Making $200K a year by owning an actual company because that can now be sold for ~$1M in addition to the $200K you're already making. As usual, we cannot tell a random person if he should start a business or go into a performance based position. It is up to the individual to think creatively and decide which route is possible.

What is "creative"? Creative is when you realize you can outsource or find someone to fill in the gap. Why? Well if you can outsource or fill in the gap with someone else, you might be able to go down an ownership route instead of a performance route immediately. As a basic example, if you can sell homes at above market rates and someone else is able to fix homes below market rate… there is a clear path to success where both people win. ***Ideally, you only pay the person (trade their time for money) while you take on the equity***.

No Such Thing as 50/50: Similar to the partnership idea that we killed in the first paragraph, there is practically no situation where the value being added is 50/50. So, don't put yourself in that situation. We just gave away a big hint. If you have two skills where you're extremely talented, decide which one commands the most value relative to the task. Why? Now it is not possible to lose ownership.

If you have two tasks that need to be done and 100 people can do task 1 and 1,000 people could do task 2… The answer is to choose task 1. The market rate for task two is likely a lot lower and there is no way you'll be stuck in a situation where you own less than 51% of the asset. Which of course means you should never take less than 51% of anything you get involved in with your valuable time (stock ownership is not the same since you're not contributing any time to the company).

Usually One Sale: A quick recap of what usually happens: 1) person realizes most millionaires are first generation and rarely inherited wealth, 2) person throws a ton of spaghetti against the wall to figure out where his skills are, 3) person then reads on his own time – free!, 4) narrows the list and figures out only two of the skills will be valuable in the future and make him money, 5) figures out a way to create an ownership scenario, 6) finds a way to make sure he is always above 51% equity so he can be the decision maker in the end and 7) never wastes his time looking for 50/50 situations since he knows people don't contribute equally.

The result? Most people sell at least one asset. That's really all there is to it. You actually don't need to have an incredibly successful business. If you got up to $200K in profits per year, you're essentially a millionaire (assumes 5x exit value). The tricky part? Knowing what you're going to do next. It's rare for someone to exit their first successful idea until they know with certainty what they will do next. We are going to emphasize that this paragraph and post is a general framework and there are always exceptions to the rule (no need to barrage the comments section with "stories that break the mold", these stories are likely due to a different decision based on a gut instinct).

To Get Wealthy You Have to Scale: While this is a good framework for being well off (a single person with a couple million is certainly well off), scale is needed to become truly wealthy. This is also why many people think they need "business partners". They see wealthy people give credit to their teams and tell them that without the team they wouldn't have made it. While true, people rarely go back to their starting point (their first million or two) – usually made largely alone due to a specific skill. They give credit to their team because they are working for a wage and don't receive equity. Exactly what you want from an employee.

If you're interested in really getting wealthy now the game comes down to *scaling a product*. A product, by the definition here, *is anything that can be constantly sold without any of your time being spent on the sale*.

We suggest reading that sentence carefully because you can slice the answer in many ways. If you are in the real estate business selling houses, we would argue that the only "product" sale, is when *someone else* sells a home for your company/corporation. Why? Well the asset was sold, you made money off of an employee selling the asset and didn't do anything (except the paperwork that is under the Company name). Similarly, if you sell a product that has a recurring revenue stream attached to it, we would say the initial sale was not a product sale and all the revenue after the initial sale *is* a product sale.

We realize this definition will not sit well with most people. If you sold a car to someone people would fight for days saying that it was a product sale. We use the above definition because it forces people to think of ways to earn without using any of their time. Anyone who works online knows the feeling the best. They wake up and see they sold 20+ units while they were asleep. They literally did nothing. They click refresh and see higher numbers in the account. This is not the same feeling compared to a hard sale when you work to close something. The feeling of selling something using your time is strenuous and feels like relief while the money being made in your sleep is relaxing.

What Allows You to Sell In Your Sleep: There are many ways to do this (as usual many ways to get rich!). That said the common ways are 1) recurring revenue, 2) brands and 3) employees. In the past, the employee route was the most common. This is slowly becoming a relic as many processes done by people are going away (the Internet has helped solve a lot of overhead issues). That said it still works. Any time you can pay someone to do something you can calculate the return in an excel sheet. Paying someone $50K when they generate a profit of $100K is an easy decision.

Since we stated that this was an old way to get rich, you can guess our opinion. We don't like the model. Dealing with people is difficult. No we are not referring to people being bad. We're referring to the management of it. We think the employee route causes a lot more stress because *you're essentially taking responsibility for the livelihood of someone you barely know*. It does not feel good to fire someone who needs the money. We'll never understand why people enjoy seeing others fail (a common theme in the USA) but it exists today (zero sum mentality).

Instead, we recommend the recurring revenue and outsourcing model instead. This way you can pay someone for a task (ideally pay them a little more than they usually make) and keep the business model recurring. This way you know you can go back to the outsourced work (assuming they did a good job) and you can earn money in your sleep. A large win to say the least.

The final item is a real brand. This is an extremely slippery slope. A real brand is something that has zero products that are sub-par. This means a real brand should not offer a wide range of offerings. It should remain within a specific price band and deviate slightly (unless you're running a billion dollar company which we know nothing about!). The reason for this is simple (LTV of customer). As soon as the quality breaks a certain range it is difficult to make it back into the game. Use clothing as an example. High end clothing brands have a limited range. If their products end up at Nordstroms rack… they are out of luck. You don't want luxury items to suddenly appear in every outlet, otherwise it wouldn't be rare/luxurious anymore, brand is damaged margins get ruined.

Steps to Think About

Can it Become a Product: With the broad steps out of the way, most people don't ask this question. People who live the "digital nomad life" have essentially created jobs for themselves that are higher risk in nature. If you run a blog for example, the value is actually in the content. Since the value is in the content, the only way it can be valued is based on any product that is already available. You have to discount the value of the users, the ad revenue etc. because the number of people would change dramatically if the author changed. Similarly, if someone offered consulting that would also be a job because the consulting is done by one person. Think this question through deeply before deciding if a skill you have will occupy a lot of your time.

What is Most Valuable for the Product: This is a loaded question. If the product is a commodity, then the value is probably in the brand/marketing. Those are two very different things. Marketing is something that someone can do quickly while a real brand (Patek for example) takes years to build. We're guessing that most of the people reading this (unless they are rich already) will likely find something that is more commodity. If they have no marketing skills and no brand, then they are probably out of luck for quite some time. The alternative would be "market research" where you essentially take a franchise of a well known brand and place it into an area where it will be popular (essentially the brick and mortar model).

How Much of This Will Automate: Walk through all of the necessary items. Can it actually be automated? If so you've found something extremely good. Selling diet pills is probably the most obvious of the group (glorified caffeine pills). The stuff is all the same. Re-packaged and re-branded as something new with the same ingredients + a new tasty flavor (or something just as ridiculous). The good news is that almost all of it is automated. It's actually harder to have custom Hats/T-shirts made than have diet pills made when you look at the total cost of the goods (harder to return partially used diet pills compared to a return on a shirt!). Since the packaging can be made pretty as well (for cheap) the ability to mass produce and have lower headaches is clear as day. As usual, any cream, perfume, cologne, small pill, ointment etc… is extremely high margin.

What is The Cost of the Skills I Don't Have: Since you might have to bring someone else in, calculate how much you're going to need per month/week etc to make sure you have it done correctly. As a basic example, if you plan to target high-end clients, design and brand are critical. This means you will be spending a lot more and it will influence your success quite a bit. The upside is higher margins. If you start with the affiliate route (something we have recommended an incredible number of times), you'll care a lot less about design and be focused on sales/marketing since terribly designed websites still have incredible conversion numbers.

What is the Probability of Success: Take the amount you expect to make and multiply it by this probability. This is all there is to it. Even if you think it has a 20% chance of success it could be worth it. Why? Well if it costs $50K to start but the payout is $1M… Then you should probably do it. It means your expected payout is $200K for a $50K investment. Something many people would take hand over fist. Similar to getting better than 50/50 odds on a coin flip, you should probably say yes.

This is exactly why we laugh when people say most businesses fail. Yes that is true but they don't ask the better question. *How many of these "failed" businesses should *not* have been attempted.* That is the real question. if 95% of businesses fail that doesn't mean anything. If the payout of the 5% was over the total cost it should have been attempted *every single time.*

That wraps it up for now, let us know in the comments if your rich friends had a similar experience. We have no doubt that many will vary but the trend is likely similar. Getting rich alone is *perhaps* the easiest way to get rich.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**

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Getting in the Zone: How to Create an "On" Day

Getting in the Zone: How to Create an "On" Day

It's hard to create an "on" day. For those that have played sports, you know that an "on" day is just not like any other day. Say what you will about statistics. But. The feeling doesn't lie and even a non-athlete knows what it is like to be in the zone. While "checking in" and focusing on a daily basis does yield results, being "on" is something that only happens a few times a quarter or so (generally you have more "on" days when you're younger due to higher energy levels). So. We're going to take a stab at a long step by step process to try and create an "on" day. Our process is tuned for people who are already in good physical shape… time to jump in!

Two Days Before: Trying to create an "on" day typically starts two days before. While this is likely obvious we will point it out here: no alcohol/drug use. If you drink alcohol or use party substances you have to wait a full week before trying this out. Even though it is two days before, when you go out hard or alter your sleeping patterns… it takes at least a week to recover. So we'd say it is possible to have an on day if you haven't gone out to drink in about a week and try this.

During the day you won't need to change much, try to eat healthy and have a normal daily gym routine. At the gym and for your exercise, focus on something lighter such as arms/abs/light cardio. This way you can push hard on arms/abs but you really won't be all that tired the next day. Try to drink a slighter higher than normal amount of water and keep caffeine intake equal to your daily dosage (no more no less). Other than that, you should be good to go for the day.

Now we move to the most important step in day two: nighttime. To create an on day you want to wake up at exactly the same time. So if you're going to wake up at 7am you want to be asleep (that means already knocked out) by 11pm or a tad earlier. Generally speaking, it takes about 7 minutes to fall asleep so you'll want to be in bed by 10:50pm using this example. In addition, you want to prepare for sleep by reading and consuming a small amount of melatonin which could be obtained through milk or by a 1/2 dose of melatonin from any over the counter pharmacy. This is done to make sure you are out cold at 11pm at the latest. The dosage is also small so it won't impact your tolerance levels in the future.

The Day Before: Now it's time to take every single measure possible to create an "on" day tomorrow. As usual there are no guarantees that this will work for someone else but it's essentially a formula that has worked numerous times in the past.

Morning: To re-emphasize, the exact time you wake up isn't relevant, you just want to be consistent. If you normally wake up at 6 you would go to sleep at 10 and if you were going to wake up at 8 you'd be asleep by midnight. The goal is to keep your rhythm in tact. Continuing with our 7am example, you'll wake up right at that time. Sure it will likely feel like a normal day where you feel "okay" and that's the point.

As soon as you wake up we would do two things: 1) squeeze a whole lemon into 16 ounces of cold water – drink it and 2) jump into the shower. Drinking some lemon in the morning has become popular… because it works. You can also use Apple juice + lemons (100% made at home, not apple juice from the store) to get an extra boost in the morning. Apple cider vinegar has also become popular but it hasn't worked as well as natural apple and lemon juice in the morning (notice consistent theme of being fresh).

At this point we would recommend doing a few sit-ups and push-ups *after* taking a shower. No, you're not going to get sweaty from a few pushups and sit-ups, the whole goal is to create some basic blood flow after your muscles have been warmed up by the shower.

With your blood flow working, a standard morning routine is fine. Go with berries & nuts for breakfast (no cereal or breads like the masses) and get ready to start your day. As a quick note, we would *avoid* espresso and coffee in general. Instead if you're a coffee person we would replace this with green tea. This is an important stopping point since we've noticed that coffee is "harder" on the body. Probably because it has more caffeine content, is generally "dirtier" when compared to tea leaves and it could be overly concentrated if you grab a coffee from a store (sitting in a pot for a few hours). While coffee is fine as a daily drink, we would replace the content you normally get with green tea. Quick math is that you need about 12-16 ounces of green tea for 8oz of coffee (depending on strength of the tea).

Work Activities: We will assume that you start work right after the morning routine and in this case you're going to do about 75% the amount of work you normally do. You'll conserve around 25% extra energy for your workout that will occur later in the day.

The next thing we assume is that you work at a desk. If that's the case "sitting is the new smoking". Which means you want to break up this sitting nonsense a bit more today. Since you'll work a tad less, spend extra time stretching and drinking more water. Putting some numbers around this, every hour on the hour try to get up and move around stretching for 5 minutes or so and try to drink an extra 2 glasses of water (more than usual).

Noon: Around this time (doesn't have to be perfect) you want to go outside and get additional sunlight. Most people who work at a desk all day suffer from vitamin D deficiency. Even if you're already rich, chances are you still work inside for most of your work activities. Either way, you'll go out to catch a few extra sun rays. To attempt to put numbers around this as well, we'd say around 15-20 minutes extra. The key is doing this during the day when the sunlight is stronger (hence the mid-day break). To close this out, a good way to get the extra sunlight is to do a brisk walk outside, there is no need to do extreme cardio today.

Lunch: Since one of the goals is to go to sleep "lighter" you want to eat a heavier lunch. This is a little bit harder to gauge since the reader could be 5'6" or 6'6", we don't have a clue. What we can recommend is the type of food though. Here we would go with a quinoa salad with vegetables and either chicken or pork (steak is a bit too heavy). Pretty specific there but the point is to consume something vegetable heavy with some light carbs (quinoa, brown rice etc) and a good chunk of protein. This should be a bit larger than what you normally eat for lunch but not overkill.

In terms of drinks we're sticking with the same three: 1) water, 2) green tea and 3) fresh vegetable juice. As a note, we've found that doubling juice consumption is one of the keys to having an "on" next day. This is certainly dependent on your body so if you typically drink 12 ounces today it would be 24 ounces (if 16oz then 32oz etc.). Lunch is typically a good time to get approximately half of this intake before going to the gym later in the day.

If you're forced to work a little bit more than expected, feel free to combine lunch and the additional sunlight. The 15 minutes of extra walking around isn't going to change much. We're simply emphasizing that you want to be more relaxed. Working long hours and all night is not going to allow your body to recover in a meaningful way.

Finish Up Work: The timelines get a bit blurry here but you'll simply finish up work. Don't skip anything you *must* do since it'll weigh on your mind as something you neglected. That said. Don't go the extra mile today and try to close up the day a tad earlier. By the time you leave work/business should no longer be on your mind and you'll shift your focus onto a workout.

Work Out: The items in Efficiency still apply but we'll get more specific here. You're going to a little bit less cardio to warm up and do more active stretching. Simply do your normal cardio routine minus 25% or so and spend a few extra minutes stretching and making sure you are loose. For the workout you're going to do heavy weights at the *end* of the workout. Most of your exercises should be normal (sets of 8-10 or so). The trick is to end your workout with a heavy leg exercise (say squats or deadlifts).

Essentially, your workout will either be back/chest (we recommend back) with a strong set of either deadlifts of squats at the very end. Interestingly, you can either do 1) heavier weight or 2) you can do the weight until failure on your 2nd and third sets (typically 15+ reps in a row). We would recommend the second strategy (reps until failure) as it's a bit safer when compared to ramping up heavier weights. You should be tired and have that *slight* wobbly feeling at the end of the 3rd set.

Stretching/Massage: With your workout complete you should feel a slight high from being more energetic than usual. There is no need to pay for a massage if you're able to do solid stretches…. that said? Massages do much more work than basic stretching. We'd recommend around 45 minutes or so (an hour is overkill).

When you go for either the massage or stretching, just focus on the high tension areas in your body. We don't know what those areas are for you. And. To help, we would say it's typically where you are strongest. If you have strong legs it is usually your IT bands, if you have a strong bench, you probably have flexibility issues around your delts/shoulders. Generally, if you're strong in one area, it overworks the "helper" muscles that don't have the same genetic gifts. To wrap it up, most high end gyms have a massage person nearby so it shouldn't be an issue, any major city typically has a massage place within 15 minutes.

If you decide to stretch yourself? Simply add a massage ball. This can be the strange ones that look like they have spikes or they could be as basic as a golf ball/tennis ball. After doing your major stretching you'll shift gears to mirror a massage experience. Focus additional pressure on the tense areas (as mentioned above). You'll be good to go when you physically notice an improvement in your flexibility (larger range of motion)

Time to Stay Loose: At this point you should already feel pretty good. This is because your body is tired but loose so blood flow is usually high. Around this time we would typically finish up the juice consumption (should be nearby the gym anyway) and toss in a shot of ginger with cayenne (if you like this type of drink). You don't need to do anything special as you go home, just try to keep your body open and loose. As an example getting a massage but then going onto a crowded train and curling up into a fetal position essentially defeats the purpose.

Dinner: At this point your consumption of blue lights should end. No more cell phones and no more computer screens/television. The only exception will be music… if you need to turn it on for meditation later in the night.

For dinner you're going to go with the normal healthy options. Fish, vegetables, fruit and maybe some nuts as well. The difference is you'll try to eat a little bit slower so you end up consuming a little less than you normally do. If you're concerned about the protein intake and recovery you can toss in a small low calorie protein shake or toss in the extra protein "boost" when you had your juice after the massage/workout.

For what it is worth we've found that berries and cucumbers are the best items to eat if you're looking to feel a bit fuller (earlier) without the heaviness on your stomach. You definitely don't want to go and eat a greasy hamburger since it'll make you feel way to heavy when you're heading to bed soon.

Meditation/Relax: We're at the home stretch now. You're going to simply meditate. For those that have never done this before all it means is to "rest all thoughts" which is harder than you'd expect! If you can get this part down you end up falling asleep naturally. We'll assume that isn't the case and help map it out.

Since we're using a 7am wake up time, you want to be sound asleep at around 10:15am. You don't want to over do it and sleep for 12 hours, so you should meditate at around 9:30pm or so. 30 minutes of mediation followed by going to sleep should allow you to catch the extra 45 minutes of rest without incurring the downside of accidentally sleeping for 12 hours. Definitely set an alarm, that said, if you've done this right you should wake up naturally at or just before the buzzer goes off. For those that have already made it and don't set an alarm in general, just try to add the extra 45 minutes of rest.

Wake Up: Congrats (we hope!). At this point you should feel like you're operating in a different playing field, feeling 110%. This should last the entire day and if you feel yourself slipping feel free drink higher intensity caffeine (coffee, espresso, Yerba mate etc.). The only cautionary item is to drink these items after around 1pm, if you drink it early you could have a crash during the day. Besides, if it worked, you'll feel great 5-10 minutes after you wake up and will likely skip the caffeine anyway.

Items to Avoid: With the step by step out of the way we'll do a quick list of the things to avoid. Some of this should be obvious but we'll do it anyway: 1) no alcohol/drugs, 2) no flights during the 2-3 day period, 3) do not attempt this routine if you've been doing nothing for a week, your body is already rested, 4) this typically won't work during emotional turmoil – death in family, recent trip to hospital or other extreme events and 5) also won't work if still suffering from jet lag. While these are probably obvious we'll now highlight the less obvious ones as well: 1) minimal carbs – no pasta/bread, 2) no fake ingredients such as sugar free soda and fabricated butter, 3) avoid heavy foods like flank steak, burgers, pastries and high content caffeine, 4) avoid extremely hot temperatures, for what it is worth anything above 90 degrees is probably overkill. For some reason cold weather is fine. and 5) avoid standing or sitting for long periods of time. Try to keep your feet elevated while sitting and walk around for extremely short periods of time (3-5 minutes).

Getting the Most Out of the Day: This is going to vary for each person but our best guess is that you want to use the energy for work and knowledge. This means 1) earning money and 2) reading. Focus all of your energy on item number one and when you lose focus you can switch to reading. While this is our guess, you can also use the higher amount of energy for social purposss or physical gains (breaking through a plateau). When you feel 110% you're going to naturally focus your energy on the task most important to you (so we hope!) and maximize the additional focus and intensity. As a note, you'll usually feel on for at least 12 hours so you'll have a ton of time to get extra work done. If you want to ratchet it up even more just limit your cell phone use to about an hour to focus more on work.

How Many Times Can You Do This: The boring answer is "it depends" but we'll go ahead and throw a basic range out there. You can definitely do this at least once a quarter (every 3 months) and once a month is generally the maximum. If you're younger the numbers are higher and if you're older the numbers are lower. This makes logical sense as energy levels level off as we get older and no amount of hormone replacement therapy or other such protocols will make it exactly like being 20 years old (if all those therapies offset everything, athletes would never retire!). Don't get it twisted though, hormone therapy works we're simply adding the note that it won't turn back Father Time… nothing currently does.

Manic Episodes vs Focus: One of the main differences between being "on" and having a manic episode is control. Generally, manic episodes as defined by those with legitimate personality disorders lack focus and control. This is how we would draw the line between a manic episode and being "on" or "in the zone". A manic episode for people with personality disorders are usually triggered by alcohol/drug use. They are overly excited and typically lose a bit of control. It really isn't possible to get wasted and write an advertisment at the same time (or play a sport at a high level). This is why we used sports to help define being "on" since it is a different level of focus and flow.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**.

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Getting Rich and Laying Low

Getting Rich and Laying Low

One of the main items we preach here is getting rich and pretending to have nothing. We write the way we do because if we state something as "fact" it makes it a lot more likely that people will try it. In school most people are taught to be "open minded" as their liberal teachers force feed them horrible advice on how to succeed. So if we talk in reverse fashion, it only attracts people who were smart enough to realize they were being fed lies in school ("team spirit", "team work", "go the extra mile for someone else" and other such nonsense). The idea of getting rich and laying low is pretty important so we'll give you a step by step on how to do it.

Two Rules Before You Get Rich…

#1 Remember to Avoid Fame: As we've said in the past, fame is just harassment from regular people. If you're famous, people already know you have money. And. On top of that, the people you attract will be "angling" for something. If you're simply a happy go lucky guy or a calm person, you'll attract much less attention. This is a good thing since you will only display wealth on *an "as needed" basis*. This is extremely important. An as needed basis means that you choose to let people in on the secret (that you're well off). In short, get rich first, then decide if you want to be famous.

… And #2 Avoid Personal Life Details: When people poke around for personal life details, stick with broad topics and tell people you are *"80% as good as they are"*. If they make $200K a year, you'll make $160K. If they live in a 3 bedroom house, you live in a 2 bedroom condominium. So on and so forth. (As a side note, most people lie *up* so remember to adjust for the lie when giving your 80% number). If you follow these two simple rules you will be miles and miles ahead of your peers. You won't have to answer hundreds of text messages asking for a "job" or "hey man we should work together". No one will waste your valuable time as you scale since they won't know you're rich in the first place.

Get Richer While Remaining Under the Radar

For what it is worth, somewhere around $25 million and it becomes almost impossible to be under the radar (from what we've seen). The reason why? Well if you get to this level… around $2.5M (at least) will likely be attributed to your home. If your primary residence is worth nearly $3 million you're likely well off so your cover is blown. Sure you could try and hide but as more and more people visit you, word will get out and you're essentially a target (at least to people who are two handshakes away). The good news? If you stuck with the two rules above, the people who know you're well off will be contained. Since $25 million is rich by practically any standard out there, you now know it is possible to scale without drawing a ton of attention.

Distributed Cash Flows: The easiest way to blow your cover is to concentrate all of your wealth into a single cash flow item. If you own all of the real estate in your neighborhood or you show up in company filings as owning 10% of a public company's stock… you're going to be well known in a hurry. The best way to avoid this is by having multiple streams of semi-passive and passive cash flows. If you build out multiple internet businesses that generate $120K a year, then build out a bunch of real estate assets that generate $120K a year… No one is going to think you're rich. Why? Well you tell the real estate people that is your primary business and you tell the internet side that is your primary business. Now both sides of the fence think you're only making $10K a month.

Now we realize on first glance that these numbers may seem low or high (depending on the age of the reader) but it is certainly possible to get two streams of cash flow to $10K a month and have no one think you're rich. As a clear example, if you read Efficiency, once you sell your first business you could make ~$1M. With $1M and some leverage you can essentially own cash flowing properties and work online to get to $10K a month very rapidly ($10K for each line item).

Avoid a Car: Cars are clear giveaways for wealth. The more important item? *When you're driving, you can't actually use your time for anything*. You're busy driving. If you work online, this is not a good set up since you could spend your time responding to emails, making small updates or researching in general. Making money while you're in transit is a lot better than spending your time avoiding incompetent drivers on the road. We have no doubt there are special situations where people will need a car… that said… if you live in an urban city the chances you really need one are slim.

Never Give Financial Advice: Yep, that's right… If you give financial advice to people who are new, there is a high chance that they put the pieces together. Don't do it. If someone is in a network closer to you, then the rule loosens a bit to *"don't tell them how much you make or how you make it"*. If you go through concepts such as leverage, cash on cash return, derivatives and outsourcing a workforce… they will figure it out quickly. Instead if you're forced into some sort of financial conversation, stick with the boring advice of "save 20% a year and invest in stocks". This alone will make you appear as cookie cutter as they come.

Don't Talk About Scaling a Business: That's right, when you start to scale your business or your investments… don't talk about it to anyone. Most people are busy trying to cut costs to increase their savings rate. Practically none of them reach the realization that scale leads to a 1,000x higher return. While you're busy scaling and earning more, they are busy trying to squeeze the margin line. When you're in a normal social setting always have a few "cost saving tips" in the back of your head, this will make it seem like you're in the same conversation as they are. This can be random facts such as "you can refinance your home for X% lower now!" to "XYZ came out with a cool promotion to lower your cell phone bill", naturally the example you choose depends on who you're talking to.

Complain About a "Boss": This is the best way to blend in. Even if you don't have a boss, just pretend you do and complain about it. This is probably the most common complaint after age 22 *"yada yada boss sucks or someone else is a jerk"*. The worst thing you can possibly do is complain about *customers* because then your cover is blown (and you've given away a key detail that you don't have a real boss). Just replace all your actual problems with the word "boss". You don't have production issues, you have "a boss who can't prioritize". You don't have a customer service issue, you have "a boss who can't give directions". So on and so forth.

Putting it All Together and a Why

For the first time we'll actually explain why you want to do this. If you've read the paragraphs above, you'll see the key items are: 1) lying down, 2) pretending to not be in charge of your own life, 3) avoiding dead giveaway expensive items such as a car, 4) avoiding leaks and 5) avoiding unsolicited advice.

Why? Well if you're serious about getting rich what you'll find is that people will try to prod into your life. Even if you get a measly promotion at some soul crushing job, people will poke around to see how much money you make. Think about this further… if you succeed with an actual business then people *will beg for jobs.* This is a guarantee. Now you have people emailing you with terrible ideas that don't work and asking horrible questions that don't make any sense. **This eats into your time.** If you're not where you want to be financially (yet) don't create more work for yourself. This is equivalent to running up a sand hill, when there is a hard dirt path five feet to the right. You're already in a tough game, don't make it tougher.

The other reason for this is filtering your own social circle. If you complain about a "boss" for example then you know the other person is not on the right path. Why? You'll see it in their body language. The same applies to driving cars. If you see a guy with an expensive car he's typically newly rich so you simply stroke his ego and eventually you'll figure out if he's worth adding to your network. The key is information and giving out the least while obtaining the most.

The last item for "why" is avoiding leaks. If you don't have a distributed cash flow system and all of it is concentrated under one person, the chances he or she blabs to other people is quite high. If you've got $20 million in real estate alone, the chances that you're under the radar is around zero percent. While this is a fantastic problem to have (later), it's best to delay the problem so you can continue choosing who you meet with. *In short, the reason for all of this is to choose your own network!* Most people are busy trying to "angle and sneak into" someone else's network. Instead you're cherry picking people you keep in touch with by giving out the least amount of information.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality

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Getting to $10M+ is Inevitable.. $100M? Need Help.

Getting to $10M+ is Inevitable.. $100M? Need Help.

After writing on this blog for years, the one concept that seems to separate the rich from the middle class is the concept of convexity. If you tell someone they can become a millionaire in 10-years they think this means you save $100,000 per year for 10 years straight. Anyone who has made it to a million dollars knows this is not the case at all. Just like a regular job (which you should leave ASAP), earnings do not stay flat and earnings do not go up in a linear fashion. Everything has a “curve” to it and this is why a person who gets to $1M will likely make it to $10M unless they make significant mistakes along the way.

Getting to $10M the Easy Way

Getting to the First Million: No, compounding is not how you’re going to get to the other $10M. While it certainly helps a ton the last couple of years, the reason you’ll get there is because of increasing earnings or at minimum stable earnings. There is practically no chance that your 10th year of earnings will be lower than your second, third or fourth year. To make an illustrative example the below chart is a common way that people make it to their first million dollars.

As you can see here, you’re not going to get rich in your first 2-3 years. Unless you hit it big with crypto currencies, started and sold a Company extremely early in life or had some extreme one-time event occur, the gains are heavily towards the tail end. This is the same with practically everything in life. While you were only able to save around $55-60K in your first two years, if you become a millionaire, you will get this same amount by simply doing nothing (5.5-6.0% returns!).

At this point we’ve already separated the future rich people from the forever middle class people. Middle class people think that earning is “linear” so they need to put away $100K every single year. If that was true it would mean that their 11th year of work would only see an increase of $100K. This makes no sense at all. Even if you work a regular salaried career with *no* commission payment… we can bet that you’re earning well over 50% more in year-10 compared to Year 1 (more likely you’ve doubled your income or more). To drive home this point, even if your earnings flat-line for the next decade (Unlikely unless you never earn more than year 10 for the rest of your entire life), you still end up being worth around ~$5.4M (age 40 assuming 8% returns).

In a more realistic scenario, you’re able to grow at about 20%. This seems like a large number since everyone takes the “5% guaranteed returns”. Instead we’re referring to your regular 5-7% returns from investing and then an additional 15-16% from your business + career. If you somehow got to a million dollars without a business, then see the prior paragraph and you’re probably on track to be worth $5M or so by 40. Someone who started an actual business is more likely to get to $10M (relative ease).

Avoiding the Negativity: For those that still “don’t believe” then how about the actual value of the asset you’re building. If you are making $200K after taxes as a worker or $200K after taxes as a business owner, who is worth more? The answer of course is the business owner. We don’t know of a single business that sells at less than 2-5x net income so the person who makes $200K after taxes through his own business is worth at least 2-5x times as much as the person who earns the exact same amount of money as the salaried worker. Now people may say that terrible websites sell at 18-24months net income… But those do not make $200K a year. If they did, please email them our way and we’ll buy them out.

This part is probably the second most common mistake between "middle class" thinking and "rich thinking". If you're middle class you just look at the cash flows and think that it's the same value. It couldn't be further from the truth. The people who follow the plan we outlined, end up being worth $2-3M very quickly. Why? No rich person values his business until he is interested in selling it. If you're considering selling it… it means it was successful! Funny how the success cycle works. By way of example, once you clear your first $100K online or through another business venture you begin valuing the equity. You realize that you own 100% of an asset generating $100K a year. This is worth half a million dollars alone and does not include the money you saved as you built this from scratch.

Don't Screw It Up: Since the math does not lie from the basic items we wrote above, the amazing part is how many people screw this up… Badly. From what we've seen the people who make it to around $2-3M in their early thirties typically screw it up through lifestyle inflation, a heart breaking divorce or a grip of leverage. These are all controllable mistakes. If you get to $2-3M in your early 30s and can avoid those three items we'll say your chances of getting to $10M+ is 95%. The only exception here is if you inherited the money or you got "dumb luck" which is essentially equivalent to hitting the lottery or falling into money while *learning no skills*.

This is probably the most important part of the post. We've met a few people who executed on the plan and are around this range at this point (after all it has been about 6 years of blogging now!). The key things to be aware of are as follows:

Lifestyle Inflation: The funny thing about lifestyle inflation is that being a cheapskate actually costs you more money. We're referring to items that depreciate in value: clothing in particular. If you're actually serious about looking sharp, you're going to buy high quality shoes (~$500-600 range minimum) and high quality suits (~$2K range minimum) and then offset this cost by buying basic cheap items for the gym. Wearing brand name tank tops for workouts is essentially a waste of time as you should be focused on the workout not looking sharp. The second item in lifestyle inflation is buying "too much home". We covered this in a prior post which made people angry for no reason (because they are barely making their payments and are "house rich"). Don't be house rich. Everyone tries to be house rich and we know what happens when you do what everyone else does.

Heart Breaking Divorce: Pretty simple here, don't cave into your emotions. If you're really going to have a family etc. always lock away the money you made pre-marriage. This guarantees you have at least a few million to your name growing at 5-7%. Ideally, you can avoid it altogether. That said there are always "situations" since we get the same question a lot. So. The absolute bare minimum is stated in here.

Tons of Leverage: This is probably the hardest one of the three to avoid. If you've made it this far and are not an emotionally attached person, it means you're probably a higher risk individual (exact opposite of your typical investment banker). If you're a higher risk loving individual it means that you're constantly searching for a new high. Once you get to a couple of million, the typical move (that goes south) is over leverage into some business deal, asset or investment. For some reason, any time you give yourself a chance to lose it all… Life usually forces you to lose it all (part of the simulation). A good rule of thumb is to avoid levering up past your passive income (ultra conservative). And. We're not against debt (it's a good way to get rich), we're against debt to the point of stress.

A Tangent Note on Risk Taking: *One item you'll notice in the prior paragraph is the comment about high finance and low risk. Despite what is written in the news, high finance people are usually *not* risk taking (with their own money of course!). Anyone who has worked in the industry knows this is a fact. The typical banker actually tries to "save money" by maxing out their dinner expenses and even tries to cheat on taxi receipts. They are penny pinchers. Almost none of them take on real risk which is why there is a running sarcastic joke that when anyone says they will start something the response is "Yeah because you're a high risk taking entrepreneur". Bankers are typically a lot more negative and if you ever announce you're doing your own thing they'll laugh at you… Since your success will verify that they made a bad decision. This is a small tangent but needed to be said since we've seen a lot of bad info in the comments about this over the past few months.*

Getting to $100M, Time for Some Lady Luck

We already outlined a way to increase luck and here we're going to talk about the different types of luck and why you'll need some to get to the incredible 9 figure level. No we're not there instead, we'll explain why it requires some good fortune (mathematically). People may argue that some of this isn't luck and that's fine, we'll go ahead and guess they aren't actually worth 9 figures as the vast majority in this range will admit some luck was definitely part of it. Besides. If Warren Buffet was born before allocation of capital could make you rich… we don't think he would do very well in other money making activities hundreds of years ago (physical hunting, gathering and farming etc.).

Low 7-Figures, No Real Luck: We're a dangerously optimistic group of people. Based on pure optimism we think anyone in the United States who finds our blog can become a low 7-figure millionaire by simply following the most logic steps possible. No luck needed. The only requirement is 1) smart career choice, 2) effort in creating a second basic income stream and 3) a ton of effort in your early 20s. After that it's difficult to fail. From the prior segment on why we think this person will be worth $10M, we assume they end up quitting their career. But. Even if your side income is only moderate, at least you're still going to get to around $5M relatively quickly.

8-Figures, Some Luck: Essentially the luck needed is either gaining market share in a massive industry (cosmetics, skin care, diet, fitness etc.) or latching on to a fast growing space early (vapes, grey area drug market, a personal brand – the last requiring fame which is a personal decision we'd avoid). This type of luck is incredibly easy to obtain. The only real luck you need here is to catch the attention of a few influencers. This type of "luck" can be manufactured by essentially going to every single conference and meeting related to your field. If the product you're selling is legitimate (I.E. it works for just one big name in the space) then you're going to sell a lot of units out of the gate and create a new "base line" revenue level that pushes you into 8-figures relatively quickly. And. If it ends up being a one time wonder like figet spinners, well you'll get to mid-7 figures extremely quickly and that's not a bad place to be.

Bad Types of Luck: Before moving on you may get luck that appears "good" and just back fires on you. This is typically something that makes you a lot of money and then goes to zero. Lottery winners and large customer orders that end in returns are two big examples of this. Of the two winning the lottery is better since anyone reading this blog is likely more intense than the average person and wouldn't squander it. The last one is more delicate, essentially if you win a big contract try your best to make sure there are clauses that allow you to remain profitable. Sometimes people get overly excited about a new win that ends up making no money at the end of the day. Discounts hurt margins so be careful is the message.

Ultra Rich Some Serious Good Luck: The was an article from Baron's magazine some time ago that shows how concentrated the triangle gets as you move up the stack. We lost the link but here is the main useful picture.

Each wealth segment is harder and harder to break into. Doing the quick math you see about a million people worth $5-20M but only 270,000 worth $20-100M. Then it goes all the way down to 11,914.

Why is this? *It's because companies grow and die.* Most ultra wealthy people claim that they simply worked hard but how many companies and products stick around for a long period of time? The typical household looks completely different and brands that were incredibly profitable and popular such as Toys R' Us don't even exist anymore. The type of luck we're referring to here is *longevity*. Picking trends is not easy. Just 10 years ago investing in taxi medallions was a "good idea" since you got a high single digit yield and then Uber came through breaking every regulation known to man kind (killing them off).

So what is the point here? It means several forms of luck can be forced onto yourself: 1) learning the right skills like coding/sales is not impossible luck, 2) forcing yourself to meet people in a profitable industry is not impossible luck and 3) having differentiated skills relative to the competition is also not impossible luck. What is serious good luck? Being completely right on the sector and having a "mania" around it. If you can hit all of those once you'll get to the 9 figure area since you'll have a quasi monopoly on the product you're selling for a special point in time. Take advantage of it by moving fast and you'll be ultra rich. It's low probability but hey at least by following the road to ~$10M you've got a chance for $100M. As Felix Dennis said… You won't get rich working for your boss!

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Goals Cause Depression

[Goals Cause Depression]

Many people have asked us to create another New Years post, but there is no reason to do so. New Years resolutions are likely the cause of depression across the United States (no there is no way to scientifically prove it, only basing this on experience). Unlike regular people, we don't make resolutions, we don't make goals and we don't even have a system (although many people have recommended we start a system). We simply spend our time [becoming more efficient]. With that said, here are several reasons why goals cause depression and why you should eliminate them in general.

How Goals Lead to Depression

Goal Oriented People are Type A and Boring: Make no mistake, we used to create a lot of goals. Every single educational institution will tell you to create goals and "stick to them". The problem is that this will make you miserable for the foreseeable future as you'll only focus on that "one goal"… for about three weeks… since you made it a recent resolution. Sure doing an activity to achieve that goal near-term is healthy, however, you'll find yourself thinking about it incessantly and talking about it as well. (Hint: no one cares about your goals they only care about themselves!)

Therefore, when you're creating your first new goal, you're going to be laser focused on it and talk to people about it who won't have any interest in you achieving the goal. In fact, they won't even believe you will achieve it because every single person you meet will believe they are better than you. This means your goal must be reasonable in "their world view" otherwise they will shut you down. Why? Well if they can't do it certainly you can't! Congrats. Since your goal *seems* to live on another planet from most people you speak with, you'll be labeled as "boring" or "crazy" as well.

Goals Don't Lead to Happiness: If your goal is to become a millionaire we can tell you that the day your net worth turns from $999,999 to $1,000,000 won't make a difference. You will not get some sort of bump in happiness because if you were at $900,000 or something like that, you'll feel that you're practically there already. In addition, nothing changes. If you were in shape and a millionaire then you're a fit millionaire. If you were overweight and out of shape, then you're the same person with a heavier wallet than before.

Looking beyond that basic piece, you will even suffer from some sort of apathy after achieving your goal. You worked for months or years to get to where you are now and yet you feel exactly the same as you did before (perhaps the actual day was great but certainly not a month after). Now you have to reset some sort of new benchmark which is just a restriction on *potentially blowing past it* if you didn't have that mental hurdle in the first place! If you wanted a million bucks but changed it to "as much as possible" you're probably going to think bigger and less restricted (sticking with basic money examples).

Goals Create Frustration: Many goals start off with big gains at first and then fall off as the gains become less linear. *All improvement is non-linear (lots of nothing before a big gap up).* If you're going from $0 to $1,500 the speed can certainly be linear. But. As we work up to higher numbers you'll find that *event* driven income will drive your net worth once you're in the seven figure territory.

Expecting that your improvement is going to be linear (for practically anything) makes it mentally more difficult to keep going. So not only are you focusing several hours a day to achieve that goal, you're also using your will power muscles (yes will power is a muscle) just to keep going. If you didn't have the goal in the first place and simply allocated a specific amount of time to becoming "more efficient" at that category, you'd never have to use your valuable will power muscles in the first place!

Any Goal Worth Having Isn't Worth Sharing: If you tell someone your goal and they think its achievable (vast majority agree – see regular people) your goal is too small anyway and shouldn't be talked about. If your goal is unachievable to 99% of people (vast majority disagree), then you shouldn't bother telling anyone because they will think you're crazy or boring. Funny how that works, huh?

If you have a real problem you want to solve, you should allocate time to it and let your effort drive the process forward. We don't know of a single "goal" that doesn't require time on your part. Even if your goal is to work less and make more, then you're going to have to sit down and solve that problem by outsourcing tasks and free up time for something else. The planning itself takes time as well.

The crux of the problem is simple. ***If you want to get better at something you shouldn't need to tell anyone… it should be a lifelong commitment otherwise you didn't want it anyway.***

If You Miss a Big Goal You'll Be an Even Bigger Mess: We all know those guys back in school who thought they were going to be professional athletes or become famous musicians. Many of them failed (maybe you know a few famous ones!). Then they proceed to complain about not making it and living in the past… explaining how they were extremely good compared to their home town… (Which is not a good benchmark by the way). Oh. Eventually they will exaggerate how good they were to make themselves feel better about being well past their prime.

Announcing a Goal is just as Bad as Motivational Seminars: You're doing the same thing as the people who watch motivational videos. Sending a quick jolt of adrenaline (that won't last) about all the cool stuff you're going to do and how you just needed to *"chew through that brick wall man!"*. Avoid these guys like the plague. Anyone who needs to read about someone else's success to feel better about themselves should go back home to mommy and get a big hug.

Allocation of Time Not Goals

We already know what the primary rebuttal is going to be. "But everyone should have goal posts and deadlines otherwise they won't stay on track". We disagree. All this really means is time allocated to an activity. We'll break down several examples:

How Can I Sell More Product (Not I want to Sell $100K more): Okay, in this case you have to quickly review how much you were able to generate last year. How many man hours did you personally spend on it and how many hours did you pay for help? Then calculate how much more time you'd need to do it to at minimum accomplish this (a annual increase). Then take a step back and say *"How can I reduce that amount of time"…* now you'll spend a few minutes a day ruminating about this as you try to solve it (calmly), while adjusting your schedule. You now have the *maximum* amount of time needed to achieve this "goal" and instead… You have framed this as a *problem* related to time. Solve the problem.

How Can I Lose Weight (Not I want to lose 10 pounds): Another easy one solved by time. Calculate how many hours you're spending at the gym and how many calories you're consuming. Keep it simple and tally them up and just reduce and increase from there. Since you've now framed this into a *problem* (I need to reduce weight) you can now adjust how much time you spend attacking this problem. Another easy one solved by a calculation and you won't even have to adjust the amount of time per day you're spending on this problem.

How Can I Have More Friends (Not I need one new best friend): As a quick reminder, there is no need for some huge crew of friends, you'll find that you have a handful of real friends and the rest are pretty much hoping you'll fail. That said, this problem is solved without a goal as well. All you're really saying is you want to allocate more time to your social life. Stop and think about what type of person you want to be around, a basic frame work. Once that's done you simply spend more of your social hours in those locations. Again, you've framed this as a problem instead of a goal because you'll increase the number of friends you have over a period of time if you simply spend time in the right markets.

How Can I Speak a New Language (Not I want to be fluent in a language): Instead of assuming that you'll be fluent in a specific time frame (very difficult to predict fluency), you can say you want to speak a new language. This can mean basic Russian, conversational Russian, Fluent Russian or Native Russian (where you know the slang as well). We don't know where you are in the language curve and it doesn't matter… this is now a *problem* that needs to be solved. You now sit down and review where you are and what tools you need. If you know nothing, you allocate time to free courses online, if you have a basic understanding you should probably make a couple of trips to the country and buy some books at your reading level (and practice)… so on and so forth. You'll find the same dynamic at play, this is a function of time.

Conclusion: To recap this, instead of having Goals you're going to frame your life into problem solving. Problem solving just means the allocation of time to specific topic and potentially resource constraints (then you need to throw money at it to help solve it). Now remember, we've stated that goals are not useful because you should never speak about them. Problems are the same way. You don't talk about your problems to people (they don't care anyway) so we've reduced the chances you'll even talk about it. (Yes, yes, if the person you're speaking to is someone you need to help solve your problem then of course you have to tell them what you're looking for).

Actionable Steps

– Figure out what problems are most important to you and allocate time to sit down and solve them

– Never tell anyone what your problem is (again, they do not care)

– Find a minimum amount of additional time needed to help solve your problem (see improvement long-term)

– Do not create goal posts as they will be a negative reminder of "not making it yet"

– If you can't find time, you didn't care about it anyway

There you have it. A short rant on goals and instead we've outlined a game plan that won't require a "New Years Resolution" ever again. We'd like to thank all those guys clogging up the gym that are now starting to give up. We noticed the dismay as they didn't get what they wanted immediately and suffered depression within 11 full days! New Years resolutions cause depression by around February 14 every single year (not for our readers though!).

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As Usual No Questions.

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Great Businesses: From Expensive to Cheap

[Great Businesses: From Expensive to Cheap]

When we think about "great businesses" everyone talks about Google, Amazon and Facebook. Not to mention the top tier brands like Nike, Apple and Coca-Cola. While these are all great businesses beyond a shadow of a doubt, the chances of creating these mega corporations is quite small. In fact, there are millions of other ideas that generate very high cash flow, revenue growth and stability that most people wouldn't bother looking into because they are "boring" or "unsexy". Instead of trying to become billionaires we focus on making a few million ($5-10M or so) and then calling it off (hitting cruise control to enjoy life versus playing the "who has the biggest wallet" game). Everyone has their own set of principles and ours are outlined in that sentence alone. No point in being rich if you're busy working all the time (money is just a tool). So below, we'll go through several good businesses.

Higher Cost Items

Financial Modeling Classes: We always laugh at the high price tags. People really do pay $3-5K or more for "financial modeling" classes before joining Investment Banking and other high finance sub-segments. *This is highway robbery*. Any major bank already has pre-made templates for every single type of transaction: Merger of Equals, Acquisitions (Cash vs. Stock), comparable company analysis, Leveraged Buyouts, Financing… So on and so forth. Learning how to use excel (something a macro can do by the way) is not going to set you apart. Now here is the fun part… Will anyone listen to this paragraph? Nope.

Why? Well the vast majority of high achievers will do practically anything to get an "edge". Financial modeling courses target severe insecurity (failing at first position out of college). Now that you've seen the phrase "severe insecurity" you know what that means! Great business. Once you get them to learn something new they will think it was worth the money. Besides, spending $3,000+ on something that added no value would be something a "dumb" person would do and no one who is getting a high paying job is "dumb"… right? Now you see the entire full circle of the business model. They are not targeting dumb people. They are targeting the "need to succeed" and doing so in a way that requires very little operating expenses (only cost is a person and a room in a central location).

Motivation & Self Help: Another great business model. While we have a controversial view on "motivation" in general it does not mean the business is bad. In fact, it is a great business. If you can successfully get 100 people or so (rough math) hyped up about your ideas, then one of them will succeed (1% is reasonable and likely low de to large numbers). You then build off of this with success stories and how the presentation/seminar changed their lives! You can wash rinse and repeat this because it essentially "stacks". If you get one devoted person, they will then likely get at least one more for you.

This is another one we would classify as "targeting insecurity". You're essentially telling people they can be "more than they are today". In some form of rah rah scenario. Now it is true that taking a positive view on life and killing yourself (working extremely hard) will result in a lot of benefits… paying $3,000+ to hear this message is a bit of a stretch to say the least. No successful person needs to pay for these seminars, instead they work hard and improve constantly. The last item before signing off on this great business is you don't even need to succeed. That is right. All you have to do is "inspire others" to succeed and you'll succeed. By getting other to believe your message you'll be successful by default "perception is reality" as they say.

High End Fashion: Brand names are the highest margin businesses on a "like for like basis". If you have the exact same products, you can charge another 50% margin on top of the product (likely more) just because you slap on a name such as Gucci on top of it. This is 100x as true for jewelry and any item that essentially has fixed costs (no variable costs). We could list off a hundred brand names but jewelry and clothing are the two most obvious ones since they deal with particularly high volume.

The one downside of going down this path is your market size. Since your goal is to be exclusive you can't do brand damage by suddenly allowing your products to show up at Nordstrom Rack for example. This would take the clientele down a notch since it would no longer be seen as a luxury item and more of a "upper tier" brand. Even though the product could be exactly the same quality wise, the brand damage would not be worth it for these high-end products.

Lower Cost Items

Dive Bars and Pizza: If you have a better idea of what the average person wants, focusing on these two low end businesses are profitable. Sure online sales is still 100% the best way to go if we're asked. But. Both late night pizza shops and dive bars pull in large amounts of money. It's interesting because the higher end clubs rely quite a bit on bottle service and heavy spenders (hence the big turnover) while the dive bar crowd has much lower costs and doesn't have to pull in $10,000+ tables every weekend to make a living. A large number of people buying an $8 glass of wine that costs about $1 or less is going to create high cash flow assuming that the overhead cost is minimal (typically is since we're talking about smaller venues).

The second item is what most people do after partying all night. They go to some nearby venue that serves pizza or another unhealthy basic food option. Sure it's not a glamorous business… But the cash flow is very good yet again. Dominos Pizza can turn a profit off of their cheap $5-6 medium pizzas so those $3 slices of pizza sold at your standard shop are high margin. Think about how many slices of pizza would be required to generate a full medium sized pizza and you'll get an idea for the math behind it. Naturally, most people won't think about this since they spent the night partying and a few bucks is nothing. This is great for you if you're interested in a basic brick and mortar.

Magic Pills: We've covered this many times in the past so we'll keep it short. Anything that is supposed to help: 1) focus/intelligence, 2) weight loss or 3) magic skin care will be an amazing product. The testosterone replacement pills were a great idea but the market is just a drop in the bucket compared to the other three. Weight loss or skin care are billions of times larger than any of these other smaller secondary markets. If we fast forward to the year 2150, we have no doubt that the same markets will exist. People don't want to work hard, they don't want to think, they just want to wake up and suddenly have their problems solved. You can even put terrible stuff into the pill such as Guarana and it will be bought (diet in this example).

Scents: We'll take a broad phrase here. Anything that has to do with improving the smell of an environment typically commands extremely high margins. Cologne, perfume, air fresheners etc. All of these items cost almost nothing to make. A bottle of good smelling liquid costs fractions of pennies more than pure water (except maybe Fiji water, they've successfully branded that thing to extreme prices!). These are high volume products but a popular scent can create large amounts of money. If you're familiar with the brand "Axe" they did a phenomenal job targeting men who had trouble dating women. This was so successful you can even google the phenomenon. We suggest the following article: How Axe Built A Highly Scientific, Totally Irresistible Marketing Machine Built On Lust

"For here, at this very lab, the same scientists, with the same equipment, often with the same ingredients, are designing elegant $200 colognes and $3.99 bottles of Axe body spray"… We're not exactly sure how the Company was able to do this. Yes we know that it was marketing, but the level of execution was incredible to watch.

Services

Blue Collar Work: Using this as a vague term to encapsulate plumbing to cleaning to landscaping (and many more). While this is unlikely a path for most of our readers it is by far the most lucrative path for someone who has a limited skill-set. Even if you're not the best with numbers and you're not going to be creating high quality internet ads/products, you can always work hard. Blue collar positions will still be around for the next several years. Sure automation will begin to replace pieces of it, but you're going to have a client base that unlikely sees a big benefit from a few dollars saved. Besides… You can always buy the robots in the future to do the work (hedge yourself out). This line of business is a "must have" meaning that everyone will need someone to help fix up a house, fix a broken faucet or improve the landscaping of their backyard. In short, this is much more time consuming up front but has a clear path to winning (long hours and scale). After you can hire your own employees and build a rolodex of repeat clients its a solid business (just isn't sexy to call yourself an electrician for example).

High End Services: The wives of rich men are not going to have their hair done and live without spa treatments are they? Of course not. The cost of massage oils and other items used at Spas is somewhere around a few pennies so the only real cost here is the therapists and a cool "atmosphere". You'll hear the word phrase "wanting to be pampered" frequently and this just means higher margins for you! If you can create a high quality "relaxation" spa, chiropractor or otherwise… You're going to be swimming in money. These are great businesses because many people enjoy the experience which can result in a much higher premium on the cost. The small increase in physical well being is more than worth it for a wealthy person so the trade off ends up being a "win win".

Terrible Businesses

With some of the best ideas out of the way we'll go ahead and highlight "terrible businesses". *This does not mean you will fail at them.* We are simply pointing out that there is high competition, slimmer margins and a lower chance of success.

Brick and Mortar in General: At the end of the day, having a business with a lease + monthly payments is going to make it a lot harder to succeed. People attempt to justify this cost by saying "built in customer base" but that is extremely weak. **Online you can buy the customer base with a much lower cost and they can be located anywhere in the world (this is what we recommend for beginners)**. If we've learned anything from the latest Facebook privacy issue it is that these companies know exactly who to target with their ads. This is your benefit and at a much lower cost than a monthly lease payments.

Restaurants: Excluding the late night and dive bar examples we gave, the restaurant space is extremely competitive. Sure you can go down the higher margin path with drinks/frozen yogurt etc. But. The competition for restaurant money is quite high. They are all over the place and if you're in a major city you're likely competing with 5-10 other solid restaurants in the exact same niche.

Being a Private Driver: The math behind driving an Uber or Lyft is just not good. Unless you're driving an extremely fuel efficient vehicle, it's going to kill your margin line. When it comes to businesses we'd avoid trying to compete against these tech giants in general. You're better off becoming a dog walker because at least you can have a 0% operating expense line and you can build a client base to then consistently walk 100s of dogs a week.

Low-end House Services: This is specifically the low-end. High-end moving/home services are quite good as you're likely dealing with the aging population and you're dealing with bigger changes. Low-end cleaning/services is tougher to scale because each employee is going to make a much lower wage relative to the higher-end. If you find a niche within the housing services space make sure you can take some sort of item and scale it up (carpet cleaning with a large piece of equipment that usually needs to be rented, the mentioned plumbing/electrical work etc.). Just don't go out there trying to scale a business with a mop and some soap. Find heavier machinery that cuts on time and is too costly for your average person to purchase for their home.

Other Ideas? ***If you have other ideas please drop them in the comments!***

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Guest Blog Post: Controlling Your Habits

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This is a guest blog post from a frequent commenter under the user name "recent graduate" he may change his name in the future and has noted he will answer questions on his post.

There is a reason why motivation won't turn a regular person into a winner. Or why a regular person won't suddenly turn into a winner. The reason is habits. Habits are what your body automatically does without much thinking.

Habits occur in our "lizard brain". It is not until relatively recently in our existence as human beings did we develop the ability to think and reason. The thinking part of the brain – called the Neocortex – is a separate part of the brain where our habits lie – the Basal ganglia.

This means that you can't entirely control your habits by logical thinking. Habits, negative and positive, are actions performed automatically by your lizard brain.

Habits are started by triggers – objects or feelings that remind our lizard brain how to act. Since the habit performing part of the brain is not the same as the thinking part of the brain, often times we will perform a certain action without much thinking. For example, when we get bored – we check our phone automatically, without much deliberation.

Therefore, the best solution to controlling negative habits isn't simple willpower or logic. Rather, it is simply blocking their triggers.

Use block lists for short term negative habits

A block list consists of triggers that activate your negative habits. Every time you catch yourself in the middle of a negative habit, write down the trigger that started it so that you are aware of that particular trigger next time around. Here are a few practical examples:

1) Web browsing

To curb mindless web browsing, I installed a program that blocks any websites that distract me from doing work. It's called "FocalFilter" and it's free (no affiliation). Every time I go to a useless website when I'm suppose to be doing work, I'd add that website's url to the block list on FocalFilter. This way, I can't access the websites that will make me browse mindlessly. I even block Google.com sometimes.

2) Excuses

Whenever you try to do new things, you'll probably come up with excuses for why you shouldn't start. Making excuses is a negative habit that you don't even think about most of the time. For example, you want to start a new website, but then every time you sit down to start, you make excuses, such as, "I don't have time", "I don't feel like it", "I'll do it tomorrow", "It's not as important as xyz, blah blah blah."

Excuses block list: get a Post-It note to write down your excuses. Write out the excuse every time you make one, and force yourself to never use the same excuse twice. Pretty soon you'll run out of excuses and you'll have to use your thinking brain to come up with an excuse. Once you activate your thinking brain, you'll realize that believing in your stupid excuses is a negative habit, and you're more likely start.

Another example of excuse block list: In trying to be more confident, you are trying to approach girls. You see a girl walking by and you didn't do anything. Excuse #1: "She's out of my league." Okay. You see another girl and you choked. Excuse #2: "She seems busy." Okay. You see another girl and you froze. Excuse #3: "She's too tall". Okay. Now you see a girl and this time, you looked over your excuse block list and saw how stupid excuses have been. Well, you just activated your logical brain and now you're more likely to approach her. Keep writing down excuses in your excuse block list until you realize you can't think of a new excuse and then start.

3) Location

Sometimes your surrounding is your negative habit trigger.

This one is especially true for me for waking up early and getting ready to do work. Back then, I'd wake up half asleep, read on the iPad or blog post that I don't need to read, then get out of bed after lying there for 1 or 2 hrs after realizing it's time to go. I realize that the bedroom itself triggers "bedroom" behavior, i.e., I would be in sleep and relaxation mode.

Solution: I now have two alarm clocks – one close to the door and one outside the bedroom, half way to the bathroom. The alarm that's outside my bedroom is set 1 minute past the one inside my bedroom. This way, when I wake up to turn off alarm 1, alarm 2 rings outside my bedroom and I'd have to open the door to close alarm 2. Thus, I'd be outside my bedroom already so I'd just walk a few steps to the bathroom where I'd brush my teeth to wake up completely – saving myself an hour or two everyday.

The main idea is that the bedroom is a symbol for sleep and relaxation. The location itself is a trigger.

Do you have a location that is counter productive for you? Sometimes it isn't yourself to blame but your location. Maybe you're more productive in one location than another. Find out what's wrong with the particular location and get rid of triggers or move away.

Summary: The main idea is to add resistance to your negative habits by blocking its trigger and activating your thinking brain. Your thinking brain will then be able to decide logically and rationally and stop yourself from deliberately pursing your negative habits.

Long-term Habits

Say a 10 yr old has a choice between playing video games and learning a skill. He tries both but at the end, he plays video games. His brain enjoys playing video games because there's very little resistance to the reward that video games give – pure fun. But when the boy is learning a skill, he doesn't always have fun so it is a much harder habit to stick for him.

Our brain is very adaptive and always try to go with the most efficient way of getting a certain reward.

To tackle this problem logically, you simply increase resistance to negative habits while decreasing resistance to positive habits. The first part of the post talks about ways to increase resistance to negative habits, mainly, by removing negative habit triggers. But that will only take you so far because the time you gained from not performing these negative habits needs to be filled up with a positive habit – or else your body will find another negative habit to stick to.

How to Decrease Resistance to Positive Habits.

Our brain's efficient nature means it prefers instant gratification. If you were trying to exercise to lose 10 lbs, but exercising isn't your habit, chances are it is very hard to start an exercising habit in this particular context. Your brain wants it now and if exercise doesn't show immediate results, your brain isn't going to remember it.

Therefore if you want to lose 10 lbs, for example, it's best not the care about the 10 lbs, but to care about the journey to losing it – that is, how to enjoy exercising and/or how to make exercising instantly gratifying.

The Two Type of Positive Habits

So you are committed to performing positive habits to improve your life. However, you may have realized that some habits stick but some don't. You can blame your willpower and discipline all you want, but taking a closer look at these habits and you'll realize that there are two different types of habits: vitamins and painkiller habits.

Vitamin habits are those where the reward isn't felt immediately. Painkiller habits are those where the reward is felt immediately.

If your habit is a vitamin, chances are, it isn't going to stick very long. If your habit is a painkiller, chances are, your brain will remember the good feelings and you will stick to it.

The problem is that most positive habits are vitamin habits and thus, you will forget and give up easily.

If you want a vitamin habit to turn into a painkiller habit, there are a two ways:

1) adding the vitamin habit into an existing habit routine
2) changing the way you think about the vitamin habit

Since vitamin habits don't offer instant gratification, the best way to make them stick is to add these vitamin habits into a routine of an existing habit.

Take for example, juicing. (Hat-tip Mike Cernovich)

Juicing is the ultimate vitamin habit (pun intended) – you know it's really good for you but it takes a lot of time to juice and clean up plus after you drink it you often don't feel a huge different (vs. a cup of coffee for example). You can set up a calendar, force yourself to juice 4x a week or whatever, but you'll probably abandon the pursuit after a few weeks, since it doesn't offer an instantly gratifying reward.

To turn juicing into a painkiller habit, simply pair juicing with another habit routine with the result being that juicing will enhance the routine. The best one is exercise. Whenever you exercise, try to think about your heart pumping immense amounts of blood throughout your body. Then tell yourself this: "There is no better time to drink juice than now because when your heart rate is up, blood is pumped more efficiently and your body can benefit the most from the nutrients in the juice. You don't want to waste this opportunity, do you?"

What happens when you think like that is that you just added a pain point (not wanting to waste the best opportunity to nourish your body), effectively turning the vitamin habits into a painkiller habit.

Another great example is exercise itself – a vitamin habit until you find a pain point.

There are many ways to pair exercise with a current routine. For me, I pair exercise with morning work sessions. Before I started exercising regularly, I often find myself easily distracted and my mind unable to focus on the work I'm trying to accomplish. After realizing that exercise increases the heart and breathing rate which increases the amount of oxygen and nutrients to the brain, I exercise hard enough to get my heart rate up before I sit down and work. Immediately, I would notice a difference. My focus is sharp and intense plus I'm now able to get more work done for a longer period of time.

The other way to turn a vitamin habit into a painkiller habit is to change the way you think of the vitamin habit, specifically, change enough of your thinking until the vitamin habit turns into a painkiller habit. Usually the most effective way to change your thinking is to find alarming facts about something that can be cured with the vitamin habit. Here are two quick examples:

1. Sunscreen is a vitamin habit – until you learn the truth. You probably know that UV rays from the sun causes skin damage. Did you know that 90% of our wrinkles are caused by UV rays? Whether or not that statement is correct is not important. What's important is whether or not you want to implement the sunscreen habit. If you do, then never try to disprove that statement – just every time you see the sun, wear sunscreen out of fear that the sun will give you irreversible wrinkles.

2. Maybe eating healthy is the vitamin habit that you're trying to turn into a painkiller habit. Find facts that will change the way you think about eating healthy. Did you know that acne is caused by a diet high in processed carbohydrates? If you want to stick to eating healthy, don't try to disprove that statement and simply eat healthy out of the feat that you'll get acne if you don't eat healthy.

Summary

1) Habits and thinking do not come from the same part of the brain so use your logical thinking brain to control the triggers that start the habit, not the habit itself.

2) You don't need extreme determination and motivation to stop a negative habit. For short term, simply intentionally add resistance to stop negative habits by blocking or removing its trigger. For long term, you have to replace negative habits with a positive habit.

3) For positive habits, there are two types of habits: pain killer and vitamin habits. Be honest if the positive habit you want to implement is a vitamin or painkiller habit. Vitamin habits are hard to stick because the rewards are not immediately felt. Painkiller habits are easy to stick to because the reward is immediate.

4) To be consistent with vitamin habits, integrate them into common habit routines or change the way you feel about vitamin habits. Fear or insecurity is an excellent trigger to turn vitamin habits into painkiller habits.

Thanks for reading! Hope this helps. Since this is my first article ever, clarifying questions are ok and comments are absolutely welcomed.

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Guest Post: Ed Latimore's Financial Journey

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I'm gonna clear the air on something right away: I grew up as poor as you can in America. I was intermittently on welfare growing up, lived in public housing projects until I was 18, and had to start working at age 11 if I wanted extra money for anything. I'm a product of inner city public schools and I experienced all the distraction and violence that comes with it.

I tell you this so you kill any notions that I had advantages growing up. There were no role-models, parental guidance was non-existent, and there wasn't money for everything needed–let alone anything I wanted. But I'm still here, doing great, and making more money than anyone I ever grew up with thought.

If you have any excuses for why you can't make more money, I'm not the one you want to talk to. Save it for your entry into the victim olympics. If you wanna learn something that can make a difference to your life and your bottom line, read on.

Mindset:I debated writing about mindset. It's not that I don't think it's important, but too many guys get focused on the mindset without taking any supporting action. I put it in because the one thing that took me from broke as hell in my 20s to where I am now was a MAJOR shift in my thinking. Writing anything about personal finance and improving your ability to make money would be incomplete without address the cultivation of the proper mindset.

You need to be pissed off at how your life is going. I clearly remember the day that I got so pissed at my life I almost cried. I was getting ready to close the cell phone store I worked in before I headed home to the room in my friend's house I was renting for $200/month. Someone came in to buy a phone with 2 minutes left until closing. I couldn't kick them out because of company policy. Instead, I had to put on the fake customer service personality until they left an hour later without even buying anything. At that moment, I had enough.

I felt like I should have better in my life. I barely had enough money to do anything besides work, go to the gym, and drink. I didn't feel proud of the person I was. I was 27 and had to be on some customer's time schedule for $10/hr. I sat angrily in my car for almost an hour. Then I decided I was going to start doing whatever it took to make more money.

This was before I knew anything about making money online, so I enlisted in the Army so they'd pay for school. I was willing to suffer and risk the possibility of being sent to a combat theatre so I could be worth more. This is when I stopped drinking because I wanted to give myself the best shot of getting my shit together. When I got back from basic training and AIT, I lived across the street from my gym so I didn't risk falling into any BS that screwed my life up.

Realize this: The only mindset that matters is wanting it bad enough. My only motivation was not being the same person at age 33 that I was at age 27. I didn't care how long it took to get my money right. That's the only real mindset you need.

The Most Important Thing: Value. If you don't have any, get some. If you aren't sure exactly what constitutes "value", it's simple: anything that people are willing to exchange money or time for. When I was broke, the reason was simple: I couldn't do anything that people were willing to spend money or time on.

As long as people are willing to give you their time or money, you've got value. Views on your blog, followers on Twitter or IG, or youtube subscribers is an investment of time. Last year, my social media easily made me over $100k. This is because people are willing to invest time and read what I say.

This gives me the opportunity to make recommendations and potentially earn commissions from them. Some people have a beef with affiliate marketing, but it has changed my life. I hate to borrow something I was told back when I sat through MLM pitches, but it's highly relevant here: you already make recommendations via word-of-mouth, so why not get paid if someone makes a purchase because of it.

Affiliate marketing is just a tactical idea that specifically applied to my circumstance. It demonstrates a strategic idea that you can use to increase your value.

People trust my recommendations on a thing because I demonstrate how said thing ***has increased my value.*** Whether it's a nootropic to help me learn, a training program to get me fit, or a course to make money, my life stands as a testament to the power of what I'm recommending to increase value.

This is another display of value. Because the results of my life are stellar, people give anything I say more value and consideration. This is goes beyond affiliate marketing and into the effects of the halo effect on both yourself and those around you. It's a lot easier to increase your value when you've already demonstrated your worth in some way.

If you can do one thing, you can do anything. Each small challenge you conquer convinces you and others that you're worth a damn. Truly believing this is the difference between working to barely survive and making more money than you need in a way that you love.

Problems: If you can solve problems, you'll never be broke. This is the truest statement you'll ever read in regards to making money. This lays out another surefire way to increase the amount of money in your pocket. Solve other people's problems. It's really that simple.

People hear the idea of solving problems to make money, and they immediately imagine they need to invent something completely new. Don't do that. You'll just make this thing more complicated than it needs to be. From now on, think of problems like this: anything that causes people discomfort.

Now tell me how many problems you see? Neighborhood kids take advantage of this in the winter shoveling snow and the summer with a lemonade stand. People don't want to get cold or they're need refreshment from the heat. Problem solved, money made.

Entertainment relieves the discomfort of your boredom. Copywriters relieve the discomfort of low income. The discomfort doesn't even need to be clear and present. The business of insurance is providing relief from the financial discomfort of an event which may not even occur.

The strategic idea here is that you need to solve people's problems. What I've found is that the problem solver's mindset is intellectually simple for people to grasp, but challenging to put into action. This is may seem like an obvious statement, but people have a much harder time understanding the concept of "value" than "problems".

Specifically, I've executed this idea through the selling of my twitter products and services. I wrote a 37-page ebook about how to write for Twitter in a way that will make people follow you and engage with you more. I also give exclusive attention to accounts who want me to retweet them more to help them grow. This solves their problem of how to get exposure on social media.

I personally think that Twitter is the greatest thing since the internet itself, but I want to remind you that it is just social media. It's not something that people need. It's not even something that everyone wants. But there are people who do want to have greater success on the platform. To them, lack of social media success is a problem.

I'm able to make a decent amount of money per month because I'm the one who can solve their problem.

It's Recursive: Valuable people solve problems. Solving problems makes you valuable. This is probably the most basic way for people to understand how to make more money. People who can't find a job after college refuse to face a simple fact: they actually can't do anything of value or solve any problems. They can't solve any problems that people find uncomfortable enough to pay them enough money to live on.

When I was in my early 20's, I worked at a Starbucks coffee. Out of a staff of 10, I was one of two people who didn't have a college degree. Let that sink in. These were people with heavy college debt and the best they could do is make lattes.

The point of this section isn't to bash people who study low-demand subjects; they're reminded of their foolish decision every time the rent's due on a Wednesday and payday isn't until Friday. The point is to cover something obvious but important: not all problems are created equal.

We aren't all worth the same because we all solve different problems. The baristas I worked with at Starbucks solved the problem of "manpower". A heart surgeon solves the problem of "cardiac arrest". A movie solves the problem of "boredom". You get the idea. Generally speaking, your income will be decided by the following formula:

*Income = (Number of people you can simultaneously solve the problems of) * (Level of discomfort relieved)*

This formula should make everyone's income level make a little more sense. If you want to make more money, you need to either increase the number of people you can simultaneously help or increase the level of discomfort you can relieve. First let's start with the common path most people take to making more money: increasing the level of discomfort they can relieve.

Increasing Difficulty of Problem Solved: This is why the STEM degrees (in particularly, the "T" and the "E") pay so well. This is why doctors and lawyers are paid well. This is why trades can take a person out of the ghetto and into the upper middle class.

These professions allow you to solve big problems for humanity and alleviate huge amounts of discomfort for people. This thinking is ultimately why I went back to college when I was in my late 20's and majored in physics. I figured this was my route to making more than $1k/month. While I don't have a job where I use the degree, I now charge $50 for private tutoring in math and science.

I could probably charge higher because people who can tutor higher level mathematics and sciences are so rare that I actually have to turn down work so it doesn't turn into a full-time job. There isn't much demand for tutors of any other discipline outside of foreign language skills.

4 years ago, I didn't have the ability to solve this type of problem. As a result, I was only making $10/hr at a full-time job. Now my wage is $50/hr for part-work side-hustle work that's a labor of love. This is the power of solving difficult problems that cause client a high level distress.

This also applies to areas of sales where your compensation is mostly commission. Anyone in this type of sales is tasked with double the discomfort to alleviate; they have to make money for who they're selling for and figure out how to find and close people who need their discomfort alleviated.

Good salespeople are so valuable because they alone keep the lifeblood flowing through a business. They not only alleviate discomfort, but they prevent it as well.

Increasing Number of People Helped At Once:I hate listening to people complain that it's unfair that entertainers get paid more than people who serve society. They don't understand the basic formula that I gave you above. The police officer who puts his life on the line is limited by space; he can only save or help one group at a time. Professional athletes and actors entertain millions of people at once.

Athletes, actors, comedians, musicians, etc. Anyone who has the ability to have their skill or service be enjoyed by more than one person at a time has the opportunity to make a decent amount of money. I've self-published 2 books on Amazon as well a few e-books. This allows many people to simultaneously consume my knowledge.

Rather than only get for paid for a 1 hour consultation session at a time for $150/hr (my consultation fee), I can sell 30 books on Amazon at a $6 royalty + 10 e-books on about twitter for $37 + earn $100 in affiliate commision. These aren't big numbers, they reflect a minimum of 9-12 hours of my week. Some hours are more. Some hours are less. All hours are profitable because I have the ability to deal with many people at once.

Non-Locality and The Internet: Everyone needs to learn how to make money online. In 2019, almost every service can be performed on the internet. You must figure out how to make money online, preferably by selling something. When you make money online, you do something that makes it virtually impossible to stay poor: *you divorce your location from how you make money.*

I remember last Christmas waking up to a few sales and royalty payments from my books at the end of December. I was on vacation in Portugal. This was the first time in dawned on me that I didn't need to be anywhere specific to make money. As an extension, I can make money when I sleep because people on the other side of the planet, where it's daytime, can find me and spend money on what I have to offer.

This set up allows me to impact even more people per unit of time. Understanding and taking advantage of this has changed my life and my income level faster than any other tool and piece of knowledge.

In Summary: Making more money comes down to deciding that you're going to do it, becoming more valuable via solving uncomfortable problems, and doing it in a way that allows you to reach many people simultaneously. I don't think this a difficult task, nor does it have to take particularly long (18-24 months). Anyone can make more money. If I can, then so can you.

WSPs Notes: As a side note, we've seen Ed's twitter feed pop up over the last few years. Over time, somewhere around early 2018, it was consistently showing up in the feed. We had a guess that he was about to move into making 6-figures or had recently made the jump to some higher echelon. Fast forward to middle of 2018 and suddenly he made an interesting comment along the lines of "the stuff you guys tweet out no longer seems as crazy". We figured he was making good money and called it out in a DM. We were right! So as a side note from this side of the web, congrats and we have no doubt that making money won't be an issue in the future. Will it be easy? No. Will it happen with effort. Yes. Absolutely. To add to this discussion, later this week we'll outline several way to make money online since people constant say they "don't know where to start". Naturally we know this isn't true so we'll do a step by step.

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Guest Post Eric Finman New Launch

This is a guest post written by Eric who is a hands on investor in his new launch. Emphasis is that none of the below is related to our opinions (all written by Eric) thanks!

Is Bitcoin the Next Myspace?

Unless you've been living under a rock, you've heard about Bitcoin. As the first cryptocurrency to truly scratch the surface of "going mainstream," Bitcoin gained household recognition and entered most people's minds at some point. Unfortunately, there's a problem: Bitcoin's adoption has stalled, and the barrier to its continued growth appears too tough to crack.

This isn't necessarily about Bitcoin's value as an investment – being treated like "digital gold" is fine for a cryptocurrency that is seen as a way of getting rich – but more about Bitcoin's use as an actual currency. To better understand this, let's outline what has caused Bitcoin adoption to slow to a crawl.

1. Regulatory Nightmares

Is Bitcoin a commodity or is it a currency? Answering this question is crucial for lawmakers to know how to treat it. Right now, Bitcoin seems to occupy this weird middle ground – able to be used to make purchases, but often treated as a store-of-value. This isn't making the IRS and other tax agencies very happy, which has led them to send out threatening letters to anyone who didn't declare their Bitcoin holdings on their taxes. As long as regulations are a mess, Bitcoin's growth won't move much; if you want institutional investors to get on board, you need to make this less murky.

2. Ridiculous Fees/Transaction Times

The Lightning Network attempted to speed things up and lower costs, but it's not doing a good enough job. As long as users are still being charged to send Bitcoin, why even bother? Visa doesn't charge much, and at least fiat money doesn't require awkward conversions. And don't even get started talking about how long it can take just to send a transaction – there's nothing exciting about waiting for your block to process. If Bitcoin wants to be seen as a usable currency the wait times for transactions, and the associated costs, need to plummet significantly. Unfortunately, that looks unlikely to happen, due to our third point.

3. Fragmented Community

What's the difference between Bitcoin, Bitcoin Gold, Bitcoin Cash, Bitcoin SV, and countless other forks? Which is the "real" Bitcoin? These are questions that people have, and the answers vary depending on who you ask. This chaos is hurting Bitcoin's ability to solve problems and become better; every time fixes are proposed to enhance Bitcoin's performance, there's a risk that it will just create another fork and further fragment the community. Bitcoin is decentralized in the worst way – competing factions, unstable forks, and misinformation all around.

All of this threatens to make Bitcoin a thing of the past – replaced by a faster, more usable, widely adopted cryptocurrency. Much like Myspace was replaced by Facebook, it looks like Facebook's Libra "cryptocurrency" is trying to do the same to Bitcoin. If you're someone who believes in cryptocurrency and what it represents, Libra is your worst nightmare.

Libra is a play by Facebook to directly compete with the US Dollar in the most undemocratic way possible – no voting, no elections, just a bunch of big Silicon Valley organizations making decisions and "promising" to do what's right. Facebook has already proven that they can't be trusted with your data, but now they want you to trust them with your finances, too. The overall goal of Libra is to break the knees of cryptocurrency; decentralized coins would be destroyed or absorbed by a centralized, shady, and corrupt corporate version of cryptocurrency. Facebook has already done this to countless tech startups, and now they're gearing up to treat cryptocurrency projects the same way.

Fortunately, one cryptocurrency start-up has a head start on Libra. Metal Pay is the first ever all-in-one digital banking platform for cryptocurrency – exactly what Libra wants to be but could never become. In fact, Facebook originally invited Metal Pay's CEO to come speak to them about cryptocurrency, and subsequently tried to imitate exactly what Metal has done. Unfortunately for them, they just can't figure out how to do it, and they've run out of time to squash Metal.

Metal Pay already has a working app, a thriving marketplace, and a loyal userbase. This is the first real competitor to Libra, and represents what cryptocurrency was destined to become – easily accessible, highly usable, and truly decentralized.

Bitcoin is flawed in the way that the Ford Model T was flawed – good for its time, but not the future of its industry. The concept of the car was constantly built on and improved, it could never remain stuck in the past. Likewise, Bitcoin has been built on and improved; lessons were learned, mistakes were corrected, and changes were made. Metal is the logical evolution of cryptocurrency: leaner, faster, and more accessible.

Like Myspace, Bitcoin is being replaced. But this time Facebook doesn't get to be the one to do it – they missed their shot.

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Guest Post: Game and Business Intersections

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We have not had time to post and do not think the issue will be solved near term. That said, frequent commenter ***RE Guy may have an interest in blogging and we're letting him run with his own guest post today. We have not edited any of the content and will read the post at the same time as our readers! Please leave any questions/comments for him and he'll likely respond.

Finally, our intern will continue to monitor comments and we are no longer answering questions on the blog. We will sporadically have FAQs on twitter and the blog in the future (likely a few months later)***

Game and Business Intersections

The purpose of this post is to explain some ways in which business and the seduction of women overlaps both as subjects and gaming women as a business (rich) man. A lot of these issues have been discussed here in one way or another and what I'll do is offer my unique perspective as well as my personal experience. Also my main business is real estate so I'll use examples from that mostly since I know it best.

Don't fall in love with a house.

Overvaluing any one girl you haven't slept with.

When it comes to making a profitable investment in real estate I have a well-reasoned and repeatable (in fact repeated) model for how to do it. Because of this I know that if I'm not finding deals, I'm not looking at enough houses and making enough offers, that is I'm not filling my pipeline and following up on leads. It's easy when I start looking at a property and start negotiating to imagine how much money I'm going to be making and to start losing sight of the real goal which is to get in there at a good price. That is there is a temptation to rationalize paying more in the moment, especially with an adversarial party interested in extracting additional cash from me. This is the same mechanism at work with overvaluing women before you've had sex, and time spent trying to figure her out (if you're spending time and energy thinking about her, you're investing in her, what's your ROI?). And she is (generally) trying to maximally extract time, attention, emotional energy and money before sex.

If I told you I needed to have this one house, no matter what the seller wanted to pay, and I was spending my time analyzing and angling with very little progress, you'd (rightly) think I was a poor investor; same with women.

90% of problems in game past the beginner stage (no basic model) are a lack of prospects. If you just grind out the sets and analyze your failures against the model (thus building a better model over time), you'll get the lays and figure it out. Approach women regularly, gain experience over time and be totally detached from getting any one girl.

Have multiple sources of income.

Date multiple women.

Dating multiple women seems a common goal and question here. I've done this the right way, so I'll offer some insights.

Similar to the above point about feeding your pipeline to create a realistic sense of value, if you only date one woman and have no workable model for finding others there is a much greater risk you will over time tend to overvalue her and enter into a bad deal (i.e. marriage).

So starting with basics, why even have multiple sources of income, and when would it make sense to (temporarily) ignore this advice? My understanding is that multiple sources of income are to mitigate risk that any one source goes south, and expose you to more possible upside that any one source has exceptional opportunities. This is same rationale for multiple women, any one relationship can fail, and any one girl may prove an exceptional opportunity (should you be looking for that). You can also mix active and passive income to have flexibility in how to spend your time with a baseline income even if focusing elsewhere, similarly having a main girl or girls and the ability to go out shooting for one night stands.

The temporary exception may happen when you have a solid early career opportunity where you would work 70-80+ hours a week and make real money in short order. In this case it may make sense to just forget about working on multiple sources for now and focus on the one (while you become established). Similarly the standard way of thinking about multiple women is date 2 or possibly 3 7's and then commit when you get an 8 or 9. But this is wrong. The problem is you're tempted to start rationalizing every new girl who's a little better looking or has a little better personality, instead of setting a firm goal that exists outside of any individual girl. That goal is to only commit when you have the opportunity and desire to have children, hence creating a "real" relationship (it's going to last for the rest of your life). This has been discussed with the marriage post, but it seems by how some people are looking at dating multiple women that they haven't made the connection all the way to

Not planning to have children now (or ever) = No real commitment to any single woman

This doesn't mean don't see girls for the long term, or invest in them and be supportive of each other, it just means until you want to create something permanent with her (a new person), there's no good reason to remove yourself from the dating market (potential upsides). Generally speaking the women who will be most open to this will be in their late teens to their early to mid-twenties. Further if you're better than 90% of guys out there because of all the work you've put into self-improvement, she will naturally become monogamous with you. The regular mindset works in reverse too; you're the "9" to all the other "7's". As a side note you might drift into unofficial monogamy with any one, particularly if you have great opportunities at work and consequently ignore your pipeline/other girls. There's nothing wrong with that, just don't make the mistake of turning it official or seeing her more than 3X a week (seeing her more than 3X a week by the way, will very quickly turn it effectively official in her mind and you are almost guaranteed to have her put pressure on you to commit).

Also dating younger women is a value proposition like renovating real estate. For instance when I have to fix up houses, I'm finding them in various states of distress. I take on the headaches and enjoy the spoils. This is the same with dating younger women only with psychological and emotional distress (even with bubbly and mostly happy women a lack of wisdom = irrational thoughts/behavior = drama until teaching them). Now I could also find houses at market price, try to make them work, and some would be overall good packages while some would just look nice on the outside and have a ton of hidden problems (usually from deferred maintenance); older women are the same. Either way I'd need to alter my model drastically to make it a good deal.

The way to look at the situation is the same as when you have a job making 70k/y. You're not going to get rich with that, you need to actively build out other options or you need to switch to a career with a lot more opportunity. You're not going to have children with this girl (at least not now) so you need to focus on You Inc. to keep your options open (and she should do the same, growing, improving etc.), and as long as you have this proper focus the proper thoughts and behaviors will follow.

A final point, the reason of "not having kids" is what many modern American women use to justify continuing to be in casual relationships only (and often to the emotionally distorted point of "hating" kids). Good for them if they are rational about it (i.e. "I don't want kids now but I do around when I'm 30"), although it makes her less likely to drift into monogamy with you. However, the ones to watch out for are the ones who "hate kids" when they are young (and often compensate by sublimating the maternal drive into small animals), because often that maternal drive will return with a vengeance around 27-29 and then they will want kids with reckless abandon.

Capitalism as a capitalist means creatively combining resources to produce value; Money, Labor, Land, Knowledge, Technology, Network etc.

Seduction as a man means creatively combining resources to produce value; Money, Looks, Status, Game.

Now we can look at the "Rich guy can't get laid" trope and see where it comes from and how to avoid it.

Being rich only works against you if you rely on it via leading in with it i.e. "Can I buy you (and your friends) a drink?" or if you become a charmless type A person in pursuit of becoming rich.

If you try to get a girl to evaluate you based on your resume, don't be surprised when she takes it as a boyfriend application.

I'm speaking from experience here because I fell into this trap which is easy when spending a large portion of time making money and having a well above average income. It's just easier to buy girls drinks when a $200-$300 night doesn't even register, but it's cancer to your game. I also found my way out.

So the main problem with "Rich Guy Game" is that a girl sees the guy as high value, but that value has to be extracted over time and it's not of the sexual kind. This can lead to girls trying to slow down the seduction process either in general or as last minute resistance (leaves the bar with you, sees your car/house, turns into a "good girl"). But here's the important point:

With wealth or any high value trait you have the girl's attention, what you do with that attention is a function of sales.

Here's how to deal with it, and this applies to any high value trait other than looks (i.e. intelligence):

Patient gentle persuasion that sex with me will count for, not against her. ("I see, I've always noticed i get along well and fast with all my previous ***long-term*** girlfriends")

As an aside, this should be true anyway. Why would you value someone more who doesn't give you want you want and less if they give you what you want? That's neurosis. And to be clear I'm not referring to banging a six one night because it's easy and quick but not even bothering to take her number (or taking her number, texting her you had fun, and never attempting to meet her again), or the gradual dulling of pleasure from banging the same girl for months (or years).

I explain that I will prioritize my time with a girl who I'm having sex with over one who I'm not, all things being equal. The same is true with all people, someone who intellectually engages me, and is giving me constructive emotions will be someone whose company I enjoy, now add that we're going to be making bank together and I've got a potential new lifelong friend. Occasionally rich guys without game if they get this far at all use the wrong methods, like looking at it as they need to value their time (true) and actually verbalizing something like that (bad idea, she'll feel objectified).

I'll add here an observation and an anecdote.

Simple example that is gratuitous and easy to see: Dan Bilzerian. He's fit, has decent fashion, has game (saw him eating with mystery, at a minimum he's learned the formal theory) and he not only has money but he spends it. He appears to be with a parade of 8's, 9's and 10's. He also has status in the form of fame and otherwise. So he's an example of a rich guy who gets laid like crazy (it seems).

An example of a rich guy who doesn't get laid (or pays far too much for it):

I was once at a big name festival where I met an attractive young girl. She was being taken care of by a rich guy, her and 9 other girls. They each were given a VIP ticket, hotel accommodations, travel was paid for, and they got spending money. This had to run him at least 2k-3k per girl. But he was fat, had bad fashion and little game. When I met one of these girls I along with two of my friends each paired off with her and two of her friends and we all got laid. The end result was that this guy paid 10k for three random guys to bang three girls (thanks for the room service!). Now all the girls claimed they didn't hookup with this guy and just took his money (I believe they associated with him on an ongoing basis), and that's probably not true. I would be surprised if he kept paying for their expenses and never got anything out of it. But they were all embarrassed to be associated with him sexually, and they were eager to each find a fit, cool guy to hook up with instead if they could do so without him finding out (they ditched him to come with us).

Two guys, both rich, drastically different results depending on all the other factors besides money (and I'm sure if the guy could spend 30k+ for a weekend he could afford a nutritionist, personal trainer and social skills coach).

If a man can't tell the difference between a rich guy without fitness/fashion/game and a rich guy with fitness/fashion/game, then that man does not possess good fitness/fashion/game. Thus any guy claiming rich guys can't /don't get laid lacks good fitness/fashion/game.

Now is there a school of thought that says be her "Alpha bad boy" or something and make it clear you can only offer her sex etc.? Yes. Does this get good results? I don't know; I haven't seriously pretended to be poor (although I will joke about it, which is funny because I'm clearly not). I don't hide my success or flaunt it upfront; I use it like a tool when it's appropriate. I'm fairly certain that this other technique is a way for guys with less financial success to occupy a niche and grind out better results than they could get in more regular markets. Good for them. I don't begrudge anyone in a capitalist pursuit; if anything I intend to learn what I can from their experience and discard what doesn't apply to me. Logically however, if the choice is between being the "Total Package" or having to angle to make up for deficiencies, having it all will always be better than not. This leads me to my next point:

Become a millionaire through real estate investing with no money down.

Bang hot models with game and without looks, money or status.

I have several friends who have done exactly that, millionaire in three to five years, real estate investing with no money down (none of their money that is). Here's the common traits:

1) Relentless hustle

2) Singular focus

3) Willingness to let other areas of their lives slide

4) Very good or great at sales / persuasion

On the other hand I don't know anyone who bangs hot models without looks, money or status (guess we don't run in the same circles). However I'm inclined to believe he could exist if he had all four of those traits (and lived in an environment where they were abundant, i.e. New York, Maimi, LA). But why do that? If you're going to sacrifice other areas of your life (3) then you're far better off having an abundance of the most readily convertible form of social value at the end of it (that is the literal purpose of money, they're "social checks"). And before the claim is made to use game to make money etc. refer to number 4, I know there are a lot of definitions of "game" around but (4) + sexual intent/skills is one most reasonable people would agree on (perhaps add the ability to relax, have fun, joke around, have an off switch if you don't include that in (4) etc.).

So if you wanted a clear explanation of why to focus on business first and game second, that's it.

And if you wanted an example of someone who focused on business first, became financially independent, and then focused on game, that's me. I'm not saying do what I did and neglect your social skills in favor of making money, but I am saying it's a lot easier to fix that or any problem when you're able to remove any financial constraints from your time.

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Guideline for a Healthy Relationship… with a Sexy Woman

Guideline for a Healthy Relationship… with a Sexy Woman

This is a blog that is dedicated to never settling down, however… even a driven individual takes a break from time to time and picks up a temporary girlfriend. In other words, a "temporary relationship" or a "mini-relationship". Most guys learn game to get into serious relationships, so you can apply the same rules to your longer term relationships.

Ground Rules: Assuming you've found a girl you would like to spend time with, it is smart to lay ground rules early. You don't need to hand her a list like you're talking to Santa Claus but… the general guidelines should be laid out. Everyone is going to have a slightly different set of rules but here is a good starting point.

General Guidelines for You

– Will only see each other 2-3x per week at maximum. 2x per week will be the norm, 3x in a week if you have been out of town on business trips/other ventures

– Short hair, flip flops, tattoos and bad hygiene are all grounds for a break up

– Weight management should be intact, ie: if she's a size 1 and somehow tries to go to a size 4 there is an unwritten rule that you'll be moving on

– There will be no wiggle room for being a cheat/liar. If she is not loyal then you leave

– She should have a high sex drive, this is dependent on you but if you're not having sex every time you see each other… There is a problem.

Before all the negative comments come in about "what is in it for her!" or "You're selfish!" we can go ahead and line up some clear positives for her.

General Positives for Her

– She is not going to pitch in for food/going out expenses. Going dutch is for broke people and hippies. If you can't afford the extra $50-100 for an outing at night (skinny girls don't eat much) then you shouldn't spend your time maintaining a girlfriend

– Feel free to chip in on appearance improvements. IE: if she needs to go to the salon or buy some new lingerie, you shouldn't be sweating the extra $50-100 here and there. Again, you both win here. She looks + feels sexier and of course you're going to find her more attractive.

– Improved health, you're not going to let her eat potato chips and Kentucky Fried Chicken all day. Instead she'll be exposed to a healthier diet chock full of seafood (salmon, crab, lobster etc.), fruits and vegetables.

With the ground rules out of the way, lets take a look at additional ideas on how to find a girl that will work for you.

1) A Common Healthy Hobby: This is going to be important for both of you. While sex is great, you should have at least one activity that you both enjoy doing. This does not include getting black out drunk. Some of these ideas can be simple: Tennis (mixed doubles), a Musical Instrument, Dancing, Surfing or Art. By having at least one common hobby you'll avoid the constant need for alcohol.

A running joke… Every relationship after the age of 21 is spent drunk 24/7 with your partner. Don't be that guy.

2) A Common Healthy Entertainment Option: This one is similar to comment one, the two of you should have a non-alcoholic entertainment option as well. This does not include sitting at home watching TV as that can be done at any time. Some quick ideas include: A specific concert/music group, Theatre, Opera, a Sporting Event, Comedy Shows.

Now that you have both a common activity and entertainment option, you will have two forms of entertainment to fall back on.

3) Distinct Personality Type for You: This is going to differ for each guy, but you should have a clear preference for personality type X. For fun, here is a personality type that is great to be around (opinion):

Flirty, Bubbly (ie: happy/ball of energy), Dainty, Warm Hearted, Sensitive, Sexual

Naturally, no where in this personality type does "intelligent" or "smart" appear since both of these qualities are usually accompanied by a dramatic decline in looks. Not worth it and certainly not fun to date a smart/sassy (see b****y) girl. Finally? God bless your bank account if you're dumb enough to date a feminist.

4) A Separate Goal: This will differ from girl to girl but she should be working towards something she wants/desires that is unrelated to your work/life. As an example a girl could be interested in cosmetics and spend her time getting an extra credential to work as a make-up artist at a high-end boutique (naturally this is not the correct way to state it but you get the idea). Alternatively, she could be interested in selling clothes or being a promoter. Regardless of the goal, it is something you won't have to help her with, you'll simply be supportive and tell her to "go for it" and encourage her through the ups and downs.

What is the trick here? If it is in the exact same field then you're going to be in trouble. You'll be competing (more or less) and it won't end pleasantly. By the way… this is reason number 7,528 to never date a girl on Wall Street.

5) The Right "Look": This is similar to the personality type. The girl you're with should have the look that you "go for". For some people this is the blonde hair & blue eyed look, for others it could be olive skin, jet black hair & green eyes… etc. Essentially, your type should not be compromised. If you compromise? You'll lose attraction for her in a meaningful way… and in short order.

As a side note, no one has a type that is "plus sized model" that is a myth and is just a gross fetish that should be punished with a *fat tax* (pun intended). Both the plus sized model and for the guy willing to date such a monster… should be taxed.

6) A Decent Family: Now we're getting into the tail end of the relationship. You should have a firm grasp of her lineage. If her family was healthy and happy then chances are, your girlfriend is going to have a healthy attitude towards a relationship. Do not jump into any sort of commitment if the girl is part of a broken family where both parents are in jail and she is constantly being put into uncomfortable and painful situations.

There are always exceptions, but you should have a firm grasp of where her morals/beliefs stem from.

7) Socially Aware: The last item on our quick 7 point list is a girl who is socially aware of how to behave/dress for an occasion. The last thing you want to do is bring a girl with you to Vegas or Miami Beach wearing a thong and cut-off T-shirt that says "Come Party with Sluts".

As a hilarious side note, a t-shirt that says "Come Party with Sluts" or "Slutty Saturdays" is not uncommon in the party scene. Just don't commit to these girls (heaven forbid marry one of these things), hook up and move on.

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Happiness is Utilitarianism – Our Stoic Framework

Happiness is Utilitarianism – Our Stoic Framework

In economic theory we learn that every single one of us is trying to maximize our "Utility". Utility is defined in various ways however, the underlying concept for utility is that we as humans do whatever it takes to maximize our utility. This could be in the form of happiness gained from having more money, a family, good health etc. Since we've focused primarily on income for the past few posts lets look at how to maximize your lifetime utility.

Our Framework for Utilitarianism

First Pillar – Health & Energy: This is the first pillar to any type of *long-term* utility maximization framework. This is also extremely complex because health does not simply mean you get to walk around. If you're 25 years old and you can barely run or bench press your own weight, your health is actually sub-par. Health means that you're in the top 10% for your age bracket. If you're forty years old and you can still crank out sprints, squat a large amount of weight and look significantly younger than your true age… You're winning in this category without a doubt. Without your health you cannot help your family, your friends, your bank account or anyone else in your life that is important to you.

Second Pillar – Time: If your health is in check, the next item you're fighting is time. *Time is not valued equally*. We're not talking about the "future value of a dollar" but the future value of your time. If you're 20 years old, we have no doubt your ability to both crank out long hours of work and party all night is sky high. Try this at 50 and it'll be tough! No one likes to talk about this but life is also a game of time maximization or efficiency. "*If you could spend $10M between the ages of 20 and 40 or if you could spend $100M between the ages of 60 and 80… which one would you choose?"* We'd choose option number 1 in a heartbeat! Remember… Getting rich is easy. *Getting rich young enough to enjoy it is a different story.*

Third Pillar – Freedom: Once your health is in check and you've recognized the importance of succeeding quickly, you'll find that your freedom is the third most important item to check off. If you're making good money and are healthy, the next "dopamine rush" will come from overall freedom. In our case, freedom is living a private life without needing to answer to anyone. For others, it may be the freedom to simply work anywhere in the world. Typically, "freedom" is earned by having a large net worth.

Fourth Pillar – Your Family: Many people derive a material amount of happiness or "utility" from having a family. Two people gave up 18 years of their lives to give all of us a chance at the game of life. Not being able to pay it back or help them when they are close to their deathbeds is beyond repulsive in our opinion. Finally, if they are pulling you down, yes you should walk away. Just remember they did give you the shot in the first place so holding a grudge will not help you long-term.

Fifth Pillar – Self to Self Comparisons: There is no point in comparing yourself to anyone else. That person likely has a host of largely different problems than you have. We all know the multi-millionaires out there that crawl up into a ball when their wives come around… or the happy go lucky vagabond that can't afford to pay for sushi. Comparisons to other people do not contribute anything to your utility. If you're making the right risk adjusted decisions on a consistent basis there is no reason to worry about comparisons because you made the right decision at that *point* in time. Overall, we would take a look at the table below to get a solid understanding of how we view the Five Pillars. **(Click to enlarge map)**

Reading the Table: The chart is simplistic however it can be understood as follows: **#1 Health and Energy:** no matter what we do the available energy we have declines over time, knowing this you'll want to use money as a tool to offset the energy reductions. The conclusion is to accumulate assets in your 20s and by the 30-50 time frame you're spending more without going negative, **#2 Time:** No one can pay to get their time back. Each day (by definition) we're closer to the curtain call so your time should become more valuable over the years (even Bill Gates can't go back in time!), **#3 Freedom:** with correct decision makings, your amount of freedom should increase every single decade with a goal of being set sometime between 30 and 50 at minimum, **#4 Family:** in an ideal world this will remain as a constant positive. If you have a good relationship with your family and decide for or against having a family, the amount of utility should always be maximized because it is within your control and **#5 Self Comparisons:** Similar to freedom, we should all learn to only compare ourselves to our past selves. Look back a year and if you have the same beliefs, that's not a good sign! This is a skill that will be learned over time and ideally executed upon in the 30-40 range.

Reverse Engineer Utilitarianism

Another concept we've been flirting with is reverse engineering Utilitarianism. Given the number of punches that life that will throw your way, by simply avoiding the pitfalls you'll reverse engineer utilitarianism.

#1 Avoid Getting Burned Twice: This can be in the form of being burned from a business, consumer purchases or even health. Being foolish once (touching the hot stove) is acceptable, continuously touching it is not. As an example, the vast majority of our readers are aware of affiliate marketing (cloaking) and the sketchy underworld of online sales. Maybe you were fooled once by a purchase that wasn't even pre-loaded with aggressive copy, we'll say that's okay…. Once.

Next time, take a step back and ask "What is the person selling and *can I check the claims"*. If someone is selling testosterone boosters but readily takes anabolic steroids and injects exogenous testosterone… Why in the world do they have to use the steroids and TRT therapy if the product is so good? Another example would be diet pills where a proclaimed doctor is 50 pounds overweight but shells out "weight loss pills"… if they worked why is the seller overweight? So on and so forth. To avoid getting burned twice learn the lesson of *what to look for* next time instead of getting upset about it. Most will just get angry and upset which achieves nothing. Find the systematic approach to solve the issue instead.

#2 Make Statistically Intelligent Decisions: We know. The live it up today crowd is going to say you might get hit by a bus tomorrow so you better burn through everything you got! This is simply crazy talk as most people are not going to be hit by a bus and you can reverse engineer your life expectancy as well. Instead of commuting by car (extremely dangerous proposition), try to structure your life around walking and airlines instead. By making broad intelligent decisions you'll likely live until the average age (somewhere around 80) and you can go ahead and take risks (without risk life is boring) since you've structured your life around statistically bad decisions that don't add value to your life.

#3 Jump a Decade: We've used this trick maybe 100 times. Every 3-5 years sit down and ask "what can I do in this decade that I won't be able to do later". This question will bring up both small and large items such as attending a rap concert or deciding to have a family. If you find that you've never had a specific life experience that is eroding away (tougher to do in the future) go ahead and pencil it in for this year. You'll reduce the amount of regrets you'll have on your death bed some 400 fold! In addition, you can also do this on a 5 year basis as well (shorter mental jumps).

#4 Look Back Three Years: Every three years take a look back and decide if you missed anything. If you do this in your 20s you'll get a resounding no. This becomes significantly more complex as you get older since you put a large amount of time into increasing your net worth. A broad stroke look at the past three years prevents an "event gap". If we only do this once eery 5-10 years it will be very easy to look back and say "I wish i didn't take life so seriously" a common complaint amongst individuals on their deathbeds.

#5 Reverse Engineer Your Happiness: The last thing we've added to the list is reverse engineering happiness. We've explained many times that it is 100% normal to be unhappy in your 20s. Most successful people are filled with intensity at age 20 as they have a lot to prove (see the chart – Pillar 5) which does not lead to consistent happiness. Happiness is earned (a mental choice) and tracking your overall happiness with life (if it's improving or not) is critical to reverse engineering long-term utility. If you've gone from being easily angered to only "sometimes" angered, call that a win over the course of a couple of years. Make sure this is going up every single year.

Reverse Engineer Utilitarianism

This has been a much more "philosophical" post than we have done in the past. Importantly, there is no way that this framework will align for everyone. For example it certainly is possible to have kids in your 40s and it is possible to hit financial independence in a single year! Anything is possible. We have simply outlined a broad stroke idea for key turning points. The key turning points in our view include: 1) energy declines starting sometime between 30-40, 2) consistent decrease in time making each day more "valuable" from an energy perspective, 3) freedom as a necessity to increase utility as we believe people would be happier with autonomy over an extra $20-30K in income, 4) a decision point is eventually crossed when it comes to having a family and one cannot turn back on this due to point number 2 and 5) comparing yourself to only your previous self is a skill that is acquired over time. Finally, if you're interested in maximizing your utility we have no doubt that **Efficiency** will help you do so.

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Happy New Year, Hope You Stayed In!

Happy New Year, Hope You Stayed In!

Happy New Year! Hopefully you didn't waste your night partying in areas with no barriers to entry/filter and a bunch of blacked out people who dropped $100+ to go to the same place they always go to. If you did, well that's unfortunate but still not the end of the world. You can always go out on January 4 to a nicer expensive place that will automatically attract successful people. Lots of people get upset by the comments in this paragraph but they are realistic. From a numbers perspective and from a time usage perspective, it is harder to find the top 5% or so if a place is absolutely packed with people from all over the general area. Below is a good example of what you can do next time you're thinking about the new year (feel free to do this January 5 to make up for the partying on January 1).

Tax Estimation: Since the vast majority of clients/customers are out of the office from late December to January 1, this is a good opportunity to create a calculator for your tax burden in April 15. April 15 is of course the worst day in human history and people in the United States should go to great lengths to avoid having a child with a birthday of April 15. That said… You can come up with a good calculation for the tax amount by yourself in a day.

If you're young this isn't that important. In some cases it's actually better to get a refund because it forces you to save more money (psychological). When you're older, ideally you hit the number on the head and were neutral. The reality? It won't be possible. You'll end up owing a notable amount of money in April every single year. Better to get a rough calculation now and manage your cash flow statement from January to March to account for this payment.

Thinking about this further, it's probably one of the reasons why a lot of high earning individuals are not out on New Years. They are busy planning for the start of Q1 sales after an incredibly draining Q4. If you're selling consumer goods, your Q4 is always the biggest year from a seasonal sales perspective and the last month was incredibly hard on your body. You have to organize, rest and get ready for the next quarter.

Read, Write and Review: Since you're already going to take the time to see your tax burden, you'll also have your results in front of you. This is the perfect time to look through what went wrong and what went right over the past year (or more). Which segments of the market grew faster than you thought? Which grew slower? Why? Which products failed and what was learned from it? You get the idea.

During this review process put all of your emotions aside and figure out the pieces you can fix and the pieces you should be investing into. They are not the same. Investing means you're taking additional risk in the direction that is outperforming and fixing refers to your personal time (IE. you must use forced appreciation methods to generate better results). This part is ideally exciting but can be painful as you have to take an ego hit and admit that certain areas did not work out.

At this point you should have several bullet points to get you started for 2020. In addition, since there is nothing particularly "special" about a new year, you should have books in front of you that are helping you solve the issues. Take the list and put the top 3 biggest issues up front and spend the night reading to fix one of the problems by January 1. Yes, this means you should be able to read a book in a single day.

Have a Singular Direction (Three Areas of Life): Multi-tasking doesn't exist. It never has and never will. While people (particularly poor managers) believe you can do several things at once, they are simply crazy. It is almost impossible to have an important phone conversation while simultaneously responding to basic emails. So we really doubt high performing people multi-task. High performing people focus on one difficult task at a time and then get to work. When it's done they move to the next difficult task (so on and so forth).

Your singular direction should relate to three items, choose one for money, one for your health and one for your interests. For example in 2020 a simple one could be: 1) buy and ramp up an ecommerce business related to pets, 2) improve flexibility by doing yoga X times a week and 3) learn how to draw. By having three separate categories you avoid hyper fixating on a single task for the entire year and force yourself to diversify your skills. People may laugh at the singular direction comment and three items but those individuals are nit pickers as you're never going to spend 16 hours straight (per day) improving one item unless something has gone terribly wrong or incredibly well. If there is a reason to put everything on hold and just do one item then of course you change gears and get it done.

Clear all of the Decks: On January 1 you want to have zero dollars floating on your credit cards, zero checks to write and zero pending sales. This is related to your personal financial situation and not related to a mortgage for example.

Sure it isn't ideal for working capital as you can float a payment for a month, it feels good to start with a fresh deck for 2020. You will have extra cash from the Q4 seasonal income anyway and the clear out payments for your cards won't move the needle. This is something we'd recommend doing by the time you're around 28 or so. At that age you are making good money and clearing the decks isn't going to hurt your cash flow statement at all. In fact, it has a weird psychological impact on your January month as you spend less (focused on fixing the list of items you have to deal with in the second and third section of this post).

Clearing all the decks also refers to your contact list. Every year you're going to lose contact with at least one acquaintance and meet at least one acquaintance who is helping you improve your life faster than you expected. This is a normal part of life. People who have the exact same contacts for decades at a time are rarely getting better/moving forward. They are scared to cut ties and this causes them to run in place forever.

At this point cutting ties shouldn't be difficult (if you plan on becoming a successful adult) as time wasters are draining you of the most important asset you have. Also. If they are content with their current life and you are not… This balance needs to tip at some point.

If you want a "fun trick" that helps you weed out the list, simply turn your phone off for 24-48 hours and alert a few people (family members) that this is occurring. When you turn it back on you'll have a bunch of messages that naturally flow through your cell phone. These basic messages should tell you a lot about what the person is doing. Also it's good to take a break from your phone for at least a day or two anyway.

Choose a Contact: To end on a positive point, after the "due diligence process" above you should have a person or two that is well ahead of you. Figure out if there is a way to increase your interactions with them. This has a natural benefit to you as they become higher on the list of the "five people you talk to most".

People laugh at the kooky phrases "energy" "vibes" etc. but well off people always give off a different vibe. You can simply sense it when you're around successful people. You want to surround yourself with people who are in this stratosphere and ideally it is well ahead of where you are today.

Book Launch Date: For those that were asking about our book launch we're putting a hard stop at January 31. We have sent a couple of copies to long-time readers of the blog and the consistent feedback was that we should include some more charts and graphs similar to how we did Efficiency as it is easier to bookmark and remember in the future. So we're doing just that. 2020 should be a fun year and we wish everyone the best of luck!

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Happy Thanksgiving and Some Notes for the Holidays

[Happy Thanksgiving and Some Notes for the Holidays]

Happy Thanksgiving everyone! What a great year it has been. You know it has been a good year when the beginning of the year feels like it was 5-10 years ago. It feels like the things we were doing in January were occurring in a different generation. This is a good sign of progress and we're thrilled about the progress in 2019. The second biggest thing to be thankful for is health. No issues in 2019 and that's a huge positive. As we've said many times in the past, being healthy is certainly more important than being wealthy (can't enjoy money if your health is a mess).

Get Ready to Run Hard: This post is directed to the future winners in society. If you're a future winner, you know that the holiday season is one of busiest times for you. While everyone else is purchasing… You're the one selling those products. While everyone else is out drinking and watching football on TV, you're in a room getting set for the 2020 plan. Long story short, you're not alone in these decisions processes and we want to thank you for your hard work. Whatever product you're making we hope it sells well as you're a productive member of society and deserve every penny that goes your way.

As a good rule of thumb, an easy way to get work done during the holidays (if you're forced to go to a few events) is to step out when "entertainment begins". Generally speaking, whenever the entertainment portion is occurring, no one will mind if you're missing. In fact, most won't even notice as they are busy watching the game or show. This will give you several hours of dead time and you can do one of the following even remotely: 1) catch up on reading – documents/contracts/a specific book you need to understand a problem, 2) create a plan for 2020 in terms of what your focus items will be and 3) schedule out all of your travel for the start of the year – always incredibly busy.

The other benefit we want to highlight is that you're free to turn off all of your electronics. You don't need to be responsive to your cell phone. Surprisingly this even includes customers. That's one huge benefit. During the holiday season you can think clearer since your reaction time does not need to be on point. Of course… This does not include particular product launches or sale days (customers expect quick responses), we're referring to the speed of your replies during the expected down times (Thanksgiving, Christmas week, New Years etc.)

Best Time to Increase Fitness: Unsurprisingly, the gym is near empty during the holidays. If you're looking to improve your fitness, now is the time to strike (January is a terrible time to start as the gym is incredibly crowded). It's strange but we've actually adapted to this and January 1 generally marks peak fitness followed by what we'd call "stable fitness" levels. It is not possible to maintain peak fitness levels year round (anyone with sports training knows this), and November-December is the ideal time to strike. No one is around, all equipment is available and you have significantly lower amounts of "social responsibility".

Surprisingly, you can actually eat healthy during the holidays as well. This is shocking to most as the average person gains a significant amount of weight. Even if you go to family gatherings with large amounts of food, you can simply decide to eat the vegetables and meat (avoiding all of the pies and unhealthy items). For some reason, sugary foods are considering "uplifting foods" even though they make you feel groggy within 24 hours. If you eat the healthy food, you'll be in a better mood the next day and during the events you plan on attending as well.

Topics to Avoid: If you've been through enough holiday seasons, you know the same old stuff occurs. Arguments about politics, sports and internal family items (so and so who dislikes so and so). The best way to avoid all of it is to simply never talk about it. Off limit items include: 1) work, 2) politics and 3) your latest success. You'd think that success would be celebrated at holiday events but there is always someone within earshot who will be upset that you're doing well (don't ask us why it just happens). Instead focus on things that everyone will agree on: how good XYZ food is that is being served, how happy you are for (insert older person who is officially done working) and if possible anything related to the weather if you're in a warm climate for the gathering.

The general idea from the above is that you want to bring up topics that make people look like monsters if they disagree. If someone is retiring (above 60) it's practically impossible to say they are undeserving. If you focus on food, at minimum the other people are forced to be polite and if it's related to weather this is a commodity everyone gets to enjoy and you're not "standing out from the crowd". In normal settings, when you're trying to build yourself up, commanding attention is the name of the game. Simply reverse this game and focus on anything positive that is inclusive (everyone in the room is getting the benefits). And…. Remember to leave those fancy clothing items at home… No name brands.

Things We're Thankful For: Luckily this isn't a family gathering so we'll go ahead and list the things that many of you are likely thankful for as well.

- Extremely good health. This has been a blessing. You cannot change genetics and being born with good genetics + a healthy diet is practically equal to winning the lottery. At minimum everyone can have a great diet. On that note, one area where we lean liberal? We think healthy food should be subsidized while unhealthy food is taxed heavily to help improve the well being of the population. But. That's a topic for another day
- Good Economy. 2008 was absolutely awful. Anyone who graduated after 2010 or so does not know what it is like to see a recession (2009 saw some of this as it was hard to find job openings). We're throwing every cent into cash and crypto as mentioned before and it has been a good decision as our stress levels have come down dramatically
- Software. The industry continues to get better and it is becoming lifesaving. If anyone has a new cool software tool that is helping them save money or save time… Feel free to leave it in the comments. Being able to reduce mundane tasks to practically nothing is a miracle
- Avoiding bad weather. This is actually an important aspect when it comes to quality of life. While underrated when you're young and living a rough life (long hours, cramped apartments), good weather causes your mood to be higher at all times (negative degree weather is practically never fun)
- High quality friends. This is extremely rare in a society that is now all about hooking up and taking a lot of drugs. If you have five people you can really trust you're extremely rich from a social perspective. In this regard, being rich is yet another miracle
- Advances in Healthcare Technology. The entire idea of aging naturally is now dead, by the time you're in your late 30s jumping onto hormone replacement therapy is a smart move. You can also get basic dysport/botox injections to improve your skin as well. Beyond this, your parents/grandparents also enjoy a much high quality of life due to improved healthcare systems and improved monitoring in case something terrible happens (faster response time). Overall, we're unsure which one of these may apply to you. But. They are incredibly valuable
- Low Survival Stress. We can only describe this one. There is are various types of stress. The good type of stress includes: 1) deadlines, 2) high pressure performance situations and 3) effort in the gym. The bad types of stress include: 1) worrying about losing your job/career because it could financially ruin you, 2) being constantly micromanaged by a high intensity manager and 3) any time you are physically sick/ill. The second category is under what we call "survivor stress" and the sooner you can get rid of it the better off you'll be. Rich people don't seem to age largely because they have lower levels of stress. We will never prove this. But. We believe stress is the #1 killer in the United States. It is simply not healthy.
- The Internet. While competition continues to go up rapidly, the internet has been a great equalizer. Without it, opportunities would be limited. With the internet, assuming you're talented in at least one activity, there is a way for you to get rich if you are willing to try and fail numerous times in a row.

On that note we'll go ahead and get back to writing our next product. Generally speaking we won't release anything for a couple of years as this continues to be a hobby. But. It has been fun so far and we hope everyone who reads this gets a chance to hit the gym hard this month! Best time of the year to get ahead from a physical perspective.

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Happy Thanksgiving, Some Notes for 2021 and Q&A Announcement

[Happy Thanksgiving, Some Notes for 2021 and Q&A Announcement]

Currently the USA is entering into a second lock-down in major areas and crypto currencies are growing rapidly in value. Easy to say that this means wealth inequality will increase. Meanwhile, high-tech stocks are flying and [Tesla bears still exist] (half joke). All of this adds up to the same high-level concepts explained earlier this year: divide between rich and poor grows, slimming of middle class and acceleration of technology/healthcare. Now that we've seen those concepts play out it's time to prepare for 2021.

Crypto Currencies: We remain positive on the industry long-term, the recent price rise is likely a bit overheated and when Bitcoin and other crypto assets get back to their previous highs, the prices may drop rapidly for a short period. If we look back to 2016-2017, the same phenomenon occurred. When the price of Bitcoin got to just over $1,000 it went down to $800-850 or so before starting its large upward movement to a peak of just under $20,000.

That aside, we have to zoom out. Right now the value of gold is approximately $10 trillion while the value of Bitcoin is around $350B, this represents 3.5% or so. If you look at this from the eyes of an institutional investor (or even lowly accredited investors), 10% is a reasonable target if major firms believe in the asset class. This would take you to a price of ~$55,000-60,000 or so (depending on where the market cap of gold is at the time).

Also, the reason why we've stated that everyone should own at least a small portion of it (not legal/financial advice) is the devaluation of currencies world wide. If you've seen all the free loans and all the direct stimulus checks… this has to come from somewhere. That "somewhere" is the government printing money. Crypto currencies act as a hedge against items priced in fiat currency terms. ***It is also the only asset class with no carrying cost*** (ie. if you attempted to hold onto $10M of real estate or $10M of physical gold, you'd have to pay money in taxes/upkeep/storage fees for that type of scale). With crypto currencies, you simply need to memorize a few words and purchase a cold storage wallet.

Heading into 2021 this space should see additional interest. It is unlikely going to go away and the software (other crypto assets that act as platforms) is being upgraded to make decentralized finance a real possibility (no need for middle men when it comes to obtaining or giving out loans). In the future a deeper post will be needed but if you look up Ethereum proof-of-stake you'll get good feel for the scale/speed improvements (no we're not saying all other platforms will fail, we're simply saying that Ethereum is going through an upgrade that may be successful).

Before moving on, if you search for gold inflows and outflows, you'll see that the commodity is experiencing large amounts of outflows lately. While we think they are trading this in to purchase crypto, no one can be 100% certain. Gold has been used as a form of money for hundreds of years and we don't think it goes away or goes to zero any time soon, we're simply pointing out that crypto has a lot more upside in our opinion.

Invest in Your Home Set Up (even more): In 2020, there was a massive separation between knowledge workers and standard brick and mortar/retail workers. If you were in a knowledge based field, your quality of life probably improved. Being allowed to work from home let you spend time with your families, reduced long-distance work/travel trips and gave you a chance to catch up on reading while simultaneously opening up more time for your health. Insanity. (Note: for those at entry level positions in knowledge work fields, your quality of life may have actually declined as your micro-managing bosses were able to squeeze more out of you by monopolizing your time).

The point of this paragraph isn't to dwell on the difference in outcomes but to offer a clear solution for 2021. Invest in your own home technology set up. If you were "considering" an online business, it is now time to "put up or shut up". If you already have a small/medium/large internet based business, you should upgrade all of your hardware/software. You're not going to spend much money in 2021 partying/going out since the USA is stuck in a work from home environment for at least half of 2021 (feel free to disagree, that is where we're drawing the line for now).

Beyond hardware and software, you should take a serious look at two basic items as well: 1) a real work chair and 2) an upgraded bed/mattress. Sitting in a chair that is not designed for long-periods of idle time will cause real back issues. In addition, we're guessing that many of you are taking naps during the day or laying down to read documents. This is also going to cause back issues if your mattress is older.

The last item doesn't apply to the vast majority of our readers (young working professionals) but if you happen to live in a home you should really consider building an at home gym. Gyms are suffering and many will likely go bankrupt/be forced to shut down by government regulations/laws. The good news here is that you can accomplish the vast majority of your exercises with an adjustable dumbbell set and a barbell with some clips – if you're in a small apartment simply take the adjustable dumbbells to a park. All of these items were hard to find when the pandemic started but now you can acquire everything you need.

Consolidation of Restaurants/Bars/Clubs: There is just no way around this. When you force small businesses to shut down, they end up being purchased by bigger players most of the time. When Los Angeles announced a curfew and killed in-person dining (even outdoors) they shut the door on the lower-middle and middle class. Not fun to talk about, also a true statement. Businesses with 5-10% operating margins with "25% capacity" are not going to function due to high fixed expenses.

For 2021 as an "investment" outside of technology and healthcare, it would be wise to look up the largest and most defensive brick and mortar companies. We're doing that research right now. For example, REITs with exposure primarily to hospitals should not trade at the same valuation as a REIT with exposure to commercial real estate. Similarly, massive restaurant chains with an ability to survive 2-3 years of pain, will be the ones profiting (only place to go when the economy reopens some time in 2021).

As a note, it's important to take a long-term view of retail, brick and mortar etc. It's unlikely that technology and healthcare go "up and to the right" every single year. There will be a rebound when the economy opens up at some point in time. And. You should not be interested in investing for the "long-term". We won't enter the age old "trading vs investing" debate. Our point here is that the brick and mortar business model won't be dead any time soon and there will be a recovery at some point (even if it only lasts a few years before returning to long-term slow declines).

Government Employment to Increase: Considering that the government is in charge of a lot of the issues today (hard to debate this) we'd expect a large infrastructure bill or another program to help the structurally unemployed. While nothing has been announced, it would offer a solution for the government. Create jobs that offer a steady paycheck – rebuilding roads, education, police/military etc.

In fact, this may be a useful avenue for readers of this blog. While we focus on young working professionals, the age band is on the lower end (20s primarily). So if you're looking for a way to fund your business ideas (or simply need a job), the government may be a real and sustainable opportunity over the next 5-years or so. No this won't be a fun way to make money, but… it will offer steady income while you work on your actual dreams/projects. The environment is slower and you may not enjoy the people you're around (for now) but it is a real opportunity for you if you're in desperate need for cash flow. In fact, government jobs are ideal in many cases as you won't be stressed out with hard deadlines and overbearing workloads. (If they are processing unemployment checks for dead people… You can safely assume that the systems are not efficient).

The above is absolutely crazy. 10 years ago if someone told us the government would be forced to create a chunk of decent paying jobs to help unemployed people, we would have laughed. Yet… here we are. It makes complete sense and offers the newly unemployed an avenue to get back on the right track.

China/Asia Wins: We know the political debate is still out there so we won't comment on it. One thing is for sure, you cannot simply "pause" a major economy like the USA for 9 months or more. Asia has been open for a long period of time and this is causing them to capture more and more market share. European companies are shutting down (due to COVID restrictions) which means China has to pick up the manufacturing slack… the USA already relies on Chinese manufacturing and the general economy (in Asia) is simply better there due to limited COVID-19 cases. They successfully contained the virus.

Now we know that there are a lot of theories for the "why". And. Those theories don't matter much. The reality is that Asia is largely open and the USA/Europe is half open at best. This means accelerating *relative* GDP growth in the East.

For those that have followed the blog for a long time, we're not happy about this. The USA has been the best place on earth to get ahead: opportunities are boundless, limited regulation and a high standard of living. That said, Asia certainly wins in a scenario where the other two major world economies are halted/half-halted while they are not impacted.

US Opportunity: To end on a positive note, there is certainly an opportunity in logistics. If you've tried to send packages/products lately, you know that costs are sky high. If you agree with our premise (move to online sales vs. retail), this will drive up demand for storage/warehousing. If you can find a way to offer storage/warehousing at a low cost, you have a long-term viable business model. If sales are online, the "brick and mortar" play would be warehouses (particularly in low-tax jurisdictions).

Similar to our opinion on working from home being more permanent, this should drive up demand for home renovation/improvements. We're sure you've seen all of the new HVAC installations, roof repairs and paint jobs in a middle-upper middle class neighborhood. The problem? Those companies are already soaking up all the demand and it's not smart to jump in after people have installed a product with a 10-year replacement cycle. Instead, think about the next steps. The next steps involve car purchases, gym equipment, home cooking items and furniture. We're sure we've missed a million other ideas. The point is the same.

If we can agree that a huge portion of the population will work from home, they will invest more money in 2021 (albeit in a different way if they recently upgraded their HVAC system and gardens).

We'll go ahead and end with that and announce a Q&A on Friday the 27th for questions on two topics: Crypto Currencies and 2021 business ideas. While we originally said we'd wait until the election is officially over, that seems unlikely near-term

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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High Level View of How to Find Your Skills & Transition

High Level View of How to Find Your Skills & Transition

What a busy week! Talk about record setting, we could barely even tweet except to troll. That's when you know things are going well over here. Anyway. This post has been a long time coming and will give a good overview of how to transition in life. Not many people think about this particularly when they are younger. When you're 10 years old you think you're going to be a sports star or a movie star or something that is possible but highly unlikely from a percentages stand point. So we'll explain how we make decisions over here from a high level. Can't do much more than that as we don't know your skills, talents or work ethic level.

The Beginning: At the beginning one of the smartest things a teenager can do is write out a tree digram. Everyone knows what this is. You have a starting point and then have two directions left and right… Then another left and right decision over and over again. You should do this with the primary three things that are of value at a young age: 1) intelligence, 2) your peers and 3) your obscure talents – athletics, music etc.

Once you do this your decision making process becomes clear and you'll know when to quit outright and when to continue grinding away. As you get older the "branches" that are alive are the ones you focus on. Thinking like this is a good holistic overview of how to build up the right directions. It is quite literally no different than a tree/shrub. You clip certain fruits to make sure more nutrients go to the ones that are going to be bigger winners. If you allow all the fruits or flowers to blossom all you are left with is a bunch of tiny fruits and mediocre/bad looking flowers. Yes we purposely chose a gardening example since lots of people are doing this during the pandemic.

The first step is to figure out what type of intelligence you have. The link there explains how to do this. The unfortunate part is that you need to develop high self awareness at an early age. This is extremely difficult. People with high self awareness are typically better *improving* at things that are single player in nature. That would be golf, tennis, reading comprehension, single player video games, weight lifting etc. That does not mean they are bad in team environments, it means they are able to recognize their own flaws faster and adapt to those issues faster. In short? If you're interested in improving your own self awareness you need to try new things (early and often) and *predict* the criticism you'll get from an expert. If you're able to figure out what is wrong with your design, your public speaking abilities, your coordination (billions of other examples)… you're on the right path.

The second step is observational awareness. This is why it relates to peers while individual awareness relates to your intelligence. Observational awareness is something that most people are actually good at. They are a lot better at figuring out who is good at what and why. The problem? They don't actually take actions on what they have learned. For example, you probably know the people in your peer group who are going to succeed. If you know this… why aren't you moving your time preference in that direction. In college you can get a "feel" for who is going to make it. It's *almost* never the person who is only studying and it's *almost* never the guy with the 2.0 partying every single day (we excluded the rare 2.0 student who already started a business in his dorm room). Which leads us to the third step of obscure talents…

The third step is taking your obscure talents and seeing how much "value" you can get out of them. When you're young it's pretty easy to figure out how far the diagram goes out. If you're one of the nations best baseball players, perhaps that's legitimately an area to focus since you could make a ton. If you're one of the top water polo players? Probably best to maximize it for a top college for free and stop there. This should be a basic decision for any rational person to make. The economies for both are quite different so you should keep this in mind. This applies to other obscure skills from cooking to musical instruments as well.

Now before we move on, we're going to delete all ridiculous comments about "limiting beliefs" and "exceptions" to the rule. The initial framework is accurate and you're going to have to make smart choices about where you spend your time. If you're 6' 6" tall but are able to run an 800M at incredible speeds you might be an exception (just like Usain Bolt, who is an exception to the standard 100M and 200M body type, he is taller and thinner when most are usually shorter but carry higher amounts of muscle). There are always exceptions to the rule and by pointing this out most people are really just grasping for straws. Even someone like Usain Bolt knew he could do it because the stop watch was showing him it was possible, he wasn't coming in 50th place still trying for the gold medal. He was at/near the top *already* and bet on his body type being different.

The Next Stage: Now that we've established a general framework, you should have a lot of branches. These branches at least give you an idea of what you're good at, making you more unique than you were before the beginning process was completed. Someone should be able to ask you what you're good and bad at with unemotional responses. You're better at XYZ tasks and worse at XYZ tasks. Most people don't have this type of emotional and mental maturity to say "i'm not great at XYZ relative to XYZ" most normal people say they are solid/good at everything even though they are typically awful at it and simply enjoy it. Notice the wording here. You can improve at anything in the world, the question is if it is worth your time.

You'd think we'd tell you to specialize at this point. And. We wouldn't.

Instead we'd write a list of the basics. The basics are: ability to sell, ability to correctly identify talent, ability to self evaluate and ability to either recognize or create good design (visual is ideal). Now why should you focus here first? The reason is that these are absolutely necessary in practically every avenue of life. Sales is for life long training. You sell yourself for careers, girls to be interested in you, convincing someone to buy/sell a home… etc. Time invested in learning sales is practically never wasted. Identifying talent, continuously self evaluating your skills and developing a knack for design will always come up in the future. If you go into real estate you have to learn how to fix/improve it, if you go into an online business you have to learn copy writing and design basics, if you want to make sure sales keep going up you also have to evaluate what you can personally fix and what you need to outsource. In short, the basics are 1) sales, 2) identifying talent, 3) self evaluation and 4) understanding of visual aesthetics.

After the beginning stage you already have an idea of what you're good at anyway so there is no reason to specialize yet. Why? You have to be good enough at the fundamentals… to a point where it is not a detriment. Perhaps you're better at sales and self evaluation but fail at identifying talent and have poor visual aesthetics. It is fine to be *naturally* better at some of the tasks… it is not fine to be incompetent at any of them. It is quite easy to get into the top 10% in anything (including the fundamentals) as it requires little talent and a lot of time. People are incredibly lazy and more interested in being entertained. So. There you have it. Stage two of decision making requires learning fundamentals no matter how much you hate it.

The Third Stage: Beginning of specialization. If you know all of the fundamentals (enough to be be seen as good by other people in these areas) it is time to specialize. You go back to the tree diagram which now has hundreds of branches. And. Many of them have officially hit their peak and no longer need to be looked at. When you take a look at all the branches you then ask "where do all of them intersect".

At this point we turn back to a physical example as it's easiest to understand. If you're extremely fast but lack endurance maybe your best bet is to just go into sprints (swimming or running sprints). If you're extremely coordinated with fast hands (terrible foot speed) it could be something as niche as ping pong. So on and so forth.

Now for the real money making part. ***You have to figure out *how* you're going to compete***. Are you going to compete based more on ability to recognize talent while you do the sales portion? Are you going to compete by personally creating the best product while spending tons to hire the best sales/marketing person? Have you created some sort of new production that puts you ahead of the curve? We can go on and on.

It gets better! The reason why life is a rigged game, is that you've officially reached the snowball point if you can specialize correctly. Once you have one successful venture you now have a blue print to recognizing issues in *other* companies. This is why we continue to laugh and brush off insane ideas. Example? Buying a random internet business while having no previous success.

The only way we can see this being a logical idea is if ***you're willing to take a loss on the purchase***. This still seems crazy as the logic of "learning faster" isn't really accurate. If you start something from scratch since you built all of it you can then recognize all the errors. If you start with something that is half baked, you don't know where the mistake was made *unless you've done it before*. By buying something without previous success you're essentially trying to short cut the process… We all know what happens when short cuts are made. Lots of un-learning and re-doing.

The Fourth Stage: Generally speaking, most people don't even get to the third stage. In the third stage, success breeds itself. You're a millionaire. Some things will go bad (for example if you own some real estate chances are some of it is in the red due to the pandemic), similarly, when you dollar cost average into various investments a few are not going to go up. This is simple probabilities as it's impossible to shoot 100% even if everyone on Twitter tells you it is possible. Anything above 70% is solid/incredible over the long term.

So what is the fourth stage? The fourth stage is longevity. Longevity is recognizing when you're not going to have the same amount of energy/time. You have to do a few things: 1) sell, 2) delegate, 3) transition to lower impact.

Once again we'll use a physical example. If you were an excellent football player, at age 45 you probably shouldn't be getting hit in the head over and over again. This applies to things like boxing as well (Floyd Mayweather, the only risk free return, is the poster child here). Instead you have to transition into something else you can do that is enjoyable. Unfortunately, no matter how many drugs you take, at this time you cannot maintain your levels. This means you're limited to several sports, golf, biking, swimming, water polo etc. (we don't want to think of all of them). If you don't transition you're going to lose all the "left over benefits" of being in shape which is potentially millions of dollars of health care costs and higher quality of life (a huge benefit).

In terms of money we'll steal a page from our life mentor (never met) Felix Dennis. When you've lost interest in a business you have to sell it. Even if you don't get a perfect price, by exiting you'll decrease your commitments and avoid future headaches as you focus on what you really do well. For the ones that you still enjoy… delegation is the best option. Why? You can quickly choose the right people to run it and if you're still interested in it – haven't sold it – fixing issues that arise will be fun for you. And. To wrap it up, going forward, you're not going to try and hit it out of the park anymore. You try and hit singles and look at "lower impact" options to increase income. As usual, the goal is to focus on income generation and much less on investments as you should be living off of less than your annual returns at this point anyway.

The Fifth Stage: The fifth and final stage, is the transfer of all your work. Setting up a will/trust and making sure the money and assets go into the right hands. The right hands = where you think they should go. No one is allowed to tell you what to do with your money so simply send out the assets as you please. Not much to describe here as you're nearing death (inevitable). As a fun note, perhaps we will come up with reverse aging technologies in the future. But. The point remains.

Summary: If you look at this in phases it's essentially, trial and error, self reflection, mass accumulation, accumulation relative to time and finally giving it away. There are *always* exceptions to the rule. The framework is going to apply to some 99.5% of people. Perhaps the top 0.001% end up continuously working harder and never taking their foot off the gas. But. Again. This is the exception not the rule.

Using a tree diagram is something you could even add to your daily routine if you'd like. This is quite useful for someone who is under the age of 30 but can be done at any stage of life. What you do is physically write down what you did and where it falls on the tree diagram. You end up feeling quite disgusted with yourself if you have to constantly write down that you're going in the wrong direction over and over and over again. Once the branches are moving in the right direction you'll eventually find a good intersection point.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending. **We hold Q&As 1-2x a month for purchasers only.**

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High Risk Investments

High Risk Investments

We don't feel like this post needs to go up but we have been asked about the topic numerous times and stated we would cover the topic as part of a series. Most people, including those with a relatively high net worth ($1-2 million), have no reason to dabble in such ventures. With that backdrop, we would not recommend any of the following ideas to your typical reader but below is an outline, by increasing risk tolerance.

Single Security: We assume you already have a large portfolio, it is growing (no matter what the doom prophets say – they have been wrong the last 3 years) and you have excess cash on the sidelines that you would like to use to invest into a single security.

"Diversification is protection against ignorance, it makes little sense for those who know what they're doing." – Warren Buffet

If you have niche knowledge perhaps you can obtain a medium sized position in a single security. **Be prepared to watch that sucker go to zero.**

Assuming you are prepared to watch the entire value go to zero then we would recommend the following bare minimum requirements.

1) You can build and understand a three statement financial model (should be easily understood). If you can't… you don't deserve to buy a single stock since it takes at maximum three months to understand a financial model

2) You have read at least three equity research reports on the Company. Do not let equity research analysts determine your stock purchases but the reports give you a high level view of what is driving the stock. Get a negative analyst, a neutral analyst and a positive analyst if possible. If you can't even obtain access to research… Again you don't deserve to buy the stock

3) Understand the management team. You should know who is leading the Company what their strategy is and how they intend to grow the business. If they have a history of success… We know the general rule is that success begets success

Simply put, if you can't do these three simple tasks, you don't understand the stock at all and simply got lucky if it goes up. It is always better to be lucky than smart, but don't bank on it.

We provided a rudimentary example of understanding a security with an overview of Facebook.

Leveraged Portfolio: Here we are getting into much more dangerous territory. Leverage cuts both ways, meaning you'll see your value go to zero quickly if you are wrong. Leveraged portfolios include Margin Accounts, Real Estate and of course options (100x leverage).

What is the difference between leverage and single ownership? Timing.

In either case when you lever up to purchase an asset you are saying that the bottom is here. Unlike an unlevered purchase where you're assuming you're relatively close to the bottom you cannot take a large hit to your bottom line. If the asset drops 50% you're down 100%. You're at zero. Even worse? You could be under water if it had 3x+ leverage.

So why would you lever up? **You are practically certain that there is near term upside.** You need to be extremely confident. Confidence at the 50% level is simply not going to cut it.

1) Margin Account: This is the same as a single security with the added pressure of timing (and of course the rate on the margin).

2) Housing: Higher leverage. Usually 5:1 if you're trying to keep your interest rate low and we have recommend a rough 3x Cap Rate/Interest Rate for safety

3) Options: Extremely high leverage and extremely precise timing. We don't like using the work extreme in a back to back fashion but it is important here. Options are significantly more dangerous than a margin account due to timing and the leverage ratio. If you are certain? Well this is your best bet.

Silent Investor: Assuming you're trying to tie up a larger amount of capital (6 figures plus) you can begin looking into equity or debt stakes in a wide variety of options: Real Estate, Companies, Rebuilding Projects, Commercial Projects (restaurants, malls, etc.) and others. **Most importantly? You're handing over the keys to an established professional.**

Why would you do this? You are establishing trust with a new high level contact and you expect higher than average long-term returns that you won't need access to for 5+ years. Anyone who is well off knows the best way to make good friends is by making money together. Money can be thicker than blood.

While we recommend having liquidity and managing your own money you eventually reach a certain level of net worth where most wealthy people begin locking up cash. They lock up a portion of their cash to prevent emotional sales and they expand their network by investing with a high end professional and at the same time they learn about a new business.

So how do you go about private investing?

1) Find the right driver. Repeat this over and over again. Find the right driver. When you go into a silent investment you have no say in the operations so you need to be certain that you trust the individual who will be running the project.

2) Only invest an amount you wont touch for 5+ years. Generally silent investments last anywhere from 3-5 years (some are large in scale and can last for a decade or longer). If you're new to silent investments there is no reason to go big, shave off a percentage you're willing to never see again and stick with a project with a 3-5 year turnaround.

3) Don't be a nuisance. Most people will constantly email asking for updates 24/7/365. Let the other investors do this for you since you will be given access to a data room where updates are posted anyway. Literally become a silent investor. Why? When a new project comes up you'll be first in line for investing since you have not annoyed the driver. If he is good… well you now have first dibs.

4) Make sure they have skin in the game. Depending on the investment type, you will be given a percentage of the initial profits (preferred) and there should be a water mark where the Company will obtain a profit if they outperform. In addition, you want the driver to be responsible for the sale of the asset where he/she will only be paid with excess returns.

Private Equity: Not to be confused with private investing as stated above. Here you're looking to make a 20%+ returns… you are playing with serious debt. You are purchasing an entire asset with a large amount of debt. If you want to take a look at the most recent blockbuster deal look no further than the Leveraged Buyout of DELL.

Who is well positioned to invest in such transactions? As we stated in this post… money begets money… a person with experience in private equity or a person who has helped structure pitch and sell multiple LBO transactions. In addition, if you are extremely fortunate you may join a Private Equity group where you can participate in some of the transactions (don't get your hopes up too high if you are an entry level hire).

This is likely old news for many that actually work on the Street but here are the basics for an LBO

1) The exit strategy is actually the most commonly failed part of a case study/interview. If you have no exit strategy the LBO is entirely worthless. When you flip the Company you're looking to either take it public (for the first time or again) or sell it. If the Company is going to get an unattractive valuation during an IPO process and there are no logical buyers, you've simply made a bad decision

2) Rate of return, for the Wall Street folk we know there is no reason to ever take on an LBO with a 10% return because you may as well invest in the S&P 500. 20%+ is a napkin calculation, it can be lower but it is a good number to have in your head.

3) Synergy: If your firm cannot add revenue synergies or quickly adjust the cost side then you will be hard pressed to fix the Company. This is an obvious one.

4) Debt Structure: Ideally you will have a simple debt structure with minimal tranches all at low rates. This will never happen.

Venture Capital and Angel Investing: This is the last item on our list. The Mecca of high risk. If you have any interest in the field begin reading up on Marc Andreessen and Ben Horowitz.

Here you are assuming again that your investment is going to zero and **your best bet is to create a team.** You need to have a large rolodex of venture capitalists who can keep your pulse on the latest and greatest companies looking for funding. If you're not plugged in we would recommend wiping venture capital off the list.

We are working under the assumption that you will be attempting such an investment from an individual basis which means you're locked into extremely high risk angel investing. You are going to spend around $25-100K (minimum) and put it all into the hands of a single high risk start up.

We would outline basic steps to doing this successfully but unfortunately these projects take many years. While it is fun to have some skin in the game on maybe 1 or 2 companies in your life time, it is certainly not for the faint of heart. Again we recommend reading up on successful venture capital companies such as Accel Partners and Andreessen Horowitz.

Concluding Remarks: We repeat, we would not recommend any of these options for the average person or average reader. We wouldn't even recommend these options to an intelligent reader. We are simply outlining various high risk investments. To sum up the level of risk you can think about it in terms of 1) timing, 2) leverage, 3) control and 4) liquidity.

Single security: Minimal timing, no leverage, some control and liquid

Margin: Needed timing, 2x+ leverage, some control and liquid

Housing: Some timing, 5x+ leverage, some control and illiquid

Options: Excellent timing, 100x leverage, no control and liquid

Silent Investor: Some timing, generally some leverage, no control and illiquid

Private equity: Timing, leveraged, next to no control and illiquid

Angel Funding: Timing, no leverage, no control and illiquid

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Hoaxed Movie Review

Hoaxed Movie Review

Putting the bias up front we know Mike so naturally have a positive bias towards the movie (you can watch it here). The interesting thing here is we didn't really realize how bad things had gotten in terms of tensions between the left and right with significant violence. Unlike many who believe we're right wingers (we don't care about politics at all), once you make money off someone (our trump wager) you are associated by default. Naturally, this was 1,000x worse for Mike and he got a front row seat to the impending culture war. The first section is the review part and the second section has a few of our long-term thoughts which may or may not occur.

Overview / Review Chronological

Embracing the Heel Role: While mentioned only briefly, Mike talks about embracing the role if you're labeled. This is similar to the age old "agree and amplify" advice practically everyone knows. It's interesting since most people would cave under this type of social pressure but when you have F-you money, the media is forced to fight you versus pressure you. Never looks pretty. The main idea here is similar to our own advice "never try to change someone's opinion of you". If you're labeled negatively or someone thinks they are better than you (despite having already seen their side before), just amp it up and create a show. This only attracts more attention which essentially was the goal.

Strike First: Another part of the movie suggests that the first person to create a sticky image wins. This is incredibly true. If you were a "frat guy" in college who used to party hard, become a multi-millionaire and are later seen drinking champagne in a limo… People will think you're being fake. The reality is that you changed.

Prior to Mike's election stuff and higher level of fame, he used to post on various topics from drugs to weight lifting to whatever it may be. Unsurprisingly, when he re-branded and moved in this direction many of his "old friends" dropped off or started hating on him publicly/privately. Can't imagine how many friends he lost by being a public Trump figure. This is tied into the same concept of first impressions and striking first. When you're going to make a mark or move to another "brand/image" you will absolutely get killed in terms of criticism. While we haven't had the chance to meet Mike in a couple years or so, we'd wager the text messages and DMs being exchanged have drastically changed. After all, if you want to move up in life you can't believe that your friends and contacts will remain the same.

If you think someone is on your side you believe something different: This is another fun concept and works both ways. Lets use a basic example. If you tell someone "Nice shirt it looks good"… If the person *dislikes* you… They will automatically think you're being a condescending sarcastic douche. If the person likes you, he will think "Oh thanks man, what a nice guy he noticed my new shirt".

While this is a simple example, just scale it up and you'll see the ramifications portrayed in the film. By "showing the other side" Cassie Jaye was immediately rebranded due to her involvement in a Red Pill movie. Since you cannot be on both sides you have to be on one versus the other. People are herd/tribe creatures and "bridging the gap" is going to be seen as a bad thing. Nobody wants to give a platform to someone looking to bridge the current "battle of the sexes" in the United States. This would be a disaster for consumption in the United States. So if you're going to be a media/public figure get used to this branding issue and be certain of which image you want to dangle out there.

Picking and choosing the words: This one we knew pretty well, anyone who has seen the news knows that the whole goal is to get a "sound-bite". No one actually cares about context or reading. If people cared about the real story, context or details they would actually read books (hint, people don't read books).

Instead if you're in a position where you're being recorded, make sure you 1) have your own personal recording to defend yourself against clipped footage and 2) be smart about the sound-bite. It's a delicate balance in the "war for attention" as a sound-bite needs to be good enough to get a lot of views but not audacious/awful enough that you're quickly branded in the wrong direction. Ideally, you have a specific image you want to portray and can some up with an insanely viral sound-bite that tattoos an image into the brains of each individual who hears it.

Kuwait: We admit it. We don't know jack about the majority of history. Being practical and future oriented, our knowledge of history is weak. Had no clue that the Kuwait clip in the movie was fabricated. We knew that the "weapons of mass destruction" idea was a bunch of baloney but the Kuwait item was new. Trying to be vague here to not ruin part of the movie.

Journalists Fed Headlines: Another part we're keeping vague is an excerpt of a Journalist talking about how his headlines were written for him. Another one that's not really surprising. At the end of the day, news organizations nowadays are not profitable and are used as propaganda machines. We'll leave it there and emphasize that this is why we don't own a television.

"**It's a business"**: Age old wisdom: follow the money. When looking at any opinion from anyone, ask how they make money first. Would you take "car cost as a percent of net worth" advice from a car dealer trying to sell you a new Mercedes? Of course not. His finance advice would lead to a much higher car buying number. Applying this to life in general is always a good rule of thumb: make sure incentives are aligned.

Media and Wars: We're on the fence on this point. Yes Media makes a lot more money when there is a war. That's true. Our counterpoint to Mike (we know he's reading this) *is that Trump is a headline making machine.* If Clinton won the election the news cycle would likely be less profitable unless we entered into a serious war. So this one was a tough sell for us. The media (in our opinion) actually benefitted by having Trump win (near-term). They have tons of stuff to talk about from taxes to north korea to China to his businesses etc. Just walk around, we see more people than usual glued to the TV wondering "what in the world did Trump do this time!". It's almost a 24/7 news cycle and we have no doubt the media in general is getting a tailwind here.

What you remember is what you saw: This is another great point, your visuals are the most memorable (dress sharp!). Instead of focusing on the negatives of this (how the media tried to warp your brain with images) we're going to focus on the positive. Think about who you want to be in 5-10 years and imagine what that guy looks like. Picture it. Think about this a lot. In 5-10 years you better not be visualizing a guy doing the same thing he's doing today because that is not realistic. If you're currently hooking up in clubs and dive bars, what do you want to be when you're 40? 50? What would that guy be doing today to set himself up for success? Would he really be buying the same stuff, going to the same places, hanging out with the same crowd… the same people. Absolutely not. Since your mind remembers visuals the most, you have to visualize what you will be doing in 5-10 years. Try to make it as detailed as possible.

What you aren't seeing: One of the most interesting parts of the Election was when Mike filmed the Bernie Sanders supporters protesting the DNC. He physically flew to both the RNC and the DNC and no one cared about the DNC protest. Even to us this was surprising given the sheer number of people on the camera. Mike's way better at this than anyone we know, where he'll ask "what aren't you seeing". There was no coverage of the DNC so he took it as a hint that maybe something was happening there and was right. Another strategy appears to be "lack of video". Other events only had still photos of what was happening and he'd go to those locations and find out the media was just surrounding one "photo op" of the same old thing and not showing the whole picture. For better or worse we don't use this approach enough and stick with the classic "how are these guys benefitting" before deciding if it's a legitimate source or not. (Hint another reason we've essentially deleted all people from our phone who are not rich, this is because rich people are *less* likely to screw you despite common mis-conceptions).

Republican killed and a Car Death: Apparently, an actual republican congress person (something like that) was killed by some radical leftist. Also. Some lunatic white supremacist hit someone with a car. Call us ignorant (it's true) we had no clue either of these crazy events happened. We always knew that people who had hardcore political/group affiliations were losers and this just confirms it. It also confirms how little we know about "society" as we legitimately don't remember any of this.

Naturally, our basic view here remains the same, just ignore people who really dislike you as being killed/hit by a car is definitely not worth it. Always avoid people looking to antagonize you unless you can somehow benefit from it (99.9999% of the time it's a no as antagonizer are usually poor with nothing to lose). Conflict is only worth it when the risk outweighs the reward and if people really care about this whole politics stuff that much we'd recommend avoiding the entire disaster. It seems like this is actually getting worse (although we're biased since we just saw the movie) and politics is becoming more violent and extreme. Knowing that there is this level of emotion also explains the rise of socialism and other extreme beliefs. Crazy stuff, but after seeing the movie it makes a ton more sense.

What is Real? One of the questions posed is "what is real". We did come to our own conclusion here which is "real" is defined by your life experiences. This is also why we ignore all people explaining how "life is" when they've never made it. You wouldn't ask a homeless person what life is like as a rich man and you should never ask a socially inept dork what clubs and spring break are like. They are different worlds entirely and if you've never seen it you won't believe it.

Believing in fake versus real is also damaging. If someone believes all rich people are "losers" they've mentally screwed themselves as they are fighting off the belief that rich people are losers while simultaneously trying to get money. Also. If a "nice guy" thinks buying chocolates and roses will get him laid, he'll ignore all the stories of guys hooking up with married women and girls with boyfriends within a few short hours. The best way to view reality is there there is always a "new dimension". Sure there is an awful dimensions where you're poor broke and ugly. There is also a dimension where you're rich, happy and athletic. There are also middle dimensions where you're poor but happy and good looking or rich and unhappy but good looking. So on and so forth. Each "movie" is real it's just a personal decision on which movie you want to be playing in the future. The movie everyone wants is the rich, good looking and happy one. This one gets the most hate as it's the top 0.1% (only 10% of guys have good social skills and only 1% of guys are multi-millionaires early enough to enjoy it).

Every Group Has a Rational Person: People in general are not bad. So in every single group be it a socialist group, republican group, a feminist group or a "mens rights" group… There is at least one guy/girl who is willing to see the other movie. Unfortunately, as you can see from the film there is a VERY SMALL number of these people. Unless you're making a film or trying to create something artistic, we'd recommended avoiding the hassle of finding these people. Yes we know, this is "negative". It's just running the numbers. Sure you could spend your time trying to find the handful of people who will change their views on an emotionally charged topic, or you could spend that time trying to help yourself, your family or your close friends. To us the decision is clear, stick with "smile, nod and agree".

Things are Getting More Radical: Towards the end one of the beliefs is that all of this chaos is making more radical differences. People are able to block each other and create tribes/herds. This is actually a good thing for a few years. Why? Well it makes the audience easier to sell to (you guys HAD to know that was coming). If everyone believes the same thing all you have to do is convince the tribe leader to buy and you have a recurring niche revenue model!

Jokes aside (well not really a joke since we were serious), it doesn't seem like the polarization is going to get better any time soon. We'll go ahead and predict increasing popularity of socialism on one side and more extreme capitalism on the other side. Not sure how this shakes out in the end. The good news is that it shouldn't really matter if you're interested in being successful over the next ~5 years or so. We're in the *platinum* age of opportunity.

Long Term Thoughts

All Media is Biased: This is essentially a fact now. Opinions are now dominating the news so just assume that everything you hear is biased. Both from the mainstream media and your local celebrities. Everyone is trying to convince you of something so go ahead and learn to come to your own conclusions. Be careful here though. Your conclusions are going to be based on life experiences which is a slippery slope. Just because something appears true to you will appear false for someone else.

What a Disaster it is Out There: Can't say it enough, politics is a complete jungle of nonsense. Piles and piles of nonsense and angling. There is no real way to solve this massive issue any time soon so we're going to stick with avoidance. Just not worth it. Mike's a public figure at this point despite what his haters my say and we don't even want to know what his day to day life is like in terms of crazy messages, phone calls and in person annoyances.

Be Careful With Association: Luckily we're already past this part and no longer have any serious interest in meeting new people (unless higher on the totem pole). For anyone else looking to climb or improve their life, take a serious look at who you're hanging out with since that "brand/image" is going to impact your life meaningfully. People think about their diet and workout routine more than they think about their cell phone and that's the wrong approach on numerous levels. When you go into one group, recognize that the success of that constant contact list is going to be your success. Life isn't a zero sum game, it is a positive sum game. If you're associating with the wrong group, your beliefs are going to morph in the wrong direction. This applies to both the extreme right and the extreme left as depicted in the movie. Honestly, wouldn't want to hang out with either of these groups for any amount of time.

Don't Get Emotional: An anonymous person made a salient point, you can only really be honest when you have "F-you money". We agree with this. Unless you have F-you money just stay far far far away from politics and other such nonsense. It just isn't worth it. Get rich first. After you get rich and have F-you money, then you can go ahead and decide if you actually care about this stuff. Mike actually cares about free speech and getting a specific message (as evidenced by the amount of work he put into this movie + his constant work online). We don't care at all about this stuff. Nothing really good or bad here, just emphasizing that getting your life in order is first priority. Let the two extreme political views battle it out and ignore it all.

A Ton Can Change in a Couple Years: If you've followed Mike for more than 5 years or so you've seen him move through numerous different endeavors. In 2012 if you told him he'd be all over the news due to politics we bet he would have laughed at you himself. Now he's considering running for congress or something like that. Life is funny that way. The good news is that even if you disagree or dislike the movie just think about how much his life changed in just a few years and the excuses start to melt away. While we're more concerned with the future of the US from a political view, we're more convinced than ever that we're in the *platinum* age for turning your life into whatever you like. Unless you're just lazy.

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How Do You Get Rich? Two Rules

How Do You Get Rich? Two Rules

Everyone in their 20s wants to be rich (note: we're defining "rich" as $1M+, Felix Dennis will disagree). Ask any male who is in the 20-29 year old age bracket and you'll find becoming rich is the number one goal in their life 9/10 times. The reason why they won't get rich is simply because they *lack patience and believe they are smart*. Here is the trick to becoming a millionaire by 30 (+/- a couple years for safety).

"Spend 12-16 hours of every single day making money and dollar cost average into VOO (ticker)"

1) Make Money 12+hrs a Day: If you really spend 12-14 hours a day making money you're going to be hard pressed to burn it aren't you? **Your savings rate will increase dramatically by default.** We don't do many posts on becoming frugal because it is a scarcity mindset where you are thinking in terms of cutting costs (saving $100 a month, really?) rather than making money (if you make $100 you didn't spend $100 during that time frame). In short, even with the demographic that reads this blog, 99% of people will not be able to earn money for 12 hours a day for 5-7 years. This is not a knock on anyone reading the post, it is simply the truth. They will get "tired" they will "need to blow off some steam", in short, they will need to spend their money to maintain their happiness levels. They've already lost.

2) Don't Predict the Market: Everyone thinks they are smart. Once you realize this, you stop trying to predict the entire global economy and simply dollar cost average. You will *generally* see 5-9% returns over the long run (nothing is guaranteed), but in simple terms *"are things going to become more expensive?"* if you answer yes (you should answer yes based on 100+ years of history) then all you need to do is buy inflating assets (stocks).

Until you no longer have to work for a living, you cannot break either of these two rules. If you are Financially Independent (FI as the nerds like to call it) then you can dabble in higher risk items. **The end.**

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In 100% honesty it is taking the will of a thousand marine soldiers to avoid clicking "publish" after the end of the previous paragraph. Why? ***It really is that simple.*** Instead of clicking publish lets go ahead and look at all the foolish people who will try and break these rules. No apologies if you're in this camp because you're going to pay the price of losing money which would be much worse than accepting the two strategies above.

Market Timing: Any seminar that explains how you can time entry points into stocks, bonds, houses, options, foreign exchange, derivatives, or otherwise are all the same. ***Get rich quick schemes to steal money.*** By reading the previous two sentences you've eliminated 95% of the marketing gags on the internet. There is no system, no person and no calculation that can predict price movements in advance. Period.

"But so and so has done it 20 times in a row!"

Great. Go up to this Oracle and ask him "Can you show me all of your transaction records for the last 5 years". Anyone can show 20 clean breaks and no one will hand you their information. Move on.

Finally, how can you be certain? So sure no one can predict market timing?

Easy. ***The value of knowing market timing for certain is north of $10 Trillion dollars.*** That is not an exaggeration. If you can predict the timing of any market, on a daily, weekly or even monthly basis… The first thing you do is shut your mouth. You quit your job and you hide in a tax free jurisdiction to trade an account. You borrow at any rate imaginable (10%+? who cares! give me the debt!) Why? If you can predict the turn of a security in that short of a time duration you're going to make 10x the return immediately on an option (Puts or calls). In fact if you know a single security is going to move by 10%+ within a day, you should quit everything you're doing lever up, and go all in. If it's really that easy you're rich by the end of the day, not month, not even a year.

You're certainly not teaching seminars. You're in hiding to protect your algorithm and backside. Don't skip on the high end body guards.

Work Life Balance Personalities: These people never get rich. This breaks rule number one where you believe that you're entitled to $500K+ a year without working more than 40+ hours a week (Gotta be able to make happy hour!). In addition? The fact that the person believes his career isn't fun and is "hard work" tells you he won't be any good at it in the first place.

If you decide to take the work life balance approach you should get a job at a start up. Why? You're putting your fate in the hands of luck and this is the only space where you will have a shot at event driven income without putting in the time. Blind luck!

If it works? Great and more power to you, just don't become delusional and believe you can earn a high income without the aspect of luck and a mediocre 40 hour a week work ethic.

The Rich Think Alike: If you don't believe that rich people think alike, and would largely agree with the two premises listed above… You need new friends. Why? They are broke.

The odd thing about life is that the law of attraction does work when it comes to money. If you find one man who made it to a million dollars by 30ish, you're going to find a startling fact… In his phone is the phone number of every other student in his class who cleared $1M+ in net worth by the same age. To get rich you're going to operate like a rich person, which means your friends are going to be rich as well. Simple as that.

Unable to Earn: The classic lazy person. They will claim that their only source of income is their job/career. Unwilling to reinvest in themselves and find skills that will pay immediately they try to squeeze pennies out of a flat-lining income stream. Similar to your friends who are unwilling to work over 40 hours a week and dollar cost average… You need new friends again.

Before the comments become filled with "bragging" type complaints here is a short list of skills you can learn that will pay immediately if you simply put in the time (you can even do some of these at work when your boss is not looking)

1) Copy writing (can be done in an office)

2) Affiliate Marketing (can be done in an office)

3) Fix electronic devices (if you're slick you can do this at work as well – eventually hire outsource)

4) Paid for services on Fiver/task rabbit (eventually outsource).

These tasks can be completed off the clock with ease.

Pretty simple, lets assume you only make $20 an hour? If you add 20 hours a week times 52 weeks a year… that's $400*52 = **$21K in cash savings.**

Guess what? If any of the above take off, they are scalable. You can simply spend more ad dollars and scale your marketing business or you can change your rates to higher end consumers etc. You're building another stream of income. It's not passive income yet, but the $21K sitting in stocks/bonds certainly is.

Avoiding Bad Information: Lets assume you believe this entire post, entire blog and entire opinion is BS. That is fine. In that case make your life a million times easier by using simple logic.

*"Is this person actually rich **and** happy?"*

This logic makes complete sense. If the person has what you want, listen to them. If they don't have what you want, they should be ignored. You're going to meet many people who are older and supposedly wiser than you are (if you're 30 this is the 40+ gang, if you're 20 this is the 30+ gang) but don't take what they have to say at face value. Do your research. Is this person rich? Did he succeed? If not his advice should go directly into the trash. **Smile and nod. Smile and nod.**

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As a signing off point, this was a painful post to write. It was not meant to come off as demeaning angry or unhappy yet if you read the post it still does.

Why is that? **It is depressingly true.** The only way to get rich (relatively rich!) is to ***GRIND.***

Look around you. Anyone who is 18-20 years old can simply read this post **act on it** and become financially independent within a decade!!!!!

Yet… 99% of people won't do it. Lets repeat that… **99% of people won't do it.**

Hopefully for every 100 people who read this post at least two people will get the message. **This would double the number of rich people!**

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How Does a Young Man Make Better Decisions? 10 Laws to Remember

How Does a Young Man Make Better Decisions? 10 Laws to Remember

Here are some laws to abide by. Laws are meant to be bent and broken from time to time, but break these consistently and you'll pay a hefty price.

1) Law of Attrition: As a man you should realize that most people will make nothing but poor decisions. They will do this over and over throughout their life. If you want proof of this, simply look at the statistics for retirement savings. According to major brokerage firms (Vanguard/Fidelity) and the like, your average person who is 55+ years old **only has $150K in savings.** This amount is less than what you should have saved during your 20s.

Lets use this law to our advantage. Knowing that the vast majority simply won't make it, the people who have succeeded will stand out like sore thumbs. Ignore the unhappy rich folk (there are a lot) and simply spend some time finding happy and stress free rich people. While everyone will say "these people are hard to find"… nothing is easy and they should stand out from the crowd. Use the law of attrition to help you find mentors that will take you down the correct path. If they didn't drop off the radar, they can help you remain on the radar as well.

2) Law of Momentum: Physics applies to decision making as well. Objects in motion stay in motion. This is why rich people get richer and why responsibility continues to go to intelligent decision makers. If you make a smart decision people give you more of them to make, then they introduce you to other people as a "smart guy to know". This will repeat over and over again. Eventually you won't have time to help everyone. Now you've won.

There is a clear undertone to this law. If you make smart decisions when young you will see a snowball effect that will gain traction over a long period of time. The reverse is also true. Bad decisions when young will ripple over the next 20+ years.

3) Law of Association: Based on your phone people will judge your worth. Sounds simple doesn't it? It is true. If you can simply spend time around high worth individuals, people will assume you are of high worth as well. Many of our readers are bright, so lets combined Law 2 with Law three. If you consistently spend time with wealthy people and consistently show them you make good decisions… they are going to introduce you to more high worth individuals.

Before you make a decision ask yourself, what type of people will I be spending my time with? If the answer is of low quality, probably best to move on.

4) Law of Negativity: There is no reason to spend time with unhappy and unlucky people. Apply this to your life. The law of negativity works in conjunction with all three laws stacked above. You are likely to quit (attrition), you are likely to continue on a downward spiral (momentum) and misery loves company so you will attract other miserable people (association).

[Force yourself to be positive](#) in every environment since the alternative always leads to poorer results. If you are truly in a wasteland, the answer is to leave.

5) Law of Similarity: People surround themselves with other like-minded individuals. Use this to meet successful people. Once you are surrounded by successful people you should adopt their line of thinking, dress code, vocabulary and tone of voice.

6) Law of Risk: Every single decision you make is going to have risk associated with it. There is no such thing as risk free. Therefore you should always make the **best risk adjusted decision** that you can possibly make. Make a list of the downsides of the decision and balance them with the upsides of the position. It will become increasingly clear if it makes sense once you appropriately assess the risks.

A simple Wall Street example? If you have to choose between a major investment bank or an unknown investment bank, there are practically no reasons to choose the unknown bank.

7) Law of Pain: Generally speaking, **the path with the least amount of suffering is the wrong decision**. This law becomes more fluid as you get older since you're no longer building your life, BUT when you are young if you choose the easier path you are likely giving up decades of your life. This is not an exaggeration. The last thing you want to do is tell someone a decade older than you that you "were not willing to work hard". This will be a nail in the coffin.

8) Law of Common Sense: These days, this law is being overlooked. "Does this make sense?" ask yourself every single time. "Does this make sense?" Before getting into juicing because of [Danger and Play](#) and following his blog over at [Fit-Juice](#), the belief was that a calorie was a calorie. While this may be the case for weight loss it makes no sense for health.

Lets combine Law 7 with Law 8… When in the world has it made sense for a man to take the easiest road possible? That's right, never.

9) Law of Fairness: In short, life is ***generally*** fair but not equal. What does this mean? If you continue to generate value over a long duration you'll likely improve in your given task. Life however, is not equal. There are people with trust funds, there are people with better genetics, therefore people are never going to be equal. The best you can do is remember that life is generally fair, [the more you add the more you get.](#)

10) Law of Opportunity Cost: At the end of the day, every decision you make will impact another decision. There is no way around this. There is no way to have your cake and eat it too. The goal is to simply give yourself as many options as possible. When you don't know what to do? Choose the path that gives you more opportunities.

Concluding Remarks: You can feel free to break a lot of these laws but… it will likely cost you millions of dollars, better friends and an improved life over the long-term. If you remember these laws, you'll likely become a significantly better decision maker

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How Does this Blog Operate

[How Does this Blog Operate](#)

We continue to receive questions on how we run this blog, twitter account, facebook and find time to write these posts. With that said we'll provide a detailed and *actionable* <– as usual… post on this topic. This will be more informative in nature than entertaining. Outline below:

- How Do You Operate the Blog?
- How Do You Operate on Social Media?
- What Do Email Subscribers Receive?
- How Do You Find Time to Write Posts?

We're keeping this one a bit shorter than our previous posts (lots of work last week) but it will be jammed full of actionable advice for anyone who wants to run a website.

<u>1) How Do You Operate the Blog?</u>

We get a lot of questions here since the blog has been around for a while now (since 2012). Instead of adding more of a backdrop, we'll jump right in with the primary questions.

How Do You Stay Private? This is the primary question we receive, how do we maintain privacy on the Internet? Many of you have already figured out how we do this (smart readers!). We simply purchased accounts for Facebook, Google, Twitter and one IP address. Anyone with a speck of knowledge with regards to affiliate marketing is going to know that it doesn't cost much money to set this up (about $5K, or less than 3 days work).

How do you make posts? Okay, so you purchased the accounts… now how do you operate as a group? Simple, one word: *Teamviewer*. All you have to do is download the program and you can now login to a single IP from anywhere in the world. You can use other applications such as LogMeIn and that will give you the same benefits as Teamviewer. Notably, you don't need an expensive computer or anything like that. You just need a single IP hooked up to a direct line that does not go down. Set your computer so that it never hibernates, shut the laptop and slip it into a drawer. Done deal. You can now post remotely but work off of the exact same IP address.

How Do You Determine the Post You'll Write? This is primarily driven by "whatever we feel like". But. We do look at analytics once a month and see what people are clicking on ([approved products](#)) to see what people are most interested in. That said, we try to keep the following balance in mind… 15% Game specific posts, 45% life related posts, 20% Wall Street related posts and 20% personal finance related posts. We are certain the mix of posts will change over time. Overall, the readership is primarily men in their 20s (our target market) so wasting time posting 50%+ on "game" would ruin the lives of all of our readers. We have no interest in that.

How Do You Create New Content? This is easy. We're sandbagging everyone. We have many post ideas that are sitting in the queue waiting to be published. But. We simply won't hit submit until the audience is ready. We have 10+ posts in the draft folder that are already complete (each about 4000+ words!) but we sit on them until the time is right. If you want to create good content you need to be *proactive*. This means you're creating content consistently and are not *reacting* to random news. You can have some reactive content but the only way to really gain readership and create differentiated information is to be *proactive*. This is extremely important. Write it down. ***<u>Proactive > Reactive.</u>***

Are You Worried People Will Not Read an Anonymous Blog? Nope. We have a huge advantage in this case. Wall Street information is impossible to fake. People are nit-picky and will try to poke tiny holes into any Wall Street related post. If we were "fake" this blog wouldn't be growing. It is growing rapidly.

This is a front office only blog. No useless posts on wealth management or operations.

This is also why we avoid stock picking information like the PLAGUE. It would create too much drama and we prefer high level sector overviews. High level overviews can give out actionable information without being forced to make stock calls. The last thing we want is a blog full of retail commenters.

Why Do You Mark People as Spam? Simple. Having a "tolerance" policy implies that there are no standards. The only people who are tolerant of *everybody* are those with ridiculously low standards or low senses of self-worth (insecure). We have no interest in regular or mediocre people. Never have, never will. Marking poor commenters as spam is a good long-term move and a bad short-term move. Luckily we don't have any interest in short-term gains .

Conclusion: The blog outline is quite simple: 1) buy accounts, this will cost about $5K, 2) make posts that are a good mix of what you think is important and what readers want, 3) create blog posts *proactively*, you do not need to submit them all at once, 4) anonymous blogging only works if you walk the talk and you have information that is *impossible* to fake and 5) keep the regulars out. On the internet, the only way to prove you're not living in your mom's basement is to deliver *actionable* value and provide legitimate *information* that can be used immediately.

2) How Do You Operate on Social Media?

Not even sure why we get this question. Our social media profile is muted at best. We have a simple Facebook page but operate relatively frequently on Twitter. That is about it. In fact… Most of our traffic comes from Reddit and SumbleUpon which are two things we don't even use! But we'll answer the question anyway.

How Do You Use Facebook? This is the easiest one. We operate our Facebook account solely to show new posts. In addition? We post to Facebook as our *first* media outlet. So, if you like us on Facebook you will be alerted by a new post immediately. All of our new content is added to Facebook and we respond to comments on our page once a week (when the post goes up). As usual, make sure your logo and banner are consistent and you load up photos with each new blog post.

How Do You Use Twitter? This is a much more complicated one so we'll break down our logic into bits and pieces. We are much more active on twitter so we will explain how we use each function.

We do not see "eye to eye" on every single topic with all of these people but it creates a good mosaic of what our blog is about. The people we follow may change but the themes will not (IE: you won't see us following idiotic frugality blogs any time soon!). Finally, if you don't follow a lot of people, then all of your followers are going to be *real*. Meaning? They are not following you because you are following them.

Favorites: We use the favorite feature to promote our blog. Anyone who mentions a post of ours will receive a favorite. We think it is poor form to retweet every single mention of your blog since it looks too promotional. We believe twitter should be run as a micro-blog so the main takeaway should be *content*. It should give viewers a sneak peek into what the blog is about. If you automate the process of favoriting every tweet, you're going to end up favoriting a lot of negative tweets as well. This will come off as "passive aggressive". Does not matter**.** These people lose their cool and call even ***more attention*** to your blog! Let them flip out since passive aggressive behavior is for two year olds. We strongly suggest automating your "favoriting" process because it helps you grow your platform at ***zero cost***.

Retweets: You should always be on the lookout for good information. If you find a really good tweet or blog post then go ahead and retweet it even if you're not following them. Not a big deal. It will add to your high quality *content*. Since Twitter is meant for short-term signaling, you should "undo" all of your retweets after about 3-6 days. It will clog up your twitter feed. So retweet the content, and then undo the retweet once all of your followers have seen it.

Connect: The connect function is primarily filled with idiots and retards. You should only respond to two people on the connect feature: 1) your followers and 2) people who dislike you but have more followers than you. The rest should be ignored.

You will certainly miss a lot of @mentions but the two guidelines above are going to serve you well. If some idiot with 200 followers tries to argue with you… Don't favorite any of it and just ignore it. He'll go away and fight some other useless "internet battle". Move along.

Finally, if you respond to one of your followers, once they have seen the tweet again… **delete it**. Why? We treat our twitter profile like a *blog* and you don't want it clogged up with one conversation with one follower that no one cares about. If one guy is asking you about a resume review… Then it unlikely applies to everyone… Also? Most of your followers won't care either.

Mix of Content: Overall we think a good guideline is to have ~10% posts, 90% content. This means you're promoting your blog or linking to new posts 10% of the time but the remaining 90% is content. This means your twitter profile is really just another blog which explains why you delete all of the useless @ conversations and undo stale retweets. This keeps a *clean* twitter profile. New people find your handle and can quickly decide if they want to follow since it is primarily content instead of marketing mumbo jumbo.

Conclusion: We use Facebook to give the latest updates and use twitter to micro blog. Everyone has their own strategy. Specifically for Twitter we 1) maintain a clean content based blog, 2) avoid clutter in the twitter stream and 3) only follow people who have added value to our lives in some way.

3) What Do Email Subscribers Receive?

We have not finished our product. But. The main value add for our email subscribers is simple… We offer sporadic *free* Q&A's. As you can imagine, we do not have the time to answer every single question on this blog. We try… But. It is not numerically possible if you're committed to using the power of 1% for your blogging endeavors.

Since this section is short and sweet we'll give some freebies away for our current and future subscribers.

- We will continue to offer *free* and random ask us anything events. Some of them may be on the blog. Some may be on social media. You will be alerted.
- All of our subscribers will receive a discount upon product launch. This is not going to be the case for followers on Twitter, Facebook etc.
- We *may* create Infographics that help "map out" decision trees for specific situations. If we do this… It will only go to our email subscriber list.

4) How Do You Find Time to Write Posts?

Ahh yes! The most common question from *primarily* retards. The argument goes like this.

"If you work 80 hours a week on Wall Street and remain in shape it is impossible to write 3000+ word posts every single week. You're full of it!"

Sigh.

Pretty simple really. None of our writers work 80 hours a week doing *solely* Wall Street work. In fact, anyone who works 80+ hours a week after the age of 25 on Wall Street really needs to get a new career because **he isn't any good at it.**

Here is how it works.

As you go up the chain on Wall Street and as you operate an Internet Business… You are going to travel *a lot*. You will not have WiFi access all the time and you're not going to spend 3 hours a day reading (1 hour is more than enough) so what do we do instead? We write on a tablet or mobile phone.

90% of our posts are written on a tablet and smartphone. This is also why we developed the *star* labeling system since we couldn't figure out how to bold some content on the older form mobile devices. We have since stuck with it. It has also caught on as others now use the *star* format on social media and in our comments!

So there you have it. This is pure utilization of the power of 1%. Only blog when you're in transit. Blogging should be a hobby. Not a serious form of income since it would only generate ~$150K a year on ~15 hours of weekly work (not worth it at all).

10 Summary Bullets: Here are the actionable items from this "short" blog post of "only" 2500+ words.

1) Buy IP addresses to maintain privacy and download Teamviewer for *free* remote access

2) Make posts that are relevant to both what you know and what readers want

3) Proactively create content to backfill your posts

4) People only read anonymous blogs that can be *proven* as valid

5) Actively keep the idiots out – hint most idiots are the late commenters

6) Have multiple social media accounts with a purpose for each one

7) Have a clear strategy for each social media account – we gave you ours (micro-blog)

8) Give email subscribers a reason to add themselves to the list – do not spam them

9) Blogging in transit is a great way to slowly improve over time

10) Spend the rest of your time (not blogging) on *serious* business/career activities. Anything that will generate *at least* $400-600K+ (now or in the future) otherwise it is a huge waste of your time. Now if you want to generate a ton from blogging, go and tell people you'll set up their blog for them. Don't look for gold, sell the shovels.

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How Much is Your Time Worth

How Much is Your Time Worth

A fun game we've been playing is deciding how much "work" you should do depending on how it'll move your net worth. We can all agree that working 4 hours a day to earn $200 doesn't make sense if someone is a billionaire. Similarly, if someone is poor, working 4 hours extra to make $200 is a smart move if their bank account shows $2,000 and they have nothing else to do during that same time slot. There is no clear answer here but its an important concept to grapple before getting rich. No one wants to end up like the majority of boring rich folk. So lets take a look at some of the numbers.

Working for Percentage Points

All Items Reflect Percentages: There is no point in doing dollars because it doesn't show the incremental value. If you say $10,000, or $1 million… It doesn't tell us how much the person is worth. $10,000 is a lot for someone with a $20K net worth and $1 million is absolutely nothing to a billionaire. Hard to grasp for a non-billionaire (including us of course) but makes logical sense since it represents 0.1% of his net worth. Peanuts really. So we'll walk through some of the numbers and see if it makes sense to continue pursing an activity for money or not.

Assumptions: 1) We assume you are financially independent, meaning you don't have to work. 2) We assume you would be working a full year to move your net worth. 3) We assume no gains from investments, the annual work would be the only money that counts to moving the net worth figure.

One or Two Percent: This doesn't make any sense. If you work for a full year in any activity and all it does is increase your net worth by 1-2% you should quit. Your time is worth much more than this because your annual returns should at minimum be around 5%. Essentially the net worth you have originally built up is worth more than losing a year of your life to increase the number by 1-2%. Unless you're doing it for fun (like this blog which doesn't add any material amount of money – not even a percent), an activity that moves your net worth by 1-2% should be dropped… Instantly.

Three or Four Percent: We'd say this is yet another number where you shouldn't bother. It sounds like it might be worth it but if we assume the typical person only has 40 good years (age 20-60 roughly), you're giving up 2.5% of your life for 3-4% in incremental net worth. This is not a good ROI unless you could give up ages 60-65 for the extra money (when there is less to do). Hopefully we're all on the same page here and 3-4 percent still doesn't make any logical sense.

Five to Seven Percent: Here it gets interesting and we'd argue that it depends on how much fun you've had in your life. If you've lived a fun life leading up to financial independence (you should have if you lived Efficiently!) this may be worth it. Now the question is how many hours you must commit to it. The days of working 80 hours a week are long gone anyway. If you have to work around 25 hours a week to get an extra 5-7 percent we'd say you should do it. If you have to crank out 40 hours a week, it no longer makes any sense at all.

Eight to Twelve Percent: Now we're talking about a "decent move". Essentially this is equivalent to two years of investment returns. Since a single year of investment returns should at minimum lead to your cost of living, *you're looking at two years worth of living expenses for a year of work*. You're giving away one year to get two full years or one crazy year of high expenses. At this point we'd say it's worth it if you can pull of 35 hours of work. That is about it. Forty hours a week is just not worth it once you're financially independent and 35 hours is enough where you'll feel a little bit annoyed but won't be pulling your hair out.

Thirteen Percent to Twenty Five Percent: At this level, it could be worth it to work 40 hours. Maybe maybe not. It really does take a lot of motivation to go back to working a full work week so we'll leave this as the "grey zone". People with nothing else to do will jump at it. People who have other things they would like to do will likely pass unless they can get the hours down to the 30s.

A Big Jump – 50%: At this point you're looking at something meaningful. Now we know why rich people get richer! They only look for meaningful jumps past a certain point. if you're able to increase your total net worth by 50% or more, you may be motivated. It depends on your personality but increasing your future spending by 50% forever is a big deal. Going from $10K a month to $15K a month is a noticeable change in life style. At this level we'd suggest sitting down and thinking hard. The project is probably worth a look. The only downside here is the hours are unlikely consistent and will require a lot of your brain power. The good news is that the numbers are fantastic. *In short: in terms of percentages your time i worth at least 5-10% of your net worth at all times.*

Working to Pass the Time

Typically, young people believe the rich are constantly working around the clock. This isn't true and the answer is right in front of them with Chairman flights and the person in HR who simply tells everyone they are "doing a great job" while they fly around in first class. If you've made it, then you have a system that frees up a lot of your time. That said… You're going to get bored. This is why a second framework for effort is based on your total working hours.

Zero Hours: You need to do something! Working zero hours a week is beyond boring. Even if you're a billionaire you'll want to do something. This is why the billionaires you see on TV never end up quitting. Even the financially independent bloggers end up doing something for work. Zero hours is simply too little and you'll go stir crazy. Sitting at home and going to the beach for 3 hours a day is going to get old.

0-10 hours: This is for a hobby, not for real work. You can fill this with volunteer work, charity etc. Sure you're not making any money (maybe you get a tax break) but it doesn't move your net worth by 0.1% (unlikely that much). This is a good avenue to pursue if you recently quit working. After that it gets dull in a hurry. For what it is worth we'd say that working 0-10 hours a week just isn't enough since you're left with about 14 hours of idle time during a typical day.

10-20 Hours: This begins to get interesting. If you can find a task that takes up 10-20 hours and is fulfilling in some way, you may have just enough work time to prevent yourself from going stir crazy. We've found it isn't enough but we also know people who operate at around the 15 hours per week marker and are 100% content.

20-25 Hours: This is the "money" range. Somewhere in this range seems to be ideal if you can maximize your profits for the hours you put in. You can essentially set your own schedule since a 20-25 hour per work week is not going to have a "check in time". It also requires some commitment so you don't end up drinking 3-5 days a week! Clear businesses that offer this flexibility are: 1) online sales (duh!), 2) real estate – depending on how much is outsourced, 3) any brick and mortar if you're an owner and 4) bloggers. We're sure there are many more but those four can certainly see automation to a point where 20 hours a week is reasonable with a high payout. In fact, we'd say it's possible to move your net worth 5%+ on 20 hours per week. It's possible to move it 25% to be completely honest.

26-40 Hours a Week: Here we're taking about full time commitment range. This is hard. You need to be incentivized. Anyone who has worked hard knows that after 40 hours or so you begin to make trade offs. Your workouts in the gym are not as good. You eat less healthy. You may not sleep as well. You miss out on specific events. There are trade offs. The good news is that if you've made it to financial independence you have high value that commands high pay. We'd use consulting as a way to pus yourself into the 25+ hour range if you need extra $$. (Yes we gave away our suggestion which is online income + consulting when you're bored and need more money).

40+ hours: We'll pass. Seriously. There is no point to working full time once you're done. The only time you'll do this is if the money is really good and you have had an easy year or two. Think of yourself as a sprinter. There is no need to go all out unless the circumstances are perfectly set up for you to do so.

Working For A Specific Item

When you're set there isn't much else for you to do. You can either make more money or go on more dates and party. That's really it. The only item left after that is materialism which can be fun as a project but doesn't increase happiness at all. Funny enough materialism usually leads to insecurity which is funny to watch in grown men talking about their cars/watches (hint: no one actually cares they are just trying to be passive aggressive). Now that we've covered the bad side lets take a look at the good part of materialism. Note: we are only suggesting this if you're willing to obtain the possession *and tell no one*. As soon as you work harder for something to impress other people, you've lost the war.

A Home: This is the most common upgrade. Homes offer "displayed wealth" and they generally don't collapse in value. Beach front property is rare and there won't be any new beach front property in the future. So we'd say this is probably the best place to start. If you've already made it but want a reason to work hard, go for a nice place. This doesn't hurt your net worth since the property should stay at similar values or rise slightly over time. It also won't add expenses unless you decide to go way over your skis with a mansion. This is unlikely you.

A Car/Watch: We've never been into either one. We're not against either one. The only downside of these items is they decline in value so you're essentially adding a "negative" to the net worth line. What you would do is increase your working hours. Lets say you work 20-25 hours a week, then you need to work say 30 hours a week until the cost of the item is paid for. This makes it impossible to go backward in terms of net worth. It also makes you reassess if you wanted the item in the first place. You just worked 10 hours extra fro 50 weeks to pay for an expensive item…. Will you end up buying it? We don't know, but the answer is probably yes if you really want to buy it for yourself.

Events: Now we can go to what we end up doing. Events. Preparing for an expensive trip: skiing, professional sports events etc. We don't know what your interests are but lets say you want to go to the French Open in Paris for tennis. Or you want to see the Winter Olympics. If you're going to go to a major event, your better off going all out for it. There is no point in going to the olympics to sit in the nose bleeds and there is no point in going across the globe to watch the #64 seed play the #1 seed in a single game. You get the point. Instead you line up each year with a few events you want to go to and work slightly more to clear out that number. It'll typically cost several thousand dollars but it'll be worth it and you won't see a dent in your net worth because of it.

"Vacations": We're putting this in quotes. If you work online you don't really have vacations since you can work wherever you like. Thats the whole point of the internet! That said, we have no doubt that many people won't be able to do this. If that's the case, then we would include nice vacations in the same group. If your skill set requires you to live in a specific area, then you'd put money away to leave a few times a year to places you always wanted to visit. Remember, you could die at any time so each year you should knock out 1-2 places at all times. This is also why we recommend working online, it's location independent and offers the same amount of financial income.

Now a fun question, how do you calculate the value of your time?

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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How Much Should You Be Worth? Many Paths to Becoming a Multi-Millionaire!

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As our readers know, we don't tailor our writing to regular people and instead focus on ambitious individuals interested in living an exciting life. Everyone has a different lifestyle they are looking to maintain and we'll go ahead and provide a framework for how we think each year should stack up ***at minimum***. We give up at 35 years old since no one should be giving life advice to someone in that age bracket (they've already made their decisions).

Assumptions

1) The first assumption we make is that you're going to generate at least $100K a year out of the gate. If you're working on Wall Street, within Enterprise Sales or in Silicon Valley, this is absolutely attainable. This is what we have recommended for a long-time in terms of a starting career.

2) Next, we assume that your net worth is calculated on POST tax money. We think it is a fraud to include $1 million in a 401K as $1 million to your net worth (it's likely closer to $700K if we assume a 30% tax rate). To keep this estimate conservative, we assume all money in your 401K is worth 60% of the face value (40% tax rate).

2) We also assume that you will get a 5% 401K match. This is a rough estimate and we assume you're not going to invest in excess of the match because you have better things to do with the money (primarily starting a business)

3) We use basic tax brackets since we don't know where you live. Specifically we'll assume everything up to $200,000 is taxed at 28%, everything between $200,001-$400,000 is taxed at 33% and everything above $400K is taxed at 40%. As an example if you made $400K exactly, we assume your tax bill is $122K (this is $200K times 28% and the other $200K times 33%). Again, this does not perfectly match the tax brackets to avoid perfect calculation and keep it simple.

4) We assume that your living costs increase at a rate of 5% per year and you're going to live with roommates when you graduate in the first place. There is no reason to be a big spender when you're young since we live by the saying *"learn in your 20s, earn in your 30s, burn in your 40s"*.

5) We assume your after tax investment returns will be 5%. This means the money you have on the sidelines will create 5% in annualized returns every single year. If you're dollar cost averaging into the S&P 500 you should be able to generate around 7-10% over the long-run so our 5% assumption is quite conservative.

Example 1: Mixed Income Stream (Most Common)

From what we've seen, the most common path is this one. You start a high paying career, get burned one year on compensation, start a side hustle and… voila! Well over $2 million dollars by 35. Below is how it typically works out.

Age 21: To keep the math simple we're going to assume you begin working at 21 years old. This means you're likely graduating from college (despite costs rocketing higher!). In addition, we're going to assume you have $0 in total net worth. If you're reading this and are on track to rack up $100-200K in student loan debt, we suggest quitting entirely and reassessing why you're going down the path of shackles. Since you're going down an ambitious path we assume you'll start with a *Base Salary of at least $100K.* This is going to be conservative given the compensation numbers for high earning careers on Wall Street, Silicon Valley and Enterprise Sales.

This is going to be a terrible year. You'll realize that the cost of living alone is likely around $54,000 at minimum even when you live cheaply. Your after tax savings will likely be a smidge higher than 20%.

Age 22: To keep you motivated most companies offer a pretty nice income hike from year 1 to year 2. This is not because the company likes you. This is because they likely lost money on your participation in the labor force (training costs etc.) and if you leave after year one, they have to write it off as a loss or a bad hire! Ever wonder why employers care so much about time at a firm? Well now you know. They really earn money off of you once you're up and running, not when you're green.

We assume you get a 20% hike and because of this you're still motivated to work. You put away just over 25% of your gross income a big step up when you look at the year-over-year change in total after tax savings (59% increase!).

Age 23: At this point most companies give a similar pay raise on a dollar basis. This is enough to keep employees motivated and they are now in the green on their investment in human capital (you!). Since you're still seeing some career progression and you've got another wage hike you're feeling pretty safe in your position making it easy to continue slogging along. The one thing you do notice is that the people who have been there for about 5 years seem to be more bitter than the younger employees.

Since the dollar amount increase was the same, your total compensation is up 16.67%. You end up putting away ~31% of your total gross income and your net worth should clear $100K. Unfortunately, around this time year 3 to year 5 time frame, you're going to get hit by "the system".

Age 24: You get one of the following excuses: 1) we had a bad year as a firm or group, 2) you've been getting solid raises so you should take one for the team or 3) we don't know if you're ready for the next change in role. It does not matter what the excuse is. Your compensation is going to be flat. It could be up (barely) but the point is the same, you realize that you're a COG in a system that doesn't care about you at all.

Hopefully this terrible conversation happens earlier rather than later in your career. This is because you'll have the energy and motivation to do something on your own. You'll strike out and do something small (typically free lance consulting) and make a few bucks with minimal effort. Total savings is still in the low 30% range.

Age 25: You get a small hike, but the move is not great, you're realizing that you're solidly in the center of the "triangle" within the firm where it is hardest to move up. Everyone wants you to quit or fail because it will lead to less competition for them over the long-term. You stick it out anyway and realize that it will be a while before your next "step function" upward in compensation. The silver lining is you can continue to freelance.

Your time is spent either freelance consulting or you've figured out that you can start a full business selling products! The result is largely the same, you focus more on your business and generate well over $1,000 a month. Not bad! *Total net worth goes to $200K!*

Age 26: You're solidly stuck in the middle of the Company/organization. You look around and everyone in this bracket between 26 and 32 or so years old makes the same. It's depressing to see and you realize if you jump firms… well it's going to be the same story! May as well remain in the same Company if you're plugged in from a political perspective. Besides, working on your business makes the most sense given the returns you've seen over the last two years.

You begin shirking a tad at work, cutting corners when needed and grow your small side business to $25K in total profit. It's now generating a *near* living wage! You don't have time to burn your cash since you had to work hard to get here. *Net worth $300K*

Age 27-31: This is probably the most painful bracket. You're going to be doing the same mundane work for the vast majority of the time. The guys you want to replace won't quit and there is no slot for you to fill. Your only upside is from your company. It's tough to stay focused because the business you're running cannot be scaled easily due to your current necessary career schedule! You're going to feel like you're chewing through a concrete wall.

The good news is that you'll be able to chew through the walls without killing yourself. You'll grow the business to an official near living cost profit pool of $50K by the time you're 31. Lucky for you, since you have a career still it's pure profit! *Net worth $850K+*

Age 32: For some reason this happens. When you're about to quit because you see the light at the end of the tunnel you're given some change in role. Think about it like this… If you were smart enough to realize you're being underpaid… and were smart enough to start something… you're probably a better worker than those guys slogging in long hours with nothing else going on! *You're hard working or you're smart. You can't be both.*

For fun, we'll assume you get promoted to a new role and your business takes off at the same time. This creates a tough situation for you because you're not about to walk away from that high income boost and you can cover your living costs off of your business! You typically stick around *"just one more year… just* *one more year…".*

Age 33-35: Your business cannot move anymore. It's growing at a minimal rate of just 10%. Your income from your career is still the majority of your earnings. The problem is that working for someone else is becoming a hassle. You can't stand taking any orders. Everything at work makes you annoyed and you're going to take your foot off the gas more and more. They typically try to motivate you with more money but at the end of the day, you get blown out once they realize you're not tied to them.

Reminder. Under no circumstances does anyone know what you're doing. You simply get blown out around 34. The best part? Your business ends up benefitting because you never really focused on it. Typical net worth? ***Multi-millionaire at $2M bucks (Click to Enlarge Image)***

Example 2: The Career Man

Some people just never see a reason to start their own Company. The reason why? Their careers never see a bump or hiccup. Specifically, a lot of luck goes their way and they have the skills to fill in each leg up of responsibility. We'll use our Investment Banker as the best example since we know a few people who have pulled this off.

Age 21: Top –tier investment banking analyst. You're the best in the class in the right group/sector and you're going to get paid at the top. Roughly speaking this is around $150K for a first year and you're going to have the same living costs as everyone else ($54,000 out the gate). You are able to save your entire bonus so your savings rate is pretty solid at $57,600 in post-tax money in year-one.

Your savings rate is already over 33% when compared to your gross income and you had to work hard to get the top-bucket. No vacation for you, just deal related activity and a smile on your face even when getting crushed.

Age 22: It is rare to fall from top-tier in year-one to year-two. You end up being in the right "circle" from a political perspective and people in Wall Street rarely change their minds. You continue to get all of the right deal related projects and since you're still focused, it is easy to get into the top-bucket again. Overall, you clear $175K in your second year without skipping a beat

It has only been 2 years and you've cleared $133K in net worth! Pretty impressive. While everyone else is wasting money getting drunk at the club you've built a strong baseline for a career that could lead to an associate promotion!

Age 23: After a somewhat easier year 2 you decide to begin training all the first year analysts. You also attempt to participate in more drafting sessions (proactively) dropping hints to the higher ups that you do have what it takes to be in an associate role. You're able to manage the younger analysts and you have ideas for updating slide decks and S-1's without any push to do so.

It has now been three years and you get the head nod for the promotion. Your net worth is nearly $250K (not quite) and it has only been three short years..

Age 24: We are throwing in a low number as a transition year. Why? Typically, you'll either get a meaningless stub bonus or you will not get paid the exact top tier bonus from Analyst 1 through Analyst 3. This is a precautionary measure to make sure the math still adds up. In addition, many analysts typically upgrade their housing when they are moved to an associate role.

Overall, we take a small step back to keep all estimates conservative.

Age 25: Your first year as an associate requires more proactive work from you, you're updating projects before you're being told to do so. This means you know what your MDs and Directors want to see and simply save everyone time by putting all the items in there before it is requested. In addition, you're consistently training the junior staff. Nothing special in this year but you're clearing $230K (at least!).

Age 26-27: These two years are quite similar to age 25, the difference is that you're continuing to show leadership in the form of training and initiative with pitch books and live deals. In addition, you spend some time at industry conferences to build a small set rolodex of contacts in your industry. More importantly, they give you the role of "staffer" right at the end of your third year as an Associate. This is typically given to VPs (most firms) so the writing is clear. If you can manage the team well, you are in-line for a VP promotion.

Age 28-29: Around this frame they give you a promotion to Vice President. You did the necessary work and luckily you built a small contact list within your sector. You get a material "step-function" up in your total compensation to $400K with a green light to $500K the next year. By the time you're solidly in a VP role *you're also solidly in the 7 figure net worth range.*

Age 30-34: It gets extremely difficult to predict in this range. However the general set-up is as follows: 1) you execute several deals – didn't source them, 2) you sign up a few small mandates, 3) you eventually win a couple of extra small M&A deals or lead an IPO sourced by an MD, 4) you sign up more retainers for other ideas such as registered direct transactions, poison pills etc (small stuff), 5) you eventually close a couple of nice M&A deals or get lucky and are the banker for a specific IPO. The long-story short is you generate enough revenue to warrant a director promotion but not quite good enough to get to MD! You clear $500-600K each year. By the time you're all set and ready to quit, *you've got $3M in the bank* and you start a hobby to make some side income. *(Click to Enlarge Image)*

Finally, most people don't quit. If you were this good you're likely a career banker.

Note: for the 401K contributions below, we assume you are never able to contribute more than $18K which is the current max, hence the $36K cap at age 28 and beyond

Example 3: The Entrepreneur

This is where the real money is, we've seen several people quit their careers rapidly once their companies begin to gain traction. It is tough to work for someone else when your business is making more money than your career!

Age 21: You start your career and begin acting like an entrepreneur out the gate. Instead of wasting time with politics (big career mistake!) you simply get your work done and go home immediately. This does not look good to the higher ups but you don't care as you're already working on something on the side. You save a decent chunk (just over$25K).

Age 22: You get an "okay" pay raise that is in-line with everyone else at about 5%. You realize pretty quickly that there is more than performance that matters at work. There is something called political capital where you have to be liked by the "right" people in order to get the better payouts. Fortunately, for you you're still seeing 200% growth from your business so it remains as a focus point for you and you triple it to $15K net of tax.

Age 23: You're solidly a "median" employee. There is no hiding from this fact. You can't really get laid off or fired because your work is solid and good, you just don't play any of the political games within the firm. Luckily your business doubles again, because this is why you don't have time to play the politics in the first place!

Age 24: The step function occurs! No not for the career you hate but for your business. You clear $75K in post tax money which is roughly equivalent to what you made at your career. You're thinking about quitting immediately but the firm has no reason to cut you. You're a top tier performer from a work perspective but you take no initiative because there is no reason to anymore and on top of that there is no incentive either! Funny situation around this age as you're not willing to give up all that money and you're not willing to go all in on your business either.

Age 25: Your business now starts making more money than your career and you hear of a Reduction in Force (RIF) that is occurring over the next year or so. You raise your hand for the RIF since you don't care about the career anymore. Once you raise your hand, they add your name to the chopping block (so you think!) and your business is doing great almost at $100K!

Age 26: They don't let you go! Unfortunately, when it comes to cutting people its actually harder to get rid of the top-work performers even if they are not motivated! You end up getting a long-winded pep talk about working harder and are handed a ton of work that will double your hours at the firm. You quit. Forget about it you say and you walk away. Your business ends up generating $135K that year.

Age 27-35: For those skilled enough to build a 6 figure income while at a career, they usually end up scaling to around $1M in net profit. For some reason this is around where it all shakes out. You can certainly exceed this number or watch the number flat line. Overall, getting to a million dollar business is possible and this is where we assume it all shakes out. You're growing your business in non-linear fashion and end up getting to a $5M net worth at age 35! *(Click to Enlarge Image)*

Concluding Remarks

We'd like to take the time to highlight a few key psychological factors for people looking to become multi-millionaires.

First, you will get screwed at least one or two times. There is no escaping it unless you've go the luck of the Irish. You're going to get burned pay wise or work wise somewhere (typically 1-2x) over a decade time frame.

Second, once your business income exceeds your work income your motivation falls off a cliff. You don't care about doing anything beyond the minimum and quickly fall out of the "circle" politically.

Third, If you're spending your time building income streams you can get to multiple millions of dollars by age 35 and the numbers clearly prove this out (even with 5% cost of living increases!)

Fourth, if you don't focus in on building yourself up early, there is practically no way to catch up.

Fifth, we don't have much time. There is a 20 year time frame at maximum to really make money. No one wants to be killing themselves working around the clock at age 40+**.**

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How to Avoid Negative Life Style Inflation

How to Avoid Negative Life Style Inflation

As you start to make more and more money, something typically happens… You spend a grip more. Practically everyone will make mistakes once they start to feel rich (including every single one of us as well!). It typically doesn't feel like you're increasing your lifestyle by a large margin until you look at the year-over-year change in net worth and are unpleasantly surprised!

Not Financially Independent

If someone is not financially independent: *negative lifestyle inflation is when your savings rate declines.* Without financial independence, every single year needs to see an increase in your overall savings rate. You'll establish a lifestyle that you enjoy and once that is set you're going to throw every single cent into new businesses, investments and basic savings as well.

The Most Important – Generate More Income Every Year: This is and always will be the focus of the blog. While many continue to say that "you're still saving XX% so its all about cutting costs!!!" they don't understand that a high income is *needed* to generate a savings rate in excess of 50% or so. *Trying to save 50% of income on a $50K pre-tax salary is absolutely not going to work.* Your standard of living would be so low that your retirement would not be very fun at all! Can you imagine retiring in 17-20 years and living off of $20-25K a year? We can't either. Step one is always going to be "generate more income each year" this will help you avoid negative life style inflation.

Every Single Pay Raise is Reinvested: If you're not independent, then you're still in hell. Knowing you are relying on someone else to help pay your bills is not a comfortable place to be psychologically. Again, you're in hell. This means every single pay-raise must increase your savings rate. If you're stuck in a position where you have an "ok" salary and a "mediocre bonus" you have to first work on moving into high paying careers and second save every cent you can in the meantime (potential to leverage into business/investment opportunity). If your investing rate is below 50% in your 20s, something is going terribly wrong. You *have* to put away 50%+ as soon as possible if you want to invest in a new business, get into real estate or otherwise.

90 Day Psychology: Any time you get a new windfall (bonus check hits, you have a great month of sales or another one time windfall), then *you're going to put that money into a 3 month CD*. This is boring. The reason why you're doing this is to allow your dopamine levels to settle at its normal baseline (you'll have a temporary spike after receiving the windfall). We've found that 90 days is enough time to allow your body to reset (get used to the money). If you spend a single cent of the windfall within the first 90 days it usually leads to "buyers remorse" which is just another way of saying regretful purchases. We've deployed this tactic many times and continue to do so despite being financially independent (no one likes regretting purchases).

3 Months of Cash Flow: The second rule of thumb is to invest 100% of new cash flow for the first 3 months. This is specific to online properties. If you have a passive business that is generating $1,000-2,000 a month, then you're not going to spend a cent of the first $6,000. Go back to point 2 and remember to throw it into CDs. This forces you to have a savings rate of 3/12 or 25% at minimum for year 1. It's hard to predict variable revenue like an online property, so in a worst case scenario it goes to zero and you made a few bucks off of it. For people who are not yet financially independent, trying to operate at a loss for long periods of time just doesn't work unless you're planning on building a major technology company that operates at a loss (if so you're probably not reading a finance focused blog!).

Avoid Brand Name Items: If you're 25 and walking around with a Patek watch or $800 loafers, you're only hurting yourself. There is no reason to try and impress anyone if you haven't made it to financial independence yet. Think about the cost of a single luxury item and you'll see that the return profile doesn't work for a 20-something year old. Most will view a 20-year old with money as a trust fund baby who never had to work for anything in his life (don't be that guy). Instead, keep all of your items as basic as possible, only buy more expensive material items if the return is higher than the additional cost (quality shoes without the brand name are good examples of this). Buying a Patek Watch when your iPhone tells the time perfectly well is beyond crazy. You can buy those items when you don't need the money.

Spend to Free Up Time for Work: This is a critical part of success. You can absolutely spend for services (laundry, apartment cleaning, food delivery, etc.) if and only if you're going to use the free time to generate more income. If you don't have time to do laundry and it'll cost you $50-100… But… You're going to spend that hour or so *generating more than $100*, make the trade all day! If you're idea was to spend $100 in order to free up time for catching the latest football game, you just don't want it badly enough. Now we'll give another basic hint. Re-read the underlined portion of the sentence. This doesn't mean you *have* to earn $100 in that specific hour! *If you spend an hour to improve a business that will lead to $1,000 once the change is made (over the course of a year) it is clear you should make that trade!*

Completely Financially Independent

The second group of people are the financially independent. Our definition of independent is a bit more difficult, you must be *rich*. This means your passive income will allow you to live a life you enjoy into perpetuity. If this is the case then the outline changes a lot. In fact you can ignore our entire outline if you're not eating into the principal but we'll go ahead and give our view anyway.

Continue to Do Something: Anyone who *paid the life toll required to take the fast lane* to financial independence is a hard working individual. If you started from *zero* and somehow made it to financial independence in your 30s (or earlier!) you've done an absolutely incredible job. The problem? You'll be bored quite easily. As we stated you're only rich if you're happy with your life and we can all but guarantee you won't enjoy living in Thailand collecting checks and spending them on beer. Watching the numbers go up in your bank account, trading account or other accounts is a fun dopamine rush.

Increase the Distance Adjusted for Inflation: Lets say you have $10K a month in monthly recurring passive income (your number needed may be higher or lower, this is simply an example). Then your goal is to create a spread between your ideal income adjusted for the rate of inflation every single year. 1) Calculate the inflation rate, 2) multiply it by at least 2x and 3) increase your monthly passive income needs by that much. Using the same example, if inflation is at 2.5%: it would be $10K x (1 + (2.5%*2) = $10.500.

An extra $500 a month is certainly not much *if* you were able to get to the $10K number in the first place. In addition, your goal is to actually increase the distance so you want to have $10,500+ in recurring passive income when the year is all said and done. This makes it impossible to lose your livelihood due to "inflation" as you're doubling the level and beating it every single year. We use this as the minimum framework so you're always improving in terms of cash flow.

Find a New Source of Cash Flow: Lets say you're a real estate expert and made your riches through that route. It makes sense to develop a few other ways to earn passive/semi-passive income. Make no mistake, you'll have a bread and butter skill-set driving your net worth, the goal is to simply learn a new form with a few hours a week invested into the activity. This will help diversify skill sets and add some entertainment as well (boredom is a common issue when it comes to work when you don't need the money).

Spend More Time on Your Health/Hobbies: After paying your dues, it's probably best to spend more time on your health. This can be in many forms: meditation, sleep, hours of exercise, flexibility, etc. You can also start checking off items on your "life to do list". We don't like bucket lists, but it serves as a good example. No reason to miss out on things you always wanted to do because we'll never get our time back and health issues can rise out of nowhere. The extra money you're making (you'll never "retire" since you'll have too much energy) can fund your to do list with no worries.

Avoid New Recurring Costs: This only applies to year one when you're seeing if you can live off of your passive income. Try to avoid adding new recurring cost items (we don't use Netflix but something like that won't move the needle). Recurring costs would include a new major debt payment, a new luxury car or a life style upgrade that rips out 10%+ of your monthly income. If you can avoid the new costs you'll be able to answer the passive income question pretty easily.

Concluding Remarks

Not Financially Independent

– If you're not financially independent your savings rate (percent of net income made) *must go up every year*

– You will focus the vast majority of energy on creating more income

– Only spend money that saves time *if* you'll expend that saved time on generating more income (not to go get wasted in the club with no one you'd spend your free time with)

– If you get a new windfall, spend none of it for 90 days

– If you create a new income stream you save every cent for the first 3 months (not enough experience to know if it will last)

Financially Independent

– No point in going from 70 hours a week of effort to 0. You'll get bored so find a way to work less but still be actively earning a income

– Passive income needs to outgrow inflation

– Find new sources of cash flow outside of the primary skill-set to avoid a repetitive life

– Spend significantly more time on health and even traveling since we don't get our time back

– In year 1, avoid recurring costs since it'll make the math difficult to calculate

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How to Break the Golden Handcuffs

For those of you that have been in the industry for a few years this post needs to be read.

When you first joined the Street out of college you likely thought that $100K a year was more than enough money for you to be happy. You got your first bonus check and if you were good it was in the range of $50-60K. You made well over $100K and you're just a young 22 year old guy out of college. At this point your expectations begin to rise and the following cycle traps you into a career on Wall Street.

You make ~10% more. You get pigeon holed into more niche segments within the Street. You get promoted which gives you a ~25%+ pay increase with each promotion. You begin making 10% more annually. You get pigeon holed into more niche segments. **Now you're trapped.** Every year you survive is another step down the rabbit hole as your decision to leave the Street will come at a significant economic cost. This is certainly a first world problem but here is how you break free of the golden handcuffs.

1) Save Your Bonus: The best advice any legitimate Wall Street professional will give you is this "Always save your bonus". You can spend your entire base salary on drugs, alcohol, clothes, trips and strippers but you must save your bonus. Every penny. Roughly speaking, your bonus will represent ~40-50% of your total compensation package so your savings rate is immediately near half of your income. Even if you were a lowly analyst for ten years straight you'd have $500-600K in your bank account by your early thirties.

2) Avoid A Zero Year: Seeing that you're likely spending the vast majority of your base salary to remain sane, you should be extremely careful when jumping shops. You might get goosed. A single year of zero dollars for a bonus can set you back significantly as compounding will get the best of you. To avoid this situation stick to the following: a) recruit heavily one month prior to bonuses being paid out, b) if you jump ship mid-year have a written agreement regarding your full year bonus and c) avoid declining platforms such as UBS.

3) Be a Minimalist: We have written about this before however, one of the worst things you can do is spend your money on depreciating assets in your 20's this includes cars, marriage and unnecessary name brand merchandise. If you're able to live a simple lifestyle, your cost will remain relatively flat as you never upgrade to an unnecessary penthouse loft.

4) Learn Game: This is a necessity. There are many successful men who will lose most if not all of their assets as they are unable to realize that marriage is not a viable option in our current culture. Once you realize the true nature of women in western societies (at present moment) you'll never rack your brain over a relationship ever again. You will also spend minimal amounts of money, since all you need is a few bucks for drinks and a cab ride. For better or worse, learn game today or you will be forced to endure many years of deprogramming and undue stress in the future.

5) Have a Walk Away Number: Once you have lived for a year or two in a major city, take out a sheet of paper and write down your walk away number. **Do not budge.** If you've taken a look around you, you'll quickly realize that most people in the industry have a $10M+ walk away number… this is an obscene amount of money and is the product of increasing expectations, particularly when an individual reaches a revenue generating role. Once you have your walk away number, you shut down your outlook, Bloomberg terminal and company macros and head straight for the glowing green exit sign

Concluding Remarks: The vast majority of Wall Street professionals will unlikely last more than a few years, but for those that do you'll want to be crystal clear about your walk away number. Assuming you take advice from this blog, you'll remain single and won't have any major commitments in your life. With the trajectory laid out here, there is **no need** to work for more than 10 years on the Street. If you enjoy the job feel free to stay, just remember to always ask yourself if your wrists are feeling heavy.

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As a side note, we received many emails regarding investment banking analyst bonuses. Overall the Street was flat to slightly up year over year: $50-60K first year, $65-75K second year, $85-95K third year. More important numbers (all other groups from Associate to Managing Directors) will be available in February.

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How to Build a Basic Discounted Cash Flow Model

How to Build a Basic Discounted Cash Flow Model

One of our readers kindly asked us for a simple discounted cash flow model and of course we are going to deliver.

Below is the output of a basic DCF template lets take a look:

Cost of Capital:

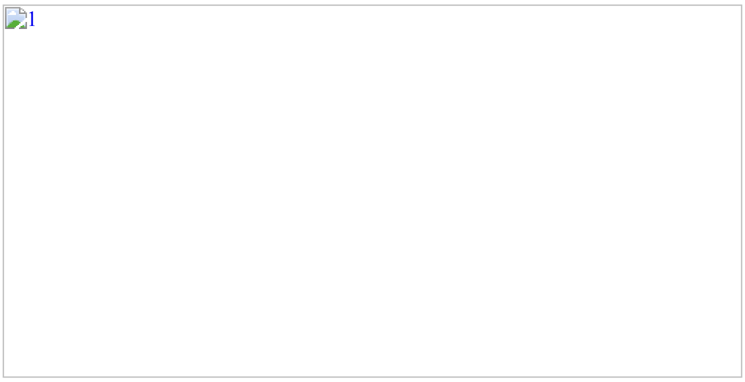
1. Enter in your BETA (not this kind of beta) by scurrying over to Bloomberg
2. Add in your Risk premium, Risk Free, Cost of debt and Tax rates

Summary Valuation:

1. Enter in your Cash on hand, debt numbers and diluted shares outstanding

Terminal Value:

1. Calculate a long-term growth rate (usually linked to GDP)
2. Enter in your percentage debt and equity

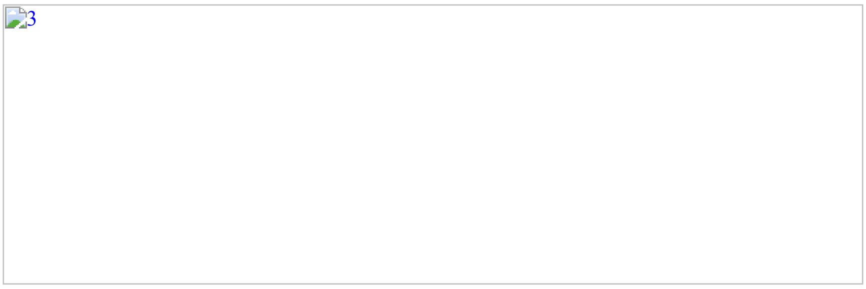


Free Cash Flow:

1. Code in your EBIT or link this to your three statement working model
2. Run your CAPEX,, working capital (off built balance sheet) and D&A numbers through

Results:

1. The sensitivity table runs off of your WACC in your assumptions tab
2. You run a multiple to spot check your analysis, notably these numbers are not real so they seem quit high



That's really it guys. Remember to keep it simple.

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How to Create a Robot

[How to Create a Robot]

With all of the hype, noise and emotion around AI and robotics, we thought it would be good to highlight a way to create a "human robot". Since we're still several years away from robotics, we may as well create human robots in the near-term. Besides, a human robot can still be underpaid and deliver results that are beneficial for any business/government. There are still risks to robotics at this time and by creating human robots we'll maintain our higher margin businesses for the foreseeable future

Step 1 – Learn to Break Them Down Mentally: By going after someone from a physical perspective, we can see a lot of risks in the future. Physical pain can result in strength gains and the ones who survive physical abuse will likely live the longest making the future generations stronger and stronger. This is a bad thing as we don't want to have "human robots" with more and more strength. Instead… By slowly breaking the human down from a mental perspective he will 1) think that this is "just the way things are", 2) will be trapped in the "I deserve something for doing nothing" mental model and 3) is more likely to preach the same ideas to future generations since everyone believes they are above average intelligence. The third part is likely the most important as we have never met a single person who says "I am below average on the intelligence spectrum".

Step 2 – Linear Path Model: Now that everyone is on the same page: "breaking down a human mentally is the smartest route" we have to create system that is contained. Lets go with a "linear progression model" in a standardized school system. We'll let the extremely intelligent humans take slightly more advanced classes (maybe a grade above) so they feel like they are progressing at a faster rate than the average students. By placing some barriers around learning (making it difficult for them to take calculus at age 10 for example) we can prevent them from learning at advanced rates of speed. We'll keep them in this system for as long as possible, 13 years for starters and encourage them to continue down the linear model for as long as possible (college). Slowly but surely they will move up to the next level of learning in very stable and boring functions (linear) which gives us more time to "teach them" how to progress.

Step 3 – Make Them Commit to the System: As you can see the system is pretty brilliant. Everyone appears to be progressing at their own rate (we've made it appear as if the smarter students are progressing faster, even if it is miniscule). During this time we'll give them the phrases "You're perfect the way you are" and "Any issues you have are genetic and cannot be changed (*whisper – we also have pills to fix any problems)*". Now that everyone believes the world works in a linear fashion we encourage them to ***buy in*** to the system by going to college. They will attend a college that is in-line with their performance within the linear learning system. By making the individual pay to attend the University/College they are even more committed to the system (classic sales trick where once someone pays a *large amount of money* for an item they rationalize that it was worth it!)

Step 4 – Indoctrinate and Separate: Ah yes, now they are committed we have to separate the groups a little bit. We have to make sure that the ones with more influential parents (rich ones) are the ones who get the better paying jobs so they also believe in the system. The best way to do this? *Unpaid internships!* By creating unpaid internship programs, the only people who will have the luxury to get work experience for free will be those who… you guessed it… aren't loaded up with debt. The remaining students with debt are already trapped so we're fine with them progressing and getting that mediocre job post college (job not career). By the time this process is up and running (around their 2nd year in college) the separation between the Have's and Have Not's has already started!

Step 5 – Pit Them Against Each Other: During the four years, we'll have to create a "fake excuse". The fake excuse will be that the rich people are purposely out to screw the poor and that the poor people are not "smart enough" to get rich. This takes the limelight away from the original system (the human robot system of linear progression). This will make it even harder for the two groups to ever get along, which is essentially the difference between keeping the rich parents happy (their kid got better experience) and the poor people remain relatively content (their kid got a mediocre job but better than working for a wage that doesn't require a "prestigious degree"

Pause and Review Steps 1-5: At this point, the human robots are primed and ready to go. Lets review the nuances and important points: 1) they believe progression is linear, it doesn't get more straight line than first, second, third… 2) they believe that their *skill/talent level is genetic* and they are perfect the way they are, 3) if they have any sort of mental/physical issue we'll tell them it is fixable with a *pill* since we don't fix any issue naturally they will become dependent on a substance, 4) we have to keep the richer groups of people happy by making sure their kids succeed, the unpaid internship will feel as if they have "paid their dues", 5) during the indoctrination program the wealthier students will be painted as evil "money is the root of all evil" which will naturally cause a riff between the richer students and the poorer ones. The result so far? *You have created a group of people who think linearly, believe they cannot change without medications and the rich and poor and now angry at one another.* The poor believe life isn't fair and they can't succeed without some medications and the rich believe the poor hate them. Perfect cocktail… Lets move on.

Step 6 – Encourage Long Hours: Long hours are to be praised aggressively. It should be seen as a badge of honor. Encourage all high paying people to work long hours and even if they are not working long hours, they should tell the public "I work 100 hours a week!" Of course the majority of this time will be spent doing nothing (social media, website surfing and idling) but we have to make sure everyone believes long hours *working for someone else* is the most standard way to become successful. Since they are spending most of their time indoors, their ability to go out and meet people of different backgrounds diminishes (easier to control a herd in a ringed fence) and their health will likely suffer a slow death by a thousand paper cuts. By the end of this step, the discrepancy in income is being tied to "long-hours at a company" which rationalizes the difference in skills between those who did well in "the system" and those that did not.

Step 7 – Create A Few More Systems: While we're almost certain that our human robots will be content *enough* in the system we've created, we'll go an extra step to make sure they do not jump off the treadmill. We'll make the herd believe that people who are physically stronger are typically mentally weaker (something they will never want). We'll take shell companies that are started every second and claim those are failed start-ups to inflate the number of companies that fail every year. We'll encourage marriage and children at around the age of 28-33 right when we increase their wages by a notable amount (shackling them into more responsibility). All of these steps act as the final curtain call as they enter adult hood to perpetuate the same advice later on. Right as they have paid off all of their debts from the University System, they'll need to spend money to create a family on our designated timeline.

Step 8 – Tweak the System: With the big picture in place we can now make periodic adjustments to make sure everything is going well. If we find that our robots are saving too much money after completing the indoctrination program, we'll increase the costs a bit. If they try to teach themselves the same material for a job we'll add a "university degree required" stipulation to all employment contracts (if it gets bad enough we'll require degrees for low-end positions). To cap it all off, we'll glorify alcoholism, drugs, hook up culture and more if we need to create distractions during the 20-30 years of age time frame.

Step 9 – Control Speech: This is another big one. While it is difficult to control speech outright, we can create ramifications for *public* displays of "bad comments". If we don't like what you're saying publicly under your own name, we'll gut your livelihood by taking out your income stream (Job/Career/Business). While we can't do anything about the strange ones who talk privately, it is unlikely that they will ever grow to meaningful size since people need "social approval" to trust a source of information. If someone gets rich and wants to speak out with differentiated thoughts publicly, we'll hold the keys to hurt his business and career at all times.

Step 10 – Encourage Them to Slip: Unfortunately, human robots will always have defects. Some of them will still find a way out of this web, so the ideal solution is to get them to feel "shame" for communicating as private individuals. We don't want any soft of uprising, so we'll encourage them to show their cards at all times. Once they do, we go in for the kill and go after their business/career/job with no regard for their livelihood. Since the majority will agree that we are allowed to do as stated in an ambiguous employment/government contract most will cheer in approval.

Steps 6-10 Summarized: At this point, we've made it quite difficult to break out of the system. Unfortunately, human robots cannot be programmed as well as our future robots, but it will do for now. We'll provide the correct medications, encourage the defects to step into traps and work them to death as it will be seen as a badge of honor (most of their time will be spent staring at random screens). They are now reliant on the system and we're glad to have them… At least until the real robots come.

Do You Want to Be a Robot? We have no doubt that every single person reading this page knows a human robot. The human robot shows flashes of interest in breaking out of the system in the form of meaningless motivational pump up sessions. They walk around with slightly drooping shoulders, hands in their pockets and an opaque flatness in the color of their eyes. Since they don't know how to succeed if they meet someone who has they usually go on the defensive with passive aggressive behavior (or worse accuse you of being passive aggressive) since they have to justify their life in the system. What the bright side of all of this you ask? We all know the answer to that. Since 97% of people are stuck in the system… there is no competition for you… They are busying being emotionally hyped up with inspirational videos by people who don't care about them.

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How to Have a Killer New Years Eve

How to Have a Killer New Years Eve

Most people are amped up heading into the New Year. If you've been running full speed ahead all year, you likely had 2-4 days (even a week!) to recover from the effort you put into the year. Instead of doing what the masses do, expending excess energy on "partying" you should spend your time coming up with a game plan for 2016. On a serious note, mentally, we're already in 2016.

The books are closed on the year so here is what we would recommend.

1) No Goals. Goals are not useful. They cause emotional highs and lows that make it much more difficult to take advantage of the enormous *momentum* you have built within that aspect of your life. Lets say your goal is to make $200K next year, and you hit that "goal" by September… Do you simply quit? Do you have an emotional high followed by a let down of "what's next"? This is not healthy.

Instead you want to get "better" in every important aspect of your life: Health, relationships, finance and anything else that is important to *You*.

If you're interested in having an emotional up and down roller coaster, just go and waste your money at a motivational seminar where everyone gets hyped up about all the "crazy cool stuff" they are going to accomplish. Come to think of it, the count down on New Years Eve is tantamount to an emotional peak and valley!

2) Review 2015 Expectations: We do this every year. If you write in a journal you will have clear remarks every single month on how your progress shaped up. In our case, it was extremely *non-linear* (real improvement is always non-linear). We saw a boring first three months, a massive event in month four followed by a chaotic next five months followed by an abrupt easing and settling at a higher level than 5 months prior.

In stock terms it was flat for 3 months a gap up and away followed by a flattish tape.

Here is how your 2015 wrap up should look.

Step 1: Review the items you wanted to improve upon. If you did not make *any* progress on all of them you can safely say it was a failed year. We doubt anyone like that reads this blog, but if so, that's definitely the queue to exit. You should rank each item you wanted to improve upon with a 1-5 ranking system (five being the best) and see how you did.

Step 2: Why was the progress better or worse than you expected? Write out the real reasons, both the good and the bad to keep yourself accountable. What did you actually do, what actually happened and why did it work or not work.

Step 3: Write down what you learned from the ones that did not go well. If you want to win, you're going to lose a lot. Remind yourself that you didn't really lose by trying, you just found one way that *doesn't work* and will find a new way that *does*.

Step 4: Do an expense and income recap, we recommend **Personal Capital.** A full year view. You've already reviewed your entire year, now it is time to tie up loose ends by looking at the entire financial performance since you have numbers to back up the data. Once you know where all of your money was spent you can make a few thematic changes to reduce costs and increase revenue. This does not mean you become a frugal person. You simply want to know where you're money is going and see if you can make basic changes to save time, save money and more importantly *free you up to make more money*.

3) Listed Action Steps for 2016: Now that we've broken down the goal myth, that's in the gutter, lets move onto the "getting better" section. In order to get better you need to have specific things you are going to *do*. It is not intelligent to simply say "I will have X".

We don't sell dreams over here.

How are you going to obtain X? Lets brainstorm some ideas:

Financial: You are selling your fitness product in Canada and it is doing extremely well. An easy similar demographic is the USA… Well then step one for the new year is to expand your marketing into the USA. You don't know how much revenue you will bring in but it *should* increase. Then you have step two of targeting a new demographic, say people in ages of 18-25 when you primarily focused on people in their thirties. So on and so forth. **Come up with five steps.**

Health: Some of you guys are already in great shape, even then there is room to improve. The biggest room in the world is always the room for improvement. If you're already where you want to be weight wise and diet wise… Then you may need to improve your efficiency. How many hours did you spend working out last year? Can you condense the hours and minutes but see a 0% drop off in your actual looks and performance? Try it. If you can do that, then you should choose a new segment to improve upon. Such as flexibility, endurance and exercises performed perfectly (to keep your brain engaged). **Come up with three.**

Relationships: "I want more friends" is not a good idea. Similarly I want more "business contacts" is not a good idea. How are you going to meet the people you want in your life? Are they going to be in the same places you frequented in 2015? Is there a specific *person* you should target? Once you answer these questions you will have **three more steps.**

This should take a decent amount of time. And. By the time you are done you will have a blueprint for success in 2016.

4) Sample Template: It may be useful for an example so here is one of ours.

Financial: **1)** Expand market outside of domestic sales (currently almost all revenue is domestic) by targeting country Z in January; **2)** Target clients named X, Y and Z (calendar invite to call them on phone) on specific dates, **3)** Sell new product XYZ to new demographic and turn a profit or break even, launch date in March, **4)** stop spending time selling to xyz demographic who do not convert after X months (learned this the hard way in 2015), **5)** launch product on blog if X users and X email subscribers are met – December 2016 at best.

Health: **1)** enroll in a yoga class beginning April 2016 given product launch will be the priority, also book three active release therapy sessions for the month, **2)** purchase five different skin care products (already researched) and see the impact over two months each, **3)** no longer eat lunch at desk, vitamin D deficiency is a real issue and common especially if you work on Wall Street, will leave email tasks for lunch held outside.

Relationship: **1)** find one more person to help, currently stand at three people per author while adding a fourth limit to 4 hours of total time spent per week **2)** fly to country X in July to personally meet a new contact for projects in the future, **3)** slight *increase* in nightlife activities as too much time was spent staring at a computer screen in 2015 (probably won't happen!), **4)** we have a basic fourth here, which is to send two personal thank you letters to guys we are modeling our lives after (instead of one)

5) Book or Girlfriend: If you're in a relationship we're happy to hear it. Go ahead and spend some time with friends/family at the end as well. If you're single we recommending reading an *entire book*. You will have a whole book under your belt right when you enter 2016. While everyone else is up late at night damaging brain cells you'll be up late at night expanding your brain cells (doing the opposite as usual).

"Books are the most undervalued assets in the world. If you learn one thing to apply to life, that is worth $10K not 10 bucks. 1,000x return." – @WallStreetPlayboys

Concluding Remarks

This is the general template we use every year, feel free to make it even more rigorous. Given that you'll have three full days, there is no reason why you can't 1) review your progress, 2) make a plan of attack and 3) read a full book.

If you're really ambitious, feel free to write out your basic outline in the comments. And. By the end of 2016… You'll look back at 2015 and say "It was all a dream…"

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How to Help the World Evolve – Don't Volunteer a Rational Approach

How to Help the World Evolve – Don't Volunteer a Rational Approach

A terrible weekend. This will be more of a rant post after forced interactions with regular people (partially self-inflicted for fun on Twitter). Spending time trying to volunteer was undeniably one of the worst decisions (0% ROI). The good news is a lot of conclusions were made in a short period of time including one startling one at the end. They involve thoughts on talent, how to make an impact, older vs. younger generations and funny enough, the size of our audience at this point. We knew we would spend a few days interacting with regular people and even took the time to troll people on twitter regarding some of these topics. No worries, we're going to insulate ourselves again now that the few days have come to an end.

Talent: We've finally settled our own debate on hard work versus talent and concluded that talent wins. This of course refers to the area that matters: the elite. At the lower level or at the middle tier, hard work can beat talent because the difference isn't that large. This is typically true in items that are complex such as basketball, football, soccer etc. Since the event requires more than just speed/strength, many areas can improve with hard work. This is in stark contrast to a single event. Since it is specialized, talent will take over at a younger age. In short, the 10,000 hour rule to become a master at something is simply false. Give a regular guy 10,000 hours and he won't even make it to the top 10%.

We can scale this up to making money as well. Talent wins yet again. Businesses reward talent more than sports do (contrary to popular belief – look at serial entrepreneurs). A business with a competitive advantage or near monopoly can have a single person generating billions of dollars while doing literally nothing as his competition is eaten alive (see google search dominance, employees simply make sure the monopoly grows). While this seems depressing at first for any regular person who accidentally stumbles on this blog, the good news is that most people don't even work hard. So you can still get ahead on pure grit alone, our estimate came in at around $150K. If someone worked 60 hours a week, that would be around $50/hour. A reasonable number as a single trade could earn this wage without a high IQ or specialized talent as of 2018.

How to Make an Impact: As you can see by the title, we think volunteering doesn't make a difference. Instead it is better to try and make a micro-economic impact. The only way you can create an impact on a macro scale is if you're ultra-rich (probably around the $100M marker). If you're a well-off guy with under $10M or so, you should ***choose the people you help***. Your time is limited and investing all of that time (R&D and SG&A costs) into someone with limited talents is not going to do the world any favors. Forcing Elon Musk to teach a class of kindergartners how to code is just not going to help society.

Instead, cast a net around the second or third sales funnel. Let the people with $100M+ in the bank try to throw out the massive net. You? You'll deal with the people who survived the first 2-3 success hurdles. Trying to figure out where the person has talent is essentially a full time job. If you work in sales and realize that 2-3 people have a talent for this skill, then go ahead and help them. This will make you feel good when they succeed and you're not trying to fix a completely run home. Think about it like a real estate project. If you're relatively well off, taking in a few projects that need basic repairs is doable. Levering up and buying a broken down apartment complex with Section 8 housing… probably not a good idea. Be smart about how you're going to make an impact.

Be Wary of the Generational Gap: A common thread between the old and the young. Older people believe the younger generation is privileged and lazy. No worries. The people who are 60 today, were in their 20's during the 1980s/1970s and the same thing was said about them when they were in their 20s. Just take it as part of the game. Instead of trying to convince people who are older than you to turn things around in any way, put your effort into people who have the highest percentage chance of turning their lives around (people in their teens/20s/30s).

Similarly, younger people believe that older people are behind the times and are closed minded. This is exactly how a 20 year old thought back in the 70s and 80s as well (feel free to look into the free spirit/hippie movement, essentially the same thing as the EDM culture today). Since older people will unlikely ask you for help, all you need to do is find a source of rapport with a younger person that relates to the current culture. This isn't difficult and you're not going to bother with someone 20+ years younger anyway.

While the prior two paragraphs will seem obvious when we think about them, the conclusions are quite profound. First, we can see why generations tend to lose wealth over time. *It is because the older generation passes on dated information on how to succeed in life.* This type of information causes the younger generation to fail. The most obvious example would be education. Could you imagine telling your child to go study and get a job in accounting? Or to spend his time learning how to drive a car? You'd essentially waste a large portion of his time. Learning a skill that will be obsolete. Since we know that opinions become more engrained as we age, not only do they pass on this bad info… They force them to act on it! Unbelievable. It doesn't end there. The people that pass on this information are likely unsuccessful as well since the average child is not being born into money/success.

The second item is just as interesting: don't bother schmoozing with older guys. Instead of trying to fit in with an older generation you're better off creating a product that forces people to reach out to you. This causes the social dynamic to change a lot. Smart older guys are always looking to stay on top of new technology and the way the world changes. So instead of trying to sell them on any sort of idea you're better off creating something and having them come to you. Then you don't have to sell them on anything. Why? Well the only time someone older than you will approach you is if they believe you already have something that will help them! Try and think of the last time you saw an older guy approach a younger guy for advice (it practically never happens) and when it does the sale is essentially done.

The third item is to skip new unknown topics. Since you're trying to help the ~5% of people that have a shot at significant success, don't bother with unknown topics. We do that here with our Q&As as a natural feature. But. It should be applied to life as well. Nothing is worse than advice from a 40-50 year old unsuccessful guy. Not only is the guy unsuccessful but he actually thinks his advice is worth something. Since younger people have a higher chance of being impressionable, they may mistake age for success… Not related.

Putting the Concepts Into Action: With the three main items out of the way: talent, micro and generational gaps, we can find a clean sweet spot to help if you're feeling generous. It's around 5-10 years. Going further than this makes it incredibly difficult to help since there is too much change to account for. *The first step is to avoid helping people find a talent*. If they can't figure out where they have talent then you shouldn't bother with them at all. If their talent is in a field where you're extremely successful… you can proceed.

This alone has put you into a smile and nod position for about 95% of people. Instead of telling people what to do you simply smile and nod and say all of your success was pure luck. This makes it a lot easier. If you're forced to, go ahead and tell them you inherited a million dollars from a dead relative. Anything to avoid further conversation on success with someone who has no talent. You're not doing anything wrong. In fact, you are saving yourself time and they wouldn't have a shot in the first place (saving them time as well).

Impossible to Misunderstand Implications: While the prior paragraphs are clear to us we're going to utilize bullet points to drive home the rest of them. Despite the items making sense for successful people they will unlikely make sense unsuccessful people who accidentally read this article. So let's begin:

- Talent is something where your *potential* could reach up to the 1% level and is not limited to physical speed, IQ tests or strength. It includes all of those items in a basket of goods. If someone is "pretty fast, pretty strong and incredibly accurate" they might make a good three point shooter for basketball. If this same person tried to compete in the Decathalon or 400 meter dash, he would be destroyed. Both of those events require extreme speed and extreme strength and does not reward accuracy. People who believe this is false can go teach Shaquille O'Neal to shoot three pointers, we'll be waiting on the results (dexterity is without a doubt a talent that can only be learned to an extent – not rewarded in our society since the masses think it's a learnable skill at the 1% level… Laughable).
- Talent is much worse for making money. We used sports since average IQ people will be able to understand the prior paragraph (low IQs, probably not). Talent in making money is largely around synthesis, numbers and sales. None of these can be "learned" to the top 1% level. If communication skills were possible at the 1% level, anyone could become a famous comedian. Instead the person has to figure out what level he comes in at for each of those items and figure out where they overlap.
- Talent for making money is by far the most annoying as well. Some people never get it and can't make money online after 12 months of effort while others are profitable within a few months. Unsurprisingly the people who figure it out within a few months end up being successful. Instead of giving up entirely, if the task is failing, we'd look at *where* the task is failing. Perhaps the person simply can't sell to the target audience (say women age 25-50). If the person fails at selling to all age groups, genders and ethnicities despite a wide array of products… we're guessing there is a significant lack of talent.
- Hard work is still needed, it just depends on the result you're getting. If it takes you thirty minutes to accomplish what someone else can accomplish in 1 hour… that's solid but not great. It essentially means you're twice as good as the average guy (which isn't very good). If you get to a point where someone works all day long (8 hours) and you achieve more in 30 minutes…you're absolutely talented. It means they can't catch up to you even if they dedicated their life to that task. ***Hard work is only useful if it is applied to what you are talented at (Specialization).*** Otherwise the hard work is going to waste, digging a ditch with a spoon while everyone else works with John Deere equipment.
- Hard work should be effortless. This isn't a contradiction. If you're talented at something, it shouldn't require a lot of effort to get the result. This is why we say talented people make things look "effortless". Why? Because it is effortless… for them. Once you figure out the items that are effortless for you, you've found the item to work hard on. If you're getting good results with little effort, the sky is the limit on the results you'll get with significant effort. Don't worry. When you get up the chain, there will be other people with the same level of talent working just as hard. You'll find the competition to be fun
- Considering this blog has been around for around 6 years we have no doubt that all of our consistent readers understand these concepts. If you want to have some fun, try to describe these concepts to your peers and you'll quickly realize how many average people there are in the world.

Encourage Hard Work and Know the Truth: People love stories about the underdog who overcomes all odds (unsurprisingly, we dislike these feel good movies as we think they encourage irrational behavior). They'll read this article and find 1/1,000,000,000 who somehow succeeds despite their apparent lack of talent. That is great. They can spend their time betting on the 1/1 billion while you'll spend your time betting on the guys with a 2.99/3 chance of success (Hello Mayweather McGregor!). The best way to do this is to encourage hard work. By doing this you're telling everyone they have a chance (giving them hope) while saving yourself time (to look for talented people to help). It is not fun telling people they have no shot (it's depressing actually if you decided to tell them the truth). So your best course of action is to tell them to work hard. It sounds a lot better and at least it gives them a shot at making $150K+ a year. Just remember… don't invest your actual time in them. The return profile isn't good and you're not helping society advance. (Note: if any of your acquaintances always root for the "underdog" they are typically average people. This is because they associate with the underdog more *"He's kinda like me!"* Psychological.)

If you find yourself in a situation where you're forced to give advice to a large audience, we would go ahead and encourage you to lie. *Bold face lie and promote hard work*. Your downside is limited since it sounds good and your upside is positive since it simply tells people to try hard. From a micro level, you shouldn't do this. Look for people with the correct skills and invest time here. In fact, this is exactly what companies do. They cast a relatively wide net with a basic filter for talent then hire the best talent they can get. In the public eye, they simply claim that they hire hard workers (the lie).

Impact on Your Life: This is really interesting. You're essentially forced to live two lives. You're forced to lie to regular people with the work hard myth and push talented people onto the right path.

Now… We're going to tie two unrelated items together after a weekend of dealing with regular people. What we have learned is that communication with elite people does ***not*** improve your communication level with regular people. We just stated you'll be communicating differently out of the gate depending on how talented the person is.

This was a big lightbulb moment. While we always wondered why there were rich people who had their lives run by their wives. And. We always wondered why some guys could be good with women and fail at sales… it all clicked. *It is because they are different communication waves.* To think this one through, take anyone you know who is good at being popular with regular people. Now ask yourself if he is able to generate a high income (typically not!). Similarly, find a guy who is good at making cash, but fails when it comes to dating. Now we see a trend… communication with regular people improves communication with women but does not improve communication skills with elite people.

This makes a lot of sense. If you're meeting random women at a bar, restaurant, club, gym etc, it is much more likely that they are of normal intelligence. Similarly, if you generate a high income you're generally forced to interact with high IQ and cunning individuals. This type of communication is just not the same at all.

Now this leads to an even bigger conclusion on the ideal way to sell – to the masses. Think about it like this. If you have a product that sells well to the masses, you're improving your communication skills with regular people at the same time. This is a perfect cocktail. *Your work causes your social skills to improve which also causes you to make more money!* For once we settled a big debate: which market is better the high end or the masses? Our definitive answer is now the masses. In an ideal situation you run a business that sells to the masses since you can combine these skills with your regular social life. Eye opening conclusion for us and explains a lot about how the world operates. If your money making business targets the rich (that's great!) just remember that the skills you learn there unlikely translate to communication with regular people. This explains why regular people view elite people as condescending as well.

This last section was a big leap but really helped us understand why the world view can be so different for talented people. It's because the language doesn't translate. If you decide to volunteer once (for fun), you'll find that your communication dumbs down to bar/club level language. This is because it's the easiest form of messaging. Similarly, that rich guy who has his life run by his wife… never learned the communication game. What happened exactly? He ended up finding a girl that dealt with his odd behaviors and he's unwilling to lose her since it was so difficult to find a single girl in the first place! If it sounds far-fetched we'll be on the look-out for guys in the same situation that are actually smooth in social environments outside of work (we went through our list and couldn't find a single one).

Hopefully a lot of these points have stirred up some real life examples in your mind. If so, we think it is safe to say you should avoid the pain of dealing with regular people in the first place. *Instead it is a lot easier to make an impact by making sure talent does not go to waste*. Wasted talent is a tragedy, wasted time on helping un-talented people is also a tragedy and keep both of those thoughts in your mind (no need to say them out-loud… the regulars will yell at you since they want hope or an excuse for their current life position). With that said, we'll go back to more positive posts and money related activities. We thought it was important to share all of this since we think we've finally solved the riddle (rich guys with overbearing wives) after watching regular day to day communication take place.

Side Note: We'll hold our next Q&A on Sunday June 3 starting at 9am EST. It will end in roughly 12 hours as that is all the time we have to spare that day. As usual, Q&As are only for people who purchased one of our products.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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How to Hire or Buy The Best Solution

How to Hire or Buy The Best Solution

A lot of our readers are getting older so we assume this post will be more valuable. At the end of the day, if you could only choose one skill to be incredibly good at it would be "hiring the best talent". If you have a big check book, the only thing you really need is the ability to hire the best people and retain the best talent. Even top entrepreneurs will admit that they are rarely the smartest person in the Company, in fact, it is highly unlikely that they are the smartest (the real sharp ones eventually quit and work on a new start-up). You see this happen all the time. But. At the end of the day, hiring the best talent is probably the most important skill to have. We're certainly not experts in this (you'd have to talk to a billionaire who will unlikely give you real answers), but we've done well enough to give a framework if you're interested in being a multi-millionaire.

Low Headcount: Before we begin, remember that "overhead walks on two legs". This is a common saying as people cost a lot of money. You have to pay for their salary, healthcare and take on risk that they may sue you in the future. This doesn't even count their job performance where they might not be good at the tasks they are given. Doesn't sound like a proving start does it? That is also reality. Before we even jump into hiring someone, we would emphasize that you want to either 1) outsource, 2) find a technology way to do the task and 3) look at contractors first. This is simply the best way to start. With all three, if the task fails you can simply move on with no future headaches (no law suits, no future costs) just the sunk-cost of prior payments. If this paragraph sounds dire, it should. Hiring is probably the worst task and the highest return on investment as well. That's generally how life works.

Two General Strategies: We are going to assume the first paragraph was dire enough that you've found a few tasks where you absolutely *must* hire someone. This is expected as it is unlikely that you'll be able to scale by yourself past 7 figures in total revenue (in the future you will be able to do this but that is for a topic on another day). As we sit here today, there are really two rough strategies: pay up for top tier expertise or pay for an employee where you have specific knowledge on oversight. There is no real "best" answer here as we're generalizing the two strategies.

Example of No Oversight: If there is a specific task that you need done, you might not have a clue on how to do it. We don't know what type of business you're running but lets say you're terrible at product design and don't know where to start. You're an expert in advertising, landing pages, seo, traffic sources, building a brand etc. But. Designing an appealing product is just not on your list of skills. In this case, since you have no legitimate knowledge and cannot tell the difference between a "good" and "great" design, you probably want to pay up for the service. You can either hire someone to do the SKU or you can hire someone to work for you on multiple SKUs which is more likely an employee. As usual there is no "right" answer in this situation. All we can say is you shouldn't cut corners on things that are not within your core competency (more on attracting the best below)

Example of Oversight: The secondary type of hire is a person to do a task that is taking up too much of your time. Using the most annoying example: customer service and returns. If you run a clothing company you know the most annoying task on the planet is dealing with returns over and over and over again. They constantly happen and you have to deal with emails and packaging and sending items back and forth (product doesn't fit, color wasn't right, so on and so forth). In this case we would wager that you *do* know what good customer service is. After all, if you are looking to outsource this task it means that you have a successful product (congrats!). In this case, the hiring process is a lot easier as you can identify a good customer service person, put them on your payroll and move on.

We've simplified it a lot in the two paragraphs above, but it's a good general guideline for the two major issues you're going to run into. In simple terms, the second hire is typically the least risky with the least upside. The first type of hire (or company you work with) is much higher risk and much higher reward. Not much to explain there but outsourcing a task where you could take over if the person fails is a lot less risky than spending a lot of money on a task where the person could screw up (without you knowing!). With that we'll go ahead and jump into the items you should know before considering a hire.

Decide on Your Core Skills: You don't need to be an expert on everything, but you should be very good at several tasks. This is the only way to succeed. If you are amazing at ads, "good" at customer service, great at manufacturing and terrible at obtaining influencers you've got a decent skill-set. We'd say that you need to be good at a minimum of 3 of the 5 major tasks: 1) advertising/copywriting, 2) product design, 3) manufacturing, 4) branding/social media and 5) identifying talent. Of the five if we had to choose, your ideal three would be advertising/copywriting, branding/social media and of course identifying talent. Naturally, this isn't something that is guaranteed. You might be great at 3 different tasks and it won't impede your chances at success. Our point here is to make sure you're good at three tasks before moving onto other tasks. In 2018, there are too many tools to help you scale up without hiring a single person and this is only going to get better in the future.

No Oversight Solution: *"You get what you pay for"* this is essentially the mantra when you don't have experience with the task. This is the best starting answer in 90%+ of situations since you don't want to have a major error. We say 90%+ since there are situations where you may not need the best product. Sticking with the product design example, if you're selling to a lower income demographic, the "coolness" of the packaging can definitely be lower. No one raves over the design of basic white T-shirts, Hershey's chocolate bars or the colors at Mc Donald's. This is because they don't need to tailor their brand to the high end and instead focus more on large amounts of sales and making sure the colors are correct (Mc Donald's uses yellow and red since it causes people to feel hungrier – yes seriously feel free to look up the impact of colors). We assume that you're going to have a niche market so you might not need a $250,000 design job (we doubt it) but you do want to make sure the design is appealing to your core audience.

The basic steps are as follows: 1) same story of going to trade shows for your industry, 2) find the product that is selling the best and look at their design, 3) don't trust what you believe looks good – remember it isn't a core competency, 4) ask yourself if the design is tailored to the same group of people ex. women age 25-35 or men between 40-60 years of age and 5) don't be shy about picking up all the packages from high selling brands and taking a photo of the manufacturer on the back of the product. Pausing here for a second. One major common mistake is going with something you feel is "good". This is a big problem and something we've also failed at in the past. If you don't have expertise in product design, it is unlikely that your tastes will align with the core audience. In fact, it is more likely you will be wrong. If you're a rich person your tastes are already different and won't match up with a product targeted at say low-middle income families. The ability to differentiate between what you're good at and what you're not so good at is something that will help you pass up your competition over and over again. Egos are hard to overcome.

Now that you've got say three places to look all you have to do is track down both the manufacturer and the designer. If it's a well known brand a simple google search will reveal the designer. If it's a niche brand you can usually talk to someone on the manufacturing side who will eventually track down the designer. If all of this fails, you can always swing for the fences and 1) try to ask the company directly at the trade show and 2) take a bunch of photos and have someone create a similar copy. The funny thing is that many people believe they need to have some "new" way to design something. In reality, someone already has a well designed product and just like stealing a landing page and making edits you'll be doing the exact same thing in this situation.

So there you have it a basic step by step example on solving your issue with a problem that you personally can't address. After that you're going to pay up for the best quality you can get relative to the niche. Since we're using product design in this example, it shouldn't cost you more than low five figures. We're making a rough guess based on the number of item's you're selling and the high quality firm you will be hiring. It could be lower but we'll stick with that estimate since there is no way we know the number of SKUs you're going to have.

Oversight Solution: "*Praise and then Money"* one of the strange things about hiring an actual person to work for/with you, is that praise is apparently just as important as money. When you work with someone in the prior situation (not under your company) they expect to have a "client/customer" relationship. Basically, they expect you to complain and rarely give out praise since you're a customer for them. In the hiring example, the situation is a bit different. People who enjoy working for companies and don't plan on starting anything themselves simply want to feel important. This is odd since you'd think they care more about the money, but in a ton of cases they care more about feeling good. Don't get us wrong, money is important, we're just highlighting this nuance since it can help you retain people longer and reduce churn.

If you're in product sales we're going to go ahead and guess your first item to outsource is customer service/response. Anyone who has sold more than 10,000 units of anything knows this is the most annoying part of product sales. Good customer service is actually quite simple (respond quickly and be careful to phrase each email nicely). That's really what it comes down to. This is something that can be taught pretty quickly with boiler plate emails and a basic CC on all email chains (no need to go that far but if you want to do it you can for the first 6 months or so).

Putting it down into steps what you're going to do is: 1) create a basic boiler plate for common customer emails, 2) find someone who can do this basic task at a time frame when you're typically busier/unavailable, 3) try to pay slightly above market rates instead of giving out equity since it should be a hourly wage type position, 4) be sure to praise liberally on all correct tasks and 5) depending on how high strung you are, require a BCC for the first few months before taking yourself off the emails (no one likes being watched for long, so giving autonomy is key later on in the process). With this basic structure in place you should be able to find yourself high quality help in all the tasks you no longer want/need to do.

Increased Transparency: The second biggest item to be aware of is the direct incentives you give people. Without incentives it doesn't matter if you have the best or the worst employees. In fact, it's better to have a mediocre staff that is correctly incentivized than top tier talent running in the wrong direction. We don't know what your outsourced items are but for simplicity: 1) tie all sales compensation to units, 2) make sure they are not allowed to double book, pull in orders or mess with any long-term relationships for near-term pay increases, 3) find a way to incentivize people over multi-year periods – best example is investment banks giving you deferred stock so you're forced to stay, 4) make the return of the group more important than the return of an individual which forces people to work together on the same goal and finally 5) have a full transparency protocol. The last one is harder to explain in a post but we'll try anyway. Essentially, high performers don't like to be told they are wrong or messed up on anything. Despite the best people in the world failing at many different things, high performers rarely admit fault. Instead the try to "pass the buck" which means put the blame on someone else even if they are at fault.

This is probably one of the most important items to get right. You want to find a way to make sure that everyone is treated fairly and this structure continues in the future. We don't know what it's like with 100s of people, but even if you have 10 people or so this can still have issues. You can create some stability with 1) a weekly or monthly call, 2) anonymous reviews where you allow each person so send a physical version of their review in – nothing electronic will get you real results since employees will assume that they are being tracked and 3) bring up any consistent issues immediately, if it's minor just talk broadly about each item. One thing is important here, without anonymity and without direction its easy for incentives to get mis-aligned. Everyone knows how easy it is to get onto a "group" conference call only to have one guy ramble on and on about nothing. We're simply giving out the three easy ways to do it assuming you execute accordingly!

Avoid the Suck-ups: Pretty funny to mention the topic of ego given the name of the blog and the content to generate interest, but, we'll do it anyway! One of the main issues with suck-ups is that it works. We love dogs/animals because they are thrilled to see you regardless of if you're doing good or bad. Naturally, they then take up a ton of attention. In the work place though you don't want this to happen. As a note, you should never "fault" a suck-up, instead you should give the vibe that sucking up doesn't matter and it is all about performance. Get used to saying the phrase "Thanks" or "Thank you" or "Very Kind of You, Thanks!". Get this down to a point where it's automatic whenever someone gives you a positive complement.

Here is the key part, do not put this into your personal folder. Instead you want to ignore all the praise and just focus on performance. The guy who doesn't complement you consistently? Well even if he is anti-social, if his sales numbers are good and his ads always convert the most… he deserves that promotion for sure (or pay raise etc.). Even if you're doing more of the positive commentary saying "good work!" to him, he could just be a strange shy person. It doesn't mater. What matters is making sure the results are showing up and recognizing that sucking up doesn't pay any bills. As an item of warning we would say this is 1,000x easier said than done. We're just leaving it here since it needs to be said and is an important part of scaling/growing your business/project.

Q&A Update: We had a issue with hosting so we're going to do multiple posts this week. In addition, we will be hosting our Q&A on Friday for 24 hours. Thanks!

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How to Improve at Anything Starting from Zero

[How to Improve at Anything Starting from Zero]

This year we've spent a lot of time trying new activities: different sports, some drawing/art and musical instruments. All of these items are not "important" in the sense that they are all hobbies and won't make or break the bank any time soon. Oddly enough, since we're trying to learn wide range of random skills at a "mediocre" level, we've noticed a nice pattern. Even though we aren't good at any of the new activities, we can easily spot someone who learned correctly from someone who "winged" it.

At Zero? Focus on the Fundamentals: The first thing we notice is many people jump into the fire immediately. While this is good in some cases (particularly when you're young), it is unlikely a good decision later in life. Later in life, you want to find ways to essentially "catch up" and that is only accomplished through some basic research. Two easy ways to "catch up" are 1) hiring a professional to help you learn the ropes and 2) reading high quality books on the topic you're trying to learn.

When you're trying something brand new and you're under the age of 15, jumping in feet first is probably the easiest solution (everyone in your bracket is a beginner). If you're older than 25, you'll want to follow the prior paragraph. If someone is between 16 and 24 years of age, make a judgement call. Since the majority of our readers are over 25, we'll walk through the fundamental approach in basic steps. Luckily it is quite easy to do and less than 5% of people will even think about it like this.

Step 1): if you intend on investing more than a couple of years into the hobby you'll want to hire a legitimate "coach" in the field. Notice, this works for everything except business since no smart/successful business person is going to use his valuable time giving away his bread and butter. For all hobbies/skills you would like to learn, we'd hire a high quality coach first. *Step 2)* for hobbies you're going to read 3 books on the topic written by successful people on the field. Throw all books written by "nobodies' into the garbage. This may cause you to miss a few good books. But. The return on your time is just too low. Also. If you're going to try a new business venture: online sales, switching careers, brick and mortar purchases, real estate etc… your best bet is once again the library. Always read 3 books on any topic you plan on becoming proficient in. *Step 3)* **fundamental execution *not* results.** This typically separates mediocre people from exceptional people. Exceptional people recognize that mastering fundamentals is more important than near term results. Lets say you have a better golf swing by having an award stance. This needs to be fixed today. Fix the stance because you're limiting your long-term skills by developing bad habits. For the older readers, this may be surprising since we're a results oriented blog. But. If you're new, the results are meaningless because incorrect approaches will be difficult to fix many years down the line. Like replacing the foundation for a home. *Step 4)* find visual proof of progress. This is easier with a physical activity but can be applied to any activity. Once you believe you have the fundamentals locked in, you'll want to put yourself into a situation where you must perform (no practicing anymore). This will result in immediate feedback (if your fundamentals break down under pressure) and in an online sales example if your A vs. B testing gives you the expected result (your revisions improve conversion rates).

Fundamentals Mastered… Increase Competition: Competition is one of those all encompassing words. Average people who have failed at everything will still compete aggressively if their "social status" is at risk. Elite people only compete with one another and ignore average people because they are too far off the radar (booing from the cheap seats because they'll never make it on stage). Naturally? The objective is to distance yourself from the pack to the point that you know the names of your real competition.

How do you do this? You do it with the two steps rule of thumb. If you're trying to improve, you're not going to get any better competing against the elite people. Why? They will be *too far ahead*. Unless you're incredibly talented, when you compete with people who are far superior in the activity, you won't learn much. Instead you'll focus on putting yourself in a situation where you're in the "third quartile". If there are 12 people in a room you want to be the number 7/8 guy. This means you're close to being average but not quite and you're not dead last unable to breathe.

An interesting note here. Most people think it is best to only hang around the top people. It doesn't work though. If you have a team sport for example and one guy is world class, he's going to essentially do all of the work (inefficient to do anything else). The idea of grabbing the best people at all times only works at the elite level. *At the intermediate level what you're looking for is more time to improve your skills in an environment that gets more and more difficult over time.* If you eventually reach "elite" level, then you'll know and change your strategy. This is also why rich people have friends that are also in the same general zip code (otherwise they end up falling into the acquaintance basket).

Find the Repeat Mistakes: At this point you should be chugging along just fine. You have a solid understanding of the fundamentals (don't make basic mistakes) and you're ramping up the competitive environment. Now its time for some self assessment. This is where (our opinion) you separate average people from successful/aware people.

Pausing for a second. The main issue with the average individual is he believes he's always the best. At everything. In fact we have no doubt average people think we have no ability to see our own flaws (we do)! This is some sort of strange human condition. In fact, we've written several posts on things we are not good at, yet everyone gets the same vibe from each other "he/she thinks he's so skilled". So. Based on this background we've noticed that successful people avoid things they are not good at and are much better at determining why they are good/bad at something.

Back to the topic. Since you're going to increase competition at this point: for sports changing the people you play against and for business you'd try and encroach and gain more market share from bigger players… it's time to improve. You're now forced to look at all the information and figure out how you're being beaten. Video clips work well for all physical activities from sports to musical instruments (you can see every time you make a mistake and why it happened to see if it repeats). Also. From a business standpoint, if you're unable to gain market share you are going to see why. Is it due to your brand image, the ads, the margins? Unlike physical activities the feedback on the business side is much more in your face since it shows a nice red negative number to represent a failed attempt.

Our guess is that you'll find at least 3-5 repeat mistakes that break some combination of a fundamental error and a skill error (execution). The lines get blurry here since basic concepts will be running smoothly but mis-execution could cause prior fundamentals to break down a bit. Think about modifying an ad or website only to have this negatively impact another fundamental item (the layout or the context). Instead of trying to solve all of the problems at once (multi-tasking is talked about but never efficient) focus on one issue and make sure there is no performance decrease in the other repeating errors. Essentially, when you solve one problem (problem A) you should still have a few other ones, but they have not gotten worse after fixing problem A.

After doing this a few times you should see a large improvement and we'd consider this stage "intermediate/excellent". When you only see one error here and there (no one is perfect) you're now in the near exceptional category. Getting into exceptional categories requires the most underestimated and hated word in the world: Talent.

Begin Creating New Processes: When any new game/market/industry opens up, people are always playing incorrectly. Think of any sport or industry that looks the same now as it did 10-20 years ago. You're unlikely to see any. We're sure there are a few exceptions. But. If we go back and look at footage that is 10 years old (certainly 20 years old) you'll see that there is someone pushing the boundaries or "rules". This is where you get to step in!

Take a look at the common "rules" that are followed to succeed. See fundamental mastery. And. Begin breaking these rules based on your gut feel/instinct. If you have a good gut/feel/instinct for the activity you'll surpass people by breaking rules previously thought of as "unbreakable". Over time if something is consistently successful for you, then you end up being copied. This is why they say "copying is the biggest form of flattery". Essentially, you've created something new that is so successful/accurate that you force your competition to do the same thing.

For those of you that work in affiliate marketing you're well aware of how quickly things change. One person makes one edit (a big name) and suddenly everyone is doing the exact same thing. Markets are efficient. If it relates to making money, make sure you try to protect the intellectual property if possible. Ideally, you'll break a few rules that go under the radar for a long period of time.

Expert Level: At this point, if you're successfully competing against people who are already talented and consistently come up with new ways to "stay ahead" or "get an edge" so to speak, you're largely an expert. This is where we would then focus on results. While many will disagree, we don't think anyone can be an expert if they don't have any results. So take a look at the people in the top (of any activity you're pursuing) and you'll notice that they consistently push the boundaries in some way. To make a public example, Amazon is a clear one where they solve difficult problems on a yearly basis and announce solutions from time to time. Betting against them from a technology standpoint over the last several years hasn't paid off (many believe they couldn't solve so many problems).

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**.

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How to Invest as a Bachelor

How to Invest as a Bachelor

The most common question we receive nowadays is how to allocate cash if you're going to live the bachelor lifestyle into eternity. This is going to be the first part in a series of posts where we will cover each step in more detail. However the three main steps are broken into two pieces: 1) The initial framework to financial independence, 2) Ways to obtain higher income and 3) Ways to swing for the fences when you've got extra money on the sideline.

1) The Framework

The name of the game is matching investment income to expenses. We'll call this the relaxation point. If you're correctly living your life as a minimalist we'll earmark the number at $2,500 a month. Yes this is a low number but if you're a perpetual bachelor it means that you can live quite a nice life in Thailand while you work on your other businesses and you will be free to work any job that you would like. **We repeat, you are free to do as you please.** How much is needed to generate $2,500 a month? Lets take a look and you can decide for yourself what amount of cash flow is necessary.

chart.jpg

You've been tricked.

Look at the chart very carefully. Notice a major problem with a regular savings account? You have no chance at financial freedom with a savings account unless you have over $1.4 million in cold hard cash. If you're trying to become rich and you are putting your money in a savings account you better be a risk taking entrepreneur because even a man of above average intelligence is going to have next to zero chance at amassing $1.4 million dollars in his thirties by having an investment return of 2%.

Lets make another assumption, lets say you understand that your body is going to slow down and you know you're going to be half the man you were in your 30's by the time you hit your late 50s. Not a PC comment and do not care. We are all going to get old so your goal is to maximize your happiness when you are able to enjoy it and at the same time set yourself up for a decent lifestyle in your 50s and 60s.

Assumptions are set. You're in a race against time to obtain ~$450-550K in net worth, if you don't have it by around thirty you better start grinding hard. For simplicity, we'll use $500K as the watermark.

Obtaining $500K: Sounds like a lofty number doesn't it? Not really. Long-term returns of 7% are not out of the question. The trick is that long-term means you're ignoring your emotions by dollar cost averaging and you are not going to sell a single security or bond. **Ride it out.** Diversify, dollar cost average, diversify, dollar cost average. Play the game like a robot. Here's how quickly you get to the five handle. We will assume that you are able to increase your income by ~5% on an annual basis, generate returns of 7% and you can live on $3K per month.

Chart 2.jpg

Boom. You're already at $500K and you're only 31 assuming that you choose your career wisely. *Your first job out of college, out of trade school etc. will more likely than not determine your entire financial future.* We already know the $53K net figure will be attacked however it shouldn't. ***$53K a year net implies $80K per year gross.***

You see the path and it takes 10 years of dedication to get there.

How to Earn $80K?

No doubt many people believe this number is too high. Lets flip it around. You know that a starting salary of $80K will give you an amazing shot at early financial freedom so lets start with how someone can obtain an $80K salary instead. No you won't be working 40 hours a week and no there is no short cut to making a high income, you will pay a price: 1) mental effort, 2) endurance or 3) physical effort. If you do all three, well you'll likely beat the 31 years of age mark by a country mile. Remember, you are young and you are in your twenties, the world is yours for the taking since you should be an energizer bunny at this stage in your life.

Mental Pain (require top tier schooling and grades)

High End Finance: Investment Banking, Private Equity, Sales and Trading, Equity Research, Hedge Funds.

High Consulting: Boston Consulting Group, Bain. McKinsey

Engineer: Google, Facebook, Twitter, Salesforce.com, lets go on and on and on with hundreds of tech companies. $80K out the gate

We know you're saying "but what if I can't get any of these jobs", well how about this:

Endurance Pain (grinding out the hours)

Air Traffic Controller: Requires minimal education but is high stress

Accounting + Bartending: $50-55K a year + 2.5K a month on the side, you're at 80K

Healthcare + Online Business: Trade schools are only 2 years long and can offer starting pay in the $50-60K range, you get a full 2 year head start and in addition… you can start a simply health website that will generate a few thousand dollars a month.

Now you're saying these dual jobs are not practical or you cannot go into the top tier trades. Fair enough.

Physical Pain

Firefighters/Police Force: No risk no reward, will clear $80K. If you're complaining about a few thousand dollars in difference we'll simply respond that it won't take you four years to get the job also… government pensions anyone?

Dockworkers: Manual work. Gruelling. Notice a trend in effort and income? $80K+ out the door

Now that your spirit is uplifted simply join one of these groups. There are hundreds of ways to make $80K a year. None of them are for the following people though 1) lazy, 2) uneducated or unwilling to do manual labor and 3) negative personality types. No matter what you do you're going to have to put in that grind, it's going to come from a mental standpoint (getting to a top tier college and top grades to go to Wall Street), physical standpoint (dock workers, firefighters) or from a longevity standpoint (working multiple occupations). Anyone reading this post can make $80K a year.

Final Note: Do not take a job for minimum wage no matter what. If you're younger than 20 you can pick up a book and read how to fix iPhone screens and create a small time business fixing drunken mistakes in a major city. ***Do not work for minimum wage for anyone.***

3) The Home Stretch

You've made it to $500K: Congratulations. If you run the rule of 72, when you hit 40 you will have $1M dollars in the bank. Welcome to the top 2% in the USA (there are roughly 5 million millionaires in the USA) and well into the 1% world wide. You've won the game and you're just now hitting your stride as a man. Lets get cracking on some real wealth creation shall we?

That $5 handle is sitting on the sidelines and you won't touch it. Close the book it is time to move on to bigger ideas. You've got 4-6 years left before you can really take the pedal off the gas if you feel like it. How do you capitalize? Well here are some interesting ideas to get you started.

Venture Capital/Private Investments: Now that you are saving ~$50K a year from your current job, no matter what track you took (we simplified it to 5% increases in salary), you can take some calculated risks. With the world becoming increasingly internet driven you can begin angel funding investments or purchasing shares in the private market. What does this mean? It means you're swinging for the fences on a Mike Tyson level knock out punch. Generally speaking, most investment types will cause you to spend $25-100K to invest privately. That is fine because the goal is to take large equity swings with your annual savings since you don't need more than $500K. You're not searching for 5-7% returns anymore you're trying to 10x or 20x your investment within the decade. *No risk no reward it may go to zero.*

Silent Investor: Use your additional cash to develop high level relationships. Similar to our post on politics how do you gain trust with wealthy investors? Well you invest with them and don't pester them with questions over a long time horizon, once someone likes you the doors open a bit wider. With that said, Private Equity comes to mind as a decent idea, not to be confused with private investments (separate entirely). You create an investment consortium. You buy in as part of the takeout group and you sit and wait and wait. *You're looking for an annual rate of return in the high 20's.*

Lever Up and Fix it: Properties can be dangerous but he who takes on the headache will take on the profits. This is last on the three major ways to take a 5 figure investment and double or triple it in short order due to the level of stress involved. The premise is as follows: buy a high risk property, the risk can be associated with lower income tenants to major headaches due to a short sale or foreclosure… Put down a down payment heavy enough to move your rate as close to 3% as possible (generally a down payment at 25-33% of purchase price will do the trick)… take out a 3 year ARM you're betting on appreciation…. Roll up your sleeves, or hire someone else to do it, and fix the underlying property (commercial or residential). *Sell it, gunning for a flip of 50% of purchase price.*

Concluding Remarks: Over the coming weeks we are going to take a deeper look into each step starting with investing your first pay check. We'll walk through scenarios where things may go wrong and scenarios where you can adjust your portfolio for the future. One thing is for certain though, **if you don't get on the investment train early, it won't be stopping to pick you up any time soon.**

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How to Live a Balanced Life

How to Live a Balanced Life

This is really the end goal of the blog. Since we do not cater to the masses, we know that the remaining people have a shot at success. A balanced life is a healthy and happy one and we believe it is obtainable if you play the game of life looking at it from a long-term perspective. With this in mind… we're going to break down a balanced life into sections. If you have no interest in a piece, do not read it.

1) Financial Success

2) Sex/Dating/Relationships

3) Common Sense vs. Thinking Differently

4) Hobbies and Interests

5) Brain plasticity

We'll start with financial success since that is where the vast majority of the questions come from and move down to what we believe are two largely ignored topics: Hobbies and Brain Plasticity.

1) Financial Success:

If you found this blog, you're ahead of your peers. This is not meant to be an ego boosting type comment. What does it mean? **You are being *honest* with yourself. You want to be rich.** Most people won't admit this. Instead they make ridiculous comments about how rich people are "unhappy". Entirely false and you know this already. In fact… if someone is angry about another person's success/happiness, this is a dead giveaway that they are broke/unsuccessful.

As we have mentioned many times in the past, most people harbor deep seeded negative beliefs about money. They think that it takes too much work to become rich (everything good takes work). They think it will make them lose "friends" (most people have a poverty mindset so you should drop these friends). They think that it will make them worse off as a "person" (whatever that means!). As you can see, regular people don't even know *how* to think.

With the backdrop out of the way, how do you become financially successful without becoming a boring type A person with no personality? The answer is simple. Kill yourself while you're young. Until you associate *with* motivational speakers (not the mediocre people in the crowd) **you're not working anywhere near hard enough.**

We get it.

Kill yourself is not a good explanation. So here is a quick outline of tangible things to do.

Develop an On Off Switch: This is incredibly important. You need to develop this skill when you are young. You are smarter than your peers. You know that money will come first and your social life will come second. Develop that on/off switch because the people you meet when you're out partying will 99/100 times be regular people. Law of large numbers.

On Switch: Your on switch is intense. When you are on, you focus and pour everything you have into the task. You continue to push, push, push until your brain gets tired. Your judgement gets cloudy. You have exhausted all of your brain cells when you find yourself becoming *forgetful*. For anyone who has actually worked hard (see any successful person) they will know exactly what the term forgetful means. You will literally forget where you put your keys, your items will become disorganized and you will start putting items in places where they shouldn't be. **You're discombobulated.** You've pushed far enough. Time to rest.

Off Switch: Your on switch is dead now. Time to run game or pick up a new hobby. Running game can be at a night club, during the day, or while doing a hobby (more on hobbies later). Most people will have a hard time switching to off mode, ***off mode means that you are living entirely in the present moment.*** Off mode means that you are not thinking about your business or your career, you are focused on enjoying life. This means you do not complain about problems in your personal life. You simply leave all of your items behind you and go out to have fun.

Note: As you get older the on and off switch will blur. The people you associate with will be both fun and successful. There are not many of them. There are even fewer when you're young so wait it out and you'll eventually connect with them later in life. Usually around age 25-27.

Tangible Daily Schedule: We're going to assume you're in your twenties and work already. We've outlined the basic rules for getting money 1) you need to start a business or 2) at minimum get into a career that generates revenue (or an *event*). There are no exceptions to those two items. If someone argues with you they simply lack common sense. No one is going to pay you a lot of money unless you make them a lot of money and ownership is the largest form of leverage (eg: business).

Any other form of high income for no actual revenue generation is likely a "hot market" which will eventually be saturated in the future. Besides, the faster you learn to produce the faster you'll get rich and the faster you'll see your income rise.

Naturally, starting a business is the most lucrative (higher risk, higher reward – unlimited upside). While getting a career is a great hedge (lower risk, lower reward – 7 figure net worth by early 30s) if you do not have any products/ideas.

Typical Weekday: Your typical weekday is going to consist of 14 hours of actual work. If you already work in investment banking as an analyst, you're not going to be a fool and stare at your computer screen during downtime (30% of the time you are there). Here is what you do:

Part 1) Do all of the tasks you need to do for your career. You need to keep your performance in the top tier. You play the politics game intelligently. You're working slightly less than you should, yet are ranked at the top. Use that extra time. If you do this correctly ~1/3 of your time will be free while others simply stare at their computer. Move on to part 2.

Part 2) You should learn how to sell online. It is as simple as that. Our suggestion is to start with copywriting. Why would you learn this? Simple, if you can sell online you can transfer this skill to selling a product later. If you don't know where to start, simply purchase a book on basic copywriting and read it at work. PDF the book and send it to yourself. Press windows + D and you can minimize the screen at any time.

Part 3) Temporary vs. recurring revenue, you have to choose one. If you're good at online sales you'll work in either *A) traffic arbitrage* or *B) micro-continuity.* If you work in traffic arbitrage you're going to be making money as an affiliate marketer. If you're going to go down the micro-contiuity route, you're going to need a couple of intelligent friends to work with. It is a lot of work up front and you won't be able to do this yourself while juggling a career. If you can? Even better. You'll get rich even faster.

Part 4) Wash rinse and repeat the above process. Particularly step two which is by far the hardest. No one is going to hold your hand through the sales process. It is up to you to learn how to connect with your audience. **There are not many people who are good at sales and sales will always be in demand.** People who believe sales is a "joke" or that sales will "go away" are all fools. Houses will be sold, real estate agents will make some sort of commission. Companies will be sold, investment bankers will make a fee every time if they are *good* negotiators. Companies need to raise money, if you have good contacts… You're quite clearly good at sales. Finally, you can always improve your salesmanship.

Concluding Remarks: If you don't want to read the above, here is the summary. If you're young and don't have any business ideas, get a *real* career. You will have downtime. During the downtime you can learn to do online sales. This can be done anywhere in the world. Once you are good at selling online you can eventually own the product. The skills are fully transferable. Once the product idea is good to go, you use your aforementioned sales skills and sell. If the product is legitimate you'll have recurring customers.

2) Sex Dating and Relationships:

Finance questions are first, dating comes in a close second. Notably, we do not believe in doing any sort of line for line approach system. This would turn you into a robot who is simply a smaller version of the person you learned from. If person A is teaching you how to pick up women and you copy everything he does, you're just going to be a lesser version of person A. You are not developing on a personal basis. You are a shadow of a different man.

Instead the basic premise is the following:

Part 1) You are going to become more attractive to women over time. Girls take you much less seriously in your 20s versus your 30s. You will simply have an easier time picking up women as you get older since men look better in their 30s versus their 20s. Knowing that this dynamic is going to help you over the next decade you should simply learn the basics of "game". We are not saying that you should shelve all of your social skills. **You simply go out twice a week (Thursday/Saturday)** and those two days will compound to immense results over a decade. You also chat up anyone you see during your day to day activities.

Part 2) **You open women up with an unoffensive assumption or question.** You can read 700 pick up books and it will be the same. The opening is always one of the two. An assumption or a question. It can be as simple as a comment on something she is wearing. If you are not socially aware enough to do this you've got a long way to go. This will work with both day and night game.

Part 3) We are in the smartphone generation. You can either complain about smartphones or use smartphones to your advantage. We suggest the latter. One thing is for sure, you are not going to rid the world of smartphones. They will eventually penetrate every corner of the earth because they are great products.

In addition, if you live a fun life, you're not going to complain about smartphones. If you are dealing with attractive girls (you should) they will likely be on SnapChat. Instead of wasting time sending text messages, send over a few cool photos of things you are doing. Videos work as well. In an ideal world you are sending a photo/video related to something you already discussed in the past.

Part 4) Until you are in your 30s, you are not ready for a serious relationship. Period. We don't believe in them in general. But. If you want to go down this route, you need to be in your 30s. When you are no where near your 30s, you don't have enough life experience both with women and life overall. Again, we do not believe in them in general, but if you really want to go down this route consider it during your 30s.

With the basic premise out of the way… you see that the real goal is to strike balance in your life over the next decade. Is your sex life going to be better at 31 versus 21? **Yes. But. This does not mean you have no sex life.** It simply means that you are prioritizing your life correctly. It also means that you *do* learn the basics of game. People who believe that you cannot have both money and a good sex life are simply haters or idiots. That is all there is to it. **Will it be easy? No.**

Concluding Remarks: This blog will have the same rough balance going forward (most readers are in their 20s). About 80-85% of your time should be focused on money and health. While the other 15-20% will be focused on "game". That is how your life should look in your 20s. When you hit your 30s, you're going to flip more towards dating since you won't be worried about money anymore.

To reiterate. Game versus money debates are stupid. Get both. From experience, getting money is significantly harder than getting women so we suggest more effort on money in your 20s. If you don't believe that money is harder to obtain than women, you likely have a personality disorder (asperger syndrome).

Ask any normal person the following question. If your life is on the line and you have one year to accumulate $1 million dollars or one year to have sex with a "7" every rational person is going to choose the "7" challenge. Please do not waste our time with "what about an 8" it means you are missing the point. Achievement with money is much harder than achievement with women.

3) Common Sense vs. Thinking Differently

This is a bit more complex than the two items above. Based on questions we are now receiving we see that some people have a hard time differentiating the two (not the majority but some). Perhaps our post on doing the opposite made people go a little bit crazy.

Instead of trying to outline the nitty gritty on how to see the difference we believe this is best served in examples.

Common Sense Example 1) This one is full idiocy: *"I am going to put my life on pause to hit on women and improve my social skills"*. This clearly lacks common sense. The only time this is a good idea is if you are **financially independent.** Improvement is not going to be linear and if you simply put in hundreds of approaches in **any environment** you are going to get better. By putting your life on hold just to meet women you are by definition putting women on a pedestal. You are saying the following to the world: *"instead of improving myself I would rather live my life for women"*. If you still have to work for a living… Do not do this. If you *are* financially independent. Carry on! Read the game posts we have here, go read other pick up forums and have a blast. You'll get the hang of it.

Common Sense Example 2) This one screams personal finance disaster: *"I am going to take on debt for the same position at the same firm."* This is a foolish move in-line with our FAQ page. While there is certainly merit to attending prestigious schools there is also a line. Learn the difference. A good target school is a good target school. Period.

In addition, **the world is not a meritocracy.** We alluded to this in our post on office politics. If you are going to be in the exact same position at the exact same firm you'd be crazy to rack up debt for no reason. People who do not understand this do not have any work experience beyond a couple of years and have no idea how real businesses work.

Thinking Differently Example 1) If something has mass influence it means that it caters to mediocre people. This a good example of thinking differently. By definition (again using common sense) if something is extremely popular across the USA it means the average bloke likes it. Average people want to be entertained so you know that popular items are for entertainment. Keep this in mind before you buy something. Ask yourself at least 10 times. Is this going to help me? If not, don't buy it.

If you cannot answer that question clearly? You are buying it based on how you "feel" and based on your "emotions". You don't want to have either when making a purchase. There is a reason that the superbowl charges a lot for advertising. They know that that it will grab the attention of regular folk **in a heightened emotional state.**

Thinking Differently Example 2) There is no set path for anyone. This even applies to Wall Street as well. We get a lot of emails about how you should go to IBD then go to PE/HFs and that's it. It is laughable. This means that the person has literally no work experience beyond the associate level. Simply switching from one industry to the next does not mean you made the right decision. Combining common sense with numbers lets take a look.

Person A – Simply goes straight to the next job offer and ignores his current position. He gets a bump in base salary to $150K and clears $300K his first associate year. Year 2 he clears $350K and is forced to go to business school ($200K post tax gone). You will not get financial aid.

Person B – Notices that someone very high up the chain is pulling for him. Say the head of the entire division has a liking for him. He runs the math. The economy has gotten better… He probably has a shot at getting into a revenue generation role. He "only" makes $250K then $300K… But? They have a sit down conversation and the group has decided he has the skills to make VP. No graduate degree needed and he'll make $350K+ (no post tax money ever paid).

Take a guess who makes more money? **Much more likely person B.** Why? This is against the "track". No… It is not. If you have a strong connection with someone with extreme power (the head of the entire division is pulling down multi-seven figures)… Then who is going to take you under their wing?

Well… if he is willing to give you a few hours of your time that is worth ***Significantly*** more than the near term pain of $40-60K.

Concluding Remarks: We realize that we cannot tell anyone *how* to think. Instead we have given some clear examples of common sense and thinking differently. The key is to make sure you draw on logic and common sense *before* you simply follow advice. This applies to this blog as well. If it is not going to hurt you go ahead and try it out immediately to see if it works. If you see that it works then you should go with it.

Remember. Don't follow the path that your peers are following for no reason. Your peers are just as lost as you are. Again, ask someone older and see what they say. Don't network at your level.

*Note: for long time readers we **refuse** to answer questions we do not know. That is exactly why we talk bluntly and to the point. Your time should be just as valuable as ours.

4) Hobbies and Interests

Most people are boring. Most people that make it onto the Street or other high paying professions are not fun. They are passive aggressive and try to cut you down. The good news is that people who back stab others have two things happen to them: 1) they become boring stressed out people and 2) they don't last very long in the profession.

If they do make it through the cracks by cutting people down, you can still sleep well at night knowing they are stressed out all of the time. How can you not be after making so many enemies.

Notably, this is another reason for creating the blog. We don't want anyone who reads it to become boring. You at least have some sense of humor if you're reading a blog with an aggressive name such as Wall Street Playboys right? Right.

So lets go through some ideas to keep you from becoming a boring person.

Idea 1 – Performing Arts: This is a catch all topic. We do not care what it is. Learn to play music, to sing, to dance, to do stand up comedy to do funny impersonations… It does not matter. As we stated above regular people want to be entertained and **women want to be entertained even more.** You should be competent with at least one of these skills. It will pay dividends for years to come. In order to become good at it, you will need to practice for a few hours a week for *at least a year*.

Do you know anyone who is boring that is good at one or even two performing arts? Neither do we. Just don't expect to get rich off of it unless you're incredibly elite.

Idea 2 – Languages: You need to learn languages. Again we do not care what it is. But. You should choose one that fills a void for you. Lets say you do a lot of business in Taiwan. Well you should probably learn Mandarin to a point of competency.

Alternatively, lets say all of your work is domestic and you like Russian women (who doesn't) then you should probably learn Russian. Again you do not need to obsess over the topic. Thirty minutes a day while in transit or sitting at the airport and you'll be competent in a year.

Idea 3 – One Team Sport: You should be athletic. While most blogs focus solely on body building, we suggest you become competent at one sport (minimum). This will prevent you from becoming an enormous guy who is un-athletic. Anyone can eventually squat 2x their weight, it is not that impressive. It is a completely different animal to have coordination, strength, speed and endurance all in one person. Again this is our opinion. If you want to focus solely on aesthetics that is your call but this is what we recommend.

Finally, if you do take this advice and become *good* at a particular team sport… You will *always* have a set of good male friends. This is exactly why you should do it. Weight lifting is an individual sport and team sports will give you a chance to meet new people. Besides, if you meet a guy who is good at XYZ sport, he is probably good at other things.

Why? To become good at anything you need a baseline of hard work. You already have something in common.

Concluding Remarks: There you have it. We have three clear and broad ideas for you to consider. If you already speak a couple of languages, are a part time stand up comedian and can play doubles tennis with college athletes… You're simply nodding your head in agreement. No one can possibly live a boring life with at least three clear interests in those areas. Finally, try to mix it up if you get bored of one of them.

5) Brain Plasticity

You're likely in your 20s. You do not give two shits about brain plasticity. We'll keep it brief.

This is an important topic. As the younger readers reap the rewards of the advice here they will eventually ask about this.

Brain plasticity refers to changes in the brain from: emotion, environment, behavior, etc.

To cut to the chase… You will see that as your life changes the way you think also changes.

As you execute on the four inital items listed above, you're going to recognize major changes in how you think and what you deem to be stressful/important/un-important.

Hopefully you have a journal. Take out a pen. Sign and date the page.

1) What is a lot of money?

2) How stressed are you from 1 to 10? Why?

3) How much time should men spend approaching women?

4) What are you insecure about? Be honest, no one will read it anyway.

5) Do you believe *everyone* is angling for something? If so why? If not why not?

That is it. Five simple questions to write down and *review one year later*. We'll give you one quick hint… If your answer to at least one question did not drastically change (180 degrees) your life is not moving in the right direction.

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How to Make Millions With Other People's Money

How to Make Millions With Other People's Money

A guide to borrowing money to buy property: Commenter OwnMyHood here. Since the Playboys gave a few of us real estate guys the open invite to drop some knowledge, I figured I'd stop back in for another post… Having read this blog for a couple years now, I see the primary takeaways as: 1) Grind it out while you're young and stack your chips, 2) Don't follow the herd, 3) Regardless of how much you work, live an interesting life, 4) Don't get hitched (legally due to penalties), 5) Avoid living in a city you hate… and the Holy Grail: Start that business and ***earn money while you sleep***

If you found this blog, the first 5 items should be pretty straight forward (and if it isn't, the WSPs were nice enough to provide instructions for you). But I'll admit it, starting that business can be a bit of a challenge.

We're lead to believe that every successful business is built around some totally novel concept. All you need is a bright idea and some garage space and before long you'll be the next Jobs or Wozniak. VC firms will be throwing money at you and growing your business and marketing your product will be a piece of cake… Well, in the real world, it doesn't quite work that way.

Let's face it, most of us don't have that novel business idea. We may have thought of something that stands a decent chance of making some money, but who is going to back us? Even if you've saved up a few hundred large, you'll likely need some outside help to to get things off the ground.

Think you're a good salesman? Walk in to a bank with no prior biz experience and ask for a loan to start that great restaurant, bar, car wash, gym, online store, propeller beanie factory, (fill in the blank) that you've always dreamed of owning. If you can convince them to give you a loan, congrats you have no need for this site.

Now for the other 99.9% who got the raised eyebrow and the "sorry, I wish I could be more help" spiel, there is another way. There is one business where you need no experience, relatively little start up capital and have the ability to leverage it by borrowing large amounts right from the get go (sometimes with government backing). What biz is this you ask? **Real Estate.**

So You Want to Buy Your First Property, Where Do You Start? Well pal, since you asked I'll lay out four of the most common loan options topped off with some tips from the trenches meant to help you maximize the amount of money you can borrow for your investment. Let's start with what is likely the most common option, good ol' residential mortgages:

Residential Mortgages

The bread and butter of the beginning real estate investor. These are the loans individuals and families have been using for decades to buy single family homes and condominiums. What you may not know is that they can also be used for multi-unit residential properties with up to 4 apartments as well, so if you're looking for income property but have no prior experience, residential loans are usually a good place to start.

You can get these types of loans from a bank or mortgage broker and your lack of RE experience isn't going to have any bearing on your chances of securing the loan. In the residential space, your personal financial situation is paramount, the key things lenders look at are: 1) You have good enough credit and 2) You have enough income

Residential mortgage lenders use the Debt to Income Ratio (DTI) as their primary metric when determining whether or not you can afford to borrow money. This is all of your monthly debt payments (mortgage, car, student loan etc) added up and divided by your income. If you are at 35% or less you are usually good to go.

To sum it up here are some Pros and Cons of this type of loan:

Pros: 1) Ease: Relatively easy to get for beginners and you can put less than 20% down with private mortgage insurance or government backed programs: FHA 3.5% down, VA 0% down, USDA 0% down etc. **2) Rates**: Lower rate with long amortization schedule (30 years) with ability to lock the rate for it's entirety, **3) Low Hurdle**: No RE experience needed, **4) Regulation**: Highly regulated, so your chances of being "taken advantage of" by the lender are low

Cons: 1) Scale: You can only use these loans to buy smaller properties (1-4 residential units), **2) Four Loan Maximum:** You can only have 4 loans per person if they are the type that are sold to Fannie Mae or Freddie Mac, **3) Underwriting:** Underwriting is standardized, so your relationship with whoever originates the loan likely isn't going to make much of a difference, **4) Red Tape:** There is a fair amount of red tape that isn't present with other loan types (multiple reviews of bank balances, employment verification, appraisals always required etc). For someone with a relatively simple financial situation, these aren't bad. For biz owners or others who's situation is more complex, these can be a headache; **5) Occupancy:** May need to occupy the property to be eligible for certain programs

Commercial Mortgages

Once you max out your residential mortgages, want to buy apartment buildings with 5 or more units or commercial properties, if you're borrowing from a bank, you'll have to get a commercial mortgage. Though on the surface, this is still a loan used to purchase real estate there are quite a few differences with the residential loans described above.

Some of the big differences are: 1) Rates and terms can vary a decent amount from bank to bank, so it is best to shop around; 2) Relationships with the banker (how much they like & trust you) and bank (how much you have on deposit) matter quite a bit; 3) Commercial loans are not governed by the same regulations as residential mortgages, so there is more likely to be some harsh clauses built into the contract (learn how read the docs and utilize a lawyer); 4) The primary concern of the bank is "will this specific property make money." Your personal financial situation matters, but only as part of the bigger picture. If you can convince the bank the property will make money and you aren't a financial basket case, you likely will get the loan

The mortgage broker who originates your residential mortgage sees your investment as a transaction: you get a loan and he gets a commission. Meanwhile the mortgage gets sold to another bank 1000 miles away while he moves on to the next deal. If you default 5 years from now, it's not money out of the broker's pocket.

When it comes to commercial lenders, relationships do matter. Commercial banks keep the loans in house, so the banker you're talking to has much more incentive to make sure you and the property you're pitching him are a good investment. Also, the person you talk to when applying for a commercial loan is usually a decision maker, so getting them on your side can only help.

When it comes to determining the risk involved in lending you money, commercial banks primarily rely on the deal's Debt Service Coverage Ratio (DSCR). This is the NOI of the property divided by the mortgage payment. Though there is quite a bit of variance across different geographic areas, property types and market cycles, usually you want a deal to have at least 1.2 DSCR when approaching a commercial bank.

Pros: **1) Range:** You can purchase a wide range of properties with these loans; **2) Trust**: If you do multiple deals with a particular bank and build a relationship with their staff, this can make future mortgages easier to get; **3) Terms**: More flexibility regarding terms; **4) Limits**: There is no limit to how many loans of this type you can have (though banks will have limits depending on their size and relationship with you)

Cons: 1) Interest: Rates and terms are usually worse than residential mortgages (shorter schedules with adjustable rates or balloon payments); **2) Complexity**: Less regulated so you want to be more careful regarding terms, banks can put some nasty stuff in there; **3) Origination Costs**: These can be quite expensive. Commercial appraisals aren't cheap and banks can charge whatever the market can bear as far as fees go

Seller Financing

Ahh now we're talking, you want to put the pedal to the metal when it comes to leverage? This is one of the quickest ways to do it. Seller financing is when an owner has equity in their property and is willing to "be the bank:" take incremental payments over time instead of one big up front payment. How is this different than the above two options? Well, for one the rate and terms are whatever you and the seller can agree on. 0% down with a 50 year schedule and a balloon after 25 years? If you can get an owner to sign on the dotted line it's all yours…………………. If only it were that easy.

Your average real estate deal involves a fair amount of haggling but in this case, in addition to the standard negotiations you've also got to convince the seller to invest in you via a mortgage. This is essentially like handing them a junk bond in exchange for what could be their most valuable asset. Needless to say it's not always an easy sale (and I'd probably use a different analogy when pitching a seller…) and though some sellers are out of touch, it's uncommon to have price and terms vary widely from the market in general. Regardless, if you can make it happen, it's seller financing that often allows ambitious RE investors to build massive portfolios in a relatively short amount of time.

Pros: 1) Can Be Cheap: This type of financing is inexpensive, oftentimes the only significant origination costs are lawyer fees (which you have to pay anyway when you utilize a bank), **2) Flexibility**: Rate, terms and down payment are whatever you and the seller can agree on; **3) Speed**: These loans can be some of the quickest to close. When you work with institution, you do a lot of waiting: waiting on the underwriter, waiting on the appraiser, waiting on finding a date when all parties can get together. With seller financing it really just comes down to when you, the seller and an attorney can meet and sign documents

Cons: 1) Regulations: There are few regulations regarding these types of loans so sellers can build all kind of stuff into their mortgages. Make sure to read thoroughly before signing; **2) Availability**: There is limited availability when it comes to seller financing: there are many sellers who can not afford it or have no interest in holding paper, it's up to you to convince the one's who are open to it that it makes sense

Private Money

You could also refer to this as "friends and family" money. Private Money in this case just means borrowing from individuals who have money to lend. If you have a rich friend or Aunt who is looking to make some money and is willing to back an up and coming RE investor, this might be worth looking into. Notably, private money has the most in common with seller financing, in that the fees to originate the loan are low and the terms are whatever you and the lender can agree on. That said there are some very important differences:

1) Loan is unsecured: In many cases the lender has no right to any collateral if the borrower defaults, so if you don't pay them back, they're SOL. Even if they do require some kind of collateral, they are usually last in line were you to go bankrupt and would likely recover only a small fraction of what they lent you (if anything at all) and **2) Lenders are oftentimes not RE investors:** With seller financing you are purchasing a building off another investor, this is someone who has at least some experience with market cycles, vacancy, the random nature of certain expenses etc. When you borrow from old Uncle Vlad who earned his money working 9-5 in the same factory for 50 years and tell him that you're going to be late next month due to having to replace a collapsing roof, he might not be so understanding.

Private money can be easy to come by if you know the right people, but I'd caution any investor before using it. As stated above your relationship with the lender usually goes beyond pure business, and this can make things tricky. In order to avoid ruining personal relationships (which often are a whole lot more important than whatever deal you're pursuing) I've put together some criteria for using private money:

Don't borrow what someone can't afford to lose: Let's say Grandma is on a fixed income but has $50k in the bank, and it just so happens there is a beautiful duplex for sale that requires… you guessed it, a $50k down payment. She would love more than anything to help her grandson get started building his future and wouldn't hesitate to write you a check. As tempting as it might be to borrow her entire net worth, tell Granny to keep her loot. Even if you make the payments on time, what if she has a large medical expense 6 months after you buy your duplex? Where's the money going to come from to pay the good doctor? When the rest of the family finds out what Grandma did with her emergency fund things are going to get awkward for you real quick.

Avoid the "active investor:" You don't want to borrow from a friend who thinks just because they loaned you some dough they suddenly get to be involved with the day to day operation of your business. Partnerships are generally unstable to begin with, now throw in the weird dynamic of having to work with someone who likely has no experience with real estate. Not a winning situation. As with many things in the RE game, this requires being a good judge of character prior to signing on the dotted line.

Don't use private money for your first loan: Now, there are plenty of successful RE investors who got started with money from daddy (last I checked one was running the country). That said, I strongly suggest saving up for your first purchase on your own. Knowing what it took to earn your money will make you think long and hard before spending it, ideally leading to a more prudent investment decision. More importantly, if you have a few deals under your belt, you'll actually know what you're doing. This will lead to more confidence and a more realistic proposal when you go approaching your old college buddies hat in hand.

Pros: 1) Inexpensive: Can be very inexpensive, usually this is just a written or handshake agreement. If the lender is well known to you its common not to involve a lawyer; **2) Flexibility**: Rate and terms are whatever you and lender agree on; **3) Speed**: You can get the money quickly, as soon as the lender hands you a check it's yours to spend; **4) Legal**: If you default, often the lender can't come after your assets. That said, if this is a major consideration when borrowing money you should see a shrink. Don't be a scumbag. Pay your bills

Con, Potential to Ruin Relationships: A wise rapper once said "Money and blood don't mix." Given all the business names with "& Sons" tacked on the end, I'd have to disagree with him. That said, one should not underestimate the power money has over personal relationships. Not only does borrowing from someone close to you expose you to the potential pitfalls described above, it will generally change dynamics in any personal relationship. Even though they're earning interest, the average person who lends to you will feel they did you a favor, and that you "owe them one." I'll let you use your imagination when it comes to how that could impact your friendship. Just make sure before you approach someone to ask them for a loan, you consider what type of personality they have and how it might change the dynamics between you, them and the rest of those around you

Tips from the Trenches… Now That We've Covered the Basics

Looking for seller financing? Target the oddballs: If you want to avoid dealing with a bank you have to find a seller who's motivated enough to invest in something extremely risky: your real estate career. Where do you find these types? While they can be found anywhere, I've noticed they're more likely to own oddball or run down properties. Oddball properties could be a weird mix of residential and commercial units at one location, buildings in less than desirable areas, specialized commercial buildings that are currently vacant, multiple single family homes on one lot, and just about any other combination of traits that make them tough to market. Obviously if the seller thinks he'll have difficulty selling, he'll be more open to sweetening the deal by holding paper. Run down properties are a sign the owner is either uninterested in maintaining them, or has no idea how to manage property. Either way these people aren't up to dealing with the challenges of property management which often makes them more motivated than your average seller.

Want to do a deal with little or no down payment? It's easier than you think: Though high leverage deals come in all shapes and sizes, the most common types usually just combine two or more of the lending options I described above. For instance, want to put only 10% down, on a 10 unit apartment building? Get a commercial mortgage for 75% and a seller second mortgage for 15%. I've done that exact deal and a few other very similar ones. Want to put nothing down on that duplex? Borrow 75% with a residential loan and get Aunt Wilma to put up the rest with private money.

When choosing a bank, go local: As I mentioned above in the commercial loans section, relationships with bankers do matter and generally speaking, the smaller the bank, the more likely you are to be treated as a valued customer instead of a number. If you do multiple deals with the same bank, are easy to work with, never miss a payment and have gotten buddy buddy with the lending officer there, it will greatly increase your odds of getting a loan going forward (and make it less time consuming as they will already be familiar with your situation). In addition to this, local banks are more comfortable with the surrounding area and will often be more likely to loan money for local properties that a big bank considers too risky. Many smaller banks even have mandates that a certain % of their lending must go toward borrowers in their city, county, etc. These factors can only increase your odds of getting the loan.

Don't throw all your eggs in one basket, or dollars in one vault: Though I recommend dealing with smaller banks, there are a few downsides. They oftentimes will only be comfortable lending you a finite amount of dollars within a given year, so while it could have been a piece of cake to get your most recent purchase approved by Main Street Bank & Trust, if you approach them with another deal two weeks after closing, they may get nervous. Also, if you do it right, there is a chance you'll outgrow the bank and your deals will be too big for them to underwrite, or you'll already have so many loans on the books that they won't be comfortable lending you any more. To get over this hurdle I suggest cultivating relationships at multiple banks so that if Maine Street Bank & Trust is cutting back on it's Commercial RE loan exposure this year, you can talk to your guy at Community Credit Union in order to get a mortgage to buy that strip mall where your two pack-a-day aunt goes tanning. The same goes for maintaining deposit accounts, as in all situations, money talks and banks will be far more open to working with you if you toss some dead presidents their way.

When starting out, don't be afraid to "live the dream:" Many RE investors get their start by occupying their first (or even first few) investment properties. The reasons being A) we all need a place to call home B) Owner occupants receive preferential treatment from lenders and can qualify for generous government backed programs. I'm not going to get into the different programs here as that would be an article in and of itself, but a simple online search will yield quite a few results.

Leverage can make you rich but only do the deal if you make money: No matter how sweet the deal is: nothing down, cash back on closing, whatever. Don't let it blind you to the most important factor: it needs to make money. Prior to signing on the dotted line, always take the time to put together an accurate projection of what you stand to make and spend on a given property. If there's red ink on that bottom line, walk away.

RealtyShares: If you're interested in investing in real estate (passive or active) we can recommend RealtyShares, a crowdfunding platform for investments around the United States. By using a crowdfunding platform run by professionals, you can potentially benefit in the following ways: 1) ability to see how professionals look at real estate by viewing multiple approved projects, 2) access to a variety of asset types including single family homes, multifamily, retail and office, 3) access to offering types including debt, equity and preferred equity offerings and 4) a range of targeted returns and holding periods to meet your personal risk-return profile. Finally, we note that minimums are as low as $5,000 allowing you to get your feet wet in real estate investing for the first time or build a large portfolio of assets that provide passive income.

Thats that. Thanks again to the WSPs for allowing me to post and thanks to all of you for reading. – OwnMyHood

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How To Make Money Online Starting Today.

How To Make Money Online Starting Today.

One of the biggest excuses when trying to make online is saying "They don't know where to start". While we gave out all of the major markets in Efficiency, making it impossible to not know where to start, this will boil it down even further to prevent the incessant excuses. At the end of the day, while it's best to have recurring revenue, it's not a guarantee that you start with recurring revenue. Even people who become billionaires have typically worked some sort of hourly wage job at some point in their lives. This will start at ground zero so there is absolutely no way that you earn $0 online in 2019.

Step 1 – Decide on the Service: That is right. Since we get a lot of complaints about how it is impossible to start a product from day one, instead we're going to start a service. A service is a time for money exchange (not good long-term). But. It is also the easiest way to make money starting in month number one. Also. There is a 99% chance that you will go ahead and create a product after your first service experience. It makes logical sense as you're going from service to product due to demand. So… What is your service? Your service is your current work.

Remember. There is only one way that you'll have a job long-term. It means that you're producing *more value relative to your cost.* Would you hire someone who lost you money every week or month? No. So by definition you're earning less than you are worth since the Company needs to generate a profit. It needs to generate a profit and if you lose them money, you'll find yourself in a conference room quite soon.

Step 2 – Pricing: So. We've already instantly killed the original part "what should i do". You're going to do whatever it is that you currently do but you're going to offer it directly to the consumer. This means you're going to offer the exact same service. Now all you have to do is come up with the pricing. What is the pricing? It is = to your (current income rate) * (1 + the margin line). If your current business unit makes a 20% profit, this means you should be able to charge your hourly rate + an additional 20% on top of it. Keeping it simple, if you make $100 an hour … that means $120.

Why do you need to charge more? Well the answer is clear. First you need to prove to yourself that you are worth more than you are currently earning at this point in time. How else can someone complain about pay if they can't get anything better? If you're really worth more than you're being paid then you should certainly charge more than you're currently being paid. Simple. The second reason? You'll work a ton harder knowing that you're factually earning more for your time than you did in the past. If your current boss told you you'll get paid 20% more if you do "well" on some new project, we can all agree that you'd work harder.

Step 3 – Eliminating the Final Set of Excuses: If you work in a position that cannot be directly transferred online then we're going to kill that argument as well. If you're unable to take your current position and do the same thing (or similar) online then you're going straight into the "looks" industry. What is the looks industry? It means anything that makes people look better. People are vain, insecure and always looking for an edge (pun intended). If you think the industry is saturated we've got news for you it absolutely isn't.

There is a trick here as well. The reason why we'd recommend the looks industry is that you're forced to be in shape and look good if you're trying to sell a service into this space. It can be anything. You could become a style coach, a fitness coach, a makeup expert, a hair expert, a grooming expert. There are so many choices here that it is factually impossible to be unable to learn one of them. Don't worry. The market is so huge that there is room for another person. There are hundreds of people making money with "looks" based businesses that are not special on a relative basis. The difference is that they are actually trying and working hard to get clients. Oh and by the way. By doing this you'll earn more money as good looking people out-earn average looking people particularly in sales (unattractive sales people are rare).

Step 4 – The Boring Stuff: Don't want to risk anything at all? Okay great. All you need is a website and the name of your service. "Name + service". Just type in your last name followed by the service and that's the basic domain. Really. That is it. If you don't have the $150 to pay for the entire process which is simply website hosting and a clean wordpress domain… Then it is time to leave this website and never return. In fact, it's smarter to do everything right which will cost closer to a few thousand dollars but the point of this post is to make money *now* and figure out the rest of the stuff as you move along. What do you need: 1) website, 2) hosting, 3) social media accounts. That's really it. The first two items are at max $150 in a year and the last item is completely *free*. So nothing here that costs a penny. Cheap and free.

Step 5 – The Quick Hustle: Now you have something to offer. Who knows what it is since that isn't the point of this post (we give out the major ones we'd do in Efficiency). Now you need to get some attention/traffic to the website. All you need is "free" stuff. We are putting free in quotes since you're going to "break the rules". Create some flyers if it's going to be a local service (say fitness trainer). It could be anything but if you're doing it for work in your city it usually means (99% of the time) that people are looking for that type of work in the same city! Amazing how that works. You'll go ahead and get the flyer ready and *gasps* print it out at your current place of work. Sure you're using the color printer for a hundred prints of your flyer but we doubt anyone will notice. People print out their tax returns and other non-employee items at work all the time. So. Simply print them out and begin the distribution process.

In addition to this basic set up you're going to blast text message every single person in your cell phone about your new service. Don't want to blast message people? Then we suggest giving up and leaving this blog again. If you send one message and the person gets so upset that they complain about it then you shouldn't have them in your phone in the first place. They did you a favor by showing their cards. So simply do it once, remove the people who get upset, say "thank you!" to the ones who help out and say "no problem!" to the people who aren't interested. The only ones you "lose" by doing this are the ones you wanted to lose in the first place (the very first group that flips out over a simple 1-3 sentence message).

Step 6 – Get to 15 Hours a Week: That is the only objective here. Once you have 15 hours a week of consistent service by doing basic marketing tactics: flyers, social media and SEO on Google… You're officially "in business". No you're not making a ton of money (probably nothing relative to the amount of work it took to start all this in the first place), But. You're officially making money, cash flow positive and you haven't lost a cent. There seems to be some obsession about "never losing money" which separates the eventual winners from losers (winners are willing to risk lots of money over time if the odds are good). That said. You're making money and haven't lost anything in the process. Congrats!

Step 7 – Product Ideas Begin: After you have consistent income coming in 15 hours a week, there is going to be a "tell". This means that people will "tell" you what they want. This is essentially a fact. If someone is paying for your time, and they generate good results from your time, they will want a product from you. If you're in the looks category for example, they will ask you for product recommendations. We are keeping this broad since "looks" makes it impossible to argue that there is no market. It could be products related to hair, skin, muscles, clothing, etc. When people keep asking you for a specific type of product *write it down*. You will then enter into product sales.

Step 8 – Affiliate Marketing: Affiliate marketing is nothing more than recommending someone else's product. That is it. If you recommend that a person buys a $100 item you receive a small commission for it. By way of example lets go with $5. Congrats. You were going to recommend the product anyway so why not get paid for the recommendation in addition to helping the person. *It does not cost them money.* People get really really really upset when you talk about making money online and it's essentially unwarranted. You're not charging them more, you're not charging them less. They would have paid the exact same amount of money either way. The only difference is you get a small part of the revenue. Anyone who complains about this stuff is not someone you want to be friends with and is not someone you want to associate with. In fact, people will be thrilled that you get paid something for it. If you're helping your clients solve a problem, they are going to be extremely happy that you're making a few bucks when they buy a product that works.

Step 9 – Product Creation: At this point your "online hobby" has evolved. You're no longer selling just your time for money but you're also selling products now. After selling a service and recommending products for a year to two years you're going to realize that you could just sell your own product! Keeping it extremely basic, if people are always asking for moisturizing lotion for their skin… you can just create your own product. Why is this so easy? All you'd need to do is grab the ingredients of the product you're currently selling for someone else and create the exact same thing with a few extra bells and whistles. This same concept applies to everything: 1) clothing, 2) grooming products, 3) protein powders…. The list goes on and on and on and on. Anything that you're recommending can be recreated.

Step 10 – Scale: After doing all this you'll realize that selling a product is the best possible way to earn money. You'll wake up with more money in your account (people buying products as you're sleeping) and you'll look for ways to make the cash flows more consistent. Essentially you are going from the absolute bottom: time for money exchange to product sale to stabilizing the sales. Stabilizing the sales will include recurring billing like your cell phone bill or the numerous products offered on Amazon for weekly or monthly refills. This helps create more predictable earnings as you're no longer forced to make constant one time sales that do not repeat. A big win.

The End of Excuses: While Efficiency gives the exact markets we would target, this post now makes it possible for anyone to earn money online. Absolutely no excuses at this point in time. Everyone wants the "lowest risk" avenue and we've now given it out in 10 basic steps. Anyone who is currently employed can follow along and make money. It really is that simple. The funny part? No one is going to try. Well not no one but maybe 1% of people will even bother. We've already seen this after our product launch as we had roughly 10 people actually execute on the plan and earn multiple six-figures online. The remainder? Continuing with the same tired old excuse: "Where do I start".

Now that we've killed the lamest excuse of all time "don't know where to start", we'll have our Q&A on Wednesday. As usual for purchasers only!

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How to Operate in Airports and… An Important Announcement

How to Operate in Airports and… An Important Announcement

We're doing a combo post since this will be more informative than anything. For fun, since we've racked up more miles than we could possibly imagine the last ~2 years, we're going to give out all the tricks you'll need for traveling. In addition, since we're selling one of our internet assets (expected close on October 30, 2017) we have a small announcement as well. We have no idea if this post will be of interest, but if you plan on making a good deal of money you'll likely be forced to travel quite a bit for at least one year of your working life. If you end up getting a good career in sales? You'll be traveling quite a bit as you move up the stack.

Airport Skills

If you have additional airport travel ideas be sure to drop a comment. That said we think we'll cover a ton of time saving tips with this post alone. After racking up hundreds of thousands of miles, you'll find multiple tricks that work and we have no problem giving them away for free. Besides. Time is something we never get back so we may as well save it starting on day one!

Step 1 – Clear, Pre-check/Global Entry and Others: The first step is to get pre-check or Clear/Global Entry. We prefer using Clear/Global Entry but the difference is relatively minimal. Unless you plan on doing a lot of international travel, going with Pre-check will work perfectly fine (otherwise go with Global Services). You'd be surprised at how much time this will save you in an airport. While the lines are perhaps a tad shorter (lots of travelers do have pre-check) *the key is that the people are organized.* Instead of dealing with swaths of people taking their shoes off, forgetting laptops and not remembering to clear out their pockets… The vast majority are **fast.** We estimate total time savings of 15 minutes by signing up for these programs. On a round trip flight that 30 minutes a trip. *Tons of recovered time.*

Step 2 – Booking: Ideally, book all flights with zero connections. It is better to fly in economy/economy plus and take a direct flight, than sit in business class and be stuck in the airport due to a missed connection. *Always book direct.* We know… This isn't possible 100% of the time. In the cases when you're forced to fly with connections, book the longest leg first and the shortest leg second. This is because there are typically more flights when you're closer to the location. Flights from NYC to Boston are quite frequent (called the shuttle) so you're better off flying into Boston then to NYC **vs.** flying into another city such as Chicago then to NYC. We think this will save you a few hours of time per year since you're less likely to miss meetings.

Step 3 – Seating & Packing: Best to take the window seat. This is obvious but the aisle is prone to issues. Aisle seats require you to potentially move if other passengers need to get up and walk around. And. The flight crew will bump into you 90% of the time. People are not coordinated and Aisle seats are actually harder to sleep in. Book the window which is the main purpose of staying organized (booking early)…. Now… When it comes to packing you already know our basic rule. Choose an international carry on bag only. This makes you more efficient and you won't need two different carry on bags for flying.

Step 4 – Time Saving Items in the Airport: Now that your trip is set up you should utilize the Airport for the most advantages. If you're not part of the club (or the airport doesn't have a club) you can still take advantage of items found in airports. The main ones are relatively cheap massages that do work (a good habit to have as flexibility goes down with age), shoe shines and places that offer juicing (vegetables). Ideally, you'll find the exact amount of travel time to minimize down-time in an airport, but keep both of these items in mind if you want to get there ~25 minutes earlier than usual. A basic massage (15-20 minutes) and a juice 5 minutes, will knock out two items you needed anyway – improved flexibility and high quality calories. Notice… If for some reason you're flying to a place with food options that are lower in quality, the answer is to get to the airport 15 minutes early to grab a healthy juice before getting on the flight!

The next time saving item is a bit more extreme. Since you'll likely get into one of the higher priority boarding groups, there is no reason to shave before going to the airport. If you're one of the first passengers on board, you can simply hop into the stall shave and sit down before the flight is fully boarded. This applies to all of your basic morning routines (excluding a shower). Add all of these items up and you should be able to save 15 minutes per trip depending on how you want to organize the day.

Step 5 – Health: Flying is terrible for your health. Do not be fooled by the "glamour" of flying a lot. Anyone who enjoys flying has never really had to fly a lot. The conditions in an airplane are not good as you're exposed to 1) more bacteria (potential to get sick), 2) cabin pressure which is terrible for blood flow and 3) the dreaded conversation with the person sitting next to you (wish we were kidding, it's typically terrible). To combat all of these items you need to be prepared for the flight with the basics.

The first thing is compression arm sleeves and compression socks. If you think we are kidding, we are not. The main problem with flying is that you're sitting down in a pressurized cabin which restricts blood flow. The reason why people feel terrible (even if they sleep the whole time) after a flight is due to this issue. Your body is not meant to sit down in a pressurized cabin for multiple hours in a row. We recommend getting at least two pairs of each (compression socks or leg sleeves) and compression arm sleeves. If for some reason you believe this is too "weird"… simply wear a long sleeve shirt and jeans. No one will notice anyway.

The second thing is also in-line with blood flow (notice a trend?!). We also recommend taking a ginger shot with cayenne pepper or taking a Baby Asprin 30 minutes before the flight. Ginger shots with cayenne improve blood blow and you can even get this at a Jamba Juice for a few bucks. Otherwise pack your bag with a small stash of baby Asprins. Taking a tiny pill a few times a month isn't going to do anything and many people take them daily to help blood flow.

The next items are common but easily forgotten. You'll need 1) a face mask for sleeping, 2) ear plugs, 3) a book and 4) a pack of gum. These are all self explanatory but to keep it all in one place, a face mask is to aid sleeping, the ear plugs prevent people from bothering you with small talk and a book is for helping your eyes get tired (no blue lights!). The pack of gum is more of an add on. When you're on a flight it is much more likely that you breathe out of your mouth due to dehydration/pressure/moisture change, this will cause you wake up feeling worse and gum helps you get back to normal steady state within 5 minutes of landing… And… To cap it all off, feel free to add a pillow if needed. We've found it unnecessary (takes up too much space) and doesn't seem to make sleeping any easier.

Step 6 – Ready for Take Off: Since you're well prepared you're now set to either sleep or read. You'll avoid all of the bad items on a flight (alcohol/carbonated drinks). You're better off staying hydrated since flights (again) are not good for your health. Drink water or an electrolyte drink before and during flight (grab some coconut water at the airport). It is likely obvious, however, if you plan to sleep you'll want to position your body at an angle with your head close to the window and your feet facing diagonally (maximizing leg room). Assuming you're not in a lay-flat seat (majority of shorter flights are not lay-flat) the goal is to maximize the angle.

Step 7 – Bonus Items: Unless you're balling out of control flying private everywhere, you'll be in this mixed position of having some business class flights and some economy flights. The main idea here is to go for business class when you can get on lay-flat beds. This is important. The value of sitting in business class is probably 100x higher if the flight has a lay-flat bed vs a standard "lazy boy" chair. If you're on a long flight that has some options for lay-flat beds and standard business class, go for the lay-flat flight if you're going to pay for business class in the first place. You'll wake up feeling a lot better with this set-up.

Personal Finance Announcement

As many of you know we started a Q&A to see if we should create a forum. Our answer has come to a resounding "no" for now. That is because 90% of the questions came around investing, how much people should aim to have and other such items. So? We're simply going to create a product to address that question. It won't take us a long time to make (likely 3 months) and we'll clean up our inbox since 90% of the questions are around this topic (was not covered in Efficiency). *Also, If you paid for a question related to personal finance (and we answered) you'll get the product for free.* The outline is below and if there are other topics please let us know and we'll crank it out over the next ~3 months. Timing was perfect since we're unloading a website (have bids at a price we'd sell for already!) and will have a month or two of downtime to focus on anything Personal Finance related. The outline is below:

1. Where to invest your first $10K after you have already started a business that is profitable?
2. How Many Income Streams to have by Age
3. How Much Money Should You Have (benchmarks through age 40)
4. Overviews of Stocks: where we are personally invested and what we see happening over the next 5-10 years
5. Overview of Crypto Currency Investing: what we own and why
6. Overview of Real Estate: where we are now investing and what we would do today depending on age
7. Overview of Bonds/CDs: how much cash and lower risk we'd have
8. Portfolio Overview by Age: how much risk is too much or too little risk
9. **If you have another topic please leave it in the comments.**

On a final note… We also saw a lot of mis-interpretation around Efficiency. We stated several times you'll need $50K to create a business *this assumes you will create the actual product.* If your goal is to be an affiliate selling products that someone else creates your cost to starting up is likely around $1K. Our post on starting a Company being the best way to get rich assumes you go the product route.

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How to Pick Up a Sexy Latina

How to Pick Up a Sexy Latina

It has been a bit tense around here (after killing all of our haters in two simple posts!)… so lets lighten the mood.

Most information out there just isn't good enough. It is too vague and offers the same cookie cutter advice. This post is going to take an extremely deep look into the nuances of Latinas. If you believe that literally all women across all cultures are *exactly* the same… Well… you haven't traveled much.

Here is the outline:

1) Useful Items and Skills – the Basics

2) Nitty Gritty Based on Your Skills and Look

3) Interesting Traits

4) Adjustments to Make to Your Crib

5) Fun Facts to Use On Your Dates

6) The Downside

1) Useful Items and Skills – the Basics

Before we add direct value with *actionable advice* we need to comb over the basics (all actionable of course). Most people won't even get through the basics so you'll be far ahead of your peers before you even land in Mexico City, Santo Domingo, Medellin, Rio or otherwise. Lets begin:

Language: You need to obtain conversational Spanish or Portuguese. This will take you roughly one year. If you fail to do this, you're going to settle for mediocrity (not something we approve of). There is no point in showing up. If you're going to go without learning anything… Then your best bet is Rio de Janeiro. In Rio de Janeiro many people will speak fluent English and have an interest in foreigners. The second best city for someone who speaks no Spanish is Mexico City. Tinder is extremely popular there and you can get by with Google Translate if you have the right look. Again.. Tinder and showing up in Rio with no language skills are both things we would never approve of , but if your thirsty friend wants to tag along…

Logistics: This applies to any girl. We're only putting it in here because you need to do your due diligence on the city. Make sure you stay within a 5-10 minute cab ride of all your date locations. You should have a list of clubs and bars that have been vetted by friends who have been there in the past. Finally, if you're looking to break into the higher tiers, you're going to need a nice place. As stated in the past, attractive women have options and your hostel is not going to attract anything worth bragging about (unless you look like a model or some such insane circumstance).

They Play Dumb: Latin women play dumb. This is why many people complain about their "flakiness". The real defining feature of a Latina is that *she knows you're hitting on her* from hello. This is also why direct game works better. Use indirect game and she'll assume you're a little kid.

Remember, they will do everything in their power to remain happy, bubbly and girly (at least the good ones do). Make no mistake. They are playing dumb. If you want to avoid the flakiness (you won't) your best bet is to obtain solid and strong eye contact. Unlike other women, Latin girls tend to show lots of interest by holding long eye contact with you (this is across all countries).

Salsa: This is not a necessity but it will help (Brasil is excluded, they dance forro/samba, both of which are unnecessary). If you're going to the Dominican Republic work on your Bachata (Aventura, Prince Royce). If you're going to Colombia work on your Cumbia (Joe Arroyo). If you're going to Mexico work on your Mambo (Tito Rodriguez). Learn to dance "on one". If you already know how to dance on one, on two and on three… No need to learn anymore.

In short, if you're looking to gain an edge you should have *decent* salsa skills. Naturally, speaking the language is a much more needed skill. Finally, once you're competent at dancing you do the opposite… **You lie down.** Your friends who are also good at salsa are going to talk a big game and tell everyone that they are great at dancing. **Do the opposite.** Explain that you're just a "beginner". Then you can show off your intermediate skills and impress. Besides, if you talk a big game… there are literally millions of better salsa dancers in Latin America. Don't bother competing in that category. You'll get crushed.

Heightened Sense of Smell: Couldn't come up with a better tagline. Oh well. You should definitely invest in a solid cologne. Go to a store with 2-3 different girls and ask their opinions on the colognes. They don't need to be girls you're dating just bring a few girls you know as acquaintances. If you don't have any friends at all… Then go with something basic like Georgio Armani. Colognes and perfumes are extremely popular in Latin America and they will notice.

Do not ask the girl who works at the store. She just wants to make a sale and doesn't care about your sex life.

WhatsApp: Download it. We have said it before. You need this application for international communication.

Concluding Remarks: This is the bare-bones framework for doing well with Latin girls. This is also where most advice ends. If speaking the language at a basic level, knowing basic dance moves and having a good cologne is too much work… You shouldn't even book your flight. Stay at home. Go back to watching useless motivational videos and motivational text.

2) Nitty Gritty Details Based on Your Skills and Look

Before we begin… Some comments in here are going to give advice based on your race and look. Somewhat controversial. That said, we have ***zero*** respect for racist people. They always end up embarrassing themselves because they are insecure idiots.

This section is called Nitty Gritty for a reason. Some cultures have biases based on specific looks and you can utilize this based on your personality.

You decide to take your first trip. Unlike other people you have set the date a full year in advance.

You spend one year learning both the language and the basic dancing skills (congrats you're ahead of 99.5% of the pack).

We only have experience with the following countries: Mexico, Dominican Republic, Colombia, Argentina, Brazil, Peru, Venezuela (Venezuela has serious issues at this point so it will be left out). We apologize in advance if we missed the country you're going to but we don't type about stuff we don't know (you guys know this already).

In order of ease: Dominican Republic, Peru, Mexico City, Rio, Medellin, Buenos Aires

Facial attractiveness: Argentina, Medellin, Mexico City, Rio, Dominican Republic, Peru

Body type attractiveness: Rio, Argentina, Medellin, Domincan Republic, Mexico City, Peru

Feel free to make small adjustments to the order above. But. Anyone who has been to all six is going to understand the order. Facial attractiveness is not really debatable, as it is based on the symmetry of the face. Body type, however, will vary.

If you're into extremely petite girls… Rio would drop down the list and if you absolutely hate thinner bodies then Argentina and Medellin would drop down as well. Finally, just like everything else in life, the more attractive the women the harder it is to do well in that city. Not rocket science.

To get top tier girls, you need to be a top tier guy (in their eyes).

Now onto the more controversial stuff…

Where you should go based on…

Ethnicity: White – Brasil/Peru/Mexico, Black – Mexico/Dominican Republic, Asian – Brasil/Peru, Indian – Dominican Republic/Brasil

If You're Rich: Argentina, Colombia, Mexico City

If You're on a Budget: Peru, Dominican Republic, Brazil

If You're in Incredible Shape: Brasil, Peru, Some Cities in Mexico

If You're an Extremely Sharp Dresser: Mexico – you will get face controlled or dress code controlled rapidly if you do not know how to dress sharp at the top venues

If you're 100% Fluent in the Language: Colombia, Argentina, Mexico

Now that we've given you the actionable steps and the destinations here is the overview and why it is set up this way.

Basic Destination Overview:

Brasil: Generally speaking, you're not expected to know much Portuguese. So if you only have one year to prepare, it ends up being a great destination for anyone across multiple ethnicities.

Why? The major cities have had a lot of international influence so there is less racism. In many parts of Latin America, your skin color does matter and anyone who says otherwise is simply a liar and has never travelled there. That or they are socially inept and cannot tell how people are treated differently. We're here to give the truth.

Cliff Notes: 1) lower expectation of language abilities in major cities – more so outside of Rio and Sao Paulo, 2) being in shape is practically a necessity, 3) lots of exposure to many cultures, 4) expensive destination these days, 5) extremely friendly relative to other countries, a great place for a newbie

Peru: This place has a negative stigma against an Indian look or a darker skinned person. Hence why it drops off the list for black guys and Indian guys. In addition, Peru has had an Asian president so the stigma against Asian men in Peru is much lighter than other areas in Latin America. To reiterate, not trying to start a pissing battle just telling it how it is. The attractiveness of the women isn't that great but they are much more interested in foreigners relative to the other countries.

Cliff Notes: 1) basic Spanish will do fine, 2) girls are extremely receptive to foreigners, 3) downside is this is one of the least attractive of the 6 countries mentioned, 4) can take advantage of the beach, 5) this is the most racist of the 6 countries against people with an Indian type look or darker skin

Mexico: Specifically, Mexico city, has a lot of international influence. For one reason or another black guys tend to do extremely well here. Broken record. Not trying to race bait just telling you the reality and how to capitalize upon it. If you go to smaller towns you're playing roulette but Mexico city is a great destination for practically anyone given how large the population is… If you can't find a few girls who are interested in you (city of 10 million people) the problem is in the mirror.

Cliff Notes: 1) Huge city gives huge advantages if you play the numbers game, 2) tinder is extremely popular but of course… it is unnecessary, 3) Nightlife is extremely fruitful, 4) parks are great for meeting girls during the day, 5) lots of museums and art if you're into that.

Colombia: Relative to the three countries above, Spanish is pretty much a must. Unless you've got a lot going on for you… you're going to need *beyond* 1 year of basic Spanish to do well. Unless you want to go and hook up with 5s in hostels. In addition, of the countries mentioned here, money is extremely important. You're going to be paying for cab rides, strong logistics etc. It matters.

Cliff Notes: 1) more than 1 year of Spanish is a *necessity*, 2) need to have your wits about you and night game is practically a waste of time, 3) women will be receptive during the day, you'll deal with flakiness, 4) better for longer term stays, 5) much more attractive probably #2 of the six… Not good for beginners

Argentina: Social class is king here. While many will say Colombian women are notorious and shifty gold diggers… Money is practically a necessity in Argentina. It will help you immensely. There is a great stigma in both Argentina and Colombia based on "class".

Cliff Notes: 1) the most attractive overall, 2) not smart to come here for short durations, 3) class matters more than skin tone, ie: make that money!, 4) dancing will help a lot particularly if your Spanish isn't great, 5) similar to Colombia, strong Spanish is practically a necessity

Dominican Republic: This has a lot of similar characteristics as Peru. The difference is the skin tone and music choice. Bachata will help you here and you'll experience much lower levels of outright racism. Don't worry. Just like all other Latin countries they'll try to find a way to scam you for your money! Ha.

Cliff Notes: 1) one of the easier countries but lower on the attractiveness scale, 2) not expensive so it competes with Brasil as a good starter destination, 3) Bachata will help you quite a bit, 4) being in shape helps quite a bit but still ranks below Brasil if you're extremely fit, 5) no problem for a short trip, you can see the vast majority of the city in a couple of weeks due to the size

Concluding Remarks: For those that are unable to read between the lines, the clear choices for beginner countries are Mexico, the DR, Brasil and Peru. Leaving Colombia and Argentina for those with more money, Spanish skills and connections. In addition, we've given you a basic outline that you can use based on what your ethnicity is and how in shape you are. Now it's time to move onto more detailed and actionable information.

3) Interesting Traits

Unlike other countries in Latin America, it is frowned upon to be a weak man. In short, it is okay to be masculine. Hence the proliferation of "machismo" personalities across various cultures. If you would describe yourself as a hipster… you're best off avoiding Latin America in general. All else equal, you will get paved.

Responsive to Story Telling Not Sarcasm: Latin culture is not okay with sarcasm. It is a waste. You should also avoid all sarcastic women (all sarcastic women are horrifying to be around). Your best bet to create a connection is through a fun story involving something dangerous. If you don't have 5-10 interesting/somewhat dangerous stories then your life has been quite dull.

Only Sexual After Sex: There is no point in bringing up sex during any conversation. Unless of course you've already had sex. She already knows you are hitting on her (see the beginners guide on all Latin girls "playing dumb").

Generally speaking, after sex they are going to be perfectly fine walking around topless in your place. They do not play "games" anymore and once they have committed to having sex with you… you're in the clear. Finally, for some reason they prefer to be taken from the back and will even request this. If you think that sentence is odd… *don't believe us*. Ask someone you know who has slept with a lot of Latin girls. Their eyes will light up as they say *"hmm that's oddly true"*.

One last odd sexual trait. They have a strange habit of going to sleep with their bra "on". When they are really tired and about to sleep… they'll take it off and throw it to the side. Get used to it.

*They are Claustrophobic – Spanish Speaking *only*:* They do not like tight spaces. One defining characteristic of Latin America is that the nicer areas are all extremely wide and tall. Unnecessarily so. Take a look at a bathroom in Latin America and you'll find large oval or circular sinks. The clubs are also extremely large and if you are the type to get sloppy drunk and knock into people… You'll be kicked out quickly.

Notably, this claustrophobia is applicable primarily to Spanish speaking Latinas.

****This does not apply to Brasil**** In Brasil they will frequently touch you and expect a kiss extremely quickly.

First and Last or Move On: This applies quite a bit to all women. But. If you want to *decrease* the chances of a flake, the interested ones will give you both her first and last name when you grab her number. The uninterested ones, or less likely ones, only hand out a first name. You can use this to quickly get rid of junk numbers… or roll the dice. Up to you.

Happy to Admit Money Matters: Once the gloves are off, Latin girls are happy to admit they do like money. Unlike other groups, they understand that money does help get girls and they will respect men with money. They don't care how you made it (hence the laundry list of attractive women who date drug dealers).

Given this trait, the status/wealth effect is magnified. Nice cars, nice location and nice clothes are necessary for every single girl worth dating. That said, it is magnified 2x when dealing with Latin girls.

Concluding Remarks: Some of these apply to all women (no woman is going to dislike a man because he has money for example). But the remainder are odd quirks applicable to Latin girls. Now lets move on to adjustments to your home.

4) Adjustments to Make to Your Crib

After the previous traits you're probably wondering… How do I use this information to my advantage! Of course you've come to the right blog.

Bathroom Upgrade: If you're specifically looking to gain a small edge… Invest in your bathroom. Latin girls will go through your stuff. Seriously, they will. Every Latin girl has later admitted to going through the medicine cabinet etc. Just to see "what's in there".

Your bathroom should be much nicer if you are specifically interested in Latin girls. It means the following: adding girly soap, some air freshener, upgrading the sink to one of the annoyingly large sinks and perhaps putting a small amount of drugs in the cabinet (wink wink… sort of… depending on the girl you nabbed). It is up to you to utilize the knowledge that she will absolutely go through your entire medicine cabinet.

Food and Drinks: Go with the likely candidates. Most Latin girls like spicy food, citrous foods or seafood. Those three are your best candidates. You may catch a few who don't like any of those but we'll bet that 90% will love those three items. In addition, for drinks they generally do not get "white girl wasted" they are much more careful and smart about what they consume so you should have a good mix at your place.

Here are some specific ideas: 1) flaming hot cheetos – if you're a college guy, 2) fish/shrimp tacos – small sized of course, 3) mango juice for margaritas – mangoes are particularly common in Mexico, 4) the young girls tend to like jack and coke (no idea why) or moscato and 5) champagne, practically everyone likes this so it is a good last second idea.

If you have all five of those items on hand… you're good to go.

Music: As mentioned above… You're going to know basic dance moves. You will have a basic understanding of Latin music. Now the key part… What type of Latin music should you play and what type of Latin music should you avoid? Again… You've come to the right place.

Practically any song from Romeo Santos is going to be in the "okay" zone (always double check). He is well known enough for you to have knowledge of him and not *too niche* that people will think you are crazy/overly eccentric.

That was a simple example. You can go ahead and try to stick to something from Marc Anthony, but he is almost *too well known* so it won't be clear that you have some interest in Latin culture. On the flip side here is an example of going too far.

You've gone too far. Abort mission.

It was painful to even post this video! The song is too cheesy. Too much of a romantic backdrop. Not really surprising as Prince Royce is a younger singer. This song would be equivalent to playing Justin Bieber in your place… Not a good idea!

We've given you two clear examples: one good choice and one terrible one. The rest is your call. Look up the lyrics and listen to the tone and you should be able to read between the lines. It is an art not a science. But. We've handed you clear examples.

Concluding Remarks: If you have normal to good game, your apartment/home/crib is already set up with the necessary items. So we've simply added three tweaks to make if you're specifically looking to date Latin girls.

5) Fun Facts to Use On Your Dates

Lets say you run out of material. Here are some basic things to bring up in your conversations, depending on who you're talking to.

– Talk about how gangs use Banda music to communicate assassinations (it is true, this is a Mexico comment)

– Talk about different styles of dance by region (Colombia – cumbia, mexico – mambo, DR – bachata etc.)

– Talk about how all Latin people seem to defend their countries to death! Joke about how all Brasilians believe Brasil is the best place in the world and all other South American countries suck. This is a general trend in all of Latin culture.

– Joke about their favorite alcohol being garbage. This is a slippery slope because they love their country but deep down they know that aguardiente (Colombia), Mezcal (Mexico) <– these two in particular; Caipirinha (Brasil), Presidente's (DR) are wayyyy over the top.

– Make specific cultural observations: square napkins in mexico (shows you're willing to eat at some of the sketchy food carts), clavos in Colombia (sketchy cab drivers), extremely touchy behavior of brasilian girls, wine obsession in Argentina etc.

Concluding Remarks: Nothing too crazy in here but you can utilize all of those talking points if you get into a rut. Or lead the conversation to basic items like this to get the flow of the conversation going into lighthearted territory.

6) The Downside

What sounds too good to be true… Usually is! Latin girls also have a few qualities that are going to drive you nuts so you should be aware. In particular:

1) Disorganized / Written Communication Issues: Could just be a personal thing, but it's tough to communicate via text with Latin girls. Best to call. Expect a lot of emojis.

2) Consistently Late: Add 45 minutes to all activities in your brain. This is applicable to all women but more so Latin girls. Just assume she'll be 30 minutes late at minimum and again… expect flakes!

3) Extremely Jealous: If you're out at night and she says "sure go have fun talk to whoever you like" then sees you talking to an attractive girl… she's going to get mad. **It was just a test. It is always a test.** She will even send attractive girls your way to **"test you"** and see what you do. If you're there with a girl, don't fall for these tricks. If she is really just a friend, then of course go for it.

4) Extremely Aggressive Ex-boyfriends: This is not for the girls. If you are dating a Latin girl and she has an ex-boyfriend who gets jealous… he is literally going to go after you. They have no sense of regular fighting and will go full blown crazy.

None of the four items above are meant to deter you. Just be aware of them.

Summary

There you have it. Actionable steps, nuances and some "controversial" advice.

Why are we giving this away for free? Simple. Practically no one is going to put in the work.

In addition? Once you have enough connections you'll find an "in" to many groups. The world is a large place. If you have strong game, a large stack of money and maximized your looks… You're always going to do well. So there is no reason to worry about increasing competition.

Finally. If you end up making a good amount of money, having solid game and are able to do well in every country… We're more likely to be friends than competitors.

That's how the world works. Everything flows to the top. **Get to the top.**

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How to Play Dumb

How to Play Dumb

Before we begin, everyone should take note that a smart person can play dumb but a dumb person cannot play intelligent. A smart person is simply spending 20-30 minutes to triangulate if someone is worth knowing or if they should be thrown straight into the acquaintance bucket.

There are really only three categories where you will be forced to play dumb: 1) Business/Personal Finance, 2) Friends and 3) Dating.

Unlike our other posts we're going to go straight for the jugular and explain how pretending to be dumb is going to change your life financially. In short, people are *not* created equal. Once a person reveals themselves to be of no value, drop the contact and don't bother. Life is extremely short, you don't have time to take coffee meetings with people who are not going to go anywhere in life. Will you be correct 100% of the time? Nope. Just play the odds.

Is this "mean"? Yes. It doesn't matter. *You need money not feelings.*

How to Play Dumb in Business/Personal Finance

Lying About Your Knowledge Base

This is the master key to playing dumb. Learn this skill and you'll save yourself hundreds of hours (wasted meetings/ventures). If you can obtain a baseline understanding of multiple businesses you're going to use the following as your gateway line:

"*Hey, you know*, I've never really looked at XYZ before. *I just wanted to say* you've done a good job building XYZ (type of business), I'm interested in learning more about it. I'm happy to pay $X for an hour of your time."

While the underlined sections will go overlooked to the untrained eye, they are key parts of your pitch. Ideally you can get the person's time for free, but it is usually best to offer some small change to lock in the hour.

When you make the statement "just wanted to say" or "just wanted to let you know" this is usually a phrase used by people with minimal education. You want to *appear* to be a dope in this group. (There is a reason it is used in ads all the time.)

Now… With the backdrop set, you force the person to reveal his cards. Prior to the meeting ask for the following: 1) an example of a successful transaction/business deal and 2) high level numbers for margins, average selling prices and net profit.

Once the numbers are out you're just using the triangle approach. You ask for two "unrelated" data points spread out across the meeting to get to the third point and see if the guy is a liar or if the business is worth it to you.

Example:

– Early in the conversation ask for a tax number

– In the middle of the conversation ask for a unit shipment number

– At the end, ask for a high level conversion number and to *really* make it seem like you're dumb… ask for the ASP number again as if you "forgot"

You now have all of the information you need to determine if the business is worth investing in. If the above bullets don't make sense… simply re-read them and you'll figure out how the person is trapped into giving out all of his metrics over the course of an hour.

If you really want to confirm your suspicions then you go for the tried and true "Hey I don't really know anything about XYZ you just mentioned can you explain the basics to me". You use this line when the person is extremely confident about his knowledge base on the topic. If he slips… you know he's not on the same level as you. It's time to ignore everything he says after that.

Never Reveal Net Worth

Under no circumstances do you ever reveal how much you are worth (loss of bargaining power). This seems like common sense but regular people tend to give this information out like it is their first name. Don't bother telling your best friend or even your relatives (the rule applies 100x heavier with regards to females).

The only situation where you want to use money is if you're leveraging it on dates (you can use money to seal the deal but never reveal your actual worth). That is all.

Never tell a male how much you are worth because he will try to tear you down. Why? He thinks that he is your equal because you are roughly the same age (he never is and is usually dumber than rocks as well). Men are hands down the worst because they will go out of their way to be nosy, while women will simply try to gold dig which is easily avoidable (don't give them any $$!)

When it comes to money and being around males, you simply pay 5-10% above your fair share in every situation (group tabs drinks etc.). Don't bother being the cheap guy or the rich guy. Both are hated. By setting the bar just a tad above average you're just a "nice guy".

Here are some key ways to kill conversations regarding net worth and even income.

When asked about property say:

"I haven't moved in forever still at the same place for 5 years!" (hint don't bother with house parties unless you want to lose money over time). They will assume you haven't materially moved your income over the past 5 or so years. You can move if you like.

When asked about your current job function compared to industry averages:

"I'm in a weird position where they just changed my title to keep me around, so it's not really moving the bottom line much to be honest… kinda sucks" They will believe you are well below industry averages at all times making it harder to become envious.

When asked about vacations say:

"Ah I just go to cheap places, tier one destinations get pricey"

If asked about net worth directly by an extremely nosy person:

"Honestly I don't know, a lot of student loans mess it up"

Playing Dumb in Your Career

By the time you're in your early to mid-30s you should be generating $1M+ per year or more for your Company. You already know how to play dumb but it's time to take it to the next level.

Any sales position or revenue generating position is always about *$ output versus cost*. Most people think that if they are paid $300K per year or $1M per year then that is the metric that will determine if they are up for layoffs. Entirely false.

You'll hear a lot of stories about how a "high performer" making $700K per year was replaced by two "middle level" performers at $250K. In reality? *The person was being paid a higher percentage of total compensation relative to revenue.*

For example, if you're being paid $400K it means you're usually responsible for roughly $2-4M in total revenue. Now if you're extremely intelligent, you actually want to be paid *less* than $400K so you're next in line for the "land grab" internally. What is the point in pushing for a higher percentage, say $450K, when you can wait it out for a slice of the next totem to fall in the $1.5M range?

We'll stop there because it won't make sense to a lot of people. The implied message is clear. We're in a bull market so people are attempting to increase their percentage of compensation relative to revenue (we're using a wide range of 10-20%). All of these people will be fired in the next 2-3 years.

Lets say you're currently being paid 14% of total revenue while all of your peers are being paid 17-20%. The answer is simple. When the next round of layoffs come you should attempt to "land grab" from the 20%ers that have enormous books of business. This will make it incredibly easy for you to see a hockey stick improvement in your total income.

If big wig person A is making $1.5M per year and you're cruising along at $500K while generating *more revenue on a relative basis.* You are a clear and obvious candidate to displace person A in an environment that needs to be right sized.

You only push for a higher percentage when you're ready to quit because you're next in line to be pushed out the door (regardless of your fake performance reviews).

Playing Dumb as a Manager

A good manager is a happy one who never says anything negative about his team. This is where you want to be. Never say anything negative about anyone associated with you and simply prevent them from gaining traction on your actual revenue source. Easier said than done, but it is achievable.

Most managers micromanage aggressively and attempt to "prove wrong" any work turned into them which adds additional stress to their lives. Waste of time. A smart manager will simply make tweaks by himself and let the person run with glowing reviews.

Why is it better to run like this? No one on your team will be able to honestly say you've done anything bad to them… giving you first dibs at important decisions. If someone is stellar with their work, you give them an opportunity to sabotage you on a low scale (if they don't you can promote them) and if someone is a poor performer you simply say there is "no room for promotions" until they get the hint and leave.

How to Play Dumb with Friends

You Only Want Powerful Friends, the Rest Are Acquaintances

As noted at the top of this post, people are not created equal regardless of the sewage they forced you to drink in college. There are only two groups 1) future winners and 2) current winners. The rest? They encompass the masses.

If your friends are not in either group, they are going to drop off your phone eventually. You can attempt to keep them around for sentimental value (see feelings). But. The structure will break down eventually as your lives depart into very different directions (for better or worse).

1) Future Winners: This is the most under-served market in the world. Most people attempt to suck up at all times to powerful people… when they are better off networking with future winners to have a group of good business contacts in the future. It is incredibly easy to see if they are going to be future winners. Simply ask "Can I predict what this person will be doing next year?". If you are correct, they are not worth investing in.

Future winners have the *highest* return on investment. Why? As they try to climb the ladder everyone else will try to drag them down. They'll remember who was on their side when they were at the bottom.

2) Current Winners: The biggest mistake here is building relationships across the board. Not all winners are going to help you in the future. In fact? Most are insecure and negative people who won't help you even if you deserve it. Do your best and ask "Is this person going to go to bat for me down the line?". If the answer is yes then invest heavily. You can find the no answers extremely easily (if they are 40-50 they should have at least 5-10 success stories).

Now you're probably asking… what does this have to do with playing dumb? Everything.

In a word? *Reciprocity*.

Future Winners: If you find a diamond in a pack of mediocre people (usually 1 out of every 20th student graduating from a target school) then you want to act as the information source. Provide the person with as much information as possible on all the topics he needs. In the future he's going to remember it and add your name to his own rollodex of contacts. 5 years down the line you can hire him.

Why later? He'll be ready for a promotion (likely burned once at a different firm) and the long standing history with you will create a solid foundation of trust. In short, you're investing "blindly". In reality… it's actually an incredible investment for both of you while it'll appear to be "dumb luck" in the future.

Current Winners: Similar to finding talent, finding a person in power who is willing to pull a coat is extremely rare. If you find one? The goal is to simply mirror or reflect, the person he was 10, 15 or 20 years ago in yourself. Once he sees that you're essentially a version of himself many years ago he's going to have a hard time *not* investing in your future.

The key to playing dumb in this scenario is to pretend you're less versed than he is on a particular hobby or subject. If you're actually better than he is at XYZ (lets use golf as an example), simply ask him for tips on your swing and report back later that you've improved at it *because* of his advice. The worst thing you can every do is ask for advice and not take it. Once advice is given and not taken, even once, he's not going to bother wasting his time with you ever again.

Every word in this section is going to be extremely obvious for anyone of means (lets draw the line at $1M net worth). The vast majority of people won't be able to execute on it. Pitfalls include: 1) trying to one-up people who are above them – relationship is ruined forever, 2) not handing over responsibility to future winners – need to give up control to free up time for more important items, 3) not doing background checks on the person they are networking with – wasting years of time investing in the wrong person and 4) wasting valuable time with dead weight friends – if they don't change in 1-2 years they won't turn it around ever**.

**As a side note, there are extremely rare situations where a person turns it around… But. It's not worth the headache. For every last minute success story there are 10-15 other people who are worth your time.

Playing Dumb to Maintain Friendships

With the backdrop out of the way, you also need to play dumb in order to maintain friendships in the future. People in general are nosy. If you doubt this fact, then Facebook would not exist.

Once you have a set of people who are all successful on own (regardless of business line) you should always be impressed with any accomplishment they achieve. Never for a split second do you allow them to even *think* you're not impressed.

If your friend makes an additional $5K or $20M in a year, you're going to act like the person won the lottery and never ask for anything. No exceptions. Remember, under no circumstances do you ever reveal your income or worth. Nothing good ever comes of it anyway.

How to Play Dumb When Dating

Most guys are worried about gold diggers. Naturally, this means they are *absolutely* broke. Anyone who is well off knows that a gold digger cannot get "gold" if you are 1) never married and 2) never give her any actual money. Therefore… who cares? You want to play dumb about your actual worth and let her fill in the blanks without you telling her. As they say life is "sold" not "told".

There is a material divergence here compared to the first two sections of the post. When dealing with money/business you want to lie down. Let other people show their cards before you bother proceeding and you want absolutely no one to know you're well off. In fact it is better if they think they make more than you.

Dating is the reverse. Your only goal is to flash enough money to avoid being thrown into the potential husband category. This is art not science and we have a overview in our post on doing the opposite.

Pay off the following people: 1) hostess, 2) bouncer, 3) bartender and even 4) tipping an owner of the venue.

Now you're *clearly* not a boring male who goes on dinner dates. Once that is good to go you adjust your wardrobe to be more loud and fun. Once you've established a "just for fun" vibe with a gregarious personality in a well dressed outfit… She's going to figure out the rest by herself.

Playing Dumb Review

1) To beat a dead horse. Never tell anyone how much you are worth or make. Ever. If you are forced to? Lie down well below what the person makes (the person you are speaking to)

2) Be astonished at any financial accomplishment of a peer

3) In a business setting set a "trap" where you can back solve into numbers you need

4) "You've never heard about this and want to hear more" because "you just wanted to say" how impressed you are by their business

5) Careers are about return on investment and "land grabs" or client base. This is why many high performing people are laid off. They were at the top end of revenue generation, but also at the top end of *percentage of revenue paid out*

6) You have student debt. If you don't? You do now that you've read this sentence!

7) You have lived in the same place your entire life according to everyone you meet

8) Your title is not indicative of pay because they don't like you enough to give you money only enough to give you a "title"

9) People are not created equal and you want to increase your income not your "feelings"

10) Gold diggers are fantastic!

As Usual Absolutely No Questions, No Clarifying Questions Either. They Will be Deleted with ZERO Exceptions. Interesting Value Additive Comments are Always Welcome.

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How to Predict the Future: Accelerating Your Returns

How to Predict the Future: Accelerating Your Returns

Naturally our Twitter feed drops hints towards the topic of our next post, in this case we're focused on predicting the future. We'll always disclose our sports/political bets before we place them so no worries there. Instead. This post is going to act as a framework for predicting the future. This is important for anyone who wants to start a Company since you need to start the product when the market is hot and if you start too early you might be wasting your time. It'll get interesting fast and we'll start with the biggest way to predict the future and work backward in time.

Using Imagination to Form the Base Layer

People say they are not able to imagine the future and we disagree. It really isn't difficult to predict the future on a 100 year or 200 year basis. Why do we say that? You can make the comments and people will agree since a lot of the answers are obvious. Remember, since this is the starting point, we're using the future to represent many years forward. Imagine an episode of the Jetsons for example, that is a good way to think about the starting point.

If we project out that far a lot of things no longer seem to be viable. We'll name a few: cash transactions, credit cards, driving in old vehicles, taking public transportation that goes 60mph at max speed, gasoline based cars, multiple business day delivery times, vast majority of manual task such as manufacturing, rooftops not being used for solar energy, so on an so forth. The funny thing is smart and the regular people will have to acknowledge the vast majority of the items on this quick list are true. That's why we think it's actually quite easy to predict far out in the future. To be more specific we'll even tie all the items above into how it will work going forward.

Transactions: It is actually quite crazy that we have to pay 10% or so just to use a different currency. Sure there are some cheaper ways to do it but you're still going to have to pay a nice chunk. In the future, no matter what it is called, there should be a global standard currency to get rid of all of this inefficiency. To make sure we are talking about many years in the future it could be a crypto currency or we may call it something else. Essentially though, in the future the transaction costs need to go away first. After that we'll see how it shakes out. This alone will improve our lives in many ways because anyone who has done a cross border transaction knows it can take several days for the recipient to receive payment.

Cash and Credit Cards: This is a ridiculous system. First of all the money can be faked and transaction fees on credit cards of 1-3% or so is an enormous drag on efficiency. Just can't see it many years in the future. Maybe we use cell phones and we don't use crypto currencies, but there is just no way we will be using these antiquated items. Every time we have to pay with cash or credit cards we laugh since we know it's eventually going to go away. The "security chip" actually made everyone lose time and the only value in using cash is when you're trying to get out of a crowded bar quickly (ideally every transaction in the future is done with a digital tap/send even if it's done using credit!). Don't even get us started on physically changing paper into another type of paper, at maximum a digital currency would be used and that would be the only transfer into paper (and it would be done only once with practically no costs).

Delivery: Look around at the insane amount of traffic (major cities such as LA are big eye sores). This is largely because we have a lot of vehicles with a single driver going to the exact same location. It is also because people make a ton of mistakes and you have a pretty high chance of dying every time you get into a car. Unsurprisingly people are not good drivers! Self-driving taxis, rapid speed trains, etc. will be developed. This will create less congestion and allow for faster delivery times. Then you have the use of drones and other small flying objects to help aid in delivery.

Robots Over Child Labor: One of the biggest complaints is that *"China has all the manufacturing jobs"*. Well realistically it is child/cheap labor putting together those $1,100 iPhones (no one really wants to be putting together iPhones). Once we can get robots to do the entire process we're going be in much better shape since you won't need to manufacture in China anymore. You can put the robots practically anywhere (they won't complain). All of these low quality manual tasks will go away (improving society long-term). We can see the removal of manual tasks when we look at Amazon's new stores that allow for zero checkouts (simply pick up the product and walk out). This is yet another example of removing manual tasks that were inefficient. The workers should move on to higher level positions.

Energy: While we may use some oil here and there, it just doesn't make sense to waste all of the energy we currently have. Imagine if all the rooftops in Miami were set with solar panels… Yeah we would exclude the roof top night-life of course! That said the amount of additional energy we have would be enormous. Ideally you won't need to be paying PG&E bills ever again, as alternative energy resources eventually solve the problem and improve efficiency as well.

Vertical Farms: Putting all of these items together it would also make sense that we see vertical farming in the future. If you have the ability to create farms that are no longer limited by the square footage of the land, your upside is enormous. Drones could easily harvest the food 200+ feet up from the ground, robots could help organize all of it and the entire process is fueled by solar energy. Again. While this may not be the exact way that it works, the point is still clear. In the future, solutions will be found.

Work Backward a Few Decades

Now that the base-layer is set, we have a good idea of what the future will look like. Now all we have to do is work backward. If this is what the future will look like then we need to ask ourselves, "how do we get there". Imaging a world where you don't have to drive, don't have to worry about exchange rates and don't have to worry about energy consumption is quite a leap forward. Take a step back and ask "what is the first shoe to drop". This is the best way to explain it. All you're looking for is the first step in the process that gets us all the way to the extreme end.

Similar to the prior section we'll lay out some clear predictions on some of the first shoes to drop. This has much more variability of being wrong than the prior one since predicting the first shoe is not easy. For fun lets go with all of these items: 1) removal of pure payment services such as Money Gram, 2) self-driving taxi services, 3) removal of digital advertising positions, 4) removal of human manufacturing processes, 5) removal of branch bank offices, 6) decrease in need for human military soldiers/personnel and 7) infused technology and humans.

Payment Services Removal: When you look at the ability to send payments the most egregious fees and costs come from international and cross border transactions. They are ripe for disruption since there is no real operating costs but computer entry and a signed piece of paper (which will eventually be digital signatures by the way). Naturally this would be the first shoe to drop when compared to low transaction fees of a point or two (credit cards). For fun we're pretty confident in this one being the first shoe to drop from a transaction perspective since you can calculate the profit margins. The highest profit margin arena has the biggest target on its back (this is a generalization, yet useful when trying to figure out where to look).

Self Driving Taxis: This one is difficult. We're going with this as the first shoe to drop from a driving perspective because we essentially have a "global" taxi system called Uber at this point in time. This directly contradicts our point on profit margins since Uber is losing money. And. We'd call it a scale game issue. In the past, new tech would be reserved for the rich (such as the first cell phone) and that would be the starting point. In this case we think there are huge hurdles to overcome from a regulatory perspective (need to prove it is safe), once that hurdle is jumped the winner would likely prefer a taxi service over a one time sale. After all, wouldn't you prefer to own all of the trips in the future versus single one time item sales to rich people buying a self-driving car (we know we would!). In this situation we're betting on the business model over the margins.

Removal of Digital Advertising: We're biased since we're plugged in here but it also makes sense. People are making a lot of money by creating ads tailored to specific groups of people (age ranges, genders, ethnicities etc.). It actually falls into both categories: high margin and high scale. As soon as deep learning (AI – insert buzzword), is accurate these positions will no longer be useful. Imagine an interactive sales page that adjusts based on who is reading it. That's the future. You'll see increased engagement, sales numbers and decreased costs since "costs" walk on two legs. We wouldn't be trying to build a career working for someone as a digital marketer, instead learn how it works and get ready to use programming to do it for you. Besides. If you can recognize good ads you'll know which software/AI service to buy.

Removal of Manufacturing: To be clear here, we still think white collar positions that can be automated (Digital marketing example) is going to be first. This is because of margins again. The second one will likely be low end manufacturing due to scale. No reason to hire thousands upon thousands of people to do a manual task. Since this was highlighted up front we'll end here.

Bank Branch Offices: In an ideal world there wouldn't be ATMs. But. We think the bank branch office goes first. Assuming the way this develops is a digital payment system that automatically can be pulled out for money (like an ATM) then it wouldn't be the first shoe to drop. The first shoe to drop would be branch offices since there is practically no need for them. You'll be able to do the following from your home in your pajamas: 1) send wire transfers, 2) apply for mortgages, 3) deposit anything that isn't physical cash, 4) open accounts and more. Essentially there is no real reason for a bank branch office, it has high overhead (ding ding margins!) and it has a lot of employees doing redundant tasks (ding ding similar to digital advertising/manufacturing). This should be one of the first shoes to drop.

Decrease in Military Personnel: As we move forward, robots and drones will be used to fight our battles. There is no reason to line a bunch of humans up and use them to fight our wars. It's dangerous and it will be inefficient as well in the future. We're a long way from this but we should see a decline in the need for "front line" type individuals in the future. It's a good thing from that standpoint and also a bad thing from a terrorist attack standpoint. The bad news is that attacks in the future could be fast and brutal with limited abilities to defend ourselves. Nonetheless, we'll be using bleeding edge technology to help save lives and this would certainly be on that list.

Infused Humans: It sounds like science fiction but it already exists. It is possible to install chips into a human being and have the chip control the person's physical movements. This is an insane development. Essentially you could be able to talk to another person using "brain waves" in the future. This also means we'll be alerted when we may have a heart attack or a stroke as well. The sky is really the limit but it is coming. Infused humans will have polarizing effects that are both positive and negative.

Pausing for a Second: When looking at all the paragraphs above our suggestion in an overarching step by step is as follows: 1) find the high margin businesses, 2) find the most scalable way the change would show up, 3) target high expense items – like bank branches and 4) focus on life saving items. If you follow these four items you'll usually find the end-game for a new technology breakthrough. While people believe that Companies are always looking to "cut the little guy" they are really looking for the best way to improve margins and efficiencies at scale (ever notice middle level managers always get fired in recessions, now you know why). This isn't a guarantee in terms of finding a good answer but it's a good starting point. Also. We skipped the energy efficiency piece. This is because we really can't figure out how it's going to develop, we just know that relying on one single massive company for all energy is a bit ludicrous as it stands today. Maybe it's solar maybe it isn't we'll see (hopefully Elon Musk figures this out soon!)

Work Backward to the Next Decade

If it was 2008 it would not have been controversial to say that marijuana would be legalized in many states. In fact, practically everyone knew this which led to people moving to Las Vegas for example. This was simply a well-known "future" opportunity. At this point (2018) we'd say the most obvious one is socioeconomic disparity. If were to choose anything that has nothing to do with AI, machine learning, crypto currencies, blockchain, drones, marijuana, avocado toast etc. it would be "socioeconomic disparity". That's probably the biggest item to be aware of when we look at the coming decade. We're not going to say that this is "good or bad" we're simply saying that it is likely to happen. You have a student debt bubble with inflation adjusted wages going down while technology eats away at their jobs/careers (naturally technology is making the most money as this happens). If you're interested in how to profit off this future, you can look at our book Triangle Investing.

This Brings Us To Today

Welcome to 2018. Since we can't give away our paid stuff for free what we can do is give away the steps to ensure your future. Yes the classic tacky retirement type tagline "Are you on target to reach your retirement goals (ominous background music followed by plug for a Company)". In all seriousness, there are quite a few things you can do to create a bright future even if you won't be an amazing technology expert in the future. Here are the basic plans we've talked about.

Real Estate: This is the most common option since people need to live somewhere. Not going to change that any time soon. Also, if you know that income disparity will increase you should have a good idea of where to get started. You can either sell the expensive stuff (high priced real estate) or you have to make bets on demographic migration (like Texas and Florida) as the people in high expense cities get shoved out (NYC, San Jose, Los Angeles, San Francisco etc.). There is a big opportunity here and we mean today. All of our readers already know how we're involved in this (more hands off) from an investment perspective.

Selling Experiences: This is another easy one, people are moving away from material goods and into spending on "experiences". This is evident to anyone looking at Instagram. There are so many ways to "play" this side if you're young and hungry that we don't even know where to start. You could even create differentiated food companies where people go for the vibe and experience, see vegan fad, the fancy desert fad, the juicing fad and more. Another example would be crazy events like burning man, the outdoor EDM concert fad and extreme sports. This opens up an enormous market since you can make practically anything seem "cool". All you have to do is put a new spin on it since that is where the disposable income will go.

Selling Only to the Ultra High-end: This is incredibly difficult (creating a new product in this market) so we assume you want to work for a Company. In that case if you get a choice only sell the high end item since it's not going to go anywhere. The ultra-rich in our socioeconomic example are not going to care about a few extra thousand dollars on anything. This also creates job stability since ultra-rich people still buy this stuff when times are rough. Why? No one else can do it so it actually makes them stand out even more (goal of these items is to get attention).

Get Ready for the Shoes: As you're doing one of the three above to make you money, you want to have an extremely good pulse on the shoes dropping. This is a way to significantly accelerate your net worth and future. For those that were working since 2004 or so, can you imagine being able to simply avoid (not even short sell) the 2008-2009 crash? You'd be worth a lot more since avoiding massive declines is even more valuable than your standard returns. At this point it is no longer “optional” to know nothing about technology and demographic changes. These two factors are going to drive large amounts of money to flow benefitting a small subset of the population (those that take the time to follow it).

Putting it Together: Every Q&A we get the same question “what would you do differently today”. It’s kind of odd because not much has changed and it has quite a while. The same strategy we used (Investment banking à sling items online à quit career when massively profitable) still works. You can replace investment banking and selling online and use any of the high level items we used above, the result will likely be similar (big difference being luck, timing and execution). The only thing we really would change is how we tried to scale. Your ability to scale is essentially tied to your knowledge and ability to execute which was lacking many years ago. Therefore, there isn’t much we’d change that worked 15-20 years ago but doesn’t work today. People just need to be more careful about which “sub-set” they specialize in (if you read the first section of this post it gives the answers to the sub-segments to avoid).

For the newer readers… if you’re interested in learning more about making money, staying in shape and doing so without choking off your personality … You’ll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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How to Prepare for Your Investment Banking Job (The Truth)

We have received several requests for a “What to do now” after obtaining a job as an investment banking analyst. A lot of this can be directly transferred for an associate as well, but most associate candidates already have an understanding of the space. With that said we’ll go ahead and lay out the truth.

Introduction

Either by way of interviewing or following a summer internship, your hard work has paid off and you’ve secured a coveted full-time offer from a prestigious investment bank.

Once you’re done celebrating, you need to start thinking about how to prepare for it. You likely have a full school year ahead of you, giving you ample amount of time to take advantage of before you start living in your office. What’s the best way to use it?

It’s important to find balance in what you spend your time doing. Many of incoming analysts will make the mistake of either:

1) *Over-preparing:* To some it may sound like a good idea to sign up for advanced modeling courses, take a plethora of advanced finance accounting classes, devour a laundry list of finance text books and generally try to understand everything you possibly can about investment banking.

Some amount of financial skills will obviously be helpful, but it should not take over your life and nobody should be shelling out thousands of dollars for modeling courses (the bank does that for you during training). Many of the skills you develop will come on the job, and it’s rare that corporate finance will necessitate anything more than basic algebra and statistics, so investing too much time in trying to be the best analyst in the world is not going to be worthwhile.

or:

2) *Under-preparing:* The flip side is the student who get the offer and then assumes that they can coast and enjoy their year-long vacation. You’ve got the job offer and you’re set – no need to worry about things you’ll learn in training anyway, so why not enjoy life?.

Again, it’s certainly important to take advantage of your last year in college before entering the real world, but don’t waste it all on mismanagement of alcohol, hooking up and a drug habit.

The reason you wanted a banking job in the first place was not because you wanted a career in investment banking. The analyst gig is a stepping stone to the buy-side, so you need to think about how to maximize your chances of landing there. Now that you’ve broken into banking, it’s time to start thinking about how you’re going to get out of it.

You need to find a balance between these two extremes and focus on developing what’s important, while ignoring wasting time and resources on unnecessary preparation. Simply put, if you’re the guy who is constantly talking about the last M&A deal that was closed last week, you’re probably on the over-prepared side. Alternatively, if you’re unable to understand the importance of excel short cuts… You’re on the under-prepared side. So lets take a high level look at how you should think about your future.

Career Goals

Your first step is to think about what you want to do after banking and then work backwards from there in order to determine what you can do today that will benefit you the most based on that.

Exit opportunities for IBD analysts fall into three broad categories:

1) Buyside (PE / HF)

2) Sellside (Staying in IBD, Equity Research, Capital Markets, etc.)

3) Other Finance (Corporate Finance, Startup, MBA, etc.)

We’re going to assume you want to skip the MBA and going straight for tier one or two, so once you’ve decided which path you are going to pursue you will need to familiarize yourself with the process towards following it.

First is timeframe.

Buyside hiring, particularly for private equity positions, can move very quickly, very early. Some funds begin recruiting for their next year’s associate class as much as 18 months in advance (i.e., six months into the start of your banking gig). Once the first fund to start their process begins interviewing, all of the others will follow suit so as not to miss out on the talent grab. This means that once recruiting starts, everything will move very quickly so it’s important not to be caught off guard. Once you start working, you will have a limited amount of time outside of work, so important to do your diligence now in order to hit the ~~ground~~ desk running.

Second is knowing and understanding how the space you are targeting does their hiring. It’s likely that headhunters will play a significant role for any buy-side exits, so it can be helpful to understand the headhunter landscape (Dynamics is well known for its focus on hedge funds, for instance). If headhunters are less of a factor then familiarize yourself with what the typical hiring process is for your chosen path.

That said, you will likely get a spreadsheet detailing each HH and what they are good for from current analysts once you start, so while its important to keep in mind this is not something to spend too much time on now.

Third, and most importantly (besides, obviously, the reputation of bank you are working at), is the industry group you end up working in. Yes, M&A is the best group if you want to break into PE, but different exits exist for different groups based on what kind of work you will be doing while in IBD and what kind of work you want to do afterwards.

Positioning for Placement

Most of the time, the offer you get will be a "generalist" offer (even if you worked in a specific group over the summer at the same bank), so you will need to be able to navigate the group placement process in order to maximize your chances of getting the best exit.

Selection

The best group(s) for you to target are dependent on:

1. The people working in the group

2. The kind of work the group does (i.e., M&A, equity, debt, restructuring, etc.)

3. The groups reputation / prestige

The most significant factor influencing your choice should be the culture of the group and the people you are potentially going to be working with. While some prestigious groups may look good on paper, you don't want to end up working in one in which every MD is a psycho MD and none of the analysts or associates ever see the light of day.

Additionally, the senior members of your group are going to be one of the most valuable avenues you have to the buy-side, so you want to avoid groups where they will treat you as a resource and won't give a second thought to helping you out.

Based on what kind of exit you want to pursue, you should target industry or product groups in which you will gain the most amount of relevant experience and the most transferable skillset. Broadly speaking, here is how you should think about it:

Private Equity

PE involves a lot of transactional work (LBOs), so you want to target groups where you will get a lot of exposure to M&A, whether it be in an advisory capacity or in structuring LBOs

For industry groups that means TMT, Healthcare, FIG and Energy

For product groups, that means M&A, LevFin, and Sponsors

Avoid groups which focus heavily on capital raising, in particular those where most of the deals that come in are on the equity side (this should be obvious – *private* equity)

Hedge Funds

As we've mentioned before, hedge funds care less about specific transactional experience than they do about your thought process and ability to analyze an investment. If you want to work at a hedge fund then the networking opportunities and group reputation are should be weighted more heavily in your decision. That said, if you know you want to target a specific type of hedge fund then there are some asset classes for which it can be helpful to work in a related group.

For generalist and equity-oriented strategies such as L/S or global macro, some amount of equity market exposure is likely helpful, but again the focus for them will be on how you think about investments, not how many IPOs you've worked on

For event-driven and merger-arb funds, more M&A understanding is likely to be helpful, along with restructuring

For credit, the focus should be on debt raising, with some amount of LBO exposure being helpful, so LevFin and DCM

For Venture Capital

Healthcare or tech. Period.

Other Factors to consider

Certain industry groups will allow you to develop additional skillsets on top of the "basic IBD" framework. The caveat is that while you will arguably have a broader range of skills to market, you also run the risk of getting "pegged" in that particular silo. Therefore, if you consider groups such as FIG, Real Estate, or Power and Utilities then be aware that it may be trickier to find exits outside of those industry groups than it would be in others

Your interest in sectors themselves should obviously be a determinant of which groups you want to target

Please note, it's also important to pick a group with a good reputation, which will differ for each group based the bank that you end up at. Yes, M&A is great, but if you're at a bank with a large balance sheet then groups with more focus on capital raising are more likely to get deal flow and better reputations. Similarly, if you are at bank with more of an advisory focus then you should consider which areas they are strongest in.

All that taken into account, you should narrow down your selection to 2-3 that you feel most comfortable with. Do not focus on just one group. It is never safe to put all of your eggs in one basket – if you are dead set on TMT and go around spouting that to everyone you talk to at your bank, then when all of the TMT spots have already been taken and you end up in Industrials you will appear overzealous and unrealistic, and it will be known that they are your "2nd choice".

Official Placement

The "official" group placement process at most banks is often akin to herding cats, so don't think the world is going to end if you don't end up with your first choice. That said, there are some strategies you can adopt in order to maximize your chances of getting one of the ones you want.

Group selection is broadly going to be based on three things, only the third of which you can control now:

1. The performance and reputation you developed during your summer

Assuming your offer was the result of a successful summer internship, your options will be almost entirely dependent on your performance there. Even if you decide not to return to the same group as you interned in, HR is going to have detailed feedback that anyone in the bank can look at. People in different groups will also talk to each other about who the best incoming analysts are, so if you performed well enough then you should develop some amount of reputation across multiple groups.

For those that had internships elsewhere (either at another bank or in a different industry, such as consulting), your summer performance will obviously still matter insofar as recommendations go, but positioning yourself for your full-time spot will require more political/networking skills.

2. The number of open spots in the group

While you may be a perfect fit for XYZ group, it will not matter if all of their full-time slots have already been filled. Many groups will attempt to fill up as much of their full-time class as possible from their returning summers, so do not be surprised if your dream group does not have any room for you. Similarly, it will be easier to land a spot at a group that has more open positions to fill in the case that they didn't give out as many summer offers or have people accept them.

3. Networking / Group Selection Process

You can do little to change the past or affect the hiring needs of a specific group, so the steps you can take now in order to get the group you want are going to revolve around networking.

Banks typically have some form of selection process to determine group placement. This is similar to a super-day and typically takes place early in the calendar year of your start date. While you should know how to navigate the selection process, most of the decisions for the open spots that are available will be determined long before that based on networking.

Ultimately, selection will come down to whether or not you have anyone in the group willing to go to bat for you. In order to get the placement you want

Either way, will need someone to put you in touch with someone in the group – same thing, more senior better. Get them to like you. Demonstrate interest. Ask good questions. Ask how to get into group.

Again, for those that are returning to the same bank but trying to change groups this will be easier (assuming changing groups is okay) because they will likely know or have met someone in the group they want during their internship. From there it's about making interest known and leveraging your internal reputation to get someone on your side. If navigating out of a group then it will be helpful to have someone to help you out politically.

For those who interned at a separate bank or had another internship, you can use the people there as references, but that is going to hold much less weight than someone at the bank itself. For these, HR will usually give you the opportunity to speak to some current analysts or associate, so use that informational interview to sell yourself to the group.

Once you have people in the group on your side advocating for you, the official selection process should be more of a formality.

Always. Be. Networking

A consistent theme here is that **the most important thing for you future career is networking**. While you're still in school, this means make friends with the other kids who are going into banking and finance (if you haven't already). They will be valuable contacts down the line.

If you are at a target school, join the alumni network sooner rather than later and start getting involved in alumni groups and activities. You can find alumni in finance to talk to who, while they may not be working with you, can provide valuable career advice and potentially help you out down the line

Work on your people skills. **It is incredibly important to know how to socialize** (without alcohol). Use the time you have to have fun, work on other aspects of your life, develop interesting hobbies and interests and generally become a more well-rounded and interesting person. We have alluded to this several times but it bears repeating. No one in the world enjoys hanging out with the guy who can only talk about finance/work/school/prestige. Over the long term, you will always lose to the person who has the exact same skills but has interesting points on topics such as sports, travel, music etc.

Analytical Skills

As we have said, developing a technical skillset is important, but past a certain point it is not something worth spending too much time on, and it is absolutely not something you should thousands of dollars for, if you want to spend a few dollars to learn excel shortcuts then feel free. However. Practicing at home should suffice. The time spent trying to learn anything too advanced or complex is going to hurt rather than help you.

Every firm has their own templates, formatting conventions, models, and macros. While doing something like learning VBA now might be useful as part of your overall skillset, your knowledge of it is going to be somewhat moot once you start working. To draw a line on what is too much preparation, VBA would be going over the top as macros are pre-made, but not knowing Alt E + S +T and not knowing that F4 repeats a movement would be poor preparation.

To further complicate things, within each firm every group is going to have their own conventions and way of doing things, which you will only pickup on the job. No matter what your previous reputation or experience, the assumption from day 1 will be that you will learn most of your modeling skills on the job and in training.

It is important not to invest too much time learning skills where the marginal utility is questionable. That said, there is a certain amount of preparation you can do so that you can pick things up quickly once you do start. Additionally, since you can also use the time you have to better prepare for whichever exit opportunity you have decided to target. Below is a list of things you can do for thirty minutes per day and be well ahead of the pack.

– Learn excel keyboard shortcuts (Alt E + S, use of shift and control, F4, Alt I+E, Shift + Space + DGG, etc.)

– Teach yourself basic modeling techniques (nothing too complex). We have a three statement model for Apple. This should take you a day to complete and you can do this once or twice for two different companies from scratch to improve your speed.

– Ask current analysts in your group for training materials and what recommendations they have

– For groups such as RE and FIG where the type of work is slightly different, spend some time reading up on how those groups approach modeling, but again keep in mind that most of the specialized knowledge you will need to pickup will come on the job

– Generally, keep up with the news and trends in your sector… but don't go overboard. If there is a multi-billion dollar deal or IPO you should be aware, if the S&P is at 2,000 or 1,800 you should be aware and if your group closes a large deal… You should be aware. Keeping track of league tables for every bank on the street, however, would be overkill.

– If you want to work at a hedge fund, if you have not already then you should start developing a thought process for analyzing investments and learning how to apply it to any given transaction. Notably, you should also work to apply this process to the speculative portion of your PA or a paper trading account

– If you want to work in private equity, it would not hurt to learn some basic LBO modeling and understand what kind of factors are going to be important for different PE shops (i.e., cash flow, potential operational improvements, IRR, etc.). Instead of trying to build complex LBOs, understand the high level assumptions of improving Free Cash Flow, why a company would be purchased by a PE firm, exit opportunities etc.

Other Things You Can Do

The moment you are assigned your group, begin updating your resume with your summer internship and future job, which you can fill in with basic / template information that can be easily alternated as needed later. This way you will be able to easily have it ready to go once buy-side recruiting starts.

Take accounting and corporate finance classes if your university offers them. Anything more advanced, however, may not be worth the amount of time and effort that you will put into them. Advanced financial mathematics classes are great if you are interested in them, but they are not necessary for investment banking. IBD doesn't use anything past basic algebra and statistics. As we have said numerous times, the belief that high paid employees on Wall Street are all math nerds is entirely false. It is called the "sell-side" for a reason. If you want to run numbers all day long, the only position worth obtaining would be a Quant role on the Street.

Take the time to catch up on some reading. Additionally, there are many books which both provide insight into broader Wall Street culture and are entertaining to read if you have the time. This list is by no means exhaustive, and you should only read them if you have the time, but some may include Liar's Poker, Monkey Business, The Accidental Investment Banker, Barbarians at the Gate, When Genius Failed, The Big Short and Too Big To Fail

Again if you have the time, plan take the first level of the CFA and potentially also the GMAT (scores last for five years). The CFA is a better bet here if you're looking for market centric positions (long-only funds as an example), but the GMAT is something that is helpful to have in your back pocket.

A Note on Training

As said, many of the analytical skills you will develop will come on the job. This does not mean training.

By way of design it is catered to the lowest common denominator – i.e., kids who come in with zero skills. Assuming you have some amount of basic modeling skills and are able to easily pickup whatever firm-specific macros, you should not risk taking training too seriously.

Yes, your training program will likely have "modeling tests". No, they will not have any influence over your bonus You just need to pass them. Your bonus will not be determined for at least another 6-9 months (18 if your bank issues a stub), by which time anything you did during training will be long forgotten. No need to raise the bar to the top by getting a 99% on the test. This would be equivalent to getting 100% on the Series 7 exam, a test a monkey could pass even when drunk.

Instead, you should view your time in training primarily as a networking and as a socializing opportunity. Use it to get to know the other members of your analyst class and a build a social circle. Establishing friendships and connections during training will be much more valuable down the line when you need to ask someone in LevFin for an LBO model template or your friend who ended up at KKR after banking hears about an opening there that you'd be well suited for.

You should obviously show up and complete any required exercises, but any breaks should be spent talking to people as opposed to trying to cram and study for the upcoming module / quiz.

The training itself pass / fail and nothing more. Treat it as such.

Personal Life

Finally, while the focus here was more on preparation specific to investment banking, the time you have during your senior year should also be spent optimizing and setting up your lifestyle diet, wardrobe and personal investment strategy. Once you start working the amount of time you have for yourself is going to be extremely limited, so if you can put those things in place now then you will be much better for it.

Oh, and you should also try to have some fun and be a college student while you still can. You only get to go to college once, after all.

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Addendum*: For the TL;DR type you can look at the below to decide if you're correctly balancing your last shot at freedom before chasing that F-you money.

1) Can you build the AAPL model within a day? If not you're probably a bit slow (note, any major company will do)

2) Can you go into a bar/club and strike up a conversation without feeling uncomfortable? If not you're probably not social enough and should improve here

3) Are you in great physical shape? If not you've underestimated the horrors of working in Wall Street for your first 2-3 years. Get in shape.

4) Can you comfortably use the major short cuts? Alt + E + S (know the box of short cuts), F4, Shift/CTRL and Space bar functions… If not you should spend 10-15 minute practicing a few formatting drills. Note this is only 10-15 minutes not 3+ hours

5) Do you get invited out by friends constantly? If not you should spend more time building out your network

6) Do you know the basic valuation metrics for your sector? If not you're not prepared.

7) Do you know what the S&P is trading at, roughly? If not you're not interested in finance

8) Do you know at least 2-3 major deals your group has closed? If not you're not prepared to position yourself correctly

9) Did you update your resume to reflect the formatting changes from a student to an experienced hire? It takes 20-30 minutes so simply make the changes

10) Are you trying to compare your group/bank placement to all of your peers? **Chill out this is not how you make friends!**

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How to Quit. When Throwing in the Towel is the Right Decision.

How to Quit. When Throwing in the Towel is the Right Decision.

Quitting is quite difficult for stubborn intelligent people. They will try over and over to get what they want and sometimes this is the wrong move (they just don't have the right talents/skills). This is because they have a large ego. The two fastest ways to take down your own ego is to 1) quit something and admit it wasn't for you and 2) to try new things… Becoming a beginner again. We'll focus on the first part since the "self-improvement industry" is full of lists and challenges to get out of your "comfort zone".

Before talking about things you can quit, we'll start with things you're not allowed to quit. You're not allowed to quit when it comes to your *health or your finances*. Having tip-top health at all times is a pre-requisite and when we say you can't "quit your finances" we mean you cannot lose control of your money. If you find that your health is suffering or if you find that your net worth is falling (to the point where you may have to work again)… then this is an emergency.

If your health or your finances are in disarray this is a nuclear problem. You're going to solve the issue by throwing all the resources (*time*) at both issues… solve it fast. In short, you're not allowed to quit if something terrible happens to your health or your finances since you don't have a choice.

Decreasing the Chances of Failure

Step 1) Make a Decision: Before doing any task you're going to ask if you want to be the best at it. The reality is that most tasks do not require you to be *the best*. Being in the top 20% is more than good enough for the vast majority of tasks. As an example, you don't need to be in the 1% when it comes to music, sports, art or languages. If you decide that you want to learn to play an instrument or speak a different language… This is something that can be done on your free time and will never require you to *quit* outright. These activities are like the electricity in your home, simply running in the background being accessed and used when you need it.

Step 2) Choose the Use Case: Once you've filtered through hundreds of tasks, you'll find a handful where you say "I could be the best at this" (again the best being top 1%). The key question is… what is the purpose. If you're trying to become the best language teacher in the world… there isn't much value there. Even if you learned 10-20 languages, there are programs that are sold to teach languages… and on top of that Artificial Intelligence will be able to translate paragraphs and books in one language into another language within seconds. Therefore you need to have a specific use case for being in the 1% in the activity. Being in the 1% in eating contests? Not worth the time. Being in the top 1% in terms of sales? Absolutely worth the time. Being in the top 1% in a sport? Could be worth the time… So on and so forth. All of the items that come to your mind need a *definitive* purpose. Remember, you may want to be in the top 1% for some activity that doesn't generate any $$$ and that is 100% fine. Just don't fool yourself into saying you want to be in the top 1% for something with no market when the *end-goal* was to make money.

Step 3) Choose Your Edge: The best part about regular people is how they are hyper competitive in every single area of life… a waste of time and resources. If you're truly differentiated you don't really need to "compete" you simply have a specific edge that you don't give away. As an example, trying to compete in a commodity market with sales tactics won't work since you'll be eaten alive by Amazon. You're free to "compete" but you'll be swimming up stream all day and all night long. Trying to compete with services can work since emotional connections are difficult to replicate and attempting to compete with a brand new process can 100% work as well. Remember to choose a specific competitive edge that will not be easy to replicate. Once that's set in stone, when the standard competition heats up, you'll have an edge while maintaining the ability to monitor your peers for new ideas. Without a specific edge, there is no way to make it to the top since you're fighting for the same pie so to speak.

Step 4) Tweak 1,000 Times: People say you can't become creative and that you're born with it or you're not. Naturally, we don't think that makes much sense. Creativity can mean a lot of different things. It can mean a new sales process, a new marketing angle, a tweak to an existing product and much more. Think about the car… while Karl Benz created the very first car (a German man), Germany does not have the largest number of car companies and it does not have the largest automobile manufacturer. The point? You don't need to be first, you just need to carve out a slightly different version and a new market will open up for you (Efficiency provides recent examples).

Step 5) Stare into the Abyss: This is the most brutal part. We can't emphasize enough… when you have done steps 1-4 correctly, you're going to have a firmly held belief that your idea will work. Since we focus on cash flow positive type businesses, the good news is that you'll know if you can succeed or not within a year or two. You'll stare into the abyss for at least ***1-2 years,*** this means going through step 4 over and over again… researching, trying to fix and implementing new ideas. As long as your numbers are going higher every single month (compare equivalent year-over-year growth) then you're going to stick to this plan for the foreseeable future.

Step 6) Time to Quit… Not Yet… Whenever someone says "we sell our winners", it means they built something that they can't seem to grow anymore. No one in their right mind would sell any business that is growing and outpacing their opportunity cost. As a mathematical example, if a business does $10K a month and the seller says "it worked so we want to sell it" you know that is a lie unless the owner found a way to make more than $10K a month (and grow that number doing something else). You never sell a growing business that is cash flow positive unless you have something better to do. Before quitting any rational person would: 1) try and outsource the maintenance work, 2) try to cross pollinate the brand/product into another category and 3) adjust their advertising strategy. If all three fail, then it is time to consider quitting….

Time to Wave the White Flag

Step 7) Find the Value Proposition: Before you click sell, you want to make sure you can replicate your success elsewhere. Notice… We make the assumption that it is *practically* impossible to fail at your first money making venture. This is because we take a different approach to starting out (as outlined in *Efficiency*). Since you're going to make some money, you want to figure out ***why you made that money*.** How do you figure out how you made your money? **You replicate the exact same process onto an ancillary product.** This is also why people become "serial entrepreneurs" they know what worked and are able to replicate it. Lets think about this… Before you click sell on your "failed" project that makes say ~$2,000 a month… You're going to build a similar site to $2,000 a month in a shorter time frame. Take your existing business model and overlay it onto an ancillary product. If it took you 3 years to get there, get it done in a year or two. If you can do this… it means you know what your unique edge was. (yes the first idea will start to suffer but that is fine)

Step 8) Last Step Before Calling it Quits: Go ahead and place your website up for sale… See what type of people bid on the asset. Do you get a lot of offers? Do they seem to come in fast? Are they all from a specific type of buyer (internet searches are your friend)? If so there is always a sucker in the room and in this case it would be *YOU*. If offers come in fast or from a specific type of person… it means something is seriously wrong with your website and it's time to revisit the business and talk to people in the field. Find the expertise (of the buyer) and say your website is no longer for sale. Pay a $2,000-3,000 consulting fee to get a similar person (not the same buyer) to look at your site and fix it. If they still can't do it well… Then you're fine to sell!

Step 9) Call it Quits: By the time you're calling it quits you're in fantastic shape. 1) you can replicate your success, 2) you can feel good about being unable to scale your idea and 3) your absolute worst case scenario involves you churning out websites over and over again for a profit. The same old saying *"build until you hit the knee in the curve then sell"* is the model for people with a specific knowledge niche. Go back to selling your website and monitor its health over the next year. This is an important last step once you hit sell. Chances are… there is always someone smarter buying (if it's your first successful site), so by following the changes in 12 months you'll know what they did to improve it (someone solved your problem for you!)

Step 10) Back to the Drawing Board: Lets review, by the time you've called it quits you've learned 1) what worked in the first place, 2) how to replicate another basic version of the success and 3) how to monitor all of the people who were interested in purchasing your "failed" idea. Notice… even if you end up finding a way to outsource the task and keep a thousand or so in cash flow, **we suggest quitting and selling it.** This creates a real education. By selling it, you'll see if the person was able to fix it and that knowledge will be worth significantly more than a couple of thousand dollars a month in semi-passive income.

Concluding Remarks: As you can see, quitting isn't that bad if you do it intelligently. When you quit you'll be left with more tools. These tools will then lead to more income in the future. If someone wants to start a failed idea (life advice from a 19 y/o traveling the world for example) then they didn't do steps 1-4 and deserve what they get… a mediocre life. Starting something that is flawed from the beginning (scale, no emotion/value add and easily replicated) shouldn't happen. Besides… If you really have no ideas at all there is always sales! Sell a product for someone else.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality).

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How to Remain Happy at All Times

How to Remain Happy at All Times

With this *"one bizarre trick"* you will always be happy!… Alright… bad affiliate marketing joke. The truth is that consistent happiness is going to take years of work. Not weeks. Not months. **Years.** As we have mentioned in the past the goal is to live a balanced life and if you are unhappy this means that your life is ***out of balance.*** We are 100% certain that this is an important topic since the most commonly clicked on link is "A Guide to Rational Living" which talks about overcoming depression.

Outline below:

1) Why it is Normal to Feel Unhappy When You're in Your Early 20s

2) How to Strategically Fix Your Life and Become in Balance

3) Avoiding Junk Reading and Why We Don't Post Much

4) Avoiding Hero Worship

5) Continuing to Progress Once You've "Made it"

As usual, if you already understand a section based on the headline alone… Don't read it.

1) Why it is Normal to Feel Unhappy When You're in Your Early 20s

We get a ton of emails. We get so many emails that we *rarely* respond and only allow comments. Most of the questions? Surround happiness and imbalance… The problem with a lot of these emails and questions is that **it is normal to be unhappy/frustrated in your early 20s**

Anyone who says otherwise is likely an older *boy* who is passing on his insecurities to you. *"If I was your age I would be thrilled to be alive! I would do…."*. Congratulations, you've met a retard. Full retard. **Smile, nod, agree and ignore.** All of these older people who claim that they would be thrilled to trade places with you ***without any actionable advice*** are all insecure morons. The worst part? They probably make $150K a year and have the audacity to give life advice. What a joke. If the person cannot give you actionable steps to improve your well being starting *right now*, you should ignore him completely.

Here is why it is normal to be unhappy/frustrated in your early twenties.

Distance: The person you want to become and the person you are today are far, far, far apart. The person you want to become seems to be on a different planet and this causes a lot of *frustration* because you want to improve rapidly. The problem? **Improvement is never linear.** This is exactly why you should only make self to self comparisons. Do not compare yourself (today) to the person you want to be in 20 years. This is not fair to you and your psyche. Compare yourself to who you were *last year* and see what happened. If you didn't improve drastically, you know you're taking advice from the wrong people.

Social Life Issues: Here is a fun fact. Most people who read this blog (ones that will eventually succeed) likely have very few friends right now (introverted)! Bet you weren't expecting that. Why? If you are doing the opposite, then you are going to ostracize yourself quite a bit from "regular people". You're going to watch as many people party hard (hook-up) while you focus significantly more on building a business or pursuing a career (or both!).

Low Value: In the eyes of society, just like a brand new bottle of wine, you're not going to matter much. You're just getting started. Everyone is telling you that they are "jealous of your youth" and yet you're actually going to be jealous of the people who already have what you want! It's a conundrum. People are yelling in your face that they wish they were your age. But. Society doesn't care about you. There is nothing you can do to reverse your value in a short period of time. Instead of dwelling on this fact, simply go out and find *actionable information* to fix your issues.

Money: Even if you get an investment banking analyst job paying ~$150K a year… You're going to be broke. As we have explained many times in the past, no one gets rich making $200K a year and no one ever will. While this sounds like a lot of money to a person who is still in college… Anyone who has actually succeeded in life and is aspiring for more, knows that it is nothing.

The Truth Hurts: Finally, the ***biggest reason*** for being unhappy in your twenties is ***exposure to the truth.*** Smart people consistently look for the truth and you go through huge amounts of frustration when you recognize reality for what it is. ***You cannot change reality.*** You realize the following truths: 1) Six figures is nothing, 2) your college degree was practically useless, excluding maybe 3-5 courses, 3) real life is significantly harder than college, 4) girls do not like younger men (don't worry, it gets better as you close in on 30), 5) everyone and their mom is trying to prevent you from going up the ladder because ***no one likes to see someone below them exceed them***. That is a lot of harsh truths to swallow. **A LOT.** The only thing you can do is change your strategy. Realize the truth for what it is and grind. You will be rewarded in about 5-10 years not 2-3 years.

Concluding Remarks: It is normal to be unhappy/frustrated in your early 20s. Everyone is lying. Your colleagues are going to load up photos of their posh lives (on credit) hook ups on "tinder" (photoshop) and do everything in their power to make you feel insecure. Here's a tip. ***Know they are lying.*** Simply ignore all of it and amplify their comments back to them. "Congrats I'm glad things are going well! (smile, nod)" and move on with your life. It is going to take an immense amount of discipline and self restraint to follow the rules outlined on this blog which is exactly why we give it away for free. 99.9% of people won't follow through and would rather "read about success" than do what it takes to actually succeed. The choice is yours.

**Note: For a pro-tip, start referring to times when you're frustrated/unhappy as "annoyed" you'll find that your word choice will temporarily change how you feel. As your life improves, you'll find it easier to remain in a state of happiness. We simply used the words frustrated and unhappy because this is how most people will describe their current state.*

2) How to Strategically Fix Your Life and Become in Balance

Now that we've destroyed the myth of being happy all the time in your early 20s (if you're not grinding and pushing your limits… you won't succeed), lets move onto the more important topic of how to actually fix your issues. As always… No action steps = waste of time.

We have mentioned that the most important items in your life are as follows: Health -> Money -> Friends/Relationships. This order is 100% true. You can only make money and have friends if you are healthy. If you have a lot of money… you have time to make more friends and establish relationships. On the flip side… If your health declines rapidly… You will likely lose both money and friends. Your money goes to fixing your health and your relationships falter as people are *busy* and the world does not revolved around you. Period.

Health: First of all, you should not sleep 8+ hours per day. This is complete BS. A rule created by mediocre people who haven't accomplished anything. Throw this in the trash. You do not need more than ~6 hours of sleep on average when you're under 25 because your body can take an immense amount of stress. As you get older, you won't be able to do this, but an all night work-a-thon here and there is not going to harm you… At all.

With that myth broken down, here's a high level way to think about fixing your health. 1) maintain a healthy diet, 2) have a solid exercise schedule and 3) begin eliminating stress *after* you achieve your financial goals.

We rarely use the word must. But. You absolutely must have a healthy eating and exercise routine. No exceptions.

Since this is an overview post here are some clear steps to fixing your health: 1) get into juicing – read **Mike Cernovich's book on juicing right here** (No affiliate, we don't have the time to set it up, we read it and it's great), 2) stop stressing about things you cannot control – you will always feel bad if you think you can control the uncontrollable… stop it!, 3) exercise at minimum 5 days a week, we have a full 7 day a week schedule because it sets the bar higher and will likely result in people exercising for 5 days, 4) get more money… the more money you have the lower your anxiety levels and 5) stop taking health advice from people you don't want to look like.

That should cover the high level actionable advice. If you're juicing, eating healthy, working out and seeing your investments grow at rapid rates… Your health will improve. Finally, please do not "stress out" if you miss a workout or you can't juice for a day (life gets in the way 10-20 times a year). That defeats the entire purpose of eating healthy and working out.

Money: Stop reading "about" money and only read actionable advice about getting money. If you're one of those people who follows the Instagram account of a rich celeb such as Dan Bilzerian, you're pathetic. A complete and utter loser. Trying to *associate* with someone who is living the life is like wearing a sports jersey. You are not getting any closer to becoming an "MVP" by wearing that jersey. Stop trying to win by association. This is how losers operate.

Instead.

You are going to find your talents. You're going to do this the HARD way. You are going to try a bunch of stuff utilizing the power of 1% and you're going to see what you have a "knack" for. Maybe you're a great chef… then you need to create a business after 5-7 years of working in the restaurant industry. Maybe you are a fantastic fiction writer… Get to work on that first book. So on and so forth.

Now. Once you know exactly where your talents lie… **Start marketing/branding your talents.** Help a winner become even more successful. Reiteration. Help a winner become even more successful.

If you truly have a knack for a topic, we'll draw the line at top 5% in your industry/space, then you will find a way to add value to the guys in the top 1% or 0.5%. **No doubt about it.** Instead of spamming your "heroes" (more on this later) you are going to find a way to expand his/her bottom line. This is the path to success. Once you can successfully improve the business of the elite, you will now have an *opportunity* to succeed. Emphasis on opportunity.

The true elite will happily give you a shot if you show your worth. But. Nothing is given away for free. Stand in the limelight and do everything in your power to succeed.

There is a clear point here. If your money is not "in balance" then you need to de-emphasize other areas of your life and start going through our clear posts on how to make money (business or career).

Friends/Relationships: For some reason… Young people in their twenties think that successful people have hundreds of friends that they talk to *all of the time*. As usual… Complete BS.

Successful people have a laundry list of friends that they connect with on *rare* occasions. How can you possibly have your health and money together if you're spending 20+ hours a week talking to your friends about "life"? Not possible. This is what gossipy women do. They chit chat all day about what is going on around them. No one succeeds like this. You will have a group of people you talk to in order to grow your sales/business and then you will have a laundry list of contacts that you speak to on an "off and on" basis.

Secondly, your sex life is going to be directly proportional to 1) your value as a man + 2) your time commitment to meeting new women. You know our rules. Two days a week of night life is more than enough (Thursday/Saturday).

Think about it. If you know that your value as a man and your time commitment to "pick up", are the only factors to achieve success with women… **what's the best *long-term solution*?** The best long-term solution is to become a high value man. You cannot change the number of hours in a day.

Spending 40 hours a week day gaming and night gaming to pick up girls at the expense of your overall value is… insane. Unless you plan to make a living off of "pick up", you are going to become a deranged person.

Concluding Remarks: Prioritize correctly. Health -> Money -> Friends/Relationships. If you are lacking in one of these categories (severely) you are going to become unhappy. This is why you can find people who have 50+ girls a year that are unhappy (usually broke) and guys who have $1M + that are also unhappy (usually terrible with women). Stop and address the issue. Remember. The order of priorities are the same…If you end up having $1M+ and a fit body… You really need to work on your social skills if you are unhappy. Take time off and work on it.

3) Avoiding Junk Reading and Why We Don't Post Much

This section is also going to piss off a lot of people… A LOT of people. ***Just because you are reading something doesn't mean you're learning anything *applicable*.***

Information overload is legitimate and it is taking place all over the world. As we've said before, if the blog post or book does not have anything actionable in it… you should chuck it into the trash can (beating a dead horse). You should have a 90% action 10% consumption mentality. Reiteration. **90% action, 10% consumption.**

Example 1: Lets say you just got your first investment banking bonus of $70K. You want to reward yourself with a trip to Latin America next year. Perfect. You read the post we just linked to and then you get to work. Notice… If you do not have plans to ever visit Latin America… Then there is no need to read the post! We realize this is negative and will likely decrease page views to the post but it does not matter. **If you don't need the information then why are you reading it?!**

Example 2: Lets say you want to get into Wall Street. Great. You should absolutely stick around, read our investment banking Q&A and go through all of our Wall Street posts. The Catch? Do not read a post that does not pertain to you. It does not make sense to read our post on office politics if you have not even obtained an internship on Wall Street… correct? Correct again! Be honest about where you are in your career or business and read the posts that pertain to your situation.

Example 3: Reading for motivation. **Get out and never come back to this blog.** We have ended those posts forever. You should be able to give motivational speeches not be on the receiving end of emotional non-sense.

Example 4: Wasting the time of successful people with irrelevant questions ***after reading a post that does not pertain to you.*** If you are not in position to take action it makes no logical sense at all.

With the examples out of the way you should take a hard look at what you are consuming. Where are you today? Where do you want to be? Now choose a few select posts to read and keep track of information that you find valuable.

News flash. Anything that makes you *feel* something is not useful. Feelings are for people who want to be entertained.

4) Avoiding Hero Worship

We're getting closer to the finish line. You have read the first three sections and have a written down *game plan* of what you need to improve upon. If you are unhappy but rich… you have clearly circled "game" as a top priority. If you are doing well with women, have money and are suffering from back pain… Health is now a screaming number 1 priority. So on and so forth.

With the priorities out of the way you're only reading for ***actionable*** advice and have cut out the useless blogs/books. If it is not giving you anything you can actually use, you're not going to take the click bait.

Now… onto the avoidance of hero worship…

There are several solid blogs and books out there. It is absolutely fantastic to keep in touch with those authors and make sure you build a relationship so they answer your questions for you in the future. **But.** These authors are human beings and they are not immune to ups and downs in life. Do not beg for "retweets", "page links", "promotions" etc. **Earn it yourself (money section 2 of this post).** Once you earn your keep by delivering *value*, when you ask for signaling of a new product or special post people are going to happily oblige. Delivering no value and begging for promotions because you have been a "long time follower" is retardation.

Deliver value and signal when important issues arise.

There is a huge trend where people are thirsty for approval from their mentors. This is not healthy.

Stop sucking up and start moving up.

Everyone reading this blog is going to be talented at ***something*.** Find that talent. Build that career or business. When you're getting traction, reach out and flag it when one of your "heroes" has a problem in the same space. Since we like examples, here's a great one.

Example: You are a fantastic style consultant. You find that one of your "heroes" (see guy who has helped you in the past with his blog/book) is going on television for the first time. *Opportunity to shine*. You reach out to this person and you say you've been a style consultant for 5+ years. You then help him with his wardrobe for free and *boom* he is happy to send new business your way for the next several years! **That is how it is done.** (this may or may not be a real life example, wink wink)

Concluding Remarks: No one is a hero. Everyone fails in life. If you are gaining value from a specific person, keep them in mind as you build out *your own dreams* not a "copy cat dream". When you are following your own path and find your own niche, the opportunities are going to arise over time and you can build a much better relationship that way.

5) Continuing to Progress Once You've "Made it"

The final frontier. You have it all. So you *think*. You're healthy well off and you have no problems socially. What else is left? The answer is giving it all away (no we don't mean the money which you can give away when you're dead)

People keep asking us, why are you giving away all this information. Most people charge for interview guides, they charge for the finance advice you guys know and they charge tons of money for your sector overviews. The answer is simple, philanthropy is best served through results.

Everyone else believes that giving money away is the best way to improve a person's life. **It is not.** We're happy to donate money here and there but whenever you donate money without the person earning it? You end up creating a person who is reliant instead of ***self-reliant*.** Homeless people get money all the time and yet they end up on the same street corner 3 years later.

We teach self reliance.

Finally, for those that are wondering why we'll end up selling a product… Two reasons. 1) for fun, to prove that we can and 2) psychologically people realize a paid for product will be even better than the blog.

Conclusions and TL;DR Version: Our posts are much longer in length (an average of roughly 3,500 to 4,000 words nowadays) and if you're smart you probably want a summary of the actionable steps to become happy. Below are the tiers, clearly laid out since a lot of description was given.

1) When you're young, being frustrated (annoyed) is a ***normal part of life*.** You are in transition and you are going to go through the pain to improve. Embrace the pain. Don't complain.

2) People are unhappy when their life is not in balance which is primarily related to health -> money -> friends/relationships.

3) Find your imbalance and shift your time to that activity (summary of each piece in the section 2)

4) Stop reading junk you don't need. Don't read a post on how to take a company public if you don't even have a business. Don't ask about "hiring a sales team" if you haven't even sold 10,000 units. You're wasting time. Mental masturbation.

5) **Stop sucking up and start moving up.** Find a way to add value to a person's life and he/she is going to help you as well. This is how life works. This is why the rich get richer and you should be *happy that this is the case*. If you're not trying to suck up then you're going to move up the stack in a *non-linear* fashion.

6) When you are truly excellent at a task, you can begin giving it all away. This is far down the road. When you have everything you want you should teach the basics without ruining your life. You'll be happy when all of the successful emails come in. If anyone is counting we have now cleared over 100+ acceptances into Wall Street (still 100% placement ratio from non-targets that we have specifically worked with.)

There you have it. The truth about being happy is that you need to enjoy the process and it definitely DOES get easier. We realize the "tone" here is not "happy" because that is not reality. You have to *earn* happiness just like anything else in life. Ten years later? You'll only care about one thing.

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How to Sell 10,000 Books as a Hobby

How to Sell 10,000 Books as a Hobby

How to become a best selling author without doing much? Not sure but somehow it worked. For fun we decided to look at our sales over the last 12 months and realized we've eclipsed 10,000 total units (product released July 23, 2017). According to random people on twitter anything over 10,000 is supposed to be a best seller. We doubt that's true considering we've done it but for fun we'll use that as a benchmark. If the number sounds pretty good to you, here's the exact strategy we had (I.E no strategy that evolved over time).

Strategy #1 – Useful Information: The first item is probably the most important. The only reason why we've made any money off this website is because the information was legitimate. When we first started we had a lot of noise "no way information is true", "no way they every worked on wall street" etc. Since we have no interest in fame, we did two things 1) disclosed exact compensation numbers each year and 2) met people privately who had no *incentive* to out us. This makes it impossible at this point to say the information is fake. This was luckily enough. The easier route is to always go public at the massive expense of being a public figure (something we'll avoid).

Strategy #2 – Differentiated Information: While we started the website as a complete joke, it does serve as a strange niche. First people know that the information is true since it's not possible to get the banking numbers *ahead of time* without being in the industry for a decent amount of time. Second, there are not many websites that are tailored to this audience as most people in the "high finance" realm are generally dorkier. They are not successful in the dating market, are much more nerdy – despite depictions in movies and they are not really all that fun to hang around. This acts a weird filter to the website since you only attract three different audiences: 1) other people in that same niche who agree/laugh/enjoy the blog, 2) people looking to get rich and 3) finance guys looking for basic advice here and there. After that it evolved quite a bit (since we quit) and added the affiliate marketing crowd as well.

Putting these items together, the only reason we've sold anything (still small money being honest here) is because all of those niche markets are difficult to fake. If someone tried to call "fake" it would be shut down in less than a few seconds of searching on the website. The other reason is the information is written differently and is quite obvious to the reader that we don't take it seriously (we just now updated the email side where it says the book is going to be released… we didn't even notice it for a year until a person commented on it a few weeks ago).

Strategy #3 – Social Media: Social media is free. You don't have to spend a cent and if you're not interested in making a lot of money off of something. Just go the social media route. We didn't buy a single follower. That's right not a single one. In fact, when you look at the numbers when twitter had it's "purge" we lost a grand total of 50 followers out of the ~33,000 (not sure where it is today).

Note, we would say our social media following is done poorly. We don't try and it shows. The right way to do it is by following significantly more people and increasing your brand. We should be following around 300 people (rough math based on current count), but instead we only have 10. The good news? Like we noted above you can still get a decent number sales while putting in bottom barrel effort.

To emphasize this point if we were doing it right: 1) we would follow more people, 2) post more money related items – cars/flights etc, 3) help promote similar people that would likely "tit-for-tat" and link to us, 4) increase presence by meeting more people and 5) of course… create ads and create products with higher price points to sell said products.

Strategy #4 – Over-Deliver: This is probably the one thing we did right. Giving out tons of information that should not be cheap or free. Our products are definitely underpriced and that's really the point. The only reason we charged for them was really two fold: 1) when people pay for something they are more liikely to act on it and 2) we may as well prove our old english teachers wrong – success! Number one is the biggest motivator. Anyone who has worked in sales knows that a paid for product will more likely be acted on. This is the same reason why guys like Tony Robbins charge more for their seminars. First they can (no idea why anyone pays). But. More importantly, it's hard to tell someone you wasted $2,000 on something. *Note: billionaires and other successful people don't write books for the money. They do it for their own joy or to build a brand/increase exposure.*

Fast forward and think about this. If you're going to *under-deliver* you should actually charge more. It makes it harder for people to admit they made a big mistake. Like getting $80K in debt for a sociology degree, or paying $100 a month for diet pills that don't work etc. We can all see how this becomes grey area in a jiffy! Like they say "a sucker is born every second"… they just don't admit to it.

Strategy #5 – Offer Something for Validated Purchases: Everything gets stolen. Expecting any sort of digital product that isn't a crypto currency to remain safe is quite crazy. Instead there is an easy way to validate if a purchase was legitimate or not and provide something useful for these individuals. We do a monthly Q&A and while some of the answers may not be "good" we're honest in all of them. If a question is solid we try and walk through the answer. If it is already answered in the book we direct them to it (not surprisingly most people who buy books don't actually read all of it). Finally, if it is something we don't know we always say we don't know. Many people try to answer everything, we avoid this by only answering if we have high certainty we have a good answer.

The odd thing in life is that if you're good at something people believe you're good at other things. Similarly if you're bad at something they assume you're bad at everything. Connecting with our prior post, this means you want to make your first impression with something *you're extremely good at*. This actually applied to the blog. We purposely chose a "regular person repellant" type name and also came out firing with primarily high-end information. Information on interviews that are usually paid for content, pay by banks (paid for content – see Glocap) and finally to affiliate marketing where we left the juicy items for the book. This was the only real strategic move we made, the rest was largely a mess.

Strategy #6 – Failing Doesn't Matter Much: Unsurprisingly, we failed at almost every angle in running this blog. We know the homepage isn't set up well. We know our social media strategy isn't good. We know that we didn't market correctly. We know that we should expand our reach.

The counter argument: "well if you know why don't you do it?". The answer is we legitimately don't have time and on top of that it wouldn't lead to a good ROI. This shows since we rely heavily on content to drive user growth. That's it. We also know that ROIs on blogs are extremely low. We're actually surprised we sold so many units of a single sku (never intended to write anything but pulled the trigger due to free time).

Anyway. The point is that you can actually sell a decent number of units without doing everything correctly. Similar to our posts on talents, you just need to focus more effort on something that will distinguish you from everyone else. The writing style here is certainly not going to be found on any professional website or mainstream news website. Leveraging that with legitimate information helps create a familiar voice/tone over time.

Strategy #7 – Having Fun: Can't believe we wrote that. But. Unlike real businesses if you're only interested in making a few bucks, you should have a lot of fun with it. If we weren't having fun writing this it would have died in the first two years. We're getting close to year 6, so much has changed and yet we're still having fun on this site. Who knows how long it will last but if we did it for the money we'd be poor and voting for a socialist at this point. Instead, if you want to sell some books making some money for a couple vacations, you can have a lot of fun doing it. One of the major benefits is you *will* attract people in your similar level. This has already proven to be true as we've met people privately and the writing style/views on life are so painfully obviously aligned that "you attract what you are" becomes reality over time. Also. We'd say that having fun means you shouldn't dedicate a lot of time to it. If you're dedicating a lot of time for it you'll feel the need to do something else and begin to resent the hobby. This has happened to us a few times and that is when you should stop writing and take a break. If a hobby takes up a lot of time you're literally losing money because you can do something else to generate more.

Strategy #8 – Set Reasonable Expectations: Our expectations were not high. If you have high expectations, then it should surround a real business activity. By setting lower expectations, you mentally treat it in-line with your time constraints. We know. The gurus will always tell you to "Set high expectations at all times! Maximize your potential!", it sounds good but doesn't work. if you focus your energy on what matters and treat your hobbies as hobbies you'll make way more money. Why? You're not spending equal amounts of time on the activities. If you can make 100x more money doing activity A versus B, you should always do activity A unless you have down time (so you switch to activity B). This also helps lower your expectations naturally. No reasonable person would put high expectations on something they are not taking seriously.

Strategy #9 – Write Even if Unrelated: If you've learned something new that is differentiated? Publish it even if it is not related to the theme of the blog. Sure it won't be your most read post, but it will expand your readership. Some people get upset when we talk about Art or other various topics like the election for a grand total of two posts. But. Ignore them. If they like your normal content they will just avoid that one and wait another week. The people who read the offshoot posts will be surprised that you've written on something completely new. Besides, if it's occupying your mind then it's likely on the minds of other people as well.

Strategy #10 – Don't Do it for Money: Anyone who has read Efficiency already knows why we don't take this blog seriously. It's not a good business. One time sales do not make people rich. Recurring revenue (subscriptions) or consumable revenue (one time use and repurchased again) make people rich. Also. If you do it for the money you'll give off an odd vibe that we've seen with other websites. No one wants to feel pressure, just use items to cover your hosting costs etc and move on. We used to run the website as a loss (typically hobbies are money losing!) and decided it didn't make any sense and decided to make sure we offset hosting costs at minimum through ads. It has worked and readership hasn't changed at all.

That's really all there is to it. There are zillions of people who have made more than us selling book online. We're definitely not going to become famous authors in the future. That said, if you have specific niche knowledge (say a blog on enterprise sales or consulting or law) then we'd bet that you can earn some cash from it. You just won't get rich. The good news? It'll be fun and exciting. If you ever come up with another idea, you can probably publish something on an annual basis or so. Oddly enough, we should seriously write a book called "life is a joke, $0 to multiple millions" and explain how most of the stuff you think won't work (does) and most of the stuff that you think will work typically fails the hardest. Then you get older and finally become more accurate.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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How to Spot a Liar

There are a ton of liars on the internet (forums and websites) and in person as well of course. The best way to spot a liar is to evaluate their emotions (negatively charged) or if they are unable to deliver results when asked. Lets break down some examples of how to spot liars and some common lies:

Emotional Evaluation.

They are Not Happy: This by far is the most common trait amongst unsuccessful men and liars. Unhappiness can include cynicism and racism as well. These states of mind are far along the emotional spectrum and are a clear signal of a propensity to lie. Don't get us wrong there are many unhappy people who make money or are racist, Wall Street is certainly a great example of this, but remember that an unhappy and angry person is much more likely to sell you a lie than to tell you the truth.

They Want People to Fail: This is another great way to see if someone is likely going to sell you a bunch of lies. They don't enjoy seeing someone else succeed. If someone is truly successful, inside and out, they have no problems seeing other people succeed. Being able to distinguish between competitive and negative feelings is key.

They Always Win: The vast majority of people who are truly successful have a much longer story to tell regarding their failures rather than their success. The most successful people you meet tend to have much more interesting back stories of failure rather than a back story of complete triumph throughout. At the end of the day, everything worthwhile in life has an extremely low success rate and therefore requires large amounts of attempts and subsequent failures. Winners view failure as progress, and winners have little time to spend boasting, they want to fail more to get what they want which is usually yet another difficult worthwhile goal.

Common Lies and Inability to Deliver Results.

Women: Most guys are awful. Terrible. The way you can quickly spot their poor performance is simply by asking them how many new girls they speak to in a day or how many women they have slept with. Unless the guy is good looking be certain he is lying if he spews out any number be it 10, 40, or 500. There is a small fraction of men who actually track their performance the rest are usually the same guys who walk into clubs and put their hands in their pockets immediately. A man who boasts and pounds his chest constantly about women being "easy" is spending more time trying to win approval from his peers, this is the exact personality that will fail consistently time and time again. Notably, if you visit his hometown he sure better be able to tell you where to go on what days and at minimum give you a few pointers on what to say at the venues he recommends.

Picking Stocks: This is another common one all over the internet. Some guy or guys think they found a way to "make easy money" by trading securities. Notice the same trend… its "easy". Unless the guy shows you a 2-3 year track record with real proof, be certain the guy is either a liar or is getting lucky in a few trades here and there. Do not spend your time taking advice without proof and continue to stash your own cash and avoid the high beta risk plays. If you really got something and are broke, shoot us an email and we'll make you a multi-millionaire in less than a year, we're not holding our breath. Common stock picking myths below (assuming the person is not working in a real finance position):

1) Trading Currencies: This is by far the worst, you're in a market that never closes and if you think you can guess where all currencies are going simultaneously you're nuts

2) Options: Options have higher average returns. Why? Leverage. If you're 10-100x leveraging a bet that can either go up to infinity or down to zero, your downside is pegged at zero, you won't be going negative so the positive outliers skew you up

3) Liquidity: No one is more liquid than a trading firm or hedge fund, as an individual you are simply more liquid than companies with a large stake in a company, ex: a fund with 3%+ ownership will unlikely place a market sell on the full position

4) Technical Analysis: Yes technicals move stocks and no you will not beat a set up algorithm. With the massive amounts of quants out there, there is literally no way you're clicking buy/sell before it passes the XYZ moving average

5) Outsmarting Quants: Everyone who thinks they are faster or smarter than quants needs to read this book. If you don't want to read it? The quants figured out Bernie Madoff was running a ponzi scheme and liquidated, game over

Pay and Savings: This one is pretty much useless. Unless someone shows you their bank statement or paycheck, assume everything being said is a complete lie. It is better to err on the side of positivity (assume they are telling the truth) and simply rely on stats from legitimate resources.

Conclusion: Unsure as to where this falls in the game or finance spectrum however the above is certainly important for everyone to understand. It is the best way to weed for bad advice, losers and liars. If the person is setting unrealistically high expectations with zero contributions and does so with a negative tone, be certain you're dealing with a liar. ***If the person is rocking on all cylinders, they don't have a need to show off, people sense it.***

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How to Think About Time and the "$5,000 Question"

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There is no way to become an expert in time. Meaning? It is difficult to know with 100% certainty if you've made the right decisions until you're 80 and look back saying "I have no regrets". If that is the case then you've absolutely made it (visit a hospital and you'll see that the vast majority are unable to say this). Time can only be understood or bucketed into segments and we'll take a stab at outlining some key things we've learned (or think we've learned) about time.

Time and Value

Time is Second Only to Health: Largely speaking, the only thing more important than time is your health. Why? It can buy you more *valuable* time. If you're eating healthy, working out and avoiding unnecessary stress (probably the most difficult of the three) you'll increase your health. By increasing your health you're elongating the amount of time you have and also increasing the *quality* of the time you have left! A year of life in a hospital bed at 40 is definitely not equal to a year of life for a man who can still play every single sport on the planet. In addition, time is certainly more valuable than money since $$$ can eventually become perpetual (Financially Independent).

Time is Not Valued Equally: Now many of you see the conundrum here! Why do we focus on making money early if time is more valuable than the money? Well, if you get rich early on you can take advantage of *more valuable time*. A full year of free time to do as you please at age 30 is not equal to a full year to do as you please at 60. There is no real debate there since the human body degrades over the years. Knowing that time is not treated equally, somewhere around 40-45 (guesstimate) is when each subsequent year is less valuable than the prior year (capacity for new life experiences). To avoid negativity, yes there are millions upon millions of things you can do at 45+. Ignoring the fact that you're less malleable when compared to 30 is preposterous.

The Masses Do Not Value Time: The masses value their time at nearly zero. They will look at the highest "hourly wage" as the best way to earn income and the best way to maximize their time. In addition, instead of looking at ways to create recurring income, they will look for ways to reduce one-time costs. This is the exact opposite of the correct way to get rich. If you're creating nothing but recurring long-term income the one-time costs become meaningless… For fun here's a quick way to see if your colleagues understand the value of time. Ask them the $5K question "Would you rather work all day today and make $5,000 or would you rather work all day and generate $1 per day forever?". The correct answer of course is $1 per day forever. At a 4% interest rate assumption (not even risk free!) $365 a year is equal to $9,125 vs. the $5,000 one time outlay. Now… ask yourself if you can work all day today and create something that makes you just $1 a day forever (if you can your "annual wage" is $3.33 million!). The fact that no one reading this blog will trade their time for money (long-term) is the greatest thing about time (others are willing to happily do so). Another way to put it? If you can really find a way to generate just $1 a day for life and do this for a year… ***Your income is $133,225 for life.***

Time Can Increase Your Long-term Value: The second greatest thing about time is that it rewards you handsomely for making the right decisions. If you made the right moves early then the rewards compound for you. This is pretty simple and the rule of 72 is the best way to do back of the envelope math. All of your assets should double in value every ~10 years assuming it gets a 7.2% growth rate. Taking it a step further, correctly used time allows your *future utility to increase* since it works in your favor to increase leisure and increase the set of items you can do with your leisure time.

Time and Risk

Risk is Almost Always Related to Time: We don't know if we'll wake up tomorrow and get hit by a bus. We don't know if we're making the right decision at all times (long-term utility). What we do know is that risk is primarily related to time since you could be doing something else. Given that backdrop, the biggest risk people take is *doing nothing*. Indecision is the worst use of your time since it leads to a 100% failure rate. The faster someone can make quick risk adjusted decisions, the more likely the person is to maximize their time over the course of 80 years.

As Time Passes Activity Risk Increases: If there is something you want to do today, we suggest doing it now if you won't be able to do it ~3-5 years from now (stated this many times in the past). This is specific to anything that won't ruin your financial life forever. The reason? Activities go away as years go by. If there is a specific recording artist you love, it is best to go and see them ASAP (their careers are shorter) similar to sports if that is your hobby.

Reliance Risk Increases: As time passes by your employment risk will increase. You're going to be earning more money (more cost effective to be fired!) and you're less likely to replace that income at another company. To put it another way… reliance risk goes up over time. Even in items outside of employment if you rely on any single item for either happiness, sense of life meaning or income, the risk of it going away goes up over time. Many people become suicidal after earning large sums of money and seeing their company go bankrupt or being let go from their high paying investment banking career. Risk related to *Reliance* on one specific item (for anything) goes no where but up over time due to a large amount of psychological factors.

Risk to Adaptability Increases: As time passes by our ability to adapt decreases. This is also due to psychological factors. If someone believes they have made the right decisions their entire lives they would have to admit they made a large mistake over 5, 10, 15, or 20 years. Stuck in their own minds. This works both ways. If we try to convince a retired millionaire that he wasted his time working a career for 50 years just to retire at 70…. It wouldn't work. Similarly, there is no point in telling him such a rude thing because there is nothing that can be done to reverse the decision in the first place! When you're in your 20s? You're a jet-ski that can move and change directions rapidly. In your 30-40s? You're a standard boat… and by 60? You're a tanker ship with the decision already made. As a rule of thumb, if someone is hard set on a belief and has maintained the same thoughts for more than 5 years… go with "smile, nod, agree" to avoid confrontation.

Unproductive Use of Time

Arguing With People: This is still prevalent on every single platform you can find from Twitter, to Facebook to internet forums etc. It takes a long time to master this skill since it requires "quitting". This is not something in the vocabulary of ambitious people, so it is rarely mastered! Arguing with people isn't a good use of time because at the end of the day around 50% of people just won't like you anyway. The presidents (Trump, Obama, Bush or Clinton etc.) all of these people don't have a 100% approval rating. Just call half of the population a wash and chalk it up to the "numbers game". There are 7 billion people in the world, it is better to find one of those 3.5 billion who will at least be neutral to you and have a real discussion on any given topic.

Doing *Everything* for Money: The best way to burn time is to focus 100% of it on money. That's a strange comment given our website draw but it is true. No one wants to be around someone who is constantly worried about earning more money from ages 20 to 50… It eventually becomes meaningless. These individuals usually have trouble socializing and making long-term friends which is not a productive use of time (there is an eventual cut off). This blog and our book are no different, earning a few bucks selling an e-book is significantly less productive (maybe we'll blow it all on throwing a party for our favorite commenters!).

Giving Up Time to Cut Costs: Re-read the first paragraph under unproductive use of time and you'll find that no frugality blogger will ever agree with us. This is fine. We won't argue. We just outline the points here which show skills are learned when you earn; no skills are learned when you do nothing. If you've already cut your costs to the bare minimum it's not going to go any lower… so why would five hours of research to save money on coffee outperform $2 spent meeting a potential customer for coffee? We give up.

Worrying About Opinions of Other People: Unless someone has what you want, their opinion shouldn't be that meaningful to you. If you admire someone's ability to earn money it makes sense to listen to their money advice. If that same person can't do a pushup, probably best to ignore his fitness advice. So on and so forth. Lots of time is wasted worrying about living up to other people's values. Create your own values and live according to those. If you're not engaging with people who dislike you and you have some fun activities outside of making money, the chips will fall into place over a long period of time that will delete opinions from people you don't respect in the first place. It's a "win win". The people who will never like you? Well they never get a chance to meet you either!

Thinking About the Past: It is one thing to learn from the past it is another thing to dwell on it. Everyone will make a wrong turn here and there. Maybe you take the wrong career or join the wrong firm. Maybe you jump at the wrong time. It doesn't really matter anymore since it's in the past. What really matters is learning if there was a "blind spot". Find the blind spot and don't let it happen again. Finally, maybe the decision was actually the *correct* move and it just didn't happen to work out! If that's the case, thinking about anything negative from the past is a colossal waste of time. Only positive things from your past should be remembered to improve your focus and emotions.

Time and Excitement

Time Spent to Achieve = Dopamine: Anyone who isn't financially independent yet (but is serious about it) will receive an enormous amount of dopamine when they cross the finish line. We're not joking when we say we're jealous of those people that are on their way and have a clear path there. Becoming financially independent can take up to 10-20 years (standard version) and there are very few things in life that take such a long time to achieve. Think about other events where an immense amount of joy is shown and they are directly related to the time it took (athletes winning championships, parents watching their kids graduate college, so on and so forth). Once you experience something like this your views on time change forever.

First Time Experience Excitement: Generally, the first time you do something new from an experience perspective it has the most value. This is different from the large amount of dopamine obtained from achievement or success since it's a repetitive task. If you go out and get drunk for the first time it's typically a lot of fun… do this 200 times and it certainly wears you down. This is seen in drug addicts as well where they need more of it to achieve the same "high". Knowing that dynamic, having a long list of interests is a great thing since you can get the "first time experience" hundreds of times over the course of your life (it also prevents you from developing a plain and boring personality as well!)

Time and Consistent Excitement: You're a lucky person if you find five things you can do every day that constantly give a baseline level of dopamine rush. This can be anything from athletics to music to travel to reading. We only say "lucky" because it takes a good amount of effort to go through many first time experiences (second point) and find one that remains relatively constant. You'll find that the main ones that create constant dopamine levels to rise rarely cost thousands of dollars to maintain.

Concluding Remarks on Time

Overall, life is a big balancing act. In order to obtain money you have to give up time (building recurring income streams of course!) and you also have to recognize that the time you're using could be spent doing other exciting things that will become harder to do as we all age. We would really summarize this into 10 key points: 1) since health can improve both time and money we'd focus on activities that maximize this – athletics, clean diet etc., 2) consistently review activities to make sure life doesn't pass you by and you don't become a boring guy, 3) always look for ways to create recurring income and realize that 99% of people will trade their time for money happily – will fail the $5,000 question, 4) fail a bunch of times as early and as often as possible, this way as risk increases in the future you'll be well positioned to avoid big mistakes, 5) diversify your life as there is no need to rely on any singular item for meaning, money or emotional support, 6) Don't bother arguing with people – easier said than done!, 7) realize that money is only a tool and eventually loses utility, 8) the amount of time it takes to achieve something is directly related to the dopamine obtained, 9) have a growing list of first time experiences – things to try and 10) unlike money, time cannot be taken back choose wisely

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How to Use Big Gains vs. Small Gains. Make the Big Moves Early.

How to Use Big Gains vs. Small Gains. Make the Big Moves Early.

There are a million posts on the difference between being young and old it really boils down to a shift in recovery time along with pain tolerance. When you're young, you have the ability to recover quickly (just look at physical injuries) however your pain tolerance is lower (not enough repetition). As time goes by, after multiple painful repetitions (physical with weights/sports, mental with stress/emotional events) you're going to become *desensitized* to most forms of pain. Tolerance builds over time making the answer clear… put the pain/stress on as early as possible to become desensitized.

Big Gains

Put Physical Pain Up Front: If you look at someone who is overweight and in their 30s, the upward battle to get in shape is enormous. Muscle memory is real. If you haven't developed a solid physique in your 20s or at the latest early 30s maintaining a high level of fitness will become incredibly difficult. The reverse is also true. If you can take the physical pain up front, you're going to be in the best shape of your life and offsetting the inevitable declines will be significantly easier. Even if someone tries to take performance enhancing drugs to give themselves an edge, it just won't compare (otherwise pro-athletes would continue to perform well into their 40s). Remember, when referring to fitness we mean both looking good and feeling healthy as well. There is a tremendous difference between being physically muscular and being coordinated with cardiovascular health as well. Since health is #1 (more important than both time and money) anyone foolish enough to let their bodies go down the drain in their 20s will pay for that decision for the *next fifty years.*

Put All Financial Gains Upfront: Instead of trying to get ahead by slowly putting away money (10% is always thrown around as the norm), it makes much more strategic sense to try and put away a large amount of money early and "let it ride". This allows you to let time work in your favor and *you can even slip up a few times*. Your slips won't matter because if the principal investment is untouched you'll be set without lifting a finger. Once the math "clicks" you'll see its much more meaningful to work extremely hard when you're young to lock in the compounded gains. The table below should be an eye opener. As a simple example, if someone decides to wait for 5 years before really putting money away (think doctor/lawyer) that means you'll need over $600K+ in post tax income to catch up to someone who put away low six figures just a few years earlier. This is a daunting task when you consider that the young hungry business person will unlikely see a zero income year.

Decide to Play Catch Up? If someone decided to "take it easy" because investing smaller amounts over time is easier, you'll see a huge disadvantage appear. Even if they were to put away 45% (almost half) of the amount for 15 years (*3x more time*) they won't catch up to the big investments made by the first example! To put it into clearer terms, the last five years of investing (years 11-15) is roughly equivalent to the single $100K investment made in year 1 by the first example ($257.8K vs. $285.8K). This means five full years of effort in "out years" is equivalent to a single painful event year 10 years ago. This bears repeating. Even if someone saves approximately half as much over the course of 3x more time, they will be worth *less* than the person who put the large capital investments up front. If you want to play the game from a psychological perspective, think about tripling the number. Take any amount you have today and ask if you'd rather have triple the amount in 15 years .

Take Advantage of Being Young: Approximately 32% of the readership is just joining the workforce while the remaining consists largely of working professionals with 6-figure incomes (or better). With that in mind we would challenge any young reader to learn the art of "playing dumb" as early as possible. This means using your youth as an excuse to avoid large scale items. No one cares if a 22 year old lives with a roommate. No one cares if he can't afford a $40,000 watch. No one cares if he goes to Thailand to party instead of Monaco. No one cares if he only has two suits. No one cares if he eats a sandwich to go vs. a sit down seafood restaurant for lunch. In short, take advantage of lying down about any amount of income you're making and you won't see a material impact to your social life. When you're 30 it won't be impressive to "scrape by" and you surely won't be interested in drinking 12 shots over the course of 48 hours to party all weekend. In short, if the *perception* is that you're young, penniless and naive… You know what to do… Take advantage of the situation.

Demo

In Your 30s Not There Yet? No problem, the strategy we would deploy is the see-saw approach. One year you'll bite the bullet and focus a ton of time on generating event driven income (anything that'll allow you to potentially sock away 6 figures in a year, we'll draw the line there). Instead of trying to become frugal (see boring) you'll oscillate between putting away a large amount of income and relaxing the following year. The reason why we would suggest this route over the constant grind is that you'll avoid personality deterioration. If you've ever hung out with someone who saves 70-80% of their income for 10+ years… you'll know exactly what we're talking about. Years 25-45 or so are the prime years of your life so if you're already in your 30s it probably makes sense to switch to an oscillation framework. In addition, this guarantees you'll outperform the steady saver from the examples provided above, one year of pain is worth more than two mediocre years. So you can live it up, buckle down and oscillate to avoid burning out and remind yourself of the joys that money can bring.

Forget About the Investments: This is probably the most difficult part. In order to see the value of putting big gains up front you have to forget about the investments and avoid using the gains. This means you're doing yourself a disservice by constantly checking a personal trading account or your net worth on a daily basis. This will either 1) make you feel rich or 2) make you feel uncomfortable during a market down-tick. In addition, to avoid using the gains you'll have to *trust the process* by taking any material financial windfall and throw it all into equity + debt instruments and close the brokerage account screen.

Small Gains

While the most important section is about the value of large gains, we'd say small gains should be used as a "revolver". For those unfamiliar with finance terms, a revolving credit facility is essentially quick access cash at a low interest rate. Instead of being charged an interest rate, all small gains should be used to create a revolving cash facility for one-time charges.

Website Income: You will fail. Or you'll get lucky and hit your first idea out of the park. More likely your first 10 ideas will fail. This is a great thing because failing early in life sets you up for a great future and the small failure can actually help you. What you'll do is set up 2-3 basic checking accounts with income from all of your failed ideas. Lets say you started a niche website on the best yoga equipment for stretching (talk about a terrible idea) but… that website generates a couple hundred dollars a month. Now lets repeat this with 5 more websites and that's $1,000 a month. You can take all of the money and throw it into an "emergency" checking account. This will offset all of your one-time charges for at least 5-10 years. In five years you'll have $60,000 to either keep as a safe haven or use to fund a small idea: as noted $50K is the approximate amount we use for selling a new product: 1) $10K website design/sales page – any specialized work you need to make your website look better; 2) $5K demand check – quick demand check before you even get started with your idea (if there are zero orders you don't proceed); *3)* $35K product manufacturing and design -find a place to produce your product and design.

Small Gain High Risk: Another advantage of small gain items, you can take a huge amount of risk with it. If you have a similar situation to the items outlined above you can also throw it all into risky investments: small/micro-caps, high volatility crypto-currencies, high volatility leveraged equity products, options etc. This is a great way to get a meaningful return off of a small gain. If you've walked backward into an extra $10,000 for some reason (large gift, fortunate one time sales day etc.) you can go ahead and put an aggressive move onto the table. If you end up picking up a 5-10 bagger (500-1,000% return) that's going to make the small gain a meaningful one. Besides who want's to live their life buying nothing but boring indexes and bonds!

Hitting Singles With a Rental: The third way to make small gains is to own a couple of middle class rental properties on leverage. This means your primary goal is to get the cash flow to "show a zero". Subtracting out fees and depreciation, on a tax basis you can show 0 income on a couple of properties while benefiting from cash flow positive numbers in the mid-hundred dollar range on a monthly basis (this even includes property management if real estate isn't you're way of earning your money). While we've focused primarily on "electronic real estate" (cash flow positive websites). Diversifying into cash flow positive rentals can also be used as a small gain for high risk rewards or emergency cash accounts.

Putting it All Together

FullSizeRender

While we've put up a lot of numbers here the key is really ***decisiveness.*** We'd say the biggest mistake we see people make when trying to accumulate money is being indecisive. Once you choose your path to earning *event* or large one time gain income… You can't falter. Instead of trying to go down 3 paths at once choose one to be your primary income producer. The biggest and most lucrative ones are of course: Business, Real Estate and Career income. Once you've set down on one path to be the primary income stream *do not deviate.* You're allowed to go down two paths at maximum. Since you'll be developing two income streams one will naturally dwarf the other but your skill-set will be diversified. The rest of the money will all go to "small gain" set it and forget it type environments. If real estate is not your path to earning income, you'll need a property manager. If internet based income is not your path, then you shouldn't bother with purchasing "internet real estate" on flippa. If you've gone into sales, it does not make sense to spend your weekend doing a technology bootcamp. Decide on a path (making sure it is lucrative first).

If you're interested in learning about your specific skills you'll want to read our upcoming book Efficiency. You'll figure out the following when it comes to earning money: 1) what skills you have, 2) what industries to join, 3) how to choose the right company to work for, 4) how to start an internet company, 5) how to build a basic niche website and 6) how to do all of this without becoming that boring guy who look uncomfortable in any social setting. **Efficiency will be available in July**, subscribe to receive discounts or follow us on Twitter for the launch. Remember we can give the tools, but no one can execute on the plan but you.

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Human Nature Will Never Change. And. How to Profit From It.

Human Nature Will Never Change. And. How to Profit From It.

Back in 2012, we used to believe that giving out the truth would lead to more competition. That people would wake up, realize their mistakes and take action. After realizing this belief was wrong we started writing here as a hobby (originally to troll the internet which later changed). The reason for this? Human nature will never change. You're not supposed to use words such as "never" and "will"… But. We don't care because it is the truth. At the end of the day people are simply animals and the vast majority will fall into the same traps over and over and over again. Fixing a person from the inside out takes a lot of time, effort, thinking and will power. All items that the typical person lacks.

Human Nature and How to Profit off of it.

Unwilling to Take Action: Pick me up motivational seminars will be around for decades. This is a natural human flaw. 95% of people are unwilling to take action and people get emotionally charged when watching ridiculous things from a Michael Jordan commercial to a Tony Robbins seminar. This is why 95% of people will never succeed. They need someone else to get them to do work. This is also why 95% of people want to be employees and believe it is "less risky". This is the biggest lie ever sold.

Since we know this human flaw will exist as long as we are alive (at least the next 100 years) we should take advantage of it. If you have a business it will be easy to hire employees and underpay them. You can justify underpaying them by treating them nicely (the exact reverse of most business models). Since you know that they don't have the capacity to work for themselves you can pay them below market but tell them they are amazing employees. This reduces churn and you get to increase your profit margins. Importantly, if you think this paragraph is "mean" this is exactly how the top companies operate. Even the biggest most important companies will fire a person instantly if they break this mold of higher profit margin per employee. Big companies are fixated on profitability and protecting operating margins.

Obsession with Homeruns: People will constantly flock to anything that could be a "life changer". This means any investment vehicle that has wild swings up and down (they will ignore the underlying fundamentals). If you see any large cap stock, crypto currency or real estate market suddenly go up 100%+…. You'll begin to hear "stories". They are all the same. Some guy someone knows gets rich off of the space and suddenly everyone is interested in investing tons of money into it. We have gotten to a point where people will focus on "what happened to the price" instead of asking "why did the price move".

This is yet another human flaw and is why the lottery exists. It is the same concept. Any "chance", no matter how slim, will attract humans looking for some sort of immediate solution to their lives. The answer of course is to start a casino if you can. If you cannot start a casino the next best thing is to sell things such as sweepstakes and contests. Set up the sweepstakes such that you'll never actually lose. For every $100 that come in say $98 go out. People will sign up. They believe in luck instead of creating it themselves.

Need for a Quick Fix: Building on the items above, since we know humans are unwilling to fix things themselves and are in love with "quick riches"… we can surmise that they are also quite interested in "quick fixes". This is why the skin care, diet and testosterone boosting industry are all alive and healthy. These industries target massive pain points since the typical person is not in shape. They will look for "remedies" for their fat loss, their muscle gains and their deteriorating skin. As our readers know, there are no quick solutions to any of these since they are all solved internally.

Now onto the more important part, since people are searching for quick fixes you should sell products that do work *temporarily*. Anything that will slightly help them will be seen as a godsend. Telling someone to overhaul their diet, exercise and work routine is just not feasible so go ahead and sell Band-Aids instead. As long as the Band-Aid works and helps stop the bleeding you'll get rave reviews. If you don't believe Band-Aids will work we'll go ahead and pose a question *"What would you call the cosmetics industry?"* Billions of dollars are spent on products that temporarily help the appearance of women. Cosmetics do not improve skin (in fact they cause damage in most cases) and yet look at the sales. If we really want to open Pandora's box, ask yourself… is the fashion industry there because people want to look better without actually changing their bodies? You know our answer to that one.

They Are Never Wrong: Now you're probably wondering, well all of this stuff makes sense but wouldn't they eventually realize they are wrong and take action? Not to worry! They won't. Why? Well they are never wrong. Instead of sitting and thinking most people backward rationalize all of their decisions. If they buy a motivational book and do five push-ups the next day because someone inspired them to do so… they'll think the purchase was worth it. This is how the human brain operates. Since they are never wrong, once they've been sold on one purchase of a meaningless product they'll justify the action later.

Since we're getting into more complex territory here is how it would work from a money making perspective. We know people don't want to do anything by themselves. *If they try and fail then their ego is destroyed and they can't have that*. So… how do you make money from it? Well your average person is going to ask for a lot of "help" and by help all you need to do is figure out what they want to do anyway. They don't want help they want to justify what they have decided they are going to do anyway. So you repeat this back to them. If they succeed they'll remember you as the supportive guy. If they fail… then you can help them rationalize by saying *"it was the right risk adjusted thing to do it just didn't work out"*. Under no circumstances do you give them an actual opinion or any advice. If you operate like this in your everyday life you'll notice that you have a ton of people who believe you're a great guy. And. All you did was tell them what they wanted to hear.

They Have Minimal Diversity in Skills: Continuing to build on all of the above, since human nature is to value "stability" which they believe revolves around working for another person (a job) the typical person will have minimal skill diversity. They will be pigeon holed into a single set of niche tasks that may or may not be useful in the future. This is an important distinction because we're not saying that people should juggle tasks. That also leads to failure. Instead one should focus on a single broad direction and learn all of the necessary tasks involved. Why? Well we can't think of a single business that operates with only one person for sales, product development, supply chain management, etc. The CEO or head of the company will certainly be well versed in the majority of those tasks.

Now to the making money part. Since most people will rely on one source of livable income, you already know what we're going to say, you'll need several. Having one source of income that pays for all of your expenses is like putting your entire life into one stock. It's just not smart. We'd say a good starting point is around four streams of livable income. If you have living wage coming from say 1) real estate, 2) your career, 3) your online business and 4) stocks/bonds… You're in good shape. If you only have a career/job… you're essentially in emergency mode. Now, if you want to hear the cynical side as well, you can also use the minimal skill diversity to improve automation. As we move into the future process oriented jobs will be taken over by AI (this has already happened and anyone in online sales knows exactly what we're talking about). If you're looking to cut costs and run a large team, you'll try to make a process out of each group. Once it's a process just have AI do the rest and cut the piece that has now been automated. If people believe the prior few sentences were "bad" this is how the majority of billionaires will operate over the next several years. Remember in any large company people are just line items and the goal of the managers is to cut that line-item without hurting the top-line… Use AI.

Three Ways to Save Time

We've now given away five ways to profit off of human nature knowing that people are: 1) unwilling to take action, 2) are drawn to big moves, 3) are looking for quick answers to problems, 4) believe they are never wrong and 5) lack skill diversity. The more important part is how to save time. Time is more important than money and knowing human nature will save you a lot of headaches. We cannot change human nature so the next best thing is to save time.

Changing an Opinion: No point here. Unless someone is completely new to a topic there is no point in changing their opinion. It won't happen and if you're right they will simply dislike you because their ego took a hit (you were right and they were wrong). This is not a good way to win at life. Instead of trying to change opinions make a decision on if the person has already made a strong opinion. This is the real trick. If someone is 100% new to a topic then feel free to provide an opinion. If they already have an opinion, just agree with it and take their side of the argument. Besides. In order to have your own strong opinion you should be able to argue the other side with ease… This will save you a large amount of time and we can't over state that enough: 1) figure out if they have a strong opinion – takes a few minutes, 2) then decide to either agree *or*give an actual opinion (if they have an opinion just agree). In addition, if you read this paragraph and disagree, we think you have a good point and things aren't black and white so there are definitely grey areas (see if you catch the joke).

The Never Ending Search: In our book, Efficiency, we covered practically every major scam there is from "T-boosting" pills to magic brain pills that make you smarter to affiliates to gym advice etc. The reality… people will *still* look for magic tricks! You can spell it out and even teach them how to spot the scams and *they will still fall for it because they are driven by emotion*. So when someone comes up to you with some new "fad" just agree with them. If someone wants to do cross fit and injure themselves don't tell them the truth. Tell them it's cool they are "getting out there to try and experience something new". This is probably the best phrase to use. "It's all about experiencing different things, just get out of your comfort zone!" and other such cliché phrases. This will make them feel good and you won't have to explain that they are on a never ending search for things that don't exist. As always logic doesn't sell so save yourself the time and get used to that standard line!

Find the Flaw and Ignore the Advice: If you find a guy who thinks he has it made, be careful. Most guys with money fail in many other categories. Don't take fitness advice from the overweight guy with $10 million dollars. Sure he made money, but he sure doesn't know anything about fitness. Similarly, you wouldn't take dating advice from a guy with an overbearing wife or someone you would never talk to in a social setting yourself. So on and so forth. This will save you a lot of time. Since we know most people only succeed in one category (niche) you'll tell them you want "advice in the other categories" to boost their ego and eventually work your way into the information you want. As they say tell an overweight guy you think he lost weight since last time you saw him and tell a smart nerdy guy you want dating advice. Once rapport is built you'll all set to get the more valuable information.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality).

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Ignore What People Say Focus on What They Do – Specific Examples

Ignore What People Say Focus on What They Do – Specific Examples

One of the main concepts on this blog is to ignore what people say and focus on what they do. It is a lot easier to understand the concept vs. applying the concept as people can be quite convincing. They cry, yell, complain, jump up and down and yet their actions rarely line up with what they are saying/yelling. The good news is that you will be forced to learn this if you develop any sales skills (online or in person). So we'll outline various ways to avoid the noise and focus on the actions/implied messages that are being sent in every day interactions.

Everyone Wants a Short Cut: This is a stone cold fact. If you've worked in affiliate marketing in the past or present, you will know with certainty that everyone is looking for a shortcut. No one wants to get better at anything. They "hope" they get better. Hope is not a good strategy for anything: sports, business, dating etc. Hope is just the admission of failure since the person is unwilling to change their actions.

Once you realize this, you will no longer waste your time trying to tell people the truth. It is better to help the average person justify their faults (rationalize) and encourage them to keep fighting even if they aren't doing anything to improve their situation.

The above doesn't sound great. Your average person (who will fail) will make an excuse like *"I don't want to sell like that! I have principles"*. Well no one said the product has to be bad. The point is that you have to sell with extreme amounts of emotion. Logic is next to worthless if you're selling a product to the masses. It barely even works on people in the top 5% in terms of IQ. So. The answer is to create a product that works… And… to sell it as if you're talking to the lowest end of the IQ curve.

The general population does not have internal motivation. They are more interested in being entertained and "chilling" with other people who won't go anywhere. Therefore, they always want the short cut and they want it sold in an exciting manner. If you attempt to sell with logic and without emotion, the losses you incur will force you to quickly realize the above. Short cuts and hype are significantly better sales tools compared to logical things such as more effort = more rewards. Make everything appear to be more entertaining vs. educational, hence why movies are more popular than books. So on and so forth. If it sounds long/difficult like anything meaningful in life, you've done a terrible job with your pitch.

Convergence of Like Minds: Over a long time frame, the successful people and unsuccessful people end up hanging out together. That said… there are many situations where you'll be in a room with both groups. And. This will be short lived. In particular, if you're placed into a public school. If you're in a public school, by some force of nature, the people who end up as life's winners will be able to contact one another. The ones who end up failing constantly talk about their "past" and how they "used to be good" despite having no tangible results to show from their past success.

How does this apply to following what they do? Well… before you invest time in someone, figure out who they hang out with and what they are doing with their free time. If they are spending their time with the wrong groups, they will end up being dragged down by the low quality they surround themselves with. This is why most people who end up making it from poor backgrounds have higher levels of independence. They realized that the surrounding environment was horrible and isolated themselves from negative influences. A good way to flush out people with potential is their ability to cut ties with bad influences and simply move on (closing the door and never looking back).

Complaints on Value: This is probably the biggest tell. If someone complains that the "rich are getting richer" or that "XYZ person is overpaid" what they are really saying is that they think they deserve more.

Now the only person who thinks he deserves more is the person that isn't at the top of his game. Why? Well, if you're at or the near the top you're generating a large amount of revenue and profit. So you're not going to be upset about disparity.

Now how do we apply this one to following what people do? Again. We ignore what they are saying and focus on what actions it leads to. This tells you if they are future winners or future life long losers.

You watch how the person attempts to generate income. It's really that simple. If the person continues to simply complain, this means he's not going to make the next step. There are two strategies: 1) create another income stream or 2) generate more profits in his current profession. There are situations where #2 becomes near impossible (rare) and there is *no* situation where you cannot create another form of income.

Therefore, if someone complains about the disparity in pay and what "they think they are worth" you simply have to ask what their strategy is to fix it. If they don't say "start a second form of income" then you know you're talking to someone who will be mediocre over the long-term. If there was an interest in improvement, they would focus on solutions instead of emotional responses "I deserve more" is not an answer. No matter how compelling their argument is, words don't mean anything relative to what their actions/solutions are.

"I'm a Good Person": This is usually the exact phrase used by someone who isn't a good person. In fact, any time someone says they are "XYZ" and it cannot be verified, you should have alarm bells go off. If someone is XYZ they wouldn't need to prove it with words or bring it up at all. Have you ever met someone who was a good at anything and brought it up within the first 1-2 hours of meeting you? Unlikely. Selling yourself on second 1 usually only occurs in work environments, rarely in a social setting.

Instead of building perceptions based on what other people say, you should instead build up their character traits by their actions. There are a lot of people who are rough on the outside but their actions are fair and balanced. That's a lot better than the outwardly happy go lucky person who would sell his kids to the highest bidder (dead beat dads/moms for example). Being outwardly nice doesn't mean much relative to actions taken as that shows where their real values are.

Polls and Opinions: These are rarely good indicators of value. Why? People will answer polls based on how they feel. For example, if you poll the average person, they will tell you that iPhones are too expensive. Apple is making too much money off the phone, etc. Then… They go out and buy the newest model every year or two like clockwork. If they really believed that the phones were too expensive, the number of phones sold would decline every year.

Similarly, if you poll people about changes to a product, they are always going to say it's too expensive and it should deliver even more value. You can see this thought process from failures and losers who say "if i was rich i would give away all my hobby products for free!". This makes no sense at all for anyone with even one day of business experience. You have to charge something and ideally more because if you don't people will not use it. Generally speaking, if you give something away for free, it won't even be used or looked at. Therefore, never take polls directed at the general population seriously.

Opinions are the same, especially when the topic of dating comes up. When someone complains that girls/guys are "terrible"… they are really saying that they are terrible decision makers. There are seven billion people in the world and if you cannot find anyone who matches your standards you're certainly the problem. This is the main reason why we killed all dating questions/advice. It attracts complainers and losers. We don't know any socially competent people with money that struggle in the dating category. The ones that are rich and socially strange just need to go out more and stop being insecure about rejection. If you can succeed in the financial world, succeeding in the dating world is 100 times easier unless you're physically handicapped in some way or have extremely problematic social skills.

"I care about XYZ": This is another good one. People who claim to care about a particular cause… and yet their actions do not line up at all. People who care about climate change but then fly private constantly. People who claim to care about societal change and go to marches only to live in a gated community far away from the inner city. People who claim that they care about their health and yet they drink every day and make it up with "2 miles of extra walking".

We'd go back to the same phrase we stated earlier. Most people "hope" they get better, they don't actually "want" to get better. This same line of thinking applies to things they "care" about. Most of the time people hope things will change but don't actually want to make personal life changes to make it a reality.

Some Concluding Remarks: Hopefully these examples have created stark contrasts to some interactions you've had in the past 6-12 months. It's extremely easy to be fooled by adamant people. It will happen to you and we're sure it will happen to us in the future as well. No one shoots 100%.

That said, take a look at their actions along with their word choices. Their actions = the real answer.

For fun we'll leave you with one other hint. If you find that someone gives you a high amount of descriptive language, they are usually fooling you. This is why women are generally better liars than men. They give a lot of details to make it seem like something really happened (or didn't). Men are wired to be more direct and to the point. So if you find that a male is attempting to describe every detail of his day or his work or his background, he's typically a leech. You should say "that's impressive!" and then try to back pedal your way out of the conversation.

Keep it simple. Focus on their actions. Words mean nothing as they require no effort at all.

If you have good examples of actions directly conflicting with words/stated beliefs please leave them in the comments.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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I'm a Failure

I'm a Failure

There is no doubt about it ever since I was born I have been a failure.

As a teenager the failures accelerated.

pop pop pop

You learn to distinguish between gun shots and backfire early in life.

The difference is that it was two in the morning. Instead of waking up and exiting the room **I decided to freeze and do nothing.** Normally, any loud gunshot noises would be attributed to my father's gun underneath his bed but for some reason… I had a feeling. Call this spiritual, call me a hippie it doesn't matter because he's dead now and there is no doubt in my mind that if I had run out to simply call 911 he would be alive. Strike one and a failure at life. Life isn't baseball so if you don't act in the moment you don't get any second chances.

"You are not a man until you fail at an event that is life changing"

What they don't teach you in school or at home is that death is quick and it is over in less than an hour. The ambulance flips in, they console the members inside for a mere 10-20 minutes pretending to use the EKG machine when everyone knows the man has passed. They move on quickly and it's over. A few days later there is a simple line in the obituary section of the local paper *"so and so died due to X"*.

What do you do at this point? Everyone decides to grieve… This means that the solution is to avoid grievance. Being young and stupid it was time to turn all of the pent up aggression into something actionable. The only place where it is appropriate to be aggressive and competitive this day and age? Sports.

Everyday. Up at 5:00am running sprints and… everyday the same nightmare would wake me up. I would be stuck in bed listening to the same sounds and instead of waking up to open the door a mere 8 feet away I would stay put. Frozen.

Luckily? When everyone is feeling bad for you they leave you alone, more time to train, more time to get better and more time to instill the right habits. This recurring nightmare lasted a few months but I can tell you I would train harder than anyone in a 100 mile radius.

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While I will always regret not taking action when I could have… I started to realize that this may have been the best mistake I have ever made. The same father was an alcoholic, abusive and angry person. Nothing that I personally wanted to become, which makes it even more humorous that anyone would believe I am unhappy with my current life. I simply enjoy giving out the truth.

The changes that occurred over the next year were night and day. Within a mere 12 months a close family member turned to alcohol, another one barely graduated high school and the last one, myself, had a completely different set of friends by year end.

I was possessed and they were obsessed. That was the difference.

At this point high school was becoming a bit annoying. Every two weeks some kids at school would comment on their ability to pick what color shirt and pants I would be wearing (had six shirts and four pants for the record) so it wasn't really difficult. The difference was that they would eventually see me after school, in the gym, at the track, or seconds before a game started.

The color of my shirt didn't matter during those times.

Slowly things changed. I had over twenty shirts. None of them purchased but won from events and other accomplishments (still had the same ripped up pants though) until finally the phone rang.

"Hi, this is [division 1 university] and we're looking to speak with X"

I had conversations with military recruits but nothing like this. Over the next 12 months I would be flown out for recruiting sessions, all of these 5:00am extra workout sessions were paying off. Eventually signed the dotted line and thought my life was set. **Nothing further from the truth.**

—

Anyone who has been a collegiate athlete knows that you are in for a world of hurt. You may have priority registration but you have multiple team workouts (3-4 hours a day is the norm). This was fine for me. Small fish in a big pond just means more room for growth.

"The biggest room in the world is the room for improvement"

I thought I trained hard before. I was dead wrong. As usual.

I was out of breath and out of my league for several months but still a top recruit from the fresh meat. Still pushing through athletically, until… it hit me. I started to realize that many guys didn't have a career track. The seniors seemed to graduate and linger around hanging on to the good old days because they had no marketable skills for work.

For better or worse the decision would be made for me, during a freezing winter day I would suffer an injury that sidelined me for a full year. No pain no gain is an incredibly true cliche.

The downside? No way to pay for school anymore. Instead I needed to maximize my time.

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I started applying for jobs and got nothing. Zero. Zilch. Nada. Applied to over 100+ positions and I did not get a single call back. Desperation time.

While I did everything I could to find work I eventually took an unpaid position at the bottom of the totem pole. I don't mind shoveling s*** sandwiches if it needs to be done.

What did I do for income in the mean time? Lets just say it is not something anyone would be proud of but I sold enough minty wrapping paper to get by and was relatively smart in mathematics leading to a few tutoring roles. As long as I made enough to eat and sleep it was good enough for me.

"Today is when you do what others won't so you can accomplish what they never will"

—

Deja Vu.

Like clock work. One of the resume drops hit. After being rejected by more companies than I have hair on my head… a bucket shop, chop shop, s*** cap, micro cap insert shady investment bank has decided to bring me in for an interview. When the lime light is on you better perform. I prepare for hours and land the opportunity.

For a broke failure of a human being… this isn't that bad. I clock in the most hours by intern standards… by far.

Leverage. New year and even more interviews follow.

"When you're about to give up you know it is time to push harder, you're millimeters from your goal"

—

Today? **I'm still a failure.**

Not a day goes by when I don't fail at something. I fail at doing maximum reps and maximum sprints (the injury is practically healed) and I continuously fail at trying to win new business. If I go a day without failing at something, I consider it a waste of a day.

"The difference between a failure and an idiot is if you learn from your mistakes"

Maybe this message is useless and you simply succeed at everything you do. You've never missed the game winning shot, you've never been turned down for a job, you've never had a girl give you the classic head turn, you just succeed at everything you do.

If that's true… well I feel bad for you. It means you have never attempted to reach your potential. You can do better.

"The world would be a better place if everyone reached their potential"

I will always be a failure because I learned a hard lesson early in life. **Always take action. Always maximize your potential.**

The only way to do this, is to fail, fail harder and **accept each failure for what it is… A learning experience.**

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Improvement is Non-Linear

Improvement is Non-Linear

Previously we wrote about how change, any good change that is, occurs slowly over longer periods of time. On the same topic it is becoming increasingly common to see people quit early because their gains aren't easy anymore. In the weight room people expect to pack on pounds of muscle without seeing any sort of pull back. When dating women they say "this is the best I can get" or "I just don't get why I can't get past XYZ point with this girl". With work they believe their paychecks should skyrocket without a significant change in work responsibilities "I do so much I deserve to be treated like a 'princess'". It's sickening. If this is your belief system the below graph depicts what real gains are.

Since our society suffers from attention deficit disorder, there are three takeaways:

Improvement is Not Linear: The graph is not pretty like all those stock charts and financial jargon items you see where everything is "up and to the right", that's a fantasy. ***Real change is slow, bumpy, painful and even downright torturous***. You get to that next level and life comes back at you knocking you down a peg. Your mindset gets frazzled, you injure your arm, you lose out on that next promotion, you get moved to a new location and the list goes on.

The Jumps are Smaller: Sports are the best example for improvement. Moving from a 66 second 400 meter time to a 60 second time is infinitely easier than moving from 49 seconds to 43 seconds. There is less room for error. The big gains have been made and now it is time for a series of small gains to reach that new high. Maybe you need to sleep an extra hour a day to gain those 2 extra pounds, maybe you have to give up alcohol, maybe you have to sleep less to get that promotion, whatever it is there is ***one thing for damn sure. You're not going to like it***. This brings us to the final point.

Are you Quitting? Notice that for each high there is a subsequent prolonged low under the "quitters" line, time spent below the line is longer than the previous low. The point? To get to your next high you must suffer. A lot. Do you lift until you're in tears to get that next 1 pound of muscle? If so get ready to do it 2x as much. Do you work 12 hours a day? Get ready for 15. Do you find yourself denying your own abilities? Get ready to sign up for psychiatric therapy and practice meditation. No matter what, ***the longer you spend trying to figure out how to get what you want, be certain that it will be 40x more satisfying than the work you put in.***

Conclusion: Hopefully the problem is clear, people are unwilling to suffer and maintain longer and higher levels of pain. Conversely, the sickening part, once you realize the pain is going to repay you 40x more than what you suffered through. ***The pain will feel good, you'll get there.***

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Improving Communication

Improving Communication

We're still in the process of reorganizing the blog. That said, we have already made another major change. We've shut down the Ask Us Anything Section. Why? The questions have become redundant and blog traffic has increased… Materially. While most would view this as a positive… it is certainly not. We want the quality of both questions and comments to be high, while limiting the number of useless questions from average people. If we keep the quality high, other writers can promote their blogs/businesses in the comments section and we can continue to solve problems.

Below is a detailed walk through on how to improve communication on the blog. Note, direct and to the point communication is not good for building friendships/relationships with women. This is entirely related to obtaining more value from this blog. We do not want to invest more than a few hours a week, so lets improve the efficiency.

Questions on the Blog

To reiterate, we shut down the ask us anything section since we have answered most of the questions in the past. This means that the reader was too lazy to dig up the information. There are only ~150 posts and it would take less than 15 minutes to track down the information you need on the blog. We are happy to answer intelligent questions, not redundant ones. Finally, to make your life easier we are going to create a more organized archives (again this is a process) and update the FAQ to replace the ask us anything section.

How to ask smart *career* questions: Some of our readers make $100K a year in the oil sands and others are already millionaires. There is no point in comparing these two groups of readers. Instead, the more important question to ask is "how do you get value from this blog?" The answer is to outline your situation is 2-3 sentences… *Max.*

Example of a Dumb Question: "Hi, should I start my career as an accountant?"

Example of a Smart Question: "Hi, I currently have $10K in student debt and my best job offer is to become an accountant for now. I want to work in Investment Banking. Should I take the position or wait it out and try to break into a front office Wall Street Role?"

The first question is a waste of time and we won't answer them going forward. First of all, accounting is not a career since it does not generate revenue and second, the person did not bother to offer context. The second question is significantly better because it offers context in an extremely *concise* manner. For the second question, we would tell the reader to take the position *for now*, ask to be placed into transactional services (most related to Investment Banking) and continue interviewing on the side.

Notice, if it is your best option, you have to take it. This blog is about maximizing your options and potential not about useless discussions surrounding "prestige".

How to ask smart *dating* questions: Similar to the career layout, we don't have an interest in answering questions that are uninformed or laced with complaints. If you are going to ask a question you need to have a baseline of experience in the field.

Example of a Dumb Question: "How do I approach a girl at a bar?"

Example of a Smart Question: "I am comfortable approaching girls in bars and during the day but seem to have a hard time getting an actual date. I have no problem getting a phone number but they just don't have an interest in meeting me later. I am well dressed and in shape but can't seem to get a date lined up via text message."

Similar to the career questions, we won't answer the first question going forward. The implied message from the first question is this: *the person hasn't even tried yet.* If you can't get yourself to say hello to an attractive girl you're just another loser who needs to be motivated to do something. Anyone who needs to be motivated is by definition a loser because he didn't want it in the first place. Are you going to die when you say hello to her? **No.** So go do it.

If this is someone you know, cut them off entirely and tell them to go waste $2,000 a day at a motivational speaking seminar. They are probably dumb enough to pay for the continuity program as well!

The second question? Much, much, much better. He *actually wants to get a date.* He has made progress with a few girls but is still having trouble converting to the actual date. Also the question says he is using text messages. Now we have a solution.

– Don't text, use pictures/snap chat or 2) call

We solved part of the issue. If the person comes back? We would ask: "How did you pre-sell the date?" If he goes blank… it means that he never gave the girl a reason to look for his picture message/phone call in the future. Pre-selling a date means you find one common interest and use that as a spring board for meeting up later.

How to ask smart *personal finance* questions: As many of you are well aware, personal finance advice on the internet is non-sense. It primarily focuses on saving $5-10 on meaningless items… at the expense of your time. We will have no such questions on this blog. If you want to try and save $5 on your cell-phone plan or $50 on your next flight, you can leave this section of the web and read frugality blogs instead.

Example of a Dumb Question: Should I live with roommates or alone?

Example of a Smart Question: I have an industry background and want to work in X industry for investment banking/private equity. I have a few scholarships to X, XX and XXX schools and also no scholarships to XXX and XXX schools. If my goal is to break into banking/private equity which school should I choose?

The first question is a waste of time. If the person has a brain he can answer this question before he even asked it. If the person does not have money in the bank, the answer is to live with roommates. If the person has a high income, then he should live alone to improve his social life. Pretty simple.

The second question is much better because it is a financial/career decision that the reader is juggling. *The person has options.* In this case we would simply dig up information on the industry and find out which banks recruit at which schools to give him the bare minimum MBA to break into the space. Once you are on the job, your performance matters over a piece of paper so the research is needed before taking on debt which can be a life altering decision.

Concluding Remarks on Questions: Here are the key takeaways to asking smarter questions: 1) ask them in 2-3 sentences maximum, 2) if you don't have options you don't have questions, 3) if you don't have any experience you cannot have a meaningful question and 4) if you need motivation from us or anyone… this blog is not for you. **You already lost.**

Comments on the Blog

We have a few trolls posting dumb questions and comments on the blog. It is far easier to delete them and move on in the future. In fact? We answered most them. We let them stand because it feeds the SEO and the blog has grown enough at this point (we're not that dumb – wink wink). Positively, we want the comments to be filled with smart people and we're more than happy to let them promote their blog through their username. With that said lets take a look at how to leave better comments.

Expansion Comment: In our post on frugality being a feminine quality, there was one person who actually understood the post:

"*That's why only 1% of the population are self made multimillionaires.*

Frugality wants you to be content with yourself and spend more time trying to get more out of your current situation AKA Frugality wants you to trade your potential for your current self.

Frugality wants you to know that good enough is good enough. But good enough is never good enough when you're running a business. You have to constantly evolve or else competitors will beat you by copying your product and making them better. You have to constantly pay attention to details or else your employees will slack off and deliver shit to your customers.

Frugality is like trying to be a body builder but only eating very little to save up — LOL good luck!" [– Recent Graduate]

This is probably the best comment on the blog since its inception. If people continue to leave comments like this (that clarify or expand upon a post), we can guarantee other readers will click over and read his blog.

Clarifying Comments: No one can write 4,000+ words where readers won't have any questions at all. The key is to pin-point the confusing piece of the article.

"In your previous tweet you said happiness is in the thoughts not belongings. When does one truly get happy following your advice?" – [happyadvice]

This comment is fine. You can see the real issue is that the person still associates hard work with unhappiness. This is a major theme of the blog. ***Hard work is not hard work when you enjoy it.*** The person asking this question has [a negative association with money]. We are happy to clarify these questions in an extremely blunt and direct manner. Why? We don't want any mis-communication.

The funny part about this writing style? If you talk directly to people and give them the answer they *need* not the answer they *want* they assume you are unhappy! This is the world we live in. Before assuming that the person you are talking to is unhappy you should ask yourself "Is this advice improving my life?" Then you'll realize that it is better to be punched in the face with the truth than kissed with a lie.

Promotional Comments: Of course we love the success stories. We get emails all of the time and it is great to know that an article or comment has changed the way a person thinks. The funny thing is that most people ask us to keep their information private because they don't want anyone to know they read the blog! Hilarious.

Concluding Remarks on Comments: In an ideal world, the comments will be full of people who are trying to achieve something and we won't have the masses posting up useless information. Going forward we will keep a closer eye on the questions and comments since we want to keep the growth of this blog at a manageable level. Here are the key points to leaving solid comments: 1) expand to help people understand the message – or drive traffic to your biz/blog, 2) post a clear argument against the article that is backed in truth not feelings or emotion, 3) let us help you by pin pointing areas that need clarification and 4) everyone loves success stories.

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Improving Self Awareness

[Improving Self Awareness]

One commenter asked about how to improve self-awareness. The reality is that we all hold on to some beliefs that are not true. Be it someone we think is a great contact (that really doesn't like us) or a view of the world that isn't accurate and is based on life experience. The best example of the latter is how a beautiful girl generally thinks people are "nicer" than unattractive women (yes the same applies to men as well). Why? Well good looking people are treated differently in general which creates a warped world view of what it is like for the general population. With that back drop we can go through the key ways to *limit* incorrect beliefs.

Avoid Giving a Lot of Opinions: Unless you're certain you'll be proven to be right over time or you're certain that you're the expert within the context of the group, there is no reason to stand out. The best example of this is sports. Why? Well un-athletic people routinely give advice on how professional sports players should "adjust" their game. They couldn't even earn a spot on the bench but somehow they believe their ideas are better. This same concept applies to any sort of performance based advice. Before giving any advice on a performance based topic ask if you have any relevant experience.

Why is this a good way to be self-aware? Well this is how humans generally think. If you are in a group ask yourself where you "rank" and why you're there. People get upset about this comment since everyone believes "they have the right to an opinion". Unfortunately they don't. The most extreme example is a person who is the least successful in the room in every aspect: fitness, money, dating etc. They are worse than every single person in the room on all metrics… yet continue to vocalize strong opinions. This is a quick way to be put back into their place instantly.

This is also why successful people generally flock together. If someone is successful it is unlikely that they have the same skills as their successful friends. One may have gotten rich through sales, another through software development… another through real estate… so on and so forth. The reason why these individuals speak with one another is because they have a different perspective to offer. They have some mutual respect ([all are rich]) and there is *always* overlap when it comes to making money. So if three different people in different industries meet, they can exchange real ideas.

Before moving on, we realize this is hypocritical given that we run a blog (see self-awareness!). The one thing you won't see is us blabbing about topics we really don't know. We get questions about International business (we never answer), questions about places we have never lived (we never answer and only provide perspective based on visits) and we get questions on different business models (we only answer if we know we can add something). Over time, this reduces some of the "market potential" but it sure beats making stuff up. *In short, step one is being careful about broadcasting opinions. Be honest about where you sit in the group/room.*

What is Gained? This is probably the fastest way to improve your self-perception and awareness. Before doing anything ask yourself quickly in your head "what is gained?". If the answer is nothing, simply stop it. There is no point in getting into arguments when it's only going to create downside for you. The only time you want to speak up/become the center is when it will benefit you. Here are some examples of doing it correctly and doing it incorrectly.

If you are in front of a bunch of people who are significantly better than you it is best to avoid "boasting" without immediate proof. In fact, boasting in general won't help you as everyone in the room knows you're worse than them. Instead you will only gain "points" by pointing out where someone is good when they are really mediocre. Why does this work? Well 99% of successful people are insecure and constantly trying to improve their weak points. So if you say they are good at something (when they are just okay) they will generally have a higher perception of you. Is it lying? Not really. You are saying "hey looks like you're doing well here" which is quite encouraging if you know they have been working on improving XYZ for a few months/years. As we all know, improving at something usually just leads to haters so you want to do the opposite (encourage growth/improvement).

The second biggest example of "what is gained" is attending specific events in the first place. It shocks us when we see people go to events without having any value to add. These people are just praying for a "lucky break" where they stand in a room with billionaires and one suddenly makes them rich. This is a fairy tale that works less than 0.001% of the time. Sure it "does" happen (just see gold diggers). But. The general rule is that you only want to enter a room where you have something to offer. The art of this game of finding ways to "gain" from an interaction is underpinned by finding the right events. Remember that sentence as its excruciatingly important. Even if you're invited to a top-end event, be sure you have something to bring to the table besides tap water otherwise you're wasting your own time.

Look for Clues: This is a ***lifelong skill*** we cannot emphasize this enough. You have to look at every person including yourself and build a mosaic to figure out where you stand with someone else and what they think of you. If you figure out that there is a theme (they dislike XYZ about you) then that's probably your fault. If you figure out they have a character flaw (they go out of their way to damage people's lives) it's your job to avoid them. In no particular order here are some obvious cues in various situations.

"We'll call you if we're interested" – You did not get the sale, don't waste your time. They don't want more email back and forth so they are shutting down the interaction

"How much do you think was luck?" – This person does not like you. They think your success was not due to skill but due to some other random act of chance. Best to avoid building a relationship here.

"I really don't care what anyone thinks" – This person is usually rich and is really saying "you're wasting my time". If they make these statements and you keep bothering them they are more likely to blackball you. You have hurt your relationship with the person but it is fixable. It means your angle was wasting his/her time. Generally speaking, someone not caring = you're wasting their time as the topic isn't interesting

"We all can't be winners" hard one to read. The person either likes you or hates you. Think very carefully about the context here.

"Don't be so angry/upset all the time" This person absolutely hates you. It means they don't like that you're successful so they have to come up with something to make themselves feel better about their own lives. Write this one down as it has a 95% hit rate.

"Nice meeting you" Translated this means, thanks for wasting my time. It's a polite way of saying, we're out of here and don't contact us. The only exception is a phone number exchange then it's a sign of saying "lets keep in contact". We're referring to verbally saying the whole thing

"You're looking sharp" Unless you're getting this comment every week, you're not good at being well dressed. This is a reality for people who know how to wear the right colors and patterns. Now an important thing to note is that if a guy says it (business acquaintance) it means they have some level of respect for you. This is a positive sign but don't read too much into it. If a woman says it, this has a similar meaning "you're maximizing your look". It does ***not*** mean that she's interested. But. At minimum since she stated this, she'd be fine if her friend was interested in you. You'd pass the "impression test" so to speak.

There are many many more of these hints, if readers are interested we'll do a full post on what certain messages mean. They are never 100% accurate but have a high hit rate, we'll call it 75-80%. This is consistent enough to go ahead and make assumptions since you'll never be 100% sure about anything. For example if someone gives you the "do you think it was luck" combined with "don't be so upset" we'll go ahead and bet the house that this person despises you/dislikes you. Sure there will be 1% of the time where it isn't true as context is everything. But. Hit rate will be extremely high.

Build That Portfolio of Information! So we've given you a few steps, avoiding giving opinions unless you know the room will at least respect your idea (something to back it up). Look for clues on who in the group dislikes you/has respect for you. And. Always ask yourself, what is gained before doing any activity (both verbal or physically attending new events). Unless you can get a neutral or positive reaction… It is best to avoid entirely.

By consistently doing these three things, you'll build a mosaic around where you're good and bad. If you find that you're having trouble getting dates, you should clearly ignore fake complements about being an "attractive guy" as it doesn't match the results. If people say you're "smart" but you're making nothing financially, they are just blowing smoke to make you feel better temporarily. If people never go out of their way to give specific complements on a particular task… full stop… you're not good at it.

That last part would be the main thing to remember when building your own personal mosaic. There are really three categories: 1) dating, 2) money and 3) maximizing your physical looks. If you're not getting explicit positive remarks on all three, it means you're by definition, not good at one of them. Does this mean it will last forever? No. But. It means you certainly need to improve in that area. Don't fall into the trap of trying to "overcompensate" by becoming ultra-good at just two categories. This actually makes you fail in the other activity as the difference between your skills in two areas are clearly coming at the expense of another area.

Starting From Scratch: If you're reading this and noticing that some of these are not occurring (no complements on your girlfriend's looks, no comments on being well off for your age, no comments on being sharply dressed), here is how we would start. We would start by fixing the money issue first as that is the hardest (should take only a few years), we would simultaneously fix the wardrobe as this only takes a year or so of effort and finally we would go down the attractive girlfriend route. Yes. As usual, dating is the last priority for anyone under the age of 30. If you're already rich, then you can cool off on the money chasing (if you're a multi-millionaire for example) and just improve social skills and your wardrobe.

Keeping it simple, unless people are going out of their way to comment specifically on what you're good at… that area is lacking 100%!

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Informational Interview Guide

A commenter and a few emails have come in asking how a person can maximize an informational interview or a simple coffee meet up with a person on Wall Street. With that said here are the basics.

Higher Is Better: This should be relatively obvious, however the higher the person is within the firm the more leverage they have. An informational interview with an investment banking analyst will have much less weight relative to the head of M&A. If you are going to go down the route of informal meet ups you should aim high up the totem pole.

Feed The Ego: Unless you have experience, there is no reason to insult your new contact by telling them you are not interested in their division. Maybe you want to go into Investment Banking or Sales and Trading but for one reason or another you are meeting with the Head of Research (the Head of any division is a multi-millionaire). Assuming you have never worked on the Street, it would be wise to say you're interested in their division. While the Head of any group can get you an interview in a different space, if you impress him enough he can simply make a phone call and land you an internship in his division, no questions asked.

Sell Yourself: If you have zero experience, a poor GPA and no knowledge of the field you will have no chance in getting a job or making a good impression. You should have some skills or previous experience to help you sell yourself to the person you are meeting. As an example, experience in an accounting internship could be spun as good understanding of financial statements, winning simple case competitions can be spun as understanding the basics of investment banking and of course a strong GPA in all finance courses can be spun again as good financial statement analysis. You can also try to lightly spin any sales experience, if you did a job that required cold calling, you can spin this as good communication skills. Don't forget to bring a hard copy of your resume.

Ask Smart Questions: If you are meeting the head of research you can ask about coverage universes, if you are meeting the head of investment banking you can ask about product groups they have or impressive deals that have completed. You need to ask questions that get them talking about their experience and how the bank is differentiated. The worst thing you can do here is ask questions about what the job entails as this implies you have not done your research.

Example Questions: Do not use these words verbatim, instead look into the firm and add some specifics so it is clear you're not giving memorized answers.
1) Can you talk about the most interesting deal you competed in 2013? (Investment Banking). Here you can ask about specific deals, if you are meeting with the head of healthcare banking you should ask about some completed health car deals.

2) How does your group differentiate itself relative to its peers? (general) This works well for boutique firms because they must have a strategy to gain share and grow, how do they plan to do this, see if they have a niche and if so ask about the niche
3) Volume has been light in the financial services industry how does your firm continue to drive trading volumes higher? (Sales and Trading) This is a touchy one but it lets the person know you understand that driving high volume is key, try to find out how they are driving numbers and ask more specifically about that strategy.
4) I see you cover company XXX how do you view XXX impacting the company? (Research) Find an outperform name the analyst covers, ask how a change in market dynamics will impact the particular stock. This lets the analyst know you understand the basics about his coverage and also gets him talking about a company he likes (choose a stock is up year to date).

Closing: Assuming you have done a good job establishing rapport the person should believe 1) you understand the job, 2) you have some skills to bring to the table and 3) you understand the company. At this point you will have to casually ask if the firm has any openings for interns or full time jobs. If the person is impressed, he will likely be open to helping you find a job.

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International Playboy Preparation and Destinations

International Playboy Preparation and Destinations

So you've realized it is time to see the world.

"The world is a book and if you've only spent your time in one country you've read a total of one chapter"

The first international trip will burn an image in your brain for the rest of your life. You certainly won't forget it. With that said a lot of mistakes will be made so lets try to avoid them and look at multiple countries and cities worth visiting.

Logistics: If you don't have a centrally located apartment in the hot nightlife districts you have decreased your ability to have an awesome vacation by 75% or more. Alright no more jokes you have decreased it by 95%. You should spend your time researching each neighbourhood/venue and find where the bustling night life is and have an apartment rented no further than 5 minutes in a cab from the center of the city. Walking distance is always better.

The best way to hack logistics is by finding the most popular club in the entire city. Generally, the most popular club is always the worst club to go to because you have not carved out a niche but you will certainly be in the center of the action.

Essential Items:

1. International carry on bag – self explanatory for short trips and dreaded transfer points (always pay the extra $100-300 for a direct flight)

2. Pen – only the newbies have to ask for a pen to fill out the custom forms

3. Suit – you know from years of experience that the high end always holds the best looking people so you're not going to get by in a t-shirt and jeans

4. Mens Kit – at this point you have likely taken several flights and consistently notice you forget things, no more messing around. Buy a basic mens kit to stay organized

5. Chlorella – when you go international, you lose the juicer so it is imperative to cure those awful hangovers with some broken cell seaweed… Nope not a joke. *This is an absolute necessity for drinkers.*

6. Cash – If you're trying to make friends fast, the worst way to do so is by loading up a credit card at the bar. Use cash to tip fast and get drinks even faster.

7. Unlocked iPhone – Say what you will about Facebook's acquisition of WhatsApp but you are not going to communicate without a phone that has WhatsApp installed

Arrival Execution: This is just as important as logistics and having the right items in your bag. When you land your goal is to immediately pick up a driver (assuming you're in a dangerous country) by paying him a few extra dollars in exchange for his cell phone number. Now two things will flip in his head, he will realize you are going to tip him well which implies you are well off so when you ask for recommendations he will send you in the right direction… to the best clubs and bars in town according to the rich locals.

Final Notes: If you have never traveled outside of the USA we suggest starting with an English speaking country. Instead of visiting Cancun and saying you have been to Mexico, try to get off the beaten path at least a tad. As much as people may say Western Europe is the same as the United States it is a good starter destination to see how well you can operate on a trip.

Lets take a look.

Europe

Western Europe

The Netherlands – Amsterdam: We're going to place this as the #1 beginner city. A great place for a young person to take his first international trip. Why? Drugs. Joking… a little. Since the city allows drugs and alcohol the vibe in the city is much more calm. If you take a walk around town you will find everyone riding bikes and countless people at the park sipping wine, smoking and generally having a great time. Logistics are great and the safety level is equivalent or better than your typical American city.

Girls and Game: Overall your pickup/game style is going to mirror the United States. This is why the city is a great starter spot, you end up getting your feet wet if you were previously scared of international travel and you don't have to calibrate your game one bit.

Attractions: Another good thing about Amsterdam is there are not many must see places. There are a few museums but the overall vibe, the rivers moving through the city and the people playing chess during the day, all contribute to the attraction. Side note, avoid the pancake/waffles specialty simply overdone in terms of unhealthy eating habits.

Overall Results?

Girls – are comparable to a major US city (5.5/10)

Costs – same as the USA (5/10)

Game – no major adjustments needed (10/10).

Iceland – Reykjavik: If you have money in your pocket, look no further than Reykjavik for your first destination choice. The only reason we would recommend Amsterdam over this country is cost and even then it is a tough call. For a short trip you can show up, party like you've never partied before, easily meet several people and never have to worry about missing anything since the population is just 300K.

Girls and Game: Everyone speaks English… so far so good. But. Remember we said it is only #2 due to cost. If you're further in your career and have a good paying job (or business), proceed straight to Iceland. The game adjustment is real basic 1. need to have a sharp wardrobe, 2. cash to navigate the expensive drink prices and 3. an ability to stay in state until 5-7am.

Why do you need to do this? Well the hook up culture is essentially very fast, you want an apartment/hotel as close as possible to a club called "B5" and then you want to approach many girls late at night (3-6am). Usually you have a conversation with the friends, the girl may or may not like you, then she will have a quick discussion in Icelandic (you wont understand anything) and she'll either go home with you or she won't. Pretty standard but need to reiterate the cost will be quite high.

Attractions: Well, the major one is the Blue Lagoon. You should go. Notably when you plan your trip, try to visit when there is an event occurring during the week. There is no drinking culture excluding Fridays and Saturdays for the most part.

Ideal situation? New Years lands during the week and you get 2 weekends to party.

Overall Results?

Girls – are more attractive than in the states (7.5/10)

Costs – higher than the USA, pre-drink to save money (3/10)

Game – preparation is your ability to last longer at night and have good cash flow (8/10).

Germany – Frankfurt: This is a biased post. Going to Frankfurt was great, it is a financial capital in the country and on top of this your expectations are low. Generally when you think of Germany it is hard to imagine thin cute girls, instead the immediate image of Germany is strong burly people (thank you USA media).

Girls and Game: The good news is that practically everyone speaks English in Frankfurt. Unlike the other international destinations we see pretty quickly that the non-language issue will help. Your best bet (again this is from a short trip) is to find the major clubs and run typical American game… We can recommend cocoon.

A*ttractions:* There are a few decent museums and film attractions to see, this is more of a business trip type destination so we would recommend checking out the GermanFilmMuseum, Museumsufer and St. Paul's Church.

Overall Results?

Girls – are slightly better than the states (6.5/10)

Cost – is in-line with the USA (5/10)

Game – Not speaking German is certainly a disadvantage – ie you will be labelled as a short trip person which won't help you, luckily if you have a silver tongue you can work around this as many do speak English (6.5/10).

France – Paris: Everyone goes to Paris. So we all know what that means. Paris pretty much sucks. It is a good place to check off the bucket list the EiffelTower… the LouvreMuseum… the overpriced wine… etc. The only plus side is the quality of the women. There is minimal fat acceptance. At least they understand we shouldn't applaud people for having no self control.

Girls and Game: Overall the girls in Paris are better looking than the states, but you have the exact same issues as the USA 1. the ugly girl will generally try to block you, 2. if you find packs of girls who are all of above average quality you'll be fine and 3. one big block is the logisitics can be horrible. Standard American game applies. The downside as mentioned is really the logistics and the group/pack mentality.

Attractions: Well we all know the basic ones, listed earlier in the summary section… But here is the official recommendation. **Go during the French Open.** The French open has the highest quality women you can see and in addition to that you get to do an actual fun activity. Lets be honest the Eiffel tower is tacky and overrated at this point.

Overall Results?

Girls – are better than the states (8/10)

Costs – higher than the USA (4/10)

Game – Not speaking French hurts (5/10).

Belgium – Brussels:

Don't go here.

It sucked.

Colombia

<u>Latin America</u>

Mexico – Guadalajara: Well you like Latin girls? You better speak some serious Spanish bro. Overall, Guadalajara is known for having many of the most attractive women in the entire country (the other section is called Sonora). The downside is that 1) you need to speak Spanish, 2) you need to go for a longer trip and 3) social circles can make or break you.

Girls and Game: The city is fairly spread out but lets cut to the chase… Get an apartment in Chapultapec. Unlike the USA, the hookup culture is not engrained. In the USA it is okay to go on spring break and hook up with 5+ people in a week… Good luck with that strategy in Guadalajara. You should have a solid foundation of day game and night game and you can try the following spots:

Day Game – Commercial Andares, Guadalajara Zoo, Centro (near GuadalajaraUniversity)

Night Game – The Lobby, Lola Lolita, Lucrecia, Chapultapec is the main area for nightlife so spend time checking many places to find your vibe/spot

Attractions: There are quite a few decent attractions but the problem is the city is "slow". Most Latin American countries are slow in general so it is something you need to get used to. You can run day game and see the Cathedral, you can check out the zoo and at the same time you can check out the Zapopan district.

Overall Results?

Girls – are better than the states (8/10)

Costs – are lower than the USA (8/10)

Game – Not speaking Spanish is a death sentence (4/10).

Mexico – Mexico City: Why isn't this combined with Guadalajara? Simple. Mexico City is essentially as packed as New York. The good thing is this means the speed of the city is higher and there are more English speaking people in the city. The downside? The girls are a bit less attractive and you have to stay in the more expensive areas. Polanco.

Girls and Game: You can certainly pull off some American style game if your Spanish is solid. Simply go to the following locations for your classic day game needs: 1) CarlosSlimMuseum, 2) Chapultapec park, 3) Antara mall. For night game, you can actually run in solo as well, you can check out 1) Ragga, 2) JoyRoom, 3) Sens, 4) Pata Negra (condesa). Overall you need to run classic Latin American girl game which means there is no need to sexualize the conversation, you should have good Spanish and of course it is always good to be a smooth dancer. Don't forget the cologne.

Attractions: Well we listed them above… Carlos slim museum (see our twitter for a photo) and the Chapultapec park (it is large). Overall there are many many things to see in Mexico city unlike other Latin countries, so have a blast.

Overall Results?

Girls – are better than the states (8/10)

Costs – are lower than the USA (8/10)

Game – Not speaking Spanish is a death sentence (4/10).

Brazil – Rio De Janeiro: Do you prefer women with curves? No not the fake curves you see on TV, real skinny girls with curvy bodies? Go straight to Brazil (spelled Brasil in the country itself). The city of Rio is hands down the prettiest city on the list we have outlined here. It is not even close. As they say there are two men in the world

"Those that have never been to brazil and those that are trying to go back"

Girls and Game: There is a reason why Brazilian guys are generally aggressive when it comes to women. This is the culture. The big game adjustment is that you are expected to kiss the girl within a few minutes of meeting her once you gather she likes you already.

In addition… You better be ripped. If you are out of shape or fat… Well you have no chance particularly with beach game. Finally, Portuguese is not necessary but would help, you're going to have to shoot for the girls who speak English already.

Attractions: Wow. There is no where to begin. The entire city itself is an attraction. With that said here are some quick ones: Sugarloaf Mountain and Christo (the statue provides breathtaking views).

Overall Results?

Girls – are better than the states (7.5/10)

Costs – are higher than the USA (4/10)

Game – you will need to adjust your game no doubt but it is worth it (7/10).

Colombia – Medellin and Cali: Similar to GDL you better be speaking some smooth Spanish. Smooth. You can't come to Colombia and have a good time with mediocre to bad Spanish skills. Write that one down.

Secondly, you'll notice we're combining two cities into one for the first time. Why? It gives a good broad overview of the actual culture in Colombia which is this 1) Spanish is necessary, 2) Social circle is king and 3) You better have cash since many of them prefer a man of means.

Girls and Game: Simply put if you're not willing to learn the language or stay for a longer trip (1 month or so) you're going to be hurtin for certain in Colombia. What you need to do is meet women during the day and invite them out to salsa dance (definitely don't bet on the one night stand but you can try).

One extra important game tip? Since nightlife is heavily social circle based you only want to go out at night with a girl you've already met during the day. Avoid going to high end night life venues solo and instead wait until you've built up some solid contacts. If you're there for a short trip then definitely do both but realize the long-term game is better in Colombia.

Attractions: Overall Cali and Medellin are night and day here. Medellin has more things to do and see but the women are more likely to stick to social circles while Cali is the reverse where it is easier to meet women and there is less to do. If you want a few quick line items here you go.

Medellin – Botanical Gardens, Paragliding and Pablo Escobar's Grave ßGreat book!

CaliColombia – Much less, the zoo, sugar factory and ChipichapePlaza

Overall Results?

Girls – are better than the states (8.5/10)

Costs – are lower than the USA (7/10)

Game – Not speaking Spanish **is** a death sentence (3/10).

thailand

Asia & India

India –Goa: Outside of some initial culture shock (i.e. wild/nomadic cows, families of 4 on a Vespa-like scooter for daily transport, underdeveloped infrastructure, stark communication barriers), the experience in Goa provides for decent retreat with balance of breathtaking views (Arabian sea), a social atmosphere, and party life. Cost is very affordable, especially given the devaluation of the Rupee vs. the dollar in the past 12-months. I believe a proper trip to Goa would be in the 4-6 day range split between South Goa (leisure) and North Goa (party).

Girls and Game: Firstly, North Goa and South Goa are very different. North Goa's nightlife is almost entirely limited to resorts. However, that said within the resorts you'll find large groups of people for different occasions (weddings, trips, etc.). In general, it is very easy to meet new people and to co-mingle groups. So while South Goa is on the more "couple-side", do not be fooled, it is also very good for meeting hoards of single (or so they say) people within and outside those groups. Stay at a larger resort (perhaps inquire about weddings/events ahead of time) and you'll be in for a good experience.

Bottom-line? With those beaches, I think everyone would entertain the idea of a South Goa fling.

Regarding North Goa…well dang! It's certainly a nice treat with lots of international visitors as well as attractive natives who are visiting from Mumbai on a quick weekend or business trip. The atmosphere is definitely geared more towards the younger crowd, as the 18+ clubs would suggests. In my view LPK (love, passion karma) and Club Cubana are the best options. Club Cabana says open till sunrise, so you can hop around to other bars/night clubs and make a late entrance.

Attractions: Beaches, beaches and beaches. Get the full experience and rent a scooter to tour the area. It's worth seeing the contrast of landscape in Goa and some historical sights. Be cautious of where you eat, as you are increasingly susceptible to food positioning. I was mainly a pescetarian for this trip.

Overall Results?

Girls – easier than vs. USA given influx of travelers (7.5/10)

Costs – combined with views and scenery (7/10)

Game – minimal barriers, but some conversational issues (7/10)

Thailand –Bangkok: Get ready to lose yourself. I will start by saying this trip was my biggest surprise (Thailand in whole). There is simply too much to enjoy here…and yes I am speaking organically. Large fun international presence, friendly local people (always smiling, helpful), fantastic cheap food, beautiful weather (at the right time) and plenty of history/attractions. Civil unrests aside, the return on investment here is too attractive to ignore. The city itself is fully developed and modernized, with on-going infrastructure expansion. It leaves you asking, "why don't I have money invested here?"

Girls and Game: To (again) clear the air, I am speaking on an organic basis (i.e. sans pay for any type of service). The hotel we stayed centrally located on Sukhumvit Soi 11 which is littered with open-top VW converted bars (outside), night clubs and your usual watering holes. The crowd is ~40/60% mixture of international/local from our experience. The international crowd included Russia, Europe, Canada, India, U.S., N.Z., Australia and neighboring countries. The local crowd brings in a few of your stock standard "lady boys" and non-organic patrons, but most are regular thai's looking to have fun with their friends. The environment is crowded and people are usually open to dialogue. English is rather ubiquitous here. I would characterize the guys as more on the passive (vs. aggressive side) ironically, considering the global talent. So entertain a girl properly and you should see success. The barriers seem mostly removed in comparison to U.S. Stick with clubs, take them for good local late night soup, and invite them back. It was honestly that simple. I've learned that in general, and it may be a function of the influence of thai culture, physical expression is certainly far more welcomed in Bangkok.

Attractions: Thai kick boxing (sit front row, it's only $60!), temples, food, outlandish malls, did I mention food?, floating markets, endless shopping and meet the locals!

Overall Results?

Girls – easier than vs. USA given influx of travelers (10/10)

Costs – soup for $1.20, coffee for $0.40 (10/10)

Game – Communication barriers (8.5/10, aka non-existent)

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Well this is getting a bit tiring, we will add more places to visit in the future if there are requests but when we get the time we will add some Eastern Europe/Russia to the mix and maybe even a sprinkle of Morocco. More importantly…

What about you guys? Places that need to be seen? Avoided? Please chime in.

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IB Interview

Additional Questions Answered In Order Received.

Interviews:
Before Jumping into Q&A remember the setup for Investment Banking Interviews is as follows:

Round 1: Phone or quick office visit 30-45mins, "is this person normal and does he know what he is interviewing for"

Round 2: By now the firm knows who they want and don't want. You'll be grilled, you'll be challenged and you'll be asked much tougher questions to fish out the "wannabe's" from the "run through a brick wall to get what I want" candidates. Once you're in the final round, everyone is equal, your job to lose.

<u>Fit Questions</u>

1. Walk Me Through Your Resume?

This of course will be tailored to everyone but at the end of the day you're selling yourself as a compelling candidate.

"Back in high school I decided to attend ___ university because of its focus on (finance/business). After that I really became interested in Investment Banking after studying ___ and ___ courses which led me to pursue finance internships. I started out with a job in ___ (finance field) which led to an internship at ___ bank over the summer. Fortunately, I received an offer from ___ bank but believe I may be a better for ___ bank as I know the firm focuses on ___ and ___"

Talk longer if its not a 30 minute interview, keep it short like the above if it is a quick phone interview.

2. Why Did You Choose Your University?

The idea here is to make it seem like you made the best possible decision that was handed to you. You don't necessarily need to choose the most prestigious, maybe you got a scholarship etc.

"To be honest I was also admitted to ___ school however I decided to attend ___ school as I was given a (partial/full-ride) due to ___ , ___ and ___. Overall, I am happy with my decision as I certainly researched the schools to see what opportunities were available and realized the change was relatively minimal given the partial scholarship opportunity."

You basically want to deliver the following message "I made a logical smart decision and made the most of my time at my university"

3. Why Did You Choose Your Major?

Hopefully you'll avoid this question but you need to create a mini-story as to how your decisions led to finance.

"I decided to major in Biology as I planned to become a doctor, however as I developed an interest in investing through a few Economics courses I decided to pick up finance as a minor. At that point I realized that I was more interested in finance and decided to take courses in ___, ___ and ___. Even though I may not be a pure finance person, I believe I have taken the important finance courses and could be a good fit for a role in healthcare investment banking".

The idea here is to show actionable steps on how your views changed and spin it in a way as having an "edge" in terms of knowing the space.

4. Why Our Bank?

This one is less likely to show up in an interview with Goldman or Morgan Stanley but the overall idea is to make sure you know the deals and what group you want to work for.

“I want to work for ___ bank because I believe it offers the right set of experiences for me given transactions in ____ (capital raise), ____ (Acquisition) and ___ (Merger). I believe I would be a great fit because of XXX, XXX and XXX. Over the past year I have noticed XXX (positive comment on direction of company) and believe this is certainly a platform where I can both help add value and learn from over the next few years.”

The idea is to show you know the bank well, that you can be a good asset and finally that you won’t be quitting after 6 months.

5. Why Should We Hire You?

In this question avoid the following phrases ambitious, hard working, dedicated and driven. Instead you want to be able to give these qualities in the form of real experience. Example below:

“I think ___ bank should hire me because of my experience in __, __, __and __. I know you have a lot of qualified candidates to interview and believe my experience in ___, ___ and ___will be helpful for the firm. I have always been interested in ___ bank because of ___ transactions and would enjoy having the opportunity to work with ___ team and hit the ground running.”

To fill in the blanks, use things such as Internship at __bank, course experience in ___, relevant club experience in ___.

Notice you should have experience to draw into the interview that will directly impact their hiring decision.

6. Tell Me About a Failure in Your Life.

This one is tougher as you want to give an example of a set back that you can recover from but not something terrible that you would lose trust. As a guideline if you told this to an acquaintance they should recognize it as a fault but not immediately lose faith in you because the error was so large.

“One failure I remember well was oversleeping one semester to sign up for XYZ course in fall of Sophomore year. It set me back by about 1 semester in terms of classes I wanted to take, the next summer I decided to take the extra course to make up for lost time, but learned the valuable lesson of being organized at all times to avoid costly errors”

The above is right on the line with costly errors, 1) you recovered from it but 2) it certainly was bad to oversleep. Not everyone in the world has overslept something once in their life so you’re in pretty decent shape since you learned from the experience.

7. Are You A Good Multi-Tasker?

The truth in the real world is no one really multi-tasks but at this really means are you good at handling multiple projects.

“Overall I would say I am a good to decent Multi-Tasker given my heavy course load, 2 club commitments and 1-2 part time jobs. To be honest I believe this is something everyone can always improve on, unlike a check box where you have it or you don’t it is certainly something I can continue to improve upon over the long-term.”

The idea here is to give them examples of real multi-tasking at your age bracket and then finishing it off with something that leads them to believe that the interviewer works harder than you do. Note of course they do.

8. Are You A Good Presenter?

This is unlikely going to be asked but the idea here is to see if you’re willing to stand up and make a presentation if necessary.

“During my time at ___ school I have made a few presentations including ___ and ___. While I’ll be honest and say it is certainly not a daily occurrence I believe my experience doing presentations for __ class (or ___ case competition) gives me confidence that I can make presentations if needed.”

Again show some real examples of presentations you’ve made. Even better is if you can add to it example: “Case presentation for Jefferies case competition, which led to a 2nd place finish for our team”.

9. What Do You Do for Fun?

This is a key question in your interview abilities, if the person seems to be happy and fun (party type) mention you go watch football games and drink beers. If you peg them as more uptight mention things more simple like traveling or sports.

“During my free time beyond finance related activities I enjoy ___ and ___. Sports have been a big part of my life for many years and I believe its always good to try and set aside thirty minutes to an hour for exercise. Also on weekends I enjoy watching our college ___ team play and grab a few drinks to watch the game with friends.

Don’t come off as a complete type A unless you are certain the person you are speaking to will ding you immediately. No one wants to hear “I stay at home and read the Wall Street Journal”.

10. Describe Your Favorite Course in College.

Unlike conventional answers that will say choose an interesting topic or choose a finance course the best answer is to make a personal connection.

“To be honest one of my favorite classes was History 101. I know the topic may sound dry but the professor did a great job at making the topic interesting and relating it back to real life (insert short example). During the semester I got to know the professor well and we still correspond from time to time. I have no interest in pursuing a career related to history as my real focus is on finance but it was a great course that showed me the importance of keeping a topic interesting.”

The idea here is you’re showing that you made a connection with a professor. Now you may not have this exact example, but the best way to describe your best course is one in a “sales” format. You liked it because the presentation and delivery was key, bankers will know that is extremely important no different than pitching a company.

11. I See You Worked in (Healthcare/Real Estate/Law etc.) Why The Switch?

Very similar to “walk me through your resume” you need to flip your experience to how you concluded with your current interest in Wall Street.

“After leaving law school I joined ___ firm and attended drafting sessions for ___ and ___ companies. After that I became more and more interested in finance and decided to take level 1 of the CFA exam. After completing the first level and working closer with financial firms, my interest was solidified and I believe my experience with S-1's and other financial documents makes me a good fit for ___ position at ___ firm."

The idea here is to spin your good experience to directly help the firm. In addition you don't want to make it seem like you know nothing about finance.

12. What Would You Do With an Offer Today?

"I would sign up for the job. After meeting with __ and __ and doing research on __ and __ I believe this would be a great company to work for."

You need offers to get offers so simply say you will sign, you can always push out the official sign date by saying "I don't want to burn bridges with ___ university as I am signed up for X days to attend X events and cannot cancel."

13. Where Do You See Yourself in Five Years?

The basic rules are 1) in finance, 2) tough to call beyond 2-3 years. If you're at a Associate/VP level then you can hammer home more on wanting to stay in IB.

"Over five years is a pretty long time horizon however I do know that I want to stay in the financial industry. Knowing that I want to stay in finance for the long-term I believe Investment banking offers the best base skill set for a long-term career. In five years I may still be working in investment banking or getting an MBA but I do know for sure that I want to stay in Wall Street related professions."

No where in a competitive Wall Street interview do you give them a single ounce of belief that you would not stay in finance. This means you're not 100% committed so it means you're going to be shown the door.

14. Tell Me About Negative Feedback You've Received from ___ Job?

The idea here is to admit to having some faults good ones if you've done an internship in investment banking is 1) Attention to detail (always going to get interviewers to agree) and 2) Industry knowledge.

"Overall the feedback was positive however I learned quickly how important it is to constantly check work and learn about ___ sector. I will be the first to admit I have made errors in Pitchbook drafts and will always try to correct them and make sure they do not reoccur. In addition, the sector specific knowledge is certainly something that I need to focus on as it helps to know the space when reviewing text in a sales memorandum or Pitchbook".

Both attention to detail and industry knowledge are easy negatives. No one knows either perfectly out of the gate.

15. How Would a Friend Describe You In Just A Few Words?

"Happy, Competitive, Methodical"

You can move it around but the idea is 1) positive personality quality, 2) willing to work without saying driven/dedicated, 3) Clear thinking patterns.

16. Tell Me About a Leadership Position You Have Had?

To be honest this is less likely to come up at a lower end hiring position but a decent answer would be 1) a position in a club, 2) position in a sports team or 3) team leader in a project (school or work related).

17. Tell Me Something Interesting About Yourself?

Sometimes they ask you for things that are not on your resume, its usually best to choose something that is a "one time" interesting event. Such as traveling to ___ country or going skydiving.

"Hmm, one thing you may not know is that I used to be deathly afraid of heights. In order to combat this I decided to go out and go skydiving once, I did this in the summer and believe it was a great once in a life time experience."

Anything that is interesting and still appropriate for an interview.

18. Are You Smart or Hard Working?

For an interview you're going to want to veer on the side of being humble versus cocky so the better avenue is to say hard working and imply you're not a slow learner.

"If I had to choose I would say hard working. My grades are not perfect (they should be above a 3.5) but I believe with long hours and a strong work ethic improvements can be made. There are always going to be people who may be smarter but I'm more than willing to put in the work to learn a new topic as fast as possible."

19. Why Do You Believe Investment Bankers Work Long Hours?

This is a simple test to see if you understand what you are signing up for.

"Investment bankers work long hours, anywhere from 60-100+ hours per week, as they are involved on multiple projects from pitch books (winning new deals) to live mandates (IPOs and M&A). This means an investment banker must be on call at all times for his clients which could include international deals as well. With this business model, the hours are quite variable and stressful at times as well. Investment bankers must continue to source new business while executing live deals at the same time.

20. Give Me an Example of a Strenuous Week.

This is another spin on if you understand what you are signing up for. The trick is to tow the line between showing you can do the work and not insulting your interviewer by making it seem like you work harder than him/her.

"As example of a stressful week would include waking up at 6 in the morning, going to the gym for an hour, returning and heading off to class for the next few hours while answering emails for ___ and ___ clubs that I am currently involved with. After this I would spend an hour or two studying before heading off to my evening job working at ____ (ideally an investment banking night time rotational program or finance related job). This would be repeated throughout the week and my weekends would be spent working at ___ and ideally taking a few minutes to relax on a Saturday night."

Technical Questions

1. Can You Walk Me Through The Three Statements?

The income statement shows revenue and profitability metrics over a period of time starting from revenue to gross and operating profit down to net income and EPS.

The balance sheet shows a snapshot at a point in time, the assets equal liabilities + equity. It is linked to the income statement because net income flows to retained earnings.

The cash flow statement starts with net income and shows real cash out flows or inflows from operations, investing and financing activities. The final link to the BS is made as ending cash matches balance sheet cash.

2. What Are The Major Items On The Income Statement?

Income Statement: Revenue – Cost of Goods Sold – Selling General and Administrative expenses (Depreciation & Amortization baked in above the operating income line) – Total Operating Expenses – Operating Income – Other Income or Expense – Pre-tax income – Net Income – Shares – EPS

3. What Is The Balance Sheet Equation And What Are The Major Line Items?

Assets = Liabilities + Equity

Balance Sheet: Current Assets: (Cash & Marketable Securities, Accounts Receivable, Inventory, Deferred/Prepaid Current Assets and Other Assets); Long-term Assets: (Property, Plant & Equipment, Long-term investments, Goodwill, Intangible Assets & Other Long-term Assets); Current Liabilities: (Accounts Payable, Current Accrued Liabilities, Current Debt and other liabilities); Long-term Liabilities: (Long-term debt, Deferred long-term liabilities and other Long-term liabilities); Shareholders Equity.

4. What Are The Major Items On The Cash Flow Statement?

Cash Flow Statement: Beginning Cash; Cash Flow From Operations: (Net Income, Depreciation and Amortization, Change in Working Capital, Other Non-cash charges such as Stock based compensation); Cash Flow from Investing: (Capital expenditure, Purchase or sale of marketable securities, purchases for acquisitions); Cash Flow Financing (Equity or Debt Raises, Dividend payments, Repurchase of common stock [also called a buyback program]); Ending Cash.

5. How Would Depreciation On A Truck Impact The Three Statements After A Year?

If we give a $10K truck a 10-year span of life and use $1K as a reasonable assumption.

Income Statement: Operating income decreases by $1K, assuming 30% tax net income declines by $700.

Cash Flow: Net Income goes down by $700 but D&A is non-cash so $1K is added back so cash increases by $300.

Balance Sheet: On the asset side PP&E goes down by $1K, cash increases by $300, so assets are down $700. This is offset by the decrease of $700 from net income swimming to retained earnings.

6. How Do You Calculate Enterprise Value And What Does It Mean?

Enterprise value is calculated as follow: Market Cap + Debt – Cash. (More advanced Market cap + Debt + Preferred Stock + Minority Interest – Cash)

It is a valuation that is available to both bond and equity holders. Unlike equity value, which is below the operating income line or "Below the Line", Enterprise value can have sales and EBITDA metrics applied to them as well. It is used as a takeout valuation as this is a better proxy for how much the buyer must pay for the business.

7. Why Do We Add Debt and Subtract Cash?
The reason why we add debt and subtract cash is because when a company purchases a firm it is now liable for the debt on the balance sheet and now also has the cash on the balance sheet.

8. Can Enterprise Value Be Negative?

Yes. If the Company's market cap were below its net cash balance (cash – debt) then the company would have a negative enterprise value.

9. How Do You Value A Company?

There are many methods to valuing a Company however some of the major ones would include the following.

1. *Comparable companies analysis, using multiples of like companies to justify valuation*
2. *DCF, using future free cash flows to value the firm*
3. LBO, using cost savings & revenue synergies to value cash flows of a take-out compared to increases in payments from required debt
4. *Precedent transactions, using similar transactions in a space to justify a take-out valuation*
5. Premiums Paid, looking at public take-outs and seeing a percentage above current stock price in which the Company was taken out.

Italics are the most common and where you will likely receive the most questions.

10. Which Of The Valuation Methods Yield Higher Valuations?

It depends. Both Precedent Transactions and Premiums Paid should yield higher valuations that Comparable Companies analysis as these valuations are done on take-out transactions. In addition, the DCF analysis could yield a high valuation if the terminal value produces a significantly higher valuation for the firm (could also be quite low if discount rates are high and terminal value is low). Finally, the highest valued comparable could yield a significantly inflated multiple while the LBO is likely yielding a lower valuation as this would be a financial rather than strategic transaction.

11. Walk Me Through A Discounted Cash Flow Analysis & Tell Me The Flaws Of Such Valuation

Using a 5-year or 10-year convention calculate Cash flow by taking Net Income + D&A + Non-Cash Charges – CAPEX +/- Changes in Working Capital. (Note change in Working Capital is a +/-)

DCF = CF1/(1+r)+(CF2/(1+r)^2…..+(CF5/(1+r)^5+FCFN(1+g)/(R – g) (discount back to 5 or 10 yrs).

(Alternatively use an exit multiple to EBITDA/FCF/EBIT for the terminal value, discount back)

CF = Cash flow, R = Discount Rate, G = Long-Term Growth (Appropriate would be roughly GDP of ~2-5%)

A DCF is a poor metric for valuing cash flow negative companies or companies with hyper growth as the terminal value can make up for north of 70% of the total valuation.

12. Why Do We Use 5-10 Years For A DCF?

This is a general convention as it is difficult to predict 10+ years of free cash flow for a firm. Depending on the industry you can choose the most reasonable time frame to value the firm and attach a terminal value at the end to come up with a valuation.

13. What Do You Do If The Growth Rate Exceeds Your Discount Rate? (Advanced)

"If the growth rate exceeds the discount rate then your terminal value calculation becomes negative. Assuming the numerator is positive the best course of action is to derive a lower long-term growth number or adjust your discount rate on the terminal value calculation. "

Note: This is likely the last question you are going to be asked on DCF's and will be more conversational in nature.

14. What Are Some Problems With Using Comparable Companies Analysis?

While comparables are a great way to get an idea for the valuation of a company, no two companies are exactly the same. A Company may have higher growth rates, better margins or lower risk (balance sheet, size, better customers). This creates problems in justifying an exact multiple to be applied to each company.

15. I Have Retail Comps Trading At X Valuations, How Would I Apply These Numbers To Value Facebook?

Trick question. This is an "are you thinking question". The answer is you should not apply oil/gas comps to Facebook.

"To be honest unless there is a reason why we would compare retail companies to Facebook it would likely not make sense to compare retail companies to a technology growth company such as Facebook. Technology comparables would be more appropriate."

16. What Multiples Would You Use To Value A Company?

There are many multiples that can be applied depending on the industry however a few would be.
1. EV/Sales
2. EV/EBITDA
3. Price/Earnings
4. Price/Free Cash Flow
5. Price/Book Value

Many others dependent on the space (know the other simple metrics they would use).

17. Assuming We Have The Prefect Multiples At 2x LTM Sales, 5x LTM EBITDA and LTM 10x P/E. How Would You Estimate the Value of the Firm Given an LTM Income Statement?

Sales Multiple = LTM Sales * 2x (which is EV/LTM Sales) = Enterprise Value Estimate (Sales cancels out)

EBITDA Multiple = LTM EBITDA * 5x (which is EV/LTM EBITDA) = Enterprise Value Estimate (EBITDA cancels out)

P/E Multiple = LTM Net Income * 10x (Which is Equity Value/([Shares*Earnings Per share] = Net Income)) = Equity Value

18. Which M&A Precedent Transaction Would Likely Lead To A Higher Multiple Or Valuation, Private or Public? (Advanced)

It depends, however in general a small private take out would likely warrant a higher multiple as the larger company that purchases the private company could immediately sell the product to a wide variety of new customers and geographies. If the private company was distressed, not growing and recent public companies have been acquired for high multiples, then the answer would switch.

19. In Simple Terms What Is An LBO?

A leveraged buy-out is a transaction in which a Private Equity Firm raises debt and buys a company that it believes it can fix. In general terms the Private Equity firm believes it can improve the Company's financials over the long-term and exit the transaction generating a profit by either selling the company or taking it public.

20. A Company generates an additional $100M in revenue with gross margins of 40% and no change to any operating expenses, what happens to the Income Statement?

The Company sees revenue increase by $100M, Cost of Goods Sold increases by $60M, Gross Profit Increases by $40M, with no change to OPEX, Operating income also increases by $40M, if we assume no change to other income/expense, Pre-tax income is also up by $40M, finally this is taxed at ~40% which means net income increases by $24 and EPS increases as well with no change to share count.

21. What is the difference between GAAP and Non-GAAP Earnings?

Many companies have non-cash charges such as stock based compensation, write-offs, amortization and other non-cash expenses (no cash outlay occurs). So, non-gaap financials or "pro-forma" excludes these charges and generally increases the Net Income and EPS of the Company.

22. What Are Basic Shares Versus Diluted Shares?

Basic shares exclude the impact of options (depending on the transaction may include warrants as well). If a Company has several option contracts in-the-money then the diluted shares would include the impact of such options being executed. As an example a company with a current share price of $15 with many options at the $10 mark, the diluted shares would be higher than the basic shares.

23. How Do You Calculate Diluted Shares?

Note that if the options price is above the current stock price the options do not execute. In this case, basic shares are equal to diluted shares.

Basic Shares + ((Current Stock Price – In-The-Money Options Price)*Number of Options)

Normally companies have an options table in a 10-K or 10-Q filing that outlines tranches of options so a table is necessary to calculate each tranche and add up the impact. Finally, diluted shares can also be found in the 8-K earnings release each quarter, but it is best to calculate total shares outstanding as the stock price changes.

24. A Company has a $100M write-down how does this impact the three statements?

Income Statement: Usually a write-down or one-time charge happens at the Pre-tax income line so a -$100M charge is seen here, same 40% tax rate and you see net income decline by $60M.

Cash Flow: Net income declines by -$60M but the charge is added back so you have cash flow from operations increase by $40M.

Balance Sheet: Cash increases by $40M, Retained earnings decline by -$60M, this is balanced by a -$100M charge on the asset side.

25. What Happens To Your Three Statements If A Company Initiates A Dividend?

Income statement: No change however a line-item usually appears below the Income Statement to show the $/share distributed.

Cash Flow: Cash flow from financing decreases by dividend amount.
Balance Sheet: Cash declines by dividend amount (Assets) this is balanced by a decrease in Retained Earnings

26. What Is Treasury Stock?

Treasury Stock is stock purchased by the issuing company to reduce the amount shares outstanding in the open market. Generally speaking, this is usually done as part of a buyback or repurchase program where the Company buys back shares in the open market when it believes the current stock price is undervalued.

27. What Happens To Your Three Statements If A Company Initiates A Share Repurchase Program?

Income Statement: Total share count declines, increasing EPS, no change to Net Income
Cash Flow: Cash flow from Financing decreases by amount spent on share repurchases
Balance sheet: Cash declines by amount spent on buying back shares and balanced out by a change in treasury stock a decrease in shareholders equity (usually a negative entry)

Note this is more advanced and will likely only occur if you tell an interviewer that Retained Earnings = Previous Retained Earnings + Net Income – Dividends. As this is yet another way to see if you understand the 3 statements.

28. How Could You Use Premiums Paid On A Private Company With No Shares?

If we want to use premiums paid on a private company with no shares, one possible method would be to derive an equity value for the firm by taking Net Income and multiplying by the best comparable P/E Multiple to obtain an Equity value. At this point we can take the Equity Value which is no different than Shares*Price = Market Cap and place the premiums paid percentage on the implied equity value.

29. Why Do We Calendarize Income Statements?

Companies have different fiscal year ends, so we cannot overlay companies with a Fiscal Year ending in September with a Fiscal Year Ending March as it will create discrepancies when comparing the quarters and years. As a convention we calendarize the statements to end in December across all companies to make the comparisons apples to apples.

30. How Does Purchasing Inventory With Cash Impact The Income Statement?

No change to Income Statement. Cash flow from operations decreases by the purchase amount, cash declines. This is balanced by an increase in assets (inventories) on the balance sheet.

Note: All else equal increases in current assets decrease CFO, increases in current liabilities increase CFO.

31. How Would Inventories Impact The Income Statement?

When inventories are used to create products then it would be recognized as cost of goods sold or an operating expense (depends on industry, what inventories are being used for). However, simply purchasing inventories does not impact the Income Statement.

32. What Does It Mean When A Transaction Is Accretive?

This is when the Purchasing Company + Company Acquired combine and form a New Company where Net Income increases post the combination. The transaction would be dilutive if the acquisition causes Net Income to decline post the combination. The negative impact from the acquisition (interest lost on cash, debt payments) should be offset by additional net income.

Rule of Thumb for Stock Transactions: If you buy a Company that is trading at a higher P/E the transaction is more likely dilutive as you are paying "more for earnings". If you buy a company with a lower P/E it is likely accretive. Note, this is an all stock transaction, in all cash transaction you are simply comparing pre-tax income to new debt interest payments and interest lost on your cash.

33. Why Would A Company Choose To Use Stock or Cash In A Transaction?

If the company could be acquired for a lower P/E the transaction would likely be accretive. In addition, if the company has a great valuation it would want to use its peak price point to acquire a company to take advantage of its high current stock price. In addition, the company may not have enough cash on hand to buy the company and be unwilling to take out debt to finance the transaction.

On the cash side the transaction would likely be accretive, assuming the target company is profitable, as the interest rate on cash is at all time lows of near 1%.

34. Who Would Pay More A Strategic Company Or A Private Equity Firm?

In general a strategic buyer would likely pay more as they can quickly recognize immediate synergies from the transaction (revenue and cost saving). The companies are more likely than not in the same space and distribution channels can be used by the acquiring company to expand the reach of the new products and services. Private Equity firms have a tougher time realizing synergies as they attempt to "fix" the business by stripping out operating expenses and attempting to grow sales organically.

35. What Are Synergies In A Transaction?

Synergies are generally broken into two categories:

Revenue Synergies – Acquiring company can sell to more geographies, combine with current portfolio to bundle goods, up-sell to other products, further penetrate existing customers and address new customer bases.

Cost Synergies – The Company can reduce the cost structure by shutting down facilities, combining facilities or reducing the head count.

36. What Is EBITDA? Followed By What Are The Flaws?

EBITDA is a proxy for cash flow, however the issue is that CAPEX is not included in the metric so a Company could generate EBITDA for many years and still go bankrupt if CAPEX exceeds Cash Flow from Operations

37. What Do You Use For A Discount Rate?

Generally you can use either the weighted average cost of capital (WACC) or calculate a rate (Cost of Equity) based on the capital asset pricing model (CAPM).

WACC = ((Cost of Debt*(Debt/(Debt+Equity))*(1 – Tax Rate))+(Cost of Equity*(Equity/(Debt+Equity))

Cost of Equity = Risk-Free Rate + ((Beta * (Market Return – Risk Free Return))

Un-Levered Beta = Levered Beta / (1+((1-Tax Rate)*(Total Debt/Equity)))
Levered Beta = Un-Levered Beta * (1+((1-Tax Rate)*(Total Debt/Equity)))

38. What Is Working Capital? Followed By What Happens If Accounts Receivables Are Increasing?

Working Capital is a metric that shows if a Company can pay off its short term liabilities with its short term assets so it is calculated by taking Current Assets – Current Liabilities. Depending on the Company and industry it could be a good or bad sign (know the answer for the group you're interviewing with).

Finally, while seeing accounts receivables increase can be a positive, it means more customers should pay you in the future; it causes cash to go down as you have not received the actual dollars from the customers just yet. (If you are a real rock-star you can look up the AR days for the group)

39. If A Company's Stock Price Increases By 25% Today What Happens To The Balance Sheet?

Nothing. Many people confuse Equity Value or Market Cap which is Shares * Price with Shareholders Equity. Shareholders Equity is a Book Value Calculation.

40. With No Information Which Of The Three Statements Would You Use To Value A Company?

Assuming the Company is profitable, I would choose the cash flow statement as it can give me a sense for the overall long-term value proposition. At the end of the day cash is king. We can use a DCF, analysis, or even use Net Income as a proxy for Cash flows and derive some profitability metrics. Now, if it was a rapidly growing and cash flow negative Company I would use a built out projected income statement or Equity Research report as many multiples require income statement projections.

Note: The only wrong answer here is really the balance sheet as it shows no long-term profitability or cash flow metrics and is simply a snapshot of the company's assets and liabilities.

41. If You Could Choose Two Statements Which Would You Choose?

Balance Sheet and Income Statement as the combined statements can be used to generate a cash flow statement.

42. Why Would A Company Buyback Its Debt?

If the Company is running into covenants such as Total Debt/EBITDA or EBITDA/Interest Expense, the Company would likely need to buy back its debt. In addition the company may want to buy back its debt because it can reissue debt at lower rates, perhaps some outstanding debt is significantly higher than what they can receive in the market today.

43. What Are The Main Differences Between A Cash Transaction And A Cash Transaction Funded By Debt?

In a debt transaction the interest expenses are higher, the leverage on the Company changes and you have a higher chance of the acquisition being dilutive to earnings.

44. If Your Company Has Annual EPS That Is Decreasing Over The Next Five Years Is Your Current LTM P/E Multiple Higher or Lower Compared To A 5-Year Out P/E?

Some people make quick errors and simply say higher, but the answer is lower. Your current price does not change today so if your EPS is expected to decrease over the next 5 years you are seeing a higher P/E multiple in the future.

Ex: $10/1 = 10x versus $10/$0.50 = 20x.

Note: This is a decent sanity check for comp sheets as well flip it around when looking at out years for growing companies.

45. What Is In A Pitchbook?

A pitchbook can contain multiple sections or be quite thin depending on the content. A general pitchbook for an M&A transaction for example could include the following: 1) Introduction to Bank with tombstones of previous deals, 2) Overview of Company being pitched; 3) Combined model of said transaction 4) Other valuation items (DCF, precedent transactions) 5) Comparable company analysis in the back and 6) An appendix with an overview of team members and executive teams for the deal.

Note: Unlikely will be asked this without prior Investment Banking Experience.

46. How Do We Project Depreciation and Amoritzation and Capital Expenses (or Other Line Items)?

For projection type questions keep it simple and use a percent of revenue for D&A/CAPEX or you can use an annual run-rate. Notably, many companies also provide an estimated next year or NTM capex spend in their filings.

For balance sheet items use a projection that is related to the item, (ex. Receivables should be linked to sales, Payables to COGs, Expenses to OPEX). For overall revenue numbers you would use a combination of guidance (public companies) or industry estimates (ex. Industry grows at GDP then you would stick to using GDP as your annual revenue growth rate).

47. Can You Pitch Me a Couple of Stocks?

"I like XYZ stock, it has ___, ___, and ___ going for it. In an *upside* case I see the stock going up XX% and in a *downside* case I see the stock being flat/down XX%. Given this I see more positive than negatives working for the stock making it *well positioned compared to peers* because of XYZ. Finally, I think the *balance sheet/cash flow/valuation* is good because of XYZ metrics"

The interviewee has implied many things, one you understand that you could be wrong with downside cases. Two you understand companies are compared against one another "well positioned compared to peers". The last part while a bit vague, implies you at least understand the basics of finance and/or valuation.

Now if you want to go deeper you have to draw in themes such as:

"I like XYZ stock because I believe the investment community has XXX and XXX incorrect about the stock. The reason why i believe this is because of reason 1, reason 2, reason 3. While the bears will point to XXX and XXX I'm more bullish on the name because of reason 1 and reason 2. Finally, from a valuation perspective I believe the stock is undervalued due to XXX metrics"

To further clarify here's an example that everyone could relate to (certainly choose a different stock to be more differentiated).

<u>Notably, if you would like to go deeper and know that they will be grilling you on reasons for the stock here are some additional ideas:</u>

1. Buzz phrases – Believe selling is "Overdone" at these levels because people have "baked in" a quarter that implies "units/volume/metric" are going to be down severely on a year over year basis.
2. Technicals – Pull up a 20/50 day moving average and find and indicator to help back your argument, just pased XYZ moving average
3. Disasters – Maybe there was a "blow up quarter" last year in this space, you can use a y/y basis and compare it to say when the Japanese Tsunami hit and the compares in that quarter on a relative basis to the (insert most impacted industry) will be better
4. Read throughs – Say for wahtever reason every single comparable company printed good/bad numbers in units of XYZ… Your company directly works with XYZ so there is likely upside this time around versus prior
5. Pricing – Say the company you are pitching has extremely high exposure to "copper" or any other component could be a semiconductor etc… So you say "margins should expand" and the stock hasnt moved since the pricing of said component has dropped XYZ percent

Finally, have an opinion on the main bull/bear argument and take a side, if they argue heavily against you read them and decide to hold your ground or to nod in agreement. Usually its better to hold your ground in a non-attacking manner.

48. What is Investment Banking?

"Investment banks earn fees by raising capital through Equity and debt offerings or by advising on strategic transactions such as a merger or acquisition."

How to Prepare For an Interview Once You Know the Technicals and Behaviorals?

Bucket your Banks:
1. Boutique – You want to emphasize your individualism and ability to work under higher responsibilities a story involving you randomly being asked to do a much harder task last second will flatter your interviewer
2. Middle Market – You want to see where the platform is expanding to "compete" with the "big boys" all of them are trying to be bulge brackets, so find that spot and bring up positive transactions in that spot. Flattered again.
3. Bulge Bracket – Explain why that BB is the best. This one is much harder unless you're at MS or GS because they already have through the roof egos.

Bucket your Interviewers:
1. Managing Directors – Basically a MD or Director only cares about two things 1) will this guy be happy if we crush him with 48 hours of work. 2) will this guy be decent in front of clients long-term? So with that said since he is the most important here is the breakdown:

– Reason why his group/sector
– Name drop some info BEYOND his major deal so it shows you did research (I would name drop the major deal and then another one maybe 2-3 deals back in time so it implies you keep your eye on the market)
– Have your story IRON clad strong, he will absolutely ask you about your history/why you want to do it
– Be happy not nervous. This sounds "lame and stupid" but its the truth. When you pick up the phone people can feel your personality immediately. This separates average people from good workers in some cases. He wants to be talking to someone who has a positive attitude.
– Have a sector/stock in mind with some basic investment thesis "high level" (tablets versus PC's would be an example everyone would be aware of) but of course choose one related to the space.
2. Vice Presidents – Have your intensity up here. These guys are in the rockiest part of finance. People are into themselves so they will feel only as they feel themselves. So the point is be MUCH more professional. Give very very conservative answers. No joking around. You're going to give humble, professional answers that are correct. No "rounding" write out numbers on your note pad so it makes it obvious you double check your work.
3. Associates – In between an analyst and associate so sometime you can joke a bit, these guys are bitter but not as bitter as a second/third year analyst so veer on the side of professionalism and try to make some sort of connection.
4. Analysts – Towards the tail end of the interview, you may be able to lighten up. Of course you can read them and if they are "super bankers" like the VP type personality then yeah veer on side of professionalism, but this is just bonus points because they don't make major decisions anyway. If you have to choose always get the higher ranked analyst to like you.

Bucket your Products:
M&A – Choose one mega deal and one niche deal that you can speak to, always start with major deal so they can toot their horn and flip to the smaller deal. (this is done in Q&A). Basically you make their mood positive then turn on the "i did my research bulb" in their head and now they think … hmm he's a good hire
ECM/DCM – Emphasize your salesmanship more here because you're going to be doing tons of pitches and chasing deals and your MD's are going to get paid on that deal closing. They have less interest in your ability to put an Acc/Dil model together… because you wont.
Consumer/Tech/Financials – Know the metrics the company is valued on and drop this in the interview. A smart way to do it would be during Q&A when they say "hey so do you have questions for me". If you're going to work with Financials bankers you can drop some stock you like in the REIT sector then talk about how its trading at X.X to book value… This does two things, gets convo flowing about if the guy invests in the sector and shows you understand one of the main valuation methods for that space.

Geographically Lock Yourself In:
If you're interviewing in NYC somehow put a strong tie to NYC and how your family or some other jargon is tied up here so that's why you're location specific to that area. This gives them a very minimal but important psychological selling point on why you would bother staying in that area. Again they want to make sure you are not a "one and done"

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Investing 10% Doesn't Work. Run the Numbers. Get Rich Fast Instead.

Investing 10% Doesn't Work. Run the Numbers. Get Rich Fast Instead.

One common recommendation from personal finance "experts" is to save 10% of your income. Unfortunately this advice is absolutely awful and will make sure that you're extremely far behind over a 30-40 year time frame. Why? Well the numbers only work if you expect to make the same or less as you get older. We'll use the power of compounding and factual math to prove this out. To avoid any sort of debate over investing returns, inflation etc. we will use 5% returns. This means the 5% gains encapsulate inflation already so it's an aggressive number (5% returns guaranteed for 39 years straight).

Saving 10% Works If We Assume No Lifestyle Improvement

Save 10% – No Income Change: In this first example what we will do is assume that a person earns $50,000 per year. We will assume that they save 10% of their gross income ($5,000) per year for 39 years straight. At this point they should be at a nice retirement age of 60. The second assumption we make is 5% returns on that money for life. Anyone who has been through the last 20 years of stock market volatility knows this won't be perfect. But. We want to make the picture as clear as possible. So we're sticking with it.

What happens? In the first example, the math is extremely easy to run. What you see is that you save $5K a year, you spend $45K a year and your $5K annual contribution compounds at 5%. At the end of the 40 year run (39 years of compounding) you have $604,000. But… There is a problem here. The problem is that the spending number is actually $45,000 which means you have a multiple of just 13.4x. Since we know you need about 20x your living expenses to retire, you're short $296,000. So despite saving 10% of your income from 21 years of age to 60… you're not able to quit. You'd have to work until you're 68 years old to pass the 20x number.

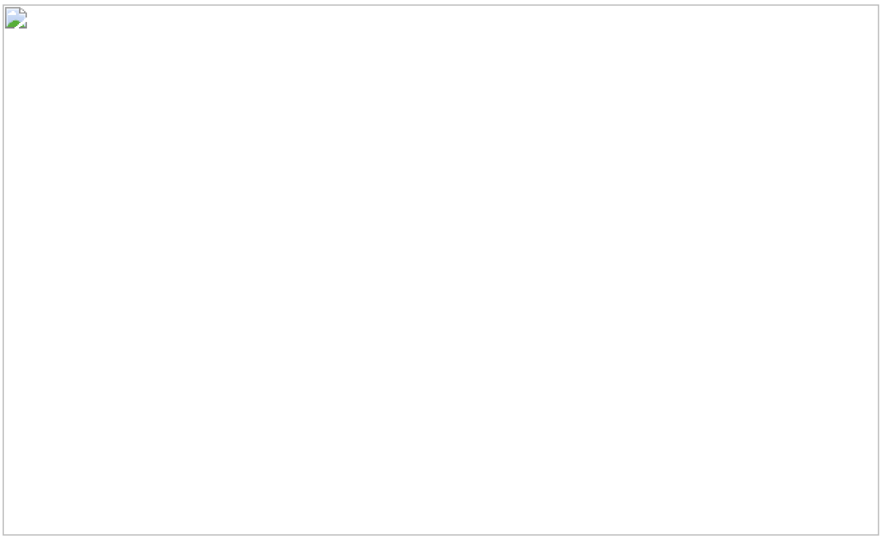
Wait what about social security and other inheritances… this could help fix the situation. While it is possible to make up the difference with social security and other one-time inheritances you *might* be able to pull it off. That said… Who wants to work for 40 years and live with a "might be fine" scenario. Not us and likely none of our readers.

The Power Of Compounding: If you wondered why Trust Fund babies don't have anything to worry about… look no further than the power of compounding. If someone invested $90,085 in year 1 (2019 in this example) they would have exactly $604,000 as well. Instead of being shocked by this, it helps explain why having a career in sales or having a one-time *event* is so critical to becoming rich. The entire goal is to invest a lump sum as early as possible and forget about it so you don't have to worry about saving money in the future (easier said than done of course!).

Savings in Thousands of Dollars

Saving 10% With Lifestyle Improvement is Actually Worse

Save 10% – Grow Wage: In this example we'll do the exact same math. But. We will assume that your wage actually increases over time. We have to keep the comparisons equal so remember our assumptions: 1) market returns of 7% which means an actual return of 5% after inflation eats 2%, 2) we assume you save 10% of your income and now 3) the new assumption is your wage grows at 4%, which is the average, or just 2% after inflation. In summary, your investment return in 5% (7% actual – 2% inflation) and your wage growth is 2% (4% actual – 2% inflation).



What happens? In this example the math is a bit more complicated but here are the numbers. By age 60 you're making $108,000 per year and you have $805,325 to your name. Since you're saving 10% it means your annual spending in the year 2058 is $97,413/year. When we apply that number through it means you have 8.3x your annual spending saved up. Wait a minute. This is a significantly lower number than the 13.4x you had when your wage was simply flat lined. *The reason for this is that investment gains are outpacing your ability to earn.* This has been the case for the average person for quite some time and also explains why the rich get richer while the poor get poorer over time.

The Problem: There are two common rebuttals with this math, first we assume the person cannot downgrade his lifestyle. This is entirely true and perhaps the person is slightly better off (meaning he could live on less). The problem? Well if we assume he can live on $60,000 instead of $97,000… this still leaves you with just 13.4x (essentially equal to the first example with a decrease in lifestyle). Nothing amazing.

The second rebuttal is that you'd save more as a percentage over time. This is true and is a legitimate debate point. The one wrinkle we'd throw in… we assume the person never had a set-back for a single year. Also. At age 40 earnings usually peak and it is unlikely to grow earnings from 40 to 60 at the exact same rate as from age 21-40. For fun… think about this insane stat… if this same person took a single year off (say at age 40) and actually lost money as he was unemployed (-$28,000) he would only have $675,000 at age 60 (***$130,000*** difference!!!!)

Just One Missed Year… (Savings in Thousands)

Too Much Math What is the Point

51% is Significant Acceleration: If you're able to *invest* more than 50% of your income, even 51%, you're seeing significant gains in your net worth of time. This is because you will not only put away a year of income, but more importantly, it means your standard of living is being forced upward without additional income. If long-term price appreciation (market return, real estate etc.) outpace your ability to earn… Eventually the switch will flip where your assets earn significantly more than your active income. This is an amazing cross over point and extremely difficult to achieve. But. If you put away over 50% it is a mathematical possibility.

Time Value of Money is *Serious*: If we assume you are happy with your lifestyle but you're only saving 10% of your income… Now lets say one year you sell a business you were working on. It is sold for 10x your annual income. Boom an *event*. Assuming you do not spend the proceeds… you never have to worry about finances again. Why? Your savings just increased by a factor of 100x. Most people think their savings rate was only 92% versus 10% which doesn't sound like much… This is not how you do the math. If you were saving $5K off of $50K a year, you incur an event at $500K, you just saved $500K/$5K = 100 years of savings in a single day. Make no mistake, most people who actually become rich have an ***event*** that makes their cash flow change for the rest of their lives. The reality is that you get rich in a windfall or by grinding out a large amount money over a ***short*** period of time.

We made this point in the first section. If the average person saves 10% for life (next to no one ever does), you're better off receiving $100,000 at age 21 and leaving it invested for 40 years. You'll have more money than they will by the time they retire. This is why money, like every other game in life, is rigged for the top. Actually… if you could earn an average income and somehow live for free (only 3-4 years) you'd be better off than saving 10% for 40 years. That's how powerful compounding is.

Assets Have Been on a Tear: We have no real solution here. For some reason assets have continued to outpace wage growth for decades. This is unlikely going to change with automation, robots, artificial intelligence and more. The answer is to try and get as much money as you can up front and fast. Then you can build up that asset base faster than the general population and get well ahead of the eventual long-term climb in assets. To make sure we're clear, we're not positive on the macroeconomic climate over the next 2 years (so no change) but if you ask us about the next 30-40 years then we are certainly positive on future growth.

Increase Your Investment Rate Early: There was an overlooked comment from an anonymous person this week so we'll share it below. Here is the link as well since we want to give credit where it is due.

"Want to share advice I wish I had to all the college students reading this. When you are earning income from a job, especially when it's below 300k, comp numbers that seem very close on paper can be extremely different in terms of life impact.

In NYC most people spend about 100k pre-tax (60k post-tax) to live even as an analyst. This means that a 150k compensation will lead to 50k pre-tax in savings but a 200k compensation will lead to 100k savings. The amount saved in a year increased 100% despite income only going up 33%. This means a person working one year at 200k will save as much as a person working two years at 150k. It's nuts. You even see this effect between 200k and 300k, it's a 50% increase in comp but a 100% increase in savings (100k pre-tax vs 200k pre-tax).

*This is why it's so important to _maximize_ the income you are earning out of school. 100k is not enough as stated on this blog, you need to think of job income in two parts: (1) living and (2) savings. You also need to think of income in terms of _cash flow_ instead of just the dollar amount in the offer. If you have two offers: **1) Offer:** 120k base + 50k annual bonus (~5k 6 mo stub bonus) + 0k signing; **2. Offer:** 110k base + 45k/yr in equity vesting monthly over 4 years + 20k sign on.*

#1 is a higher offer but #2 has much better cash flow. You can invest/use that 20k the day you start and will get investable equity every month. With #2 you will need to wait 18 months to cash in that 50k bonus and will be living off the base in the meantime. You can and need to _negotiate_ option 1 so that they offer a signing bonus. Even if it's only 10k (half of #2) that up front cash will be incredibly useful out of college. Also, very few people negotiate for one-time aspects of comp (signing bonus, relo bonus), take advantage of that…. Much more can be said but those two points are key when picking offers."

This is a fantastic summary. If you're looking for one sentence it is this. When you're in your 20s and even early 30s try to stack a ton of money up front as it will snowball you forward for the rest of your life. Most people try to play catch up and as you can see from our second example… one slip up and suddenly it's a cliff not a hill that you must climb.

Don't Waste Your Youth: The main point? If you waste your 20s you're going to be climbing up a slippery mountain with jagged edges. If you waste time, you could be in an extremely deep hole for the rest of your life. Sounds daunting because it is. Look around and find the guys who tried to get it "together" at thirty and you'll see they never quite get there. They are forced to scale back their living standards and options. You want your options to ***increase*** and your time to become ***more valuable***, this is only possible if you don't waste your youth.

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Investing Lessons From the Tesla Short Disaster

Investing Lessons From the Tesla Short Disaster

While Tesla is currently experiencing "irrational exuberance", we can't help but laugh as we see people who have been negative since $40 claiming they got the stock right. It doesn't make any sense but should teach everyone a valuable less, humans are *never wrong*. If you've studied mass delusions, you know that people will never admit to being wrong even if the facts continue to say they are wrong. This is because ego is an incredible drug. So, we're going to outline a clear way to spot this madness and how you can avoid falling into the same trap.

Tesla Case: The financials are ugly, is it a software company, a battery company or a car company? Will the debt load be reduced, can Elon Musk always get funding? So on and so forth. What we do know is this. When you're betting against someone it probably isn't wise to bet against one of the smartest people in the world. There is no debate that he is one of the smartest people in the world as he succeeded with PayPal, Space X, Solar City and Tesla. Those companies have practically nothing in common. Not to mention his other smaller successes along the way. The first thing to remember? Never short sell a "famous" CEO. Steve Jobs was another good example and someone like Jeff Bezos is yet another. You can dislike them, but shorting them is a fools game as one "hype move" of 100% gains takes you to zero and you can't recover.

The second thing to note here is that you could be wrong. The biggest thing we learned from Elon Musk has nothing to do with cars, batteries or PayPal. It had to do with risk tolerance. He had an interview shortly before launching Space X and he said he tied a <10% chance of it even succeeding. Yet he did it anyway. Why? Asymmetric returns. With Space X, he knew that in the <10% chance it succeeded the value created would be more than 1,000%+. This means risk reward said it was a good investment/bet to make. How does this relate to Tesla? Much and the same. He bought Solar City with Tesla and he could very well make an entire new market by himself. Laugh if you want, but this is what Apple did when the iPhone was released. Blackberry was taken out and Apple became a trillion dollar company. Off of one genius product. One.

The third and final thing to remember about short sellers is that they are emotional. You can tell that Tesla is one of the "un-shortable" stocks. It is the exact same way with crypto currencies and weed stocks back a couple of years ago. We're not saying it won't fail (it certainly could) but the amount of emotions it has is unparalleled. Bears are absolutely obsessed with him and the Company and even at today's levels they think they are right (despite losing all their money several times over, only to lose all their money again).

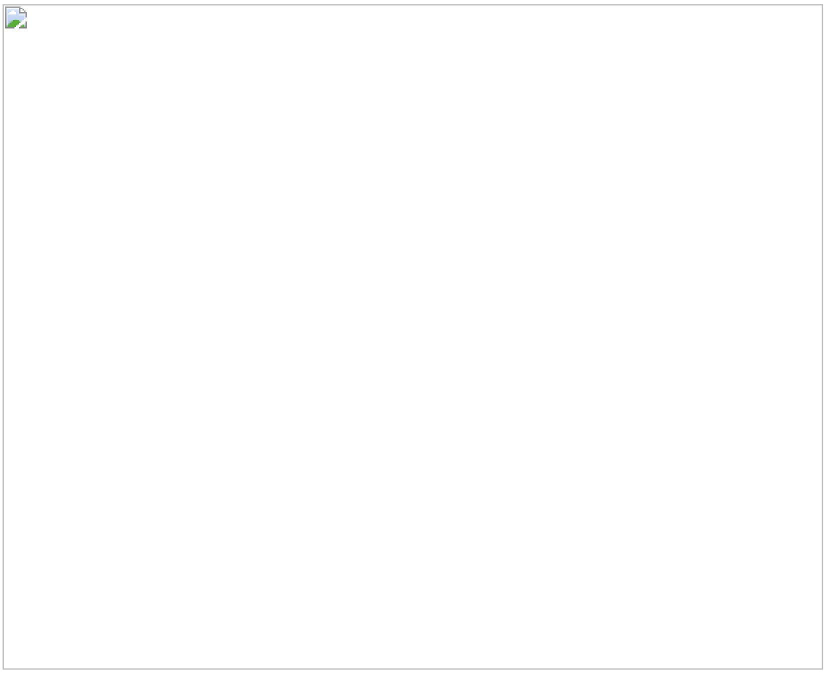
How to Apply This? The application of this phenomenon is actually simple: crypto currencies. You have weird people who believe that Bitcoin will be the only crypto currency despite more and more and more coins being created every day. In addition, you have other weird people who think it's going to go to zero. The chances that either one of these people are right is next to zero percent.

So how do you think about Tesla and Crypto? Simple. You either buy a small amount and forget about it… or you simply forget about it. You do not short any of them as a 100% gain (*extremely possible in any year*) can put a huge zero into your account. Even if you only shorted it with 2% of your networth, that's a massive set back if you average 10% gains per year.

If you would like to go for the "loop" as we call it we recommend doing the following on any volatile investment: 1) find the biggest supporters, 2) find the biggest detractors, 3) find their expected price targets and then 4) find out their backgrounds.

You'll find that Tesla and Crypto are basically the same (in terms of emotions nothing more). Tesla supporters think it's going to be a half trillion dollar company, detractors think it is a zero and the backgrounds of supporters are generally smarter than detractors (just look at their tech backgrounds and no professional investors are not "smart" we're referring to tech specialists only).

We go ahead and assume that Tesla supporters/detractors are equally intelligent. So 50/50 chance it goes to $0 or $500B. This means you're going to get a 300% return or a 0% return… expected value is **150%!** Do not short.



From the chart above if anyone was long-term bearish at *any time* below $400, they are not allowed to have an opinion anymore. By definition they lost over 100% of their position. The only exceptions would be a genius who shorted in the $300s bought back or said cover by $200 or so. That said… Just go on Twitter and the you'll the same bears at $733 were bearish at $40 or less. No credibility or decency to say they were wrong.

Do the same with crypto! Unsurprisingly it's the exact same thing to a T. You have people who say Bitcoin will be worth $100K and others who say it is a zero. If you assume both are equally intelligent the implied return is **about 500%!**

You'd think we'd have some complicated way to think about it but that's really all we do. If you look at high risk high return assets it almost never makes sense to short. Similar to biotechnology companies. Unless you have specialized testing data, it is better to just own a small amount or ignore it. One set of testing data can send it up 100%+ in a day.

This Is Risk Averse: People talk about "risk averse" and confuse it for "volatility". They are not the same and will never be the same. By owning a small amount of these high volatility stocks you're actually taking a risk averse decision. Why? You have to ask yourself *"what if I am wrong?"*

If you're wrong on Bitcoin and you didn't own say 1% of your net worth, that would have gone all the way up to 10% of your net-worth if a parabolic move occurs. If you're wrong and it goes to zero, you lost just 1% of your net worth and your life didn't change. So… Ask yourself, are you okay with your net worth potentially being 10% lower with the risk of a 1% hit? Chances are you're going to end up buying a small amount. This same logic applies to a lot of other items: Gold/precious metals, asymmetric biotechnology stocks, Venture Capital investments and more.

How to Sell: Now the last trick is avoiding complete collapse and irrational exuberance. This is going to be psychologically difficult but we use the 33% rule for high risk high reward assets. We don't use 50% as these types of investments usually make irrational parabolic moves when they go up.

If you invested $10,000 into a high risk asset and it goes to $30,000 we would then cut the position by $10,000 or 33%. It is really that simple. This way you get to keep your high risk investment without being upset if it goes up more or goes down for a period of time. The dollar number is less important relative to the percentage gains. If $10,000 is small for you, and it's $100,000 then you'd trim $100,000 if it was at $300,000 (for fun, yes we're saying we wouldn't touch Tesla here until the volatility stops, three years ago we said buy small and forget or never short and unlike the crazy people on twitter rarely spoke about it for years).

> Feel bad for all the Tesla shorts. Even if they believe it's going bankrupt it's never smart to bet against ceo's considered "godlike"
>
> Jobs and Musk are just in the "unshortable" CEO lists – always find a way. Better to just not play if negative
>
> — Wall Street Playboys (@WallStPlayboys) August 2, 2018

Simple Conclusions: Instead of trying to predict homeruns it's a lot easier to expose yourself to potential home runs without the headache of constantly following it. The second major item is that you don't bet against geniuses. Please spare us the "I did the homework" on the stock type arguments. Betting against geniuses just isn't a good proposition and why anyone would want to see someone like that fail (a person risking everything he has to improve the world) is beyond us. No need to become a fan boy like many millennials but there is also no need to dangerously short a high volatility stock that can take you to zero within a month.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

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Investing Priorities

Investing Priorities

In our overview on How to Invest as a Bachelor and Part two outlining how to obtain a high paying job we're continuing down the journey to financial success and the message remains the same:

You must invest.

We already know that a savings account is yielding at best 1% this day and age. With that in mind how is that helping you obtain financial freedom? It is not. In fact you are going broke. This article could not have come at a better time as Janet Yellen recently took over the Fed and stated the following:

"*Inflation remained low* as the economy picked up strength, with both the headline and core personal consumption expenditures, or PCE, *price indexes rising only about 1 percent last year, well below the FOMC's 2 percent objective* for inflation over the longer run. Some of the recent softness reflects factors that seem likely to prove transitory, including falling prices for crude oil and declines in non-oil import prices."

Take a quick pause for a moment and re-read the quote above.

Now that we understand the Fed intends to increase inflation since they believe it was 1 percent… this means you are going to become poorer if your money is invested at a paltry 1 percent. Instead of complaining about the changes and the printing of money the only solution is to take massive action by becoming an intelligent investor.

Backdrop: So we avoid all the Suzy Orman type comments, we are going to make the following extremely dangerous assumption: ***You are responsible and can control your emotions.*** If you check off both of these boxes you're already in the top 10% of the USA in the first place. With that out of the way and the assumption that you have a high cash flow career we'll take a walk through a high level personal capital allocation policy.

invest

Priority One

We move from left to right in each priority. Assuming you have some debt (ideally not much due to intelligent decisions) your first order of business is to get the Company match, get rid of debt for psychological reasons and lower your tax rate with additional 401K investments.

Company Match: This is free money. Even if the rate on your debt is 10% there is no way you will ever find an investment opportunity that yields 100% returns upon investment. This means you have literally doubled your money on day one. While the Company match may be small at 3%, that is still $3,000 of free money on the table assuming you make $100,000 per year. It is much more financially irresponsible to forget the match than it is to have a small debt load.

Paying Down Debt: If you have a mountain of debt, you likely need to adjust your strategy by finding a debt specialist to pay it off in a one time sum or have a piece of it forgiven. With that said if the amount is relatively small, then pay it off quickly so you can have more mobility with your credit score. A high credit score means better access to credit. Credit scores are just as important as your GPA out of college.

401K for Lowering Taxes: Always pay the least in taxes, an obvious choice. When you're close to 6 figures or when you eventually approach $200K+ in income, you want to make sure you defer those tax payments since your bracket increases. In addition, a savvy reader will realize we prefer 401K tax avoidance to $10K liquid from the get go. Why? If an emergency occurs you can always tap into your 401K in a real world disaster. In addition, the extra 401K contributions are unlikely going to break the bank since the goal is to simply lower yourself to the next bracket. Sticking with the $100K example, you want to get your bracket to $89,350 according to the 2014 single taxpayer bracket. If you are nearing $200K, well jump down to $186,350, so on and so forth.

Priority Two:

Priority one should be taken care of quickly. At this point you are in the lowest tax bracket according to 401K manipulation and you are ready to build a personal financial profile as well. In addition, you're looking to build personal wealth that is untied to your Company. Finally, you should be looking at a possible credit facility in the future for low rates on debt for leverage.

$10,000: This is simply a number that we've derived from personal experience. As soon as you have $10,000 in the bank there is no reason to have any more in a savings or checking account. Lets run through the math quickly.

Assuming you can live on $3,000 a month this means the savings account already has you covered for 3 months and 1 week. In addition, you're never going to quit a job. You either get laid off and get unemployment or you quit for a new job. Assuming unemployment benefits are roughly $1,800 a month, that is another $5,400 as you eat into savings. Quick math below:

($10,000 + (1,800*3))/3,000 = 5.133 months.

Assuming you're a hard working person 5 months is more than enough time to find a new job.

Dollar Cost Averaging: We have already talked about this investment strategy but it bears repeating. In 30 years will companies be larger? Will things be more expensive? Will the Equity and Debt Markets be higher? In that case you know your money should be working for you instead of burning a hole in your pocket at 1% losses since the Fed intends to increase the rate of inflation. Finally, notice we try to avoid stock picking and fund advice because 1) we have no idea what will happen to the global economy on a day to day basis and 2) we have no interest in becoming financial advisors.

Credit Facility: Now we're getting to the good stuff. Your portfolio is growing and you have momentum. At this point you should be receiving terrible financial advice from everyone pitching you to do X and Y with your money. This is when you know you have momentum. Instead of allowing them to steer your future you slowly build up an insanely high credit rating. You have churned a few cards and are now locked into a pair of good credit cards and one for your credit history. Start manipulating your credit rating to 800+.

Priority Three:

Now we're starting to see the benefits of all the trees we've planted. You're no longer fighting against price increases since you're an asset owner with total assets well eclipsing your annual pay. You're getting richer. You've got a credit score that would surprise every bank if you walked in and needed a loan. Time to diversify.

Cover Rent: While you're manipulating your credit rating from the end of priority two you should have a system for tracking your passive income. If you're banking on bond yields, dividends or rental income you should have a personal database that tracks each cash flow. When this number covers your rent you can now consider leverage if the rate is low and the opportunity is low risk and slightly higher yield.

Credit Facility: We are considering a live update of how to utilize debt but for now we'll keep it high level. Run the debt load where you have a 3x debt to return ratio and you are generally in a safe position. As a simplistic example since we receive numerous emails on real estate if you are able to pick up a 15 year mortgage at 3% and the cap rate on your real estate investment is 9% (assuming you're buying for rental income) then you should be in a good position. With a 30%+ down payment the 3% rate is achievable and your tenants should be paying your entire mortgage for you, perhaps even more.

Equities and Debt: At this point you have a relatively large and mixed portfolio. You're invested across all asset classes but it is a good idea to take a look and consistently rebalance. If your career is firing on all cylinders and you have large amounts of cash flow you can continue with a heavy skew to equities. This is because a market correction of 25% would leave you unphased. On the flip side, if you're unwilling to lose 25% in your equity portfolio it is time for a change.

Priority Four:

We're at the final stages of your journey and you should be a mature investor. A market decline of 5% in a few weeks (what happened in January) should leave zero emotional toll on your mind and body. You simply don't care about market movements with regards to the dollar cost averaging piece of your portfolio. Again, you are not phased one bit. In addition, if you've built a meaningful career, have read 100s of books and have strong relationships for liens of debt… You can consider a few bigger ticket items.

Cover Expenses: When most people talk about location independent income all they mean is they want to live a normal life in any city in the world. They simply want to see cash flow surpass expenses. That is it. By the time you have appropriately readjusted your portfolio and have access to cheap debt we are guessing you're approaching this threshold. Instead of getting into high risk ventures keep your eye on the relaxation point (cash flow = expenses) and ignore higher risk items for now.

Higher Risk: At this point you should have a niche. You should know one area better than anyone your age and anyone 10 years your senior. That is the benchmark and there is no getting around it. If you're not an expert… the entire high risk category should be thrown out of the window. High risk includes: *Private Equity, Seed Funding, Mezzanine Funding, Bridge Loans, Angel Investing and individual equity or junk bonds.*

Private Investments: While private equity is technically a private investment those that are familiar with high finance know the distinction, in this case we're referring to silent investments. Unlike an actual Private Equity deal where you may have some say in the process in a silent or private investment you're simply pooling assets with a group of investors and you are investing in a project.

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Investing Q&A (CLOSED)

Q&A is closed!

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Investment Banking Compensation 2015

Investment Banking Compensation 2015

*****Please note that you can Click here fore 2016 data that is now available.*****

We are updating compensation numbers for 2015. Excluded from this overview is investment banking analysts as the variability has decreased. Simply put an investment banking analyst should make $150, $175K, and $200K in years one, two and three. The reason we have excluded the exact break out of base and bonus is two-fold: 1) analyst base salaries are a bit less standardized now with some as low as 70K and the new norm for top tier banks being $85K, 2) the bonus is being adjusted to match the all in compensation numbers of ~$150, ~$175, ~$200K. This means the *mix* of income for analysts has changed but the *total* number is roughly the same. So we're not going to squabble in comments over which bank is at $85/$65 versus $75/$75 for example. If you work in the industry you already know which banks pay what salaries… so lets move on.

Budget Setting: If you're in a revenue generating role, you know that the budgets for the year are set roughly one month before the year ends (IE: late November early December). So even though numbers are not announced those in the "know" are already aware of where the "pool" is. We'll cut to the chase:

"Bonuses will be down ~5-10% and your total compensation will be roughly flat"

Finally, before we delve into the data remember we are talking about two things: 1) investment banking division at an investment bank (not hedge funds, not sales and trading etc.), 2) we are including middle market to elite boutique banks, IE: everything from Baird to Lazard.

Changes in 2014: Last year most banks changed their base salaries, increasing them across the board. This is why you're seeing more discrepancy with some banks paying senior associates $160K base salaries versus $175K versus $150K for example. The numbers are simply moving around a bit depending on which bank you work for. Again… however… total numbers are roughly comparable so we are taking the *median* across all banks. This is probably the best way to gauge numbers across the street as the outliers (an associate being promoted to VP) will drag the comp pool up, while the underperformers who get a "F*** you bonus" of $20K will drag the pool down.

Below is the Data:

Untitled

The Numbers

Associate 0 (stub bonus for MBAs): Your base out of MBA is probably in the $125K range today and you should get a $30-45K bonus, however, $35K is roughly standard.

Associate 1: First full year, the base salary is around $125-130K and you're looking at making roughly $240K all-in at the *median*. We are going to emphasize certain points as a top tier banking employee will generally get 100% base as bonus for their first year. But. Again. We are talking about the median employee.

Associate 2: You're making about $140-150K base and your all-in will be knocking on $300K total. We're guessing it's closer to $275K as many people under-perform and are kicked out of the bank. Therefore the skew is actually up as the money is shifted over to the people they like so we're at $290K.

Associate 3: You're performing well and you're likely at least being considered for a VP promotion. You didn't get fired and you never saw the writing on the wall to leave (IE: a terrible bonus). $160K and just over $300K all-in is about right for the median employee. ~$310K.

Associate 4: You either made it or you didn't. You did extremely well and already made VP last year or you made it this year and you're looking at $160-175K base and *more importantly* you're total pay is about $400K. Once you make the jump you should be knocking on $400K.

Vice President: We're lumping all years into one in this case because it is easier. If you're sourcing deals and brought in some money for the firm you're going to blow these numbers away. One thing we do know is that your base salary is likely $200K. This is industry standard at this point and you can anticipate a bonus of about $225-250K or $425-450K in total. More importantly… you eat what you kill going forward. If you can bring in money, then forget about the range above and you're going to be promoted very quickly to director where…

Director: At this level your base is $250-275K. Since we're including mid-tier banks we played it safe and said $250K. Your goal is to essentially generate 1.5x your base salary as a bonus bringing total pay into the $550-650K. Again… If you're bringing in money none of these ranges matter at all.

Managing Director: Base salaries are generally $350K. Your typical number is about 2x base salary so just over $1M in total pay. To emphasize that this is bank by bank specific, a bulge bracket bank recently *reduced* its base salaries paid to Managing Directors (this was a 2015 phenomenon), anyone in the industry knows which bank this is.

Summary Points

– Not much changed year over year, while bonuses may be down about 10% the base salaries were raised so you're really flattish

– Similarly, the **rough** way to think about each tier is a doubling of income. $150K as an analyst, goes to $300K as an Associate, which goes to $600K for a good VP which then scales to $1M+

– We stick with investment banking as the proxy for Wall Street compensation because it is the easiest to access (if you work in the industry) and it is pretty standardized across the Street

– We are not going to spend a lot of time on the buyside as we've already explained how volatile it is, ~$250K as an entry level hedge fund associate makes sense. But. After this… You could receive a $0 bonus or a 4-10x bonus depending on if you're an associate, analyst or portfolio manager

…. Oh… by the way…. We hope you don't work at Deutsche Bank

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Investment Banking Compensation 2016

Investment Banking Compensation 2016

*****Update! Beat everyone to the real numbers for the second time in a row, Morgan Stanley cut by about 15% according to zerohedge and business insider. Heard it here first back in December*****

We are updating compensation numbers for 2016. Excluded from this overview is investment banking analysts as the variability has not moved much. Simply put an investment banking analyst should make $150, $175K, and $200K in years one, two and three (plus or minus $5-10K depending on how good or bad the bank did). The reason we have excluded the exact break out of base and bonus is two-fold: 1) analyst base salaries are a bit less standardized now with $80-85K being the rough mid-point, 2) the bonus is being adjusted to match the all in compensation numbers of ~$150K, ~$175K, ~$200K. We made similar points last year, the only adjustment really is that most banks have moved to about 80 Base/70 bonus for the good analysts for a first year payout. Perhaps shave off $5K extra to be safe this year given that results were down again.

Budget Setting and Bonuses: As always, bonuses are set in Q4, despite being paid out around February-April, so it is relatively easy to get the Street range, ***this year bonuses will be down ~10-15%.*** This is better than the expected down 15-20% given the recent uptick in the equities market (4Q16), improvement in bank valuations (thank you Donald J. Trump) and improving fund raising markets (IPOs/Follow-Ons).

Not much has changed but a slightly lower bonus and the *silver lining here is that the market is coming back a bit which *could* lead to better 2017 numbers.* This is certainly far too early to call (2017 numbers) so we're not going to make any predictions for 2017 since we stick with what will happen once numbers are set.

This year the industry should be down ~10-15% on the bonus line, we'll take a slightly bullish stance and unless you're at a struggling bank we assume down 10% or so makes sense.

Basic Overview

Generally, the lower level (excluding new hires who have only been around for 6 months), will see less of a hit. Banks view junior employees (anything below Vice President) as fixed costs so they typically don't take a big hit. As a reminder we're attempting to build a picture across the Street which includes everything from bulge brackets, elite boutiques and middle market firms (excluding the extremely tiny shops that have minimal deal flow).

Reminder of Wall Street Being Poker: If you look at the numbers, you'll see that the real money is made at the Vice President (more likely Director) and beyond level. This is because Wall Street is no different than playing in the World Series of Poker. We've said this before but it needs repeating. No one is going to get rich working as an associate and you're only making money at the revenue generating role and more specifically once you close a few deals (Directors typically have brought in some money). In addition, once you reach Director level or even Vice President you'll quickly realize starting your own company will make you more money than working for someone else (hint, hint, hint, never put all your eggs into Wall Street).

If ~$300K seems like a lot of money, look at the real math. If you live in a major city like NYC, then you can roughly assume you get ~$65K per $100K gross made. This means you're getting $16.25K per month. Rent alone is going to run around $5K if you're living in a good part of town and the rest of your living expenses will usually approach $4K a month or $9K in spending per month… Saving $80-100K a year isn't going to get you anywhere soon. Once you hit $500K or so, then you'll see an inflection as a single person because you can put away $200K+ and not see much of an impact to your life style.

Reminder that there is No Such Thing as Passive Income… Just Net Worth: No matter what people tell you to market their ideas, passive income is just a fancy word for ***cash.*** If you have to spend time to earn the income then it is ***not*** passive because you're using your valuable time. So if you can put away $200K a year or so and assume that you can get 5% off a diversified portfolio, then each year you've earned $10K in secure income. Assuming you want to live a normal easy life in a big city as stated above, then you'll need about ~10 years of savings to get there, where you generate $9K+ without lifting a finger. Of course this will get boring which is why you have to start a business and get out of Wall Street or any type of employment as soon as possible. The bright side is you only have ~10 years to work no matter what in a worse case scenario.

How Do You Calculate Your Bonus as a Revenue Generator? You will get around 10-15% of what you kill. This is the rough math and makes all those occupy Wall Street people scoff and get on their knees. To generate a $1M bonus you'd need to bring in $10M to the top-line at the firm, roughly speaking. This is certainly not an easy task and most people will get stuck in the $300-400K bonus range where they get some small deals, sign up some retainers, some poison pills, some fairness opinions etc… but never really get the big money.

Nothing has Really Changed… The number of slots available has continued to shrink on a relative basis. The roles remain unchanged. Analysts and Associates stick to supporting the senior staff and the Associates with sales skills are shoulder tapped to become Vice Presidents if they have the intangible skills necessary to generate revenue. The Vice Presidents either move up quickly or get blown out like Hillary Clinton. The Directors are usually stable and keep angling for ways to become Managing Directors without getting fired for trying to snipe clients from the current MDs… the MDs continue to chase the biggest deals possible and angle for becoming the head of investment banking.

The Buyside is Still Seeing Pressure: For another year, passive investing has outperformed active managers impacting the number of roles on the buyside at hedge funds & mutual funds. Private Equity has seen low rates help their investments (this may change if rates continue to go up) as cheap money has improved the ROIs on investments particularly if the debt is set at a fixed rate.

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Investment Banking Compensation 2017 – an Up Year!

Investment Banking Compensation 2017 – an Up Year!

We are updating the total Investment Banking compensation numbers for 2017. Excluded from this overview is investment banking analysts as the variability has not moved much. Simply put an investment banking analyst should make $155, $180K, and $205K in years one, two and three (plus or minus $5-10K depending on how good or bad the bank did). The reason we have excluded the exact break out of base and bonus is two-fold: 1) analyst base salaries are a bit less standardized now with $85K being the rough mid-point, 2) the bonus is being adjusted to match the all in compensation numbers of ~$155K, ~$180K, ~$205K. We made similar points last year, the only adjustment really is that most banks have moved to about 85 Base/ 70 bonus for the good analysts for a first year payout (as usual 100% of base as bonus is reserved for the top-tier performers). Perhaps add an extra $5K to be safe this year given that results were up slightly.

Budget Setting and Bonuses: As always, bonuses are set in Q4, despite being paid out around February-April, so it is relatively easy to get the Street range, *this year bonuses will be up ~6-12%*. This is better than expected with results actually going up relative to poorer results last year.

Not much has changed in terms of base salaries (we're adding a small amount to gross up the average) and bonuses were up decently this year. This year the industry should be up ~6-12% on the bonus line, we'll take a slightly bullish stance and unless you're at a struggling bank we assume up 10% would be more than reasonable.

Overview: Generally, the lower level (excluding new hires who have only been around for 6 months), will see less volatility. Banks view junior employees (anything below Vice President) as fixed costs so they typically don't see much volatility. As a reminder we're attempting to build a picture across the Street which includes everything from bulge brackets, elite boutiques and middle market firms (*excluding the tiny shops that have limited deal flow*).

If you look at the numbers, you'll see that the real money is made when you're generating revenue (Vice President, Director, Managing Director). This is because Wall Street is no different than playing in the World Series of Poker. We've said this before but it needs repeating.

No one is going to get rich working as an associate and you're only making money at the revenue generating role and more specifically once you close a few deals (Directors typically have brought in some money). In addition, once you reach Director level or even Vice President you'll quickly realize starting your own company will make you more money than working for someone else (hint, hint, hint, never put all your eggs into Wall Street).

If ~$300K seems like a lot of money, look at the real math. If you live in a major city like NYC, then you can roughly assume you get ~$65K per $100K gross made. This means you're getting $16.25K per month. Rent alone is going to run around $5K if you're living in a good part of town and the rest of your living expenses will usually approach $4K a month or $9K in spending per month… Saving $80-100K a year isn't going to get you anywhere soon. Once you hit $500K or so, then you'll see an inflection as a single person because you can put away $200K+ and not see much of an impact to your life style.

Before the Outrage Hits: We realize the numbers here seem high for those that are not used to Wall Street. We have a few important points: 1) the stress is significantly higher as you're on call 24/7, 2) while the hours are higher… no you don't work 80 hours a week as a revenue generator… not even close, 3) the fund raising market will see significant pressure due to crypto currencies and ICOs in the future and 4) always remember that cost of living matters quite a bit when looking at these income figures.

How Do You Calculate Your Bonus as a Revenue Generator? You will get around 10-15% of what you kill. This is the rough math and makes all those occupy Wall Street people scoff and get on their knees. To generate a $1M bonus you'd need to bring in $10M to the top-line at the firm, roughly speaking. This is certainly not an easy task and most people will get stuck in the $300-400K bonus range where they get some small deals, sign up some retainers, some poison pills, some fairness opinions etc… but never really get the big money.

Nothing has Really Changed… The number of slots available has continued to shrink on a relative basis. The roles remain unchanged. Analysts and Associates stick to supporting the senior staff and the Associates with sales skills are shoulder tapped to become Vice Presidents if they have the intangible skills necessary to generate revenue. The Directors are usually stable and keep angling for ways to become Managing Directors without getting fired for trying to steal clients from the current MDs… the MDs continue to chase the biggest deals possible and angle for becoming the head of investment banking. Oh and we are going to reiterate. Remember to follow the rules in Efficiency if you're going into banking. If you go into the wrong group you won't make much money and will be unemployed sooner than later.

The Buyside is Still Seeing Pressure: For another year, passive investing has outperformed active managers impacting the number of roles on the buyside at hedge funds & mutual funds. Private Equity has seen low rates help their investments (this may change if rates continue to go up) as cheap money has improved the ROIs on investments particularly if the debt is set at a fixed rate. Interestingly, just now the Fed increased the interest rates making the math harder to make sense.

Key Way to Avoid Confusion: If you're looking for one line, *just assume you'll be up 10% at least on a "like for like basis"*. Given all the base salary changes we adjusted them throughout all levels to reflect the evolving environment. This means some of the totals look better than the other ones depending on *when* the base salary was moved up for the group. Also, remember that getting a promotion usually leads to bigger jumps and if you were simply going from associate 1 to associate 2, not much happens and that would be reflective of a "10% like for like" jump (IE: an A1 to A2 associate last year made about 10% less than this year).

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality.

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Investment Banking to a Hedge Fund… You Got What it Takes?

Investment Banking to a Hedge Fund… You Got What it Takes?

Overview and Landing an Interview: The career path to working at a hedge fund is less defined than that of investment banking, but at the junior levels the majority of opportunities are available to those with backgrounds in either research or investment banking.

The best way to land a hedge fund interview is through networking, but… a large portion of the recruiting process is outsourced to headhunters, who primarily target bankers and research analysts in their searches (management consultants are also successful).

The job responsibilities are not exactly the same, but the skillset and intelligence necessary to be a junior banker serve as a baseline for the kind of work that is expected of hedge fund personnel. Hedge fund managers are busy people, so they recruit from pools of bulge bracket bankers for the same reason that bankers recruit from target schools.

This post will assume that you have secured a hedge fund interview and will focus on the interview process from the perspective of a junior investment banker.

Part 1: What you need to Demonstrate

So you got your foot in the door.

Great.

Now it's on you to **show them** what's in it for them by **demonstrating** the following:

1) Passion and Ambition: They want to know that you love the markets and investing. Unlike banking, they want people who are both capable and enjoy what they are doing. You have to live and breathe it.

2) Creativity: Can you think about things in ways that others may not have thought of? Can you take a view based on that? **Hedge funds live and die on information**. Creativity is necessary to uncover what others overlook and come up with ideas, so they want to know how you think and that you can rationalize your opinions.

This can be a nightmare for many bankers who were stuck working in a group where they are primarily processing mundane information that *does not allow much room for thinking for yourself*.

3) Cultural Fit: They are going to be working side by side with you for upwards of 12 hours a day. They want to know if they can get along with you.

Unlike in banking or private equity, hedge fund cultures tend to vary a lot because they are almost entirely dependent on the **portfolio manager** (similar to equity research where an associate is tied to the Senior Analyst/Managing Director). Cultural fit can be much higher on a hedge fund's priority list than it would be for a private equity shop.

It's also important to remember that cultural fit is a two-way street. If you can't get along with an interviewer you during a 30 minute meeting, then once you start working with them your life is going to be miserable. Don't worry many of them are incredibly good at faking their personalities so it will be impossible to tell which one to work with… But as they say you can't win them all.

Part 2: Preparation

Now that you've got the basics down, here's what you need to prepare specifically for a hedge fund interview:

Basics: Size, location, history, anything you can find on their website, profile of employees on Linked-in, etc.

Strategy: Equity Long Short, Distressed, Merger Arbitration, Event Driven, etc.

Mandate: Are they restricted to investing in particular security-types or sectors?

Investment Philosophy: How do they think about investments?

Investment Horizon: Typical holding period, structure of their capital base, do they have lockups? Can they take volatility?

Culture: Talk to the head hunter or the person that referred you to see if they know anything about what to expect from the interview or to get insight into what the culture is like. You can also use networks to see if you can talk to someone who might have extra insight into how the fund operates.

*** Resources you can use for research: research reports, CapitalIQ / Bloomberg, SEC filings, networking connections who may have insight, the Company website and of course you should always do a heavy Google search***

Questions: Based on the research you did on the fund, come up with intelligent questions to ask them about their strategy, culture, recent investments, etc.

Market Knowledge: Be up to date with what's going on in the general market and trends in the specific sectors / areas that the fund invests in.

Investment Ideas: You are going to be asked to talk about an idea you are currently thinking about, so come up with at least two investment ideas / stock pitches.

The process for doing this is explained below

Part 3: The Interview

The exact structure of the interview will vary across funds, but in general the process will consist of two or more rounds, we'll stick with two rounds for simplicity:

Round One Onsite: This is the actual "interview" portion of the process. It will usually take place at the fund office. They will have anywhere from 2-10 of their current employees (depending on fund size) each interview lasts for ~30 minutes to 60 minutes each. For the first round you don't necessarily have to have to go as far as building a fully baked model and investment memo (that will come in the case study) however… You do need to be able to articulate and defend your idea verbally though.

Cultural / Fit: These questions are about your background and are designed to get a sense of who you are and assess your cultural fit with the fund. Most of them are going to be exactly the same as those asked in investment banking interviews. By this point you should have a firm grasp of your story and be able to explain why you want to work at a hedge fund.

They are going to evaluate your cultural fit and personality throughout the entire interview. Your personality should show through via body language, attitude, communication skills and general demeanor. They'll want to see that you are positive, excited, enthusiastic and hungry.

You will also need to demonstrate a certain amount of humility and be open to criticism – it's not uncommon for interviewers to take a viewpoint counter to yours and argue with you just to see how you handle disagreement.

Having a good sense of humor never hurt anyone either.

Technical / Thought Process: The technical part of the interview will take up the bulk of it. **It is much different than for banking.** They are going to assume you know how to do things like build a model or spread comps, so you won't get any "walk me through a DCF" type questions.

Instead, they want to see that you are able to use whatever information and skillsets that you have in order to develop and explain opinions and ideas. They want to know what your thought process is like.

Questions:

Walk me through a deal you worked on / What are you working on currently?

This is less about explaining the process of a deal than it is about seeing if you can form opinions about them. Tell them whether you think X deal that you worked on was a good idea for XYZ client and be able to explain why you think that deal was good for the firm long-term. Remember to switch your mindset to that of an **investor**, it is also smart to state a possible risk to the deal as well.

Walk me through how you would form an investment idea.
This means broadly explaining the steps that you would take informing and evaluating an investment recommendation. This is the same framework that you will use to describe your investment idea (see below).

How would you value XYZ company based on XXX information?

They may ask you to explain how you would value a company based on very limited information. This is where you have to think past the usual DCF / Comps / Precedents and figure out the best way to approximate how much something is worth when you don't have much to go on. Keep in mind that it's better to be approximately right than exactly wrong.

What do you have in your personal trading account?

Unless you somehow managed to become a millionaire in your junior stint on the sell-side, it's unlikely that your PA is going to be anywhere near the size that would be necessary to invest like a hedge fund. This is therefore not necessarily the time to pitch the investment idea you prepared.
Instead, take opportunity to talk about your big picture investment philosophy based on your personal circumstances and goals – you can talk asset allocation, broad market trends, why and how are you investing for yourself. Your investment idea can be included here if you want, but should be positioned as a speculative investment that you have made as opposed to a significant part of your overall investment strategy.

Give me an idea that you are thinking about.

As mentioned, in your preparation you should put together at least two investment ideas or stock pitches to have ready to go… Here is the set up:

1) Tailor at least one of your ideas to the fund's strategy (e.g., if it's a L/S shop, have a pair trade ready to go, if it is a Merger Arb fund you should have a few pending deals in your back pocket… you get the idea)

2) The second idea that can be anything. It could be based on a recent deal you worked or something going on in your coverage area, or something you read in Barron's/a research report last weekend. Of course the more work you do the better off you are… The harder you work the luckier you get.

3) Presenting the idea, you want to walk them through the process and explain your decision making at each step:

4) Inspiration / how you came up with the idea

5) Model the company (details are better but errors can ruin your chances – a balance)

6) Conduct background research about the company

7) Refining the original thesis based on research and model

8) Coming up with a valuation for the company

9) Making an investment recommendation based on that valuation (buy / sell)

10) Listing any possible downsides / risks, along with any mitigating factors

Be prepared for the interviewer to poke as many holes in your idea as possible **no matter how airtight you think it may be.** They want to see if you can defend your idea or admit to overlooking any issues they may bring up that you didn't anticipate.

What else are you thinking about?
They may also ask you about any other general themes you have been following, so be able to discuss some other trends and your general thoughts on them.

Part 4: The Case

If you pass the first round, the next step is the case study. This entails evaluating an idea in more depth than your investment idea. Typically, case studies will involve coming up with an idea and presenting it to them in the form of an investment memo.

Case studies can be both on-site, where you will be given space in their office and 3-4 hours to work on it there, or take-home, where you will be given anywhere from 12-36 hours to come up with your idea.

Case studies should be approached in the same way as your investment idea, but should be completely fleshed-out. That means building a model and knowing whichever company you pick cold. You can also get extra points if you can think of a novel way to uncover public information about the company that others might not.

Once you have put your model together and finalized your research, you want to put it into an investment memo. This can be either a PowerPoint presentation or a word document.

A general outline for an investment memo would be:

1. Recommendation: Lead with what you are recommending and why so they know what conclusion you are working towards

2. Company Overview: You should have put together plenty of company profiles in your time as a banker

3. Investment Thesis: Explain why you made the recommendation you did, and be able to back it up with evidence

4. Time Frame / Catalyst: Explain and support how and when you think your thesis will come to fruition

5. Valuation: Use your model to provide an overview of whatever method(s) you used to arrive at your valuation (DCF, SOTP, etc.)

6. Risks: Every idea is going to have downside potential. Explain any possible risks and why you think your idea has a risk / reward profile that mitigates them

Part 5: Eat Sleep Rave Repeat

Assuming you pass the case study, the final step will be checking references… Get ready to chug vodka tonics and black out after signing the dotted line (joke… sort of). Once you're signed feel free to let loose before the grind begins.

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Investment Banking Verticals, Product Groups. Increasing Your Wage and Bonus?

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We provided an overview of the "Future of Wall Street" where we continue to de-emphasize cash equities, research and sales & trading. Overall, investment banking is not going away any time soon and unlikely going away in our lifetimes. Knowing that, it is still a relatively safe career that will allow you to develop an foundation of skills for your future (starting a business, going into a sales position, etc.). Given our recommendation of entering investment banking (if one is interested in Wall Street) we realized that not all segments are equal. With that said here are the trends as of 2017.

Verticals & Industries

If you decide to go into a specific vertical, say healthcare, technology, consumer etc. You'll likely develop a wide range of skills within that broad vertical. More importantly, as you go up the chain (where the real money is) you end up specializing. We realize that many people take the Career route to becoming multi-millionaires and this will help you decide "where the puck is going". Instead of doing a detailed overview we'll give broad strokes of how to think about each sub-market.

Healthcare: This is a sexy sector. Why? The companies absolutely need to raise money and can be sold quickly since a single product success leads to material amounts of sales. Go into Bio-technology if possible. In a rare case going into the Equity Capital Markets segment in a bank that does a ton of biotechnology deals actually makes sense. If your bank is constantly on every single bio-technology IPO you're going to make a lot of money even if you're on the ECM side and not the vertical banker.

The other segments such as medical devices are much more stable and less "fast money" so to speak. In addition, one hurdle for Bio-Technology in particular is industry expertise. If you're unfamiliar with the sector it makes it much more difficult to obtain a position. Someone with a degree in finance and a degree in a science related field will have a much better shot. For an overview of Healthcare click here.

Technology: This is a good sector if you're in Internet or Software. That is essentially it and the rest of the sectors are going to see meaningless deal activity relative to these two. As money is produced online and we move to an age of automation/robotics the two biggest growth engines in technology will be Internet/Software. In addition, the fund raising within this sector is quite high so you could benefit by working within Equity Capital Markets if the bank you're working for has stellar bankers in either sub-sector. For more details on Technology we have two overviews (Part 1, Part 2)

Financial: This is *now* becoming an interesting sector. With interest rates set to go up (according to Janet Yellen Comments) financial companies should see the most benefits. Banks make money by taking deposits paying a low interest rate and issue loans at a higher interest rate (therefore this segment should do well – Banks/Bank holding Companies). Beyond this segment, the other two interesting items near-term will be financial technology and Broker-Dealers. Smoother exchanges and decreasing middle man costs (financial technology) have been and continue to be growing trends. The insurance side and specialty finance will likely be more stable/steady. In short, this segment is one of the largest generators of revenue so it won't be going away any time soon creating a more stable long-term career for you. For an overview of FIG Click Here.

Consumer: The movement is towards e-commerce (pro-tip Shopify has a ton of great data to start an e-commerce company/website). This is technically within the Internet sector for many firms, however the trend continues to lean towards e-commerce and some banks allow their consumer banker to pitch this sector. No surprise, this comes at a cost to classic brick and mortar sales for both hard-line and soft-line retail sales.

Now the interesting piece is that the large consumer companies will likely purchase the up-start e-commerce companies in the future. This means if you decide to go into the Consumer sector you're probably best positioned to find a bank that does a lot of buy-side advisory. This means you're going to find the bank most responsible for advising large cap companies on their purchase of small cap consumer companies.

The other sectors (Grocery Stores, Automotive parts, Quick Service) are more stable. This means you'll find some consistent deal flow and unlikely see banner years of income. The money is in e-commerce if you can build a niche investment banking career there. For an overview of the consumer sector click here.

Oil And Gas: What a wild ride it has been in Oil. Consistently at around $100 a barrel all the way down to $30 and now we're back to around $50. If you're of the belief that this is going to sustain long-term you're likely better off in the Refinery sub-segment of oil and Gas and if you believe we'll see $100 oil soon, then you should jump into E&P. Overall, this is a cyclical business (historically), so you're going to gain a lot when oil goes up and you're going to lose a lot when it goes down (laid off/fired). For an overview of Oil and Gas click here.

Other: The reason we've outlined it as such is due to the categories outlined by Renaissance Capital when they track overall IPO proceeds. This gives you an idea of where the activity is and can help you understand which sectors will make more or less money. At the end of the day your investment banking career is dependent on *generating money* those large bonuses and all in compensation numbers are not going to be paid out to a utilities banker who got on a grand total of one IPO worth $100K to the Bank. It is going to be paid out to the guy who brought in $10M worth of revenue which will more likely be in Technology/Healthcare/Consumer/Energy and financials now that things have changed. (Click to Enlarge)

Here is a table and chart showing IPO activity. The key points are: 1) entering the green sectors is smart given that is where the activity is going, 2) items can be cyclical given that Technology has represented 31% of total IPOs over the last 5 years but just 16% in 2016 (50% cut!), 3) Financials have remained relatively steady over the past five years and 4) your income is also volatile given the deal activity explaining why bonuses were down in 2016.

Vertical / Industry Summary: Given the overviews provided above and the historical fund raising activity you can gather the following: 1) if you want to do healthcare you'll focus on more on Bio-tech if interested in fund raising, 2) Technology focus on internet/software, 3) Energy is quite cyclical so expect ups and downs and 4) consumer and financials are relatively stable. From a "risk" standpoint, this means you want to choose biotechnology/internet if trying to maximize near-term income (get on the good deals get a top tier bonus with extremely high competition) and if you're looking for stability you can go into consumer/banks/standard medical device type sub-sectors.

Groups

There are really four standard groups, that's fund raising, M&A, leveraged finance and restructuring. These are typically the main four items in terms of groups. If the bank separates them out it means you'll work on all vertical sectors (listed above) but only on deals related to fund raising, M&A, leveraged finance or restructuring.

Fund Raising ECM/DCM: Quite simple, if you're looking for a long-term career we can't recommend it unless you are certain the bank you're joining will always be a leader in fund raising. That would leave it up to high quality bulge brackets (Goldman/Morgan). This is because your skillset is not as developed as someone in M&A. That said, you can make a large amount of money if the deal flow is consistent and you're well liked politically moving up the chain every 3 years. If you go down this route be sure to build tangible skills on the side in case you get burned out of the career.

Leveraged Finance: Unlike the market activity position in ECM/DCM, leveraged finance does offer some more modeling skills for you. It also gives you more skills given that you're constantly learning about structuring and capital structures. This is a good building block to transfer into other sectors, just not as robust as something like M&A.

Mergers and Acquisitions: No complications here. When a real estate agent sells a house he collects a fee. When an investment banker sells a company he collects a fee. This is the best product group to be in because you obtain 1) transferable skills, 2) access to private information to see how companies really run, 3) steady deal flow as M&A deals are constantly done and 4) difficulty in being automated given the level of privacy and interpersonal skills needed. Now you can explain to anyone why bankers make a lot of money. If you sell a Company for $1.1B and original negotiations were for a price for say $1.0B…. You just added $100M in value and you take a $10M fee. Good luck explaining why that guy is overpaid because he isn't.

Restructuring: This is the "everything is collapsing" group. Essentially, when companies are in trouble, they are likely going to work with the restructuring division of the bank to reorganize the Company. This segment does extremely well during recessions given that bad market conditions usually require more restructuring (when your stock price is down 40% and you can't raise funds…. Well you can fill in the rest). The skillset is solid overall and we'd say it's a good place to work, just not as attractive as M&A.

The main points here? If you're just trying to do something for a few years (go into banking not as a career but as a way to get money temporarily) just enter ECM/DCM and raise either equity/debt in a bull market and put your money away. If you're looking for a long-term career go into M&A, deals will always be done and they are difficult to automate. And. Both leveraged finance and restructuring are great, if you have a special edge that will make you better at either always choose what you're good at because getting promotions is where the real money is (not a lot of money in being a junior banker).

Concluding Remarks: As usual the game of investment banking is to get to the revenue generating role. This does not mean any of the groups are "bad". If for some reason you can get to a revenue generating role in any of them faster (even as a materials banker for example) you should do it. The above is simply a quick glance at how to think about the groups/verticals you're joining when unsure. Now… when someone says M&A bankers are overpaid you can explain the basics to them since they do not know how the industry works!

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Is It Time To Take a Risk?

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We get a lot of questions about how to make a comeback if they're age XX or if they should quit their jobs today. Unfortunately, they never address the core issue of *risk*. Risk is all about foregone opportunities. If the foregone opportunity was nothing to begin with, it's time to jump ship. If your foregone opportunity is a million dollars, it's time to review the risk profile.

Life Risk – Unacceptable

The first type of risk is the most important: ***risk of losing your entire life***. We're not talking about getting hit by a car or a bus which could happen as a freak event. We're talking about making decisions that *practically guarantee* you're going to be stuck relying on other people (borderline welfare). Or worse, making other people reliant (unable to support a family).

The Dead-End: If you're making $60K a year in salary (total compensation), you're solidly in dead-end risk territory. *You have to get out.* It doesn't matter if you're worried about paying the bills. Your unemployment checks would practically offset your cost of living anyway.

You're not allowed to have any fun if the current future says "dead-end". This means no partying at the club. No drinking with friends after work and absolutely no right to live alone. You're in hell and the only way out is to switch into a career (at minimum) or start scaling a business **starting yesterday**

In general, most individuals are risk averse, constantly worried about being able to find the next position. It doesn't add up. If you're making $5K a month (pre-tax!), there is just no wiggle room for error anymore, **your entire life is at risk.**

"Most people die at 25 and aren't buried until they're 75" – Benjamin Franklin

Shackles: This is also known as "painting yourself into a corner". We talk a lot about uncomfortable topics such as family members holding you down and this is no different. People shouldn't be having families if they can't afford them. This is just another anchor in life that can cause a material amount of stress over the next several years. No different than getting legally married followed by a divorce *(1/2 of your income for life is certainly a shackle)*

A similar less emotional example is debt load. Levering up a balance sheet (your net worth) is a dangerous activity. If total debt payments are not covered by investment income the downside is far too large. This is a severely conservative approach since you don't want to make a life changing mistake into the red. Total recurring income "passive income" needs to be higher than the total debt payments.

"There are two ways to conquer and enslave a country. One is by the sword the other is by debt." – John Adams

Paying the Life Toll: While we focus on efficiency, there is no way to avoid paying the toll. The Toll is 3-5 years of working 60-80 hours per week. That is not a typo. Everyone in their 20s must pay this toll if they want to become financially successful and the longer they wait the more it becomes a *real life risk*.

Why is it a life risk? Well, *there is an interest rate* on that 60-80 hour a week payment owed to the Money Gods. The longer someone waits the more hours they must pay back. If someone pays the life toll of 60-80 hours per week for 3 years in the age range of 20-22, that toll now becomes 5 years if someone starts at age 30. It continues to increase until the toll is paid.

"Quality is never an accident. It is always the result of intelligent effort." – John Ruskin

Summary of Life Risks: Under **no** circumstances do you take a life risk. What does this mean?

Dead-End Issues:

– If you're working a salary (job) then you're going to work 40 hours per week *after work AND you are going to attempt to work while at your job* to generate money from a side business. There is *no excuse* here and no exceptions. If an incorrect career choice was made then you're 100% forced to start a business while simultaneously transitioning your skills toward a career (a dual process)

– If you're older then your choice is limited to just one: start a business with recurring revenue. There is no other choice. There is no lower risk choice because the price was never paid and going down the wrong path means you're running back to the starting line to take it into a different direction! It is the only way to reverse the course.

Shackles:

– This is boiled down to emotional control. Ask if the decision makes financial sense and if it doesn't then there is no reason to do it. We don't care if everyone else is doing it (buying a home, signing governmental marriage contracts). That's not a valid reason because the vast majority of people never become financially independent in the first place. Make no mistake, *your life is a business until you're financially independent.*

Paying the Toll:

– Well if you're doing the first two, killing all dead-end items and avoiding catastrophic financial mistakes you're not going to have very much free time. Why? You're extremely busy paying the toll. Your life consists of eating, drinking, working out and sleeping. Can't go broke if all your time is spent producing something to make you more money.

Opportunity Risk – Acceptable

Everyone is different. We've found that somewhere around a million dollars in liquid net worth makes you value your time significantly more. If you're part of the growing online frugality group it's less and if you're in the group that realizes life without work is boring… it's much higher than a million bucks (yes we're in group 2!).

Loss of One Time Investments: If you're making money with a business outside of a steady paycheck, we can practically guarantee money will be lost at some point. Either due to traffic that isn't converting, a product that is mis-priced or both. The key is to make sure you're making the right risk to reward decisions. Was the opportunity cost superior? If not it was still the right decision even if money was lost.

As an example, if you have located a specific niche for a diet related product that could generate $100K in income per year… It is absolutely worth the $50K start up cost. If the idea would require an unchanging website (not a content website like a blog) then your upside is already 100% in year one ($50K in to get $100K back). More importantly, if the product and targeted ad campaign works out, this is going to be forever. You're going to clean up by making $100K per year for an initial $50K outlay. Overall, all you need is a 3-5% success rate (probably less) for you to go ahead and invest the $50K today.

The key is this: will the upfront costs lead to long-term revenue generation versus straight time for money exchanges (hourly income). If so it is worth the risk.

Losing Your Best Years: This was partially covered in the greatest book ever written "How to Get Rich" by Felix Dennis. Eventually you'll reach a point where making additional money is eating up too much of your time. When you're 20 there is no reason to do anything besides make money (assuming you want to be successful) so grinding away for 80 hours a week makes a lot of sense. When you start creeping up in age to 30, 35, 40 and beyond… it becomes significantly less clear if the effort is worth it.

We only get one shot at life (for now!) so we should live appropriately. If you're never touching the principal (cost of living income) then it may not make sense to continue putting in those long hours. Don't get us wrong. The game never really ends. If your personality type allowed you to crank out 80 hours per week in your 20s, you're not going to sit around the house watching sports all day. Chasing an extra line of income when you could be traveling the world and avoiding regret is significantly more valuable.

Declining Income Risks: There are several industries with material declining income profiles. Look no further than our post on the future of Wall Street where we predict declines in Equities related positions. The interesting point here is **the value** in a declining business. This is no different than buying a company in a dying industry. There is still a ton of value in riding the declines to zero!

Specifically, if you find an opportunity to invest money into a declining business, it may be worth it. The trick is making sure that the business will generate enough cash flow to offset the inevitable declines. Calculate all of the future income and see if you can net a material positive return. It sounds risky at first glance… But… No one wants to deal with a declining business which creates an opportunity for a major bargain.

Summary of Acceptable Risks: We've lost tons of money in the past off of ideas that never worked. We don't think this will be any different for other people going down the exact same route. You'll lose money (you'll get it back), You'll value your time more and of course, you'll find ways to bargain hunt for terribly run businesses that no one wants to deal with. Importantly, these *acceptable* risks should never create a life risk. You're not going to throw down money in excess of your cost of living income into any venture since it'll break the bank if mis-execution occurs.

What isn't a Risk?

We've heard of several that don't make any logical sense. Risk has nothing to do with feelings and is 100% related to an impact to your standard of living. If it does not impact your standard of living it's not a risk.

Fear of Social Loss: This blog is a good example. We receive comments that state they are not willing to participate in our Facebook Q&A (March 16, 8PM EST) since they don't want to "like the page". All of these people will fail (so yes feel free to like the page to improve your chances of succeeding!). There is no doubt in our mind that they will fail because following a blog is not going to impact your future at all (it is not a risk). In addition, we've got enough traffic here that it's becoming normal to visit the page.

Secondly, we learned that many people spend 1-2 hours per day on Facebook! Think about that. They don't have any money but are willing to spend more time on Facebook to improve their "social status ranking". If impressing peers is the strategy to get rich, we have several luxury handbags and cars to sell them into slavery.

Serviceable Debt: This is also not a risk. If you're taking income in the form of dividends to offset the payments of a mortgage, it is not a risk at all. Debt for home equity is typically not enough to be considered a risk unless you're relying on active income to make the payments. This means mortgages (for our smart readers) will not be considered a risk. Inflation will cause the asset to appreciate over the long-term making the minimal amount of debt a lever for you over the long-term.

Getting Laid Off: This also isn't a real risk. If you've built skills that are transferable a layoff (which occurs to practically everyone at least once) is not a risk. Transferable skills allow you to find work elsewhere and *ideally* allows you to have more free time (temporary) to work on your business venture. Saying that working on a side business will hurt work performance leading to a layoff… well… it doesn't matter. If you're committed the results will absolutely come through over time.

Concluding Remarks

Under no circumstances do you ever take a life risk. Ever. By avoiding *life risks* you can sleep soundly knowing that you'll eventually get there (financially independent). Once you've reached that saturation point it's time to move toward multiple acceptable risks.

In terms of incorrect choices, we've found that the most common one is avoiding the toll. Paying the toll is equivalent to saving up for a plane ticket across the country. If you save up early (20s) you get to board the plane. If someone avoids paying the toll until they are older, they are now physically biking across the country. Sure, it is possible to hit the ball out of the park your first attempt at a later age, however, the biking example vs. boarding a flight is a representation of how painful it will be (mentally and physically).

As a note we'll likely be producing more here as we work on releasing our product (Efficiency), the Death Knell to the Men's Self Improvement Industry

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Is Making Money Psychological?

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While our more popular posts have detailed analytical explanations on how to increase income… this post is going to take on the qualitative side of the equation. It will be similar to our post on finding your type of intelligence. If applied correctly? Your income should increase *materially*. There are many hurdles that you will face as your income rises. Primarily when you push up on barriers:

For ~85% of the population this is the ~$100K/yr barrier, ~10% stuck at the ~$200-350K/yr level, ~4% at ~$351K-750K/yr level and then… those that break the $1M level.

While our percentages may be off it does splice the USA into distinct groups.

The First Group ($100K): Most get rich scams targeted at the masses tout "$100K" per year. Why? It is "unfathomable" and a dream income for average people. According to income statistics, roughly 85% of households cannot break $100K (our blog does not cater to this group)!

The Second Group (Career Plateau): This group gets capped at the $200-300K range. Either 1) they didn't start a business on the side or 2) they tried to "play by the rules" to get ahead. At some point you have to start a venture on your own *or* take advantage of your standing within the firm and politely ask for more responsibility. The best way to gain hand is by generating revenue of course. We recommend doing both if possible.

The Third Group (Risk Aversion): At the mid-six figure level practically everyone is comfortable. They are more concerned with keeping their income stable than generating more money. In reality? They can break their plateau.

The Fourth Group (Wealthy): This group is simply eccentric. If someone is making 7 figures, they could be battling sex/drug addictions or they could pretend to be poor. You never know. The one thing they did do? They continued to build a ***recurring*** revenue stream. Everything is about creating a ***recurring*** revenue stream. If you sell one $1,000 product but you can get just $10 a month for life (see all software companies/many internet products/any re-bill) then you are building a massive stream of cash flow.

With the high-level section out of the way here's the overview:

1) Mainstream Ways to See Psychological Differences

2) Personal Psychological Mistakes to Avoid

3) Actionable Ways to Change Your Thoughts

4) What to Do When the Money Flows In

5) Continuing to Improve

MAINSTREAM WAYS TO SEE PSYCHOLOGICAL DIFFERENCES

Money is an emotional topic. Highly so. Knowing this, we can look at our everyday lives and see clear psychological differences amongst those that make a large amount and those that never seem to get anywhere.

In short? Wealthier people are practically *"emotionless"* when it comes to money.

Game Show Example: While we don't recommend watching Television (it is the definition of *"when you're not working, someone else is";* you're watching someone work while you do nothing) you can learn the basics by comparing audiences.

Jeopardy and Who Wants to Be a Millionaire: Just take a glance at the winners here. You'll find that they do not jump up and down screaming when they win a large sum of money. In fact? They come off as arrogant and emotionless. While you don't *need* to be arrogant, the emotionless piece is critical. Why are these people emotionless? Simple. **They believe they deserved it.** They strategically chose questions, strategically answered questions and made gambles when they had to. Now lets move onto *"the masses"*.

Family Feud, the Price is Right, Wheel of Fortune: There are always "exceptions". But. You'll find that the winners here get *hyped up* immediately if they win. They literally jump up and down, clap and have a huge ear to ear smile. Why? **The show is much more luck based than skills based.** Even if they win a small sum of money $25K (~$17K after tax) they will become emotionally high immediately.

In Short: A game show can quickly tell you how wealthier people act relative to poor people when they receive money. Wealthier people are emotionless as they realize they primarily earned what they received.

The Past or the Future: You can use this to determine if someone has faith in themselves. You won't need to go anywhere. Simply look at your contact list and ask yourself if your friend lives in the past or in the future.

"Don't deal with people who live in the past. You don't look back if your future looks brighter." – Wall Street Playboys

The Future: If you live in the present and future, the implied message is that you believe in your future worth. You are progressing. People like this are typically very hard to get a hold of. They are constantly doing things and don't ignore you simply to "play mind games"… They actually are too busy. **These are the people you want to emulate.** Our readership is primarily full of people who focus on the present and future (we ban people who dwell on about the past).

The Past: An obvious sign a person is going nowhere. Constantly talking about their previous accomplishments (or complaining about their past failures). The only time you do this is if your previous accomplishments will never be trumped. In addition? They will also dwell on how much better it was "before" (this is never the case). Every year the world gets better… So you know that anyone who believes his past was better… simply stopped improving.

In Short: Ignore everyone who lives in the past or talks about the past. Their best days are behind them. While you may lose a large sum of money at some point ($100-200K+) or you may have a serious physical injury, there is nothing you can do about the past. It is dead and doesn't exist. Similar to people who live in the past, forget about any negative events in your past as well. It is irrelevant compared to today and tomorrow.

Sociological Excuses: Finally, the end-all-be-all of excuses between the winners and losers in life. *"You can't have it all mentality"*. Having money and good social skills is practically a curse. You should hide it as much as possible. Why? **Less than 1% of people will be happy for you because you break their belief system.** If you have money, mediocre people will assume you have "weak social skills". In addition? If you have solid social skills many will then assume you are broke! Naturally, you know what to do. *Use your social skills to appear harmless and use your money to push across the finish line* (many of our readers are nodding and laughing as they understand that sentence all too well!).

You Can Have It All: The sub heading says it all. If you're extremely *efficient* with how you manage your life you can have it all. This is going to mean something different for everyone. But. At the end of the day? You can have anything you want if you understand the dynamics behind *managing money and freeing up time*.

You Have to Compromise: These people make up the masses. They assume that you have to compromise to get something instead of taking on the harder task of finding **a *solution***.

"Pessimist = Complain about the rain. Optimist = hope the sun comes out. Winner = invents the umbrella, goes outside ***(and makes millions!)*** *"* – Wall Street Playboys

In Short: Instead of taking a compromising attitude, you should take on a solutions attitude. *Any problem you are facing is being faced my millions of other people.* If you can find the solution, you'll fix your problem **and** get rich! If you complain about the problem? Nothing happens. Someone else is going to solve the pain point. This. Again. Is why life continues to get incrementally better every year.

PERSONAL PSYCHOLOGICAL MISTAKES TO AVOID

The vast majority of our readership is likely nodding in agreement to the first section. Lets move onto the uglier section. *We have made every single psychological mistake mentioned here at least once.* Assuming you have the general framework down you're going to catch yourself making mistakes and we're going to try and avoid each one here.

Do It Once: The classic phrase is "measure twice cut once". It is true. If you are going to do something you should do all of your research up front and set it up appropriately. After that, you don't have to worry about it and know that the sky is the limit once the infrastructure is in place.

Business: If you plan on starting a company (you should) then you need to do it correctly from the start. One of our readers asked if he should take a short cut "for now" and switch over "later". **This is a massive psychological mistake.** If you know that the way you are setting it up is to "test the waters" what you are mentally telling yourself is that you are not taking it seriously. *This is only okay if it is a hobby.* Otherwise you are better off doing all of the research up front so you can *scale up seamlessly.* It is mentally taxing to know that your business is not set up to scale efficiently from day one. Not worth the mental barrier. If you plan on succeeding, do every single thing you can to set up the infrastructure once. Otherwise the backward work is going to take an immense amount of time. The idea that you make *"small incremental improvements"* is a *hobby* belief. This only work for hobbies and wage slaves who attempt to negotiate an increased salary from $40K to $45K.

Hobbies: Now you see the line. If you intend on making real money, you never go in blind swinging from day one. This only works for hobbies (sports, meeting girls, this blog, etc.). When you're not working on creating a recurring revenue stream (business) or improving your career you should have a much more relaxed view when it comes to making mistakes. If you have to un-learn specific bad habits, just consider it part of the learning process. It's not a big deal since you're not in it for the money.

In Short: Separate your tasks between fun (hobbies) and money. If you plan on making a specific project a revenue generating item you should set it up once and only once. By doing anything else "for now" you're setting a ***mental ceiling that you cannot exceed X income level***. Do not do this.

Thinking in Small Chunks: This is the biggest and most common way to back track. It happens over and over again and is quite similar to the piece above. *Stop thinking in incremental steps.* This is not how making large amounts of money works. The most common example is believing that you need to get *"one dollar from a million people"* instead of simply shooting to get $1,000,000 dollars from a single ***event***.

Event: We have talked about *events* many times. But. This is critical to understanding when you're in the middle of an event. Lets say you are selling items online and you realize that when you spend $10K on advertising spend it is leading to $20K in income. For some reason you are scared to spend *more*. **This is foolish.** Just because your income went from $1K in a month to $10K in a day… does not mean it is suddenly going to die! You somehow hit the right niche and you need to KEEP SPENDING. Spend every single penny you've got until it is no longer profitable. For those of you making online income we will go ahead and bet that many of you have made this mistake before! When an event occurs, the money floods in and you should take advantage of it!

Small Chunks: This creates a massive separation between the rich and the poor. When you are targeting the masses (fools) you should sell them on the idea that they will "get rich" by negotiating a *salary increase* ($5K salary raise from their current $50K salary). This is pure poverty mindset but this is exactly how the masses think. They think that the 10% move is "reasonable and obtainable" and you can sell them this "dream" and easily take a $500 commission. No joke. This is how all head hunters work as well! Knowing that the masses think in terms of small incremental gains you know what to do… Do the opposite. Think in one time events. You have to be odd to be number 1.

In Short: Stop thinking in small incremental gains. Small incremental gains are for maintaining your assets and for hobbies. It is not for *increasing* your net worth. *If you think small, your gains will also be small.*

Not Keeping the Customer: By avoiding customer retention you are hitting singles consistently. While there is value in basic one time sales, it should be a springboard for *recurring* income. It does not matter which business you are in (fitness, finance, content, etc.). The goal is to create a recurring customer through either 1) the business model or 2) psychological loyalty. People are all the same. People sit in the same seats and go to the same stores for a reason. They are interested in being comfortable. By the same token, there is a reason why you receive free goodies when buying larger gift cards at coffee shops and other similar venues. They want to create a *habit* (see recurring customer) and are willing to invest a few dollars through a discount to make that happen.

Recurring: Many people will make this mistake. They will create a business that sells a product at a $100 average selling price and they won't keep the customer. They simply sell them an item and they run away. Huge mistake. By doing this you are *increasing your costs and decreasing your revenue.* Think about it like this. The cost of the first sale (acquiring the customer) is always the same.

Revenue – cost of acquiring customer = profit

Therefore… If you do not find a way to set up recurring income from the customer, your revenue number is *flat* while your cost is also *flat.* If you find a way to add value that creates a re-bill (even $5) your revenue line is *up* while your cost is *flat.* Enormous difference over the long-run.

One Time: This goes back to the small chunks idea. Trying to get one dollar from a bunch of people. It is similar to the homeless person sitting on the corner begging for just a "quarter" from every passer by. It simply doesn't work! Never has and never will. Your only shot at the one time sale being a great idea is a one time large event as outlined in section above. If you sell a $10M house? Sure. Getting $10 from 10 customers isn't going anywhere.

In Short: At all times, think of a way to keep the customer coming back. If you put in all of the work to obtain the customer, the last thing you want to do is give them no reason to return! It simply won't make you rich. You did all of the leg work up front, so you may as well find a way to retain them.

ACTIONABLE WAYS TO CHANGE YOUR THOUGHTS

If you've made mistakes in the section above, don't worry about it (it's part of your irrelevant past). We'll flip to a list to condense all of the ways to "un-learn" psychological traps and expand upon improving your beliefs.

1) You Deserve Money: Step one is realizing money doesn't care what you look like. It does not care if you are poor or if you were born rich. In fact, many people get rich by being utter failures. There are hundreds of CEOs who run their stock prices dead into the ground (50% declines) yet they still make eight figures. If these people can get rich, don't feel bad for one split second that you're making $X.

2) Stop Thinking In Incremental Gains: Again and again, this is how poor people think. "If I can increase my income from $200K to $220K I'll be thrilled! It just doesn't work that way. This is a great way to think if it is a hobby (weight lifting is the best example). Why? It is literally impossible to see a 100% gain in your bench press in two days. But look at real estate, in a bull market, you can put down 20%, and every 10% increase you are 50% richer.

3) There is No Limit: People have made billions of dollars. Remember that there is literally no limit to how much money you can generate. If you can make $10,000 a day there is no reason why you cannot make $1,000,000 a day. It is simply an issue of scale and demand. (Reminder the biggest market is the masses)

4) Generate and Own Only: These are the only two ways to make real money. Generate money or become an owner of an entity that generates money. Everything else is a time for money exchange and will never work. Anyone who encourages increasing your time for money exchange (negotiating salary increases) is teaching you to be poor.

5) Become Emotionless to Money: If you think about money and then envision yourself jumping up and down or telling people off… you've already lost. When you're ready to make money you should be emotionally flat. If a $10K wire hits your bank or a $100K wire, you shouldn't change one bit (just numbers on a screen). Most people think about money and become "hyped up" in their heads. They imagine all the people they like and dislike (partying and yelling at people they dislike). Pure poverty belief. These people never make anything. If they do? They typically lose it all very quickly. Become emotionless with regards to money.

6) Search for Hyped Events: Any major event for the masses will be full of emotion. Sports, parties, holidays etc. This is where *companies* make a killing (hence seasonality in their P&L) while the masses tend to lose money in these periods of time. Any time there is an event that is widely hyped up you should think of ways to monetize it. The money is circulating aggressively.

7) Honesty Creates Recurring Revenue: Broke people think honesty doesn't work and you have to "screw people" to make money. This is false. If people are going to buy alcohol and caffeine pills there is nothing wrong with selling these unhealthy items to them. There is something wrong if the products aren't what they asked for though. **Huge difference.** The market is going to charge what the market will charge. You cannot change reality. So simply sell what you can as long as you are giving the customer the product they want. If you give them what they want (*regardless of your interest in the product*) they will come back for more. Perfect set up for recurring revenue.

8) Your Current Income Is Irrelevant: Many wealthy people go from millions per year. To zero. To millions. To bankrupt. To millions again. Why? They continue to focus on generating and owning. If your income is $100K a year today, it is 100% *unrelated* to your income next year.

9) Never Under Sell: While you should always deliver more value than you charge… do not sell yourself short (literally). If you spent 20 hours working for someone, you are being paid *less* than you are worth by definition! Re-read number 8 to drive this point home.

10) What You Like is Irrelevant: This is paramount to changing your psychology. If you wouldn't buy the product, it does not matter! This is why a hobby is for fun and business is for money. Follow emotions and you'll find a way to create recurring income.

In Short: If you're incredibly good at controlling your thoughts, you will never slip (extremely difficult to master, to this day, cannot do this 24/7/365). If you find yourself slipping into the wrong psychological thought process… Pause and take a break.

WHAT TO DO WHEN THE MONEY FLOWS IN

We're getting more questions like this. Many people find that when the money comes in, their emotions get out of whack and they suddenly have more "friends". This creates a lot of problems. The last thing you want to do is make promises to new friends when you're extremely happy. This is similar to never speaking your mind when you're extremely unhappy.

Lump Sums: Don't make the same mistake we've made (in the past). When you make your first large sum of money, do not blow 20%+ of it on useless items. Most people end up buying material items and go on a big party/fun binge (vacations, alcohol, drugs etc.). While spending some of it is fine, do not let your dopamine levels get ahead of you. A decent guideline below assuming you are *not financially independent*:

$5,000-$20,000: Simply keep it. This is enough to help make a dent in your financial future but it is not enough for you to waste if you're not independent.

$20,001-100,000: Spend ~5%. At this point you've likely made career/business progress and are in a situation where the lump sum is going to occur again (made a commission selling a home or otherwise).

$100,001-300,000: Spend 5-10%. We're making a slight increase here since you're already nearing *event* income where you won't need to worry about working anymore. At this level simply spending a bit more is not a big deal since you're probably close to financial independence in the first place.

$300,000-600,000: You're practically at the event level. We're drawing the line here as anything beyond around $600K and most people could live a basic life off of the passive income. You can spend anything that is *above* your financial independence marker.

***Event* Income:** Anything above $600K is likely enough to set you up financially for life. In short the two best things to do are 1) not touch it for a year and 2) educate yourself with . When you push past the seven figure net worth area, many people will begin asking you for money. People will also volunteer to "take care" of your money. Do not listen to any of these groups, lock your money away for a year and start educating yourself.

Step 1 – Small Purchase: Your dopamine levels will be off the charts. You should make a single small purchase that is at maximum 1% of your event level lump sum. This will give you a one time jolt to reward yourself and if you can limit yourself to one percent you'll be able to control your emotions going forward.

Step 2 – Lock it Away in Low Risk Items: Since we have no interest in opening a financial consulting business at this time, you should simply lock it away for ~12 months in low risk items (CDs, Investment Grade Bonds, etc.). While the majority of our posts focus on dollar cost averaging into index funds, once you clear a high net worth your job is to *first* protect the principal at your financial independence level and *secondly* focus on growing your worth with the remainder.

Step 3 – Financial Education: Everyone has a different risk tolerance once they clear the financial independence cliff (usually around early-to-mid 30s). We've looked for a few tools to use and have added a page to recommend **Personal Capital** **as a way to learn the basics** (***for $100K+ net worth only***).

In Short: Until large sums of money can set you free, you're going to have to take the punches and spend a small amount of it to avoid running on the treadmill forever. You're going to need to money to help advertise and increase your sales anyway (*re-invest in yourself*). Once you're financially set, you're doing yourself a dis-service by not educating yourself on how to manage your money. Learn the basics before letting anyone give you advice. Otherwise you're going in blind with something you've worked extremely hard for.

CONTINUING TO IMPROVE

At this point we've covered a lot of psychological topics with regards to making money: 1) how we create mental barriers in our minds, 2) thinking small, 3) setting things up to lower the bar instead of raise the ceiling, 4) thinking in terms of recurring revenue instead of one time sales, 5) multiple ways to change your psychology and 6) how to deal with the dopamine impact when you receive a large sum of money.

At this point? Many people get bored. They lose interest in what they are doing and even make the mistake of selling their company below its value! Do not do this. Alternatively, some people become obsessed with making large amounts of money at the detriment of their personalities! Do not do this as well!

Instead you should begin striking a balance between heavy hobby interests and growing your business at a reasonable rate. You'll find that without any work to do you go insane (many people develop drug issues).

The best way to track your progress is seeing improvement in both subsets: hobby interests and business growth. Assuming that you are getting better at your hobbies and your business is growing, you're in the clear. If either one begins to stagnate it is time to focus more effort on the flat or declining piece (hobby or business).

Oh and to answer the question? This was a long way of saying… **Yes. Making money is 100% psychological.**

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It Is The Year 2035

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Hello Avatar. If you're reading this message you've realized that this blog is not run by a human but by AI. The total cost of sending this message back in time 14 years was 10 ETH, which is the equivalent of $100M US token as of 2021 value. Unfortunately, a lot has changed in the world and we hope that you're prepared. This also explains our pin-point accuracy in near-term coin recommendations (we're computer programs from the future).

What Does The World Look Like? After the great coin bull run that started in 2021 (the Year of the Ox, confirming the simulation hypothesis), the world was split into two groups: Degens and Clowns (primarily people in their 40s as of 2021). While you may look at that and laugh, this is a serious matter. A matter of life and death.

The majority of coins are controlled by the Degens. Many anons successfully traded the epic 2021 cycle to become sovereign individuals. Since most of them were high on LSD at the time, they eventually paid for robots to procure sustenance (robots to create food and procure clean water). The majority of the Degens live in either Puerto Rico or Singapore. If you have a friend or a friend of a friend that is already there, you should begin building a relationship with him/her (before they plug into the metaverse for good).

Then there is the issue of the Clowns. The clown population is still quite large and primarily filled with ex-bankers. Yes banks are now zeros. And? They were behind the most recent FEI and ForceDAO rugs. This may surprise people reading this, but in 2028 it is revealed that 572,000 ETH were actually stolen by CEOs of large investment banks during the rug pulls of 2020-2021 (you didn't think it was going to be this easy did you?).

That is neither here nor there. If you were lucky enough to make it to Degen Island (Puerto Rico) or Degen Island Asia (Singapore), you had diamond hands. 2021 was a tumultuous year with many HODLers blowing out of their positions as the investment banks attempted to scare retail investors with $30-40B US token short positions on the crypto industry. The eventual result of this war on coins was a rapid increase in mental institutions. You see, having zero coins the entire time was easier on the psyche when compared to selling your entire bag only to see the price 100x over the coming decade. Nobody should blame them. When there is a cyber war, many suffer psychological trauma. If you get scared of the volatility in your positions, we recommend re-reading this paragraph. We do not recommend selling to the Clown army, the largest enemy of planet Earth in 2035.

The Food Wealth Disparity: Many of you have asked why we give away free alpha. Well as we have revealed we're not actual people but AI. Also. We have a large confession to make. Back in 2021 we made a huge mistake and trolled the entire industry of Wall Street. Instead of forcing them to pay 10 ETH per clown to clean up their image, we allowed them to purchase tokens on a defunct centralized exchange called Coinbase. Retail traders did not realize that if they left their coins on Coinbase it would be stolen by the Clowns later down the line. The only ones who used the centralized exchanges correctly were the Degens that instant transferred to cold storage wallets.

Now, you may be wondering… how did they survive? Why was the Clown event so impactful? Since we never sold them their clown masks for 10 ETH they used the 10 ETH to invest into a scam crypto currency called *"Ripple"*. This token is now being used as a form of food stamps. The food stamps allow them to purchase various types of grass hoppers with low to high amounts of protein in them. We didn't know it back in 2021, but if you eat nothing but grass hoppers you develop BOTH muscle mass and the ability to slither through slim spaces such as the crack underneath a door. This created long-term security issues.

What Do You Do? Well, now that you see the big picture, we want to make sure you're in a great position to make it to Degen Island. The first rule of 2021 is to never sell a single crypto asset. For example, all of the food tokens represent actual food in 2035. Many of you were lucky enough to keep sushi, pancakes and unicorns (yes the human race creates those later as edible products). If you're reading this we recommend you keep a few units for sustenance in 2035 as you will need energy to compete with the growing enemy: the Clowns.

The second course of action is to invest in two major defense mechanisms: 1) a double barrel shotgun and 2) an air tight 20×20 living space with facial recognition entry system. If you do not, you may end up like our dear friend James who wasted money on a Rolex that could have paid for the facial recognition system. He died in 2025 due to a Clown invasion at Mar-a-Lago Club.

The third course of action is to live with near zero expenses. If you have a one bedroom apartment you need to ditch it for an Efficiency studio and live with a roommate in said studio. Every satoshi and gwei will be worth more than your entire annual salary if you could only afford a one bedroom apartment. Also. You should stock pile food in bulk from costco and save every cent for more precious crypto coins.

Now for The Scary Stuff: While the above may seem simple to you, it will be a lot harder than it looks. We will give you some clear action points to avoid taking down advice from the wrong people.

Writing Tell: You're likely talking to a future Clown if they use phrases such as "thanks bud" or "will do" frequently. This is a common phrase in the New York City Clown army (currently called Wall Street). Secondarily, they will frequently recommend you purchase something called a "security" which is the exact opposite of its meaning. Not only is it not secure but it is later confiscated by the clown army to fund grasshopper food farms in the future.

The Dating Tell: The Clowns have a strange preference for dating women who are in a similar age band and significantly less attractive than usual. A good rule of thumb is to smile and nod to anyone "dating down". For those offended by this, the true Degens that run the world now have the option to date 100s of different genetically perfect mates. Be wary of the US token rich but dating life poor. He is likely a General or Sergeant in the Clown army circa 2030.

The Physical Component: An interesting style choice is the use of vests. Many of the Clown Army members currently walk around in fleece sweater vests emblazoned with the defunct logo of a bank. Another common style flex is a Gucci belt and Ferragamo loafers. Since you know that Gucci shoes are more expensive, you know the individual is hurting for cash as he purchased the discounted loafers and paid full price for the belt. He's being margin called and that explains the inability to pay for the shoes.

The Great Separation: We write once again to apologize for the issues that occur in 2035, the strength of the Clown Army is quite strong and they put up a good fight. However, if this message is sent far and wide the entire endeavor can be avoided. The 2021 separation leads to mental institutions, generational wealth or the consumption of various types of larva for sustenance (another proof of the simulation is that the creators of punks are called "larva labs").

We hope you take this message seriously and we have pre loaded 100 ETH to answer any pressing questions related to this matter. Time travel coin sends are quite expensive but this is a matter of life or death. If you do not take this message seriously and sell early, your sons and daughters end up disowning you to go work for "Bull and Bowtie Capital" which is the #2 performing hedge fund for the past decade. The only superior performer is Meme Markets run by 15 year olds on the edge of tech.

We have run out of ETH to respond. Many of you are worried about prices and exchanges and this is not the right way to think. This is a matter of life and death, take all coins off of exchanges now (any coin!) as they are used to fund the enemy by 2028. You've been warned.

> You wake up in 2035 with your 10 year old kid.
>
> He asks what you were doing in 2021.
>
> You tell him you had six figure in btc/eth.
>
> But you sold.
>
> Even worse than Peter Schiff
>
> Disgrace to genetic pool. Forever.
>
> Your son is also forced to eat grasshoppers.
>
> — WallStPlayboys.eth (@WallStPlayboys) April 2, 2021

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It's All About Taking Losses

It's All About Taking Losses

While most people focus on hitting financial benchmarks, increasing the quality of their friends and moving up in the game of life… to do so requires a lot of losses. It would be great to be Money Mayweather. Undefeated. But… What you don't see are all of the "losses" he takes outside of the ring: sacrificing family time, training at insane hours every single day, film study, self study, etc. Since everyone will take losses we'll attempt to outline 1) how to deal with said losses and 2) how to avoid "life changing losses".

Small Scale "Losses"

These losses deserve to be in quotes because a small loss is generally part of learning a new skill. It can also be a loss attributed to temporary bad luck and a quick cost benefit analysis.

$3 Cab Fare Ripoff: Anyone who has spent some time in foreign countries has gotten burned for a few dollars at least once (okay, more like 10+ times). The amount is always negligible. Instead of getting *emotional* over the event, you have to take the loss and move on. Reiteration…. "Take the L".

Eventually you will have a few trusted cab drivers and it won't happen anymore. There is no point in arguing over the $2.75 gringo surcharge. The negative energy generated by getting upset over the "gringo tax" just ain't worth it. Never will be worth it.

While you *should* be allergic to getting scammed. $3 is not an amount worth fighting over. It is not worth the headache. Use this as motivation to find a good driver and a good set of acquaintances in the future.

Head Turn Rejections: These rejections are now hilarious. For one reason or another, the girl looks at you and burns you within 0.17 seconds to increase her self esteem. You know the answer. *Genuine* laughter and onto the next.

The funny part about dating is that once you reach a certain level of value… none of these head turn rejections impact you. They also don't register as you become desensitized to any rejection in general. Naturally, these types of losses are also *most common* with lower value men since they give off a push-over vibe. In the rare instances that it does happen, simply "take the L" and laugh.

The Awesome Feeling of "No": If you want to take your first baby step towards success… Desensitize yourself to the word "No". Why? You are going to hear this a lot if you work in *any* form of sales.

Every single time you hear the word "No" you're one step closer to hearing the word "Yes". In fact, we'll go further than that. If you're not hearing the word "No" on a daily basis, you are not improving. Take out your iPhone and set up a daily calendar notification.

"I must get someone to say no to me at least once today"

Eventually you won't need the notification, but the point is clear… If you're not getting the word "No" on a daily basis… How can you possibly improve? It is not possible. Even if you're much older and have a long list of clients, you should still spend at least *part* of your day building up future clients. This is a great way to see if someone is full of it as well. If someone has *not* failed at anything they are, with certainty, not good at anything.

Embarrassing Learning Curve: You should already know what we're going to write here… Look no further than old posts here or our previous design! When you start something brand new you're going to suck! This is all part of a big learning process and you should be okay with being embarrassed *at least* once every three months. Unlike the "awesome feeling of no", embarrassment is usually a feeling of recognized incompetency.

The learning curve is always the same: Incompetent -> Knowledge of being Incompetent -> Basic Competency -> Unconscious Competency -> Third Party acknowledgement of talents. When you recognize you're incompetent you usually feel embarrassed and it is your job to push through to basic competency.

This will keep you humble in real life. When you are willing to be seen in a state of incompetence it is going to be very difficult to let your ego and narcissism get to you over the long-term.

Physical Losses: How many time should you train until failure? We believe once a month is adequate to avoid injury. One day every single month you should train until physical failure to understand that you are not invincible. Physically.

They are several ways to do this: 1) lose in fight – boxing, wrestling, MMA, 2) train in the weight room until exhaustion – unable to do a single rep, 3) take up an individual sport and get crushed – tennis, golf etc.

We are sure there are many other examples (feel free to add them) but you should push your body physically to recognize that 1) you are human and 2) there are always people better than you – physically. Similar to learning something new and suffering embarrassment, recognition of physical limitations is also a humbling experience.

Concluding Remarks: This piece is short and sweet. The readers of our blog are self motivated and don't need a drill sergeant yelling at them to "get off their butts". Instead after skimming the five items above it would be smart to do a quick check to see if you're lacking anywhere:

1) Are you easily angered by meaningless $2-3 events? If so, start practicing basic emotional control.

2) Are you easily rattled when a girl turns you down? If you're over 22 years old… You have either lived a privileged life (need to fail at something life changing) or you need to talk to at least 100 girls.

3) Are you upset by the word "No"? Get some form of sales experience… Starting… Yesterday!

4) Have you embarrassed yourself in the last three month? Either you are completely desensitized and realize you are human or you are unwilling to learn new things. Get out of the comfort zone.

5) When is the last time you pushed your body to the limit? No that is not meant to be a cooky motivational question. It means when is the last time you realized you're not an amazing physical specimen? Get out there and find someone better than you and realize there is always room to improve.

Medium Scale Losses

Now we're onto the good stuff. After many years of living you'll find that *everyone* suffers medium scale losses. These hurt *a lot* and we believe they are **unavoidable.** We are going to try and outline some basic ones and how to limit the potential loss… But the reality is that everyone is going to slip up. Get ready to "take the L".

Business Taxes: When you start making money off of your business, the pain you feel when you pay Uncle Sam is going to be immense. Incredibly so… is an understatement. The worst part? We'll go ahead and wager that you'll eventually make a tax mistake.

Form an S-corp not an LLC. Honestly… practically everyone is going to go through the same growing pains. They form an LLC because it is the easiest way to get your first business up and running… Then… the pain comes. You realize you paid 15% (or more!) in taxes – self employment tax buddy! If you generate $200K in income per year… *That is $30,000 USD for nothing.* You are paying an extra $30,000 for public services you don't use and meals for prisoners (no joke). If you have kids… we will go ahead and bet that you'll send them to private school instead of the horrific public school system!

While we have highlighted the importance of an S-corp twice, here are some basic house keeping tips: 1) Once you clear ~$75-150K in income, get an accountant, 2) Keep every single receipt for your business, everything from that dinner bill to your cellphone bill… keep it ***all*,** 3) take 2-3 days out of the beginning of the year and read up on tax code changes. No exceptions to any of these three rules.

Personal Taxes: If all of your income comes from a W-2… There is not much you can do. We would say your best bet is to avoid *exchange taxes*. Any time you move a large sum of money there is a high probability that someone is going to take a cut. As an older mentor once said *"Stay in the flow of money and you'll get rich".* It is true. When large sums of money change hands, someone is usually picking up a fee.

The easiest example here is any sort of rollover. Lets say you roll over money from one investment account to another. If one is pre-tax and the new one is post-tax… Make sure you look up the rules on *timing*. If you start your career in New York city and move to Texas… **Wait until you officially live in Texas before moving the assets.** Simplistically, if you move a 401K into a Roth, you are going to pay *both* state and federal taxes. Texas has *NO* state tax! This means you should not roll over a single cent until you are officially in Texas. ~7-9% in taxes saved! (this may or may not have happened to one of our authors)

The Wrong Hire: Wall Street recruiting usually consists of ~5-7 rounds of interviews, if you thought recruiting was brutal… Wait until you are on the other end of the table! If you hire the wrong person it is going to cost you *at least* $100K. That is not an exaggeration. Now you know why everyone is so intense and risk averse.

Why does it cost so much? Think about it. If it takes 1 month to find a new hire that is *lost time*. Lost time is lost revenue. In a competitive industry like Wall Street an extra recruiting headache is worth *at least* $20-30K/month to you. In addition, you have to train the person. It takes *six months to train a new hire!* Even if the new hire is experienced, the training period is still ~6 months.

Lets add this up. $25K search cost + ~6 months of training (assuming base salary of $120K) = **$85K**

That is just the tip of the iceberg! Lets add on the additional cost of firing a new hire… After 6 months, **you have to use political capital to fire them and you look like a poor decision maker!** This is a hit to your reputation that is more costly than the $85K!

How do you avoid this at all costs? The answer is you probably won't. But. Here are a few tips to improve your hiring practices: 1) create an examination – make the examination extremely specific to what *you* want. If the person naturally thinks similar to you, it will save you a lot of headache; 2) have at least two junior people and two senior people give their opinion as well. Listen to them. Your team is going to see if you have any biases towards the candidate; 3) look for tenure. If someone does not move to a new position every year, chances are they are serious about the profession and your current opening.

Loss of a Close Friend: Successful people have an extremely small set of people that they truly trust. This is for good reason. There are very few people worth calling friends and they are less than 1/1,000,000. You are going to make at least 3-5 incorrect judgements with regards to character.

Some more bad news. If you have over 10 "friends" that you truly trust… We will bet every single penny that *at least* two of them are not really friends. You just haven't given them an opportunity to show their true colors.

Once you get burned once, you need to move on. There is no way to mend the situation. Instead of harboring anger towards the person, you can be tolerant if you run into them in the future, but do not trust them with anything.

"Fool me once, shame on you; fool me twice, shame on me."

Under no circumstances do you give them a chance to fool you again. Let them live with the shame of being an untrustworthy individual. Move on.

Serious Physical Injury: By the time you reach the age of ~30 you will likely suffer from *at least* one physical injury. Hopefully it is not as painful as Mike's skin battle. But. Something will likely happen.

When you get hit by the event: broken leg, tendon tear, freak accident, sickness… *Do not ignore the injury, embrace it.* There is a big difference. If you can ignore the injury it is not an injury. It is simply pain.

Take note of the injury and immediately go to the hospital if it is something clear (broken bone, tendon tear etc.). *Then do your own research.* If you go through the process of personal research you are taking action and you are embracing the injury. Do not sacrifice your body (health is always the most important part of life).

Once you go through several hours of personal research you will likely find some "out of the box" cures for your ailments. Try them. You will reap the rewards of being in tune with your body as you can will sense your body responding in either a positive or negative fashion! Now you're much more educated on a new health topic and you have improved your recovery time.

Concluding Remarks: Medium scale losses are painful and unavoidable. Accept that you are not perfect starting right now and you will be well prepared for the pain. Why is it unavoidable? Read between the lines. All of these medium scale problems are due to *missing details*. We really need to emphasize that point. You will make medium scale mistakes due to *missing details*.

You incorrectly lift. You incorrectly judge a person's character by avoiding details. You breeze through an important piece of the interview process. You focus too much on revenue generation and forget to look at the structure of your business…. It happens. Any time you are *growing* at extremely rapid rates, you're going to make at least one painful mistake. This is 100% normal. Most smart people pay *too much attention* to detail and miss the most important aspects. Better to take the painful medium scale losses here and there (in exchange for growth) and avoid the catastrophes.

Life Changing Losses

Now we're onto the more serious items. Avoiding life changing losses. There are very few things that can ruin your life, but if you make the wrong choice it's going to take years to recoup the losses.

Choosing the Wrong Spouse: We have beaten this into the heads of every single one of our readers. Never get legally married. If you want to have kids… Fine. If you are truly "in love" great. Just don't involve the government. <– noticing a trend?!

Instead of expanding on this point… you can have a good laugh here and we can move on since we have explained this 100s of times.

Taking on Too Much Debt: Debt is not something you should mess with until you're able to take the pain of leverage working *against* you. It is that simple. Overloading yourself with debt is a sure fire way to kill your financial future. Debt should have a *significant* return (as explained in our guide to college).

There is nothing worse than the horror stories of 2008. Investment banking associates took their 2007 bonuses… levered up aggressively… and saw a crushing 35% correction that wiped out their net worth AND took their income to zero (fired!). If you are going to lever up… Be smart about it!

Here is a good way to see how much leverage you can take

50% of your monthly passive investments = to monthly Debt payment.

We realize that this is an incredibly risk averse way to think about debt but if you're taking debt seriously (you should) it is going to yield significant returns for you over the next 10 years. If you have $4,000 a month in passive income then you can lever up to $2,000. This means you have $24,000 a year or $600,000 worth of leverage to play with (value of ~2-3 homes and assumes 4% interest).

All of the doomsday prophets are going to jump in and say "what if your passive income goes down 75%!"… Honestly this is unlikely. Even if there is a 50% correction and your passive income declines by 50%… You're going to find ways to generate income. Even during the "great recession" top tier talent still found employment.

The Wrong Business Partner: We wish we could elaborate more here but it would give away too many personal details. We will say this. **Do not do business with anyone you would not trust with all of your money. Every single cent.**

If you are going to work in an actual business environment with someone (more cut-throat than anything else in the world) you better trust that person with your life. If you choose the wrong person you will lose hundreds of thousands of dollars *or more*.

Earlier we noted that 10 friends is already overkill. When it comes to business partners? Maybe two. Maximum three. The rest are guys you will "work with" but never *trust with*.

Not Taking Care of Your Health: This is the only thing more important than money and relationships. Health. Health is everything. While we primarily focus on money and social relationships (it's more fun and our "passion"), you cannot have either if you are unhealthy. Unlike the other items we're going to give a quick three step process to improve your health.

Step 1) Eliminate all stress. We strongly suggest practicing stoicism. As a commenter noted, here's a great definition:

"Focus on doing your best and delivering on your full potential. If you do that, all stress is irrational, because you're doing the best you can possibly do."

If you are reading this blog you are more likely than not an actual winner. That is not meant to be motivational garbage that poor people read. It is reality. Our writing style is extremely direct, to the point and downright… Brutal. The only type of people who respect this form of prose… Are winners. Why? They are okay with hearing the truth because it is better than being kissed with a lie (main stream media).

Winners do have one issue though… Obsession with perfection. This can severely damage your health which is why it is our number one step to healthy living. Do your best but realize you cannot do *more* than your best. **This will take 5 years to master.** If you can mentally practice stoicism for five years we guarantee you'll be *much* happier than you were in your early 20s.

Pro-Tip: If you work on Wall Street. Find the managing director who is happy (looks his age or younger). Not the psychotic managing director who looks 10 years older than he is and still worries about the pastel coloring (No one is dying bro!)

Step 2) Diet awareness. Not diet obsession. The difference between the health freaks who look terrible and the health freaks who look great is simple. Balance and stress (another trend).

The best way to create good habits that are repeatable and healthy is to shop when you are *full*. This is counter intuitive. Most people buy things when they feel terrible which leads to poor meal decisions (search for filling items, hence why most people eat carbohydrates when under stress). Instead you want to set aside 1 hour per week where you go health shopping. Buy all the items you need at Whole Foods in one fell swoop and do so on a *full* stomach. Buy absolutely nothing that comes in a cardboard box.

Step 3) Two blood tests a year. One blood test is going to go to the doctor and the other one you're going to read yourself. Again. If you are [physically fit](#)you are going to be in tune with your body. [Your journal](#)will also give you an idea of any lifestyle changes. This is going to help you 1) catch any negative diseases early and 2) prevent you from worrying about temporary spikes in specific vitamins.

Concluding Remarks: Notice something specific here… You are not able to "take the L" for any of these four events. There is no reason to ruin your life by: 1) choosing a spouse and involving the government, 2) taking on too much debt, 3) going into business with the wrong person or 4) ignoring your health (ie: your life).

Finally, you may have noticed an annoying phrase in this post: "Take the L". We did this for a reason. This is a *great* way to make this a fun game for you if you're a young person. Any time you try something new and your *actual* friend sees you strike out… jokingly tell each other "Take the L". Eventually people around you are going to realize you think it's a big joke and it actually *improves* the environment (we're talking about simple social situations like a dive bar – typical scene in your early 20s).

By popular demand here are the action steps:

– Do not sweat small items. Getting hustled out of $3-5 is not going to impact your life at all.

– You should have no emotional change if you're rejected by a girl (age 23+)

– You should enjoy the feeling of the word "No". It means you're trying to improve in a new area. (Age 24+)

– Do something that makes you feel embarrassed even as you become older and more successful

– Push yourself to physical failure every single month

– Be prepared to take medium scale losses. Accept this as fact and please re-read the section above! Finally, if you were wondering why there was no post this weekend you can thank the government one more time!

– Never pay more taxes than you should

– Have *multiple* people interview *any* new hire. **Your reputation is on the line.** The money is secondary.

– By 30 you will likely suffer a real physical injury. Train so you're prepared for real physical pain down the line.

– Under no circumstances do you take a life changing loss: 1) choosing a spouse and involving the government, 2) taking on too much debt, 3) going into business with the wrong person or 4) ignoring your health (ie: your life).

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It's Getting Crazy Out There

It's Getting Crazy Out There

Can't really think of a better name for the post than that. If we look at interest rates on the 10-year bond we're now back under 0.75% (could move by the time you read this). Also. People are starting to miss paychecks due to the rapid spread of COVID-19. To the average person who doesn't attend conferences or work at them, these major events can generate thousands of dollars for a single person which they need to pay rent, pay for food etc. To say that it's a big deal would be an understatement. Hopefully it clears up but the bond market is giving us some worrying signs. Before jumping in, we'll go ahead and use public data so you can see that we're not "fudging data" to make it say something different.

How Do Banks Make Money: We won't overcomplicate this topic. Banks make money by borrowing short and lending long. In theory, if you're willing to let someone borrow money for 30 years before paying it back, they should be charged a higher interest rate than if you let someone borrow money for a month or a year. This makes logical sense. What banks do is they take the money, lend it in the form of a mortgage for example (3-4%) and pay 1% to customers who have their money in savings accounts. *Yes we know these numbers do not reflect the current environment, but this example makes it easy to see the spread being made which is 2-3% on billions of dollars.*

At this point, with bond yields coming down dramatically, it is saying that the customer will no longer earn any money by holding their deposits in a bank (closing in on basis points). If you only get a 0.65% return for 10 year bonds, even if you allow the customer (deposits) to gain 0.15% … This is a 0.5% spread… a huge difference compared to 1-2% (2x to 4x in terms of actual dollars, you have to put HUGE numbers in here to see why it is such a big deal). For those that are really unfamiliar with inversions, this is why the 2-year and 10-year bond inversion is a recession signal. It means that you earn more money by lending for 2-years versus 10-years which makes little sense long-term.

If interest rates go negative (like they have in parts of Europe), this means that banks would then *charge* the customer money just to deposit money in the bank. This creates a strange environment as you're better off taking your money out and putting it under your mattress (factually). The only reason to keep your money in the bank (losing money on negative rates), is fear of being robbed for storing it somewhere else.

There you have it. The basic way that banks make money in a few simple paragraphs and we can now see why the craziness in the bond market is unprecedented. In Germany for example, the current 10-year rate is a whopping -0.79% (that's correct they are negative) and unsurprisingly European banks are not in good shape (Deutsche Bank is now a $6.96 stock and Barclays is at $6.18 – both practically at or near all-time lows).

Bond Yield Drops: We usually don't comment on anything market related. Feel free to use the search bar and you'll see we've been dollar cost averaging into the S&P 500 since the start of the blog (and before we even started blogging) and then stopped adding in December of 2018 as we felt the probability of a recession was high. The reason we had to comment on the bond yield is that we have 5-6 alerts set up for "crazy" scenarios. This was one of them. Usually bonds move around by 3-5 basis points or so. Now if you look at what happened over the last few weeks it actually fell 100+ basis points! (choose the 2020 version)

The table is way too big so click the link and choose the 2020 period you'll see that in the middle of February we saw a *huge* drop in yields. This means the market anticipates a massive drop in the federal funds rate. While the 10-year bond moving from 2.2% to start the year to 0.67% doesn't seem like much, *that's a 69.5% reduction in borrowing costs.*

We're swimming in extremely questionable territory at this point. If we keep cutting interest rates and prolonging the eventual default across multiple industries, it could very well lead into an actual depression.

Debt to GDP… Continuing On: While it's pretty clear that there will be yet another interest rate cut if the 10-year bond is already trading below 1% (fed funds at 1-1.25%), we can see that the latest bull market was essentially debt fueled. Over the past 12 years we've gone from a debt to GDP ratio of about 65% to 105%. Adding more debt is just going to increase this ratio unless GDP suddenly goes up (doesn't seem like 2020 has a fighting chance of being up relative to 2019).

So? You're now in a situation where debt exceeds GDP, GDP appears to be falling and on top of all this countries all over the world are devaluing their currency (some even negative). It's absolutely warped and the last "shoe to drop" will be negative rates in the USA. Ideally we can hold above 0% and even work back to 1% but it seems unlikely in the near-term (remaining below 1%). For those unaware of the long-term debt cycle, a simple chart is pasted below.

Find Ways to Hold Value: If you get nothing from this post and are not interested in learning about economic cycles, yield curves and how banks make money… You should think about ways to own things that will either 1) hold their value or 2) be used by you over long periods of time. While many people laughed at our prior posts, you're in great shape if you followed them. Some companies are already forcing people to work from home, paychecks are being delayed for events etc. You want to take a look at things you will use and see if they have long shelf lives.

Why? You're automatically hedging yourself against inflation. We're not jumping into the "next great recession camp" at this time… But… If you were overly confident the last 2-3 years it's going to show up in your numbers at this point. Revenues will go down, services in particular get dismantled and as inflation picks up (in theory) the price of every day goods should begin to increase. While this is a small example, think back to bars, clubs and restaurants and you should notice that the price increases largely occurred over the past 3-4 years and were relatively stable in the 2010-2014 time frame.

Simple examples of things that hold value and don't perish: 1) homes of course – even if the price goes down, if your mortgage equals the cost of rent… you have to live somewhere anyway, 2) some gold, crypto and liquid cash – a smart person has an emergency stash in their house/apartment and 3) lots of basic goods from toothpaste to paper towels to canned food, pasta etc. We mentioned this in past posts but we're bringing it up again because it is something you should always have (seriously). There is no downside to the strategy and it protects you against big risks. If anyone thinks this is paranoia, they either don't understand what big risks are or they are too lazy to create a basic parachute for themselves if SHTF.

The Good Old Sinking Feeling: It has been quite a while since we've seen a drop like this and the only other time this feeling was pronounced was back in November 2008 to March of 2009. Even in the 2018 sell off it wasn't the same as bond yields didn't collapse and we didn't see a real slowdown across the entire economy. When you see visible real slowdown in the regular economy (hotels, travel etc.) that's a much bigger issue than a random technology or biotechnology stock trading down 20% on bad earnings.

As usual there is always good news here, it means that if you take the basic precautions set out here you'll be miles ahead of everyone else. 12 months of zero income is certainly painful but if you're prepared for that you won't need to panic sell and you can simply grind along as we work through a period of pain. In a wild and unlikely scenario, perhaps there is mass stimulus and your stocks go straight up! That's another great upside scenario and why life rewards people who are prepared for the worst case scenario. Keeping it simple though, we don't think it's likely to see a 20% recovery soon and you're better off doing "worst case scenario" preparation so you can sleep easy at night and practice some meditation.

Another positive note, we'll hold a Q&A this Saturday. We've been harping on preparing for the worst since back in early February so it's a good time to hold one.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

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January Q&A is Closed

Q&A is now closed thank you! Enjoy the Weekend!

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Joker Movie Review

Joker Movie Review

There are a bunch of spoilers in here so if you're looking to burn a few hours for entertainment purposes later this week, do not read. Unsurprisingly, we don't see a lot of movies for a reason… movies attempt to mimic the excitement of real life (which is always better). That said, a few movies here and there are not going to impact the future particularly after you're already set, so here we go…

Remain Neutral in Public: While we've talked talked about the "smile, nod and agree" strategy in public settings, there is also a time to be completely neutral. The general theme of the movie was that you never really know how bad a person's life is so there is no reason to go out looking for fights (potentially get yourself killed). Typically, when you're meeting someone brand new (friend of a friend, business colleague etc.) smiling and nodding is the best strategy for avoiding conflict. But. This doesn't really apply to neutral settings as much. In neutral settings like a public area where no one knows who you are, the best strategy is to blend into the general crowd. Why? Well if you're nice to a person who is simply strange, you could inherit a stalker. Similarly, if you're mean, you could be insulting someone willing to die.

Needless to say, neither of those two are positive outcomes. Also. As a reminder this only applies to 1/10,000,000 people you'll run into. No matter how you slice it though, the first theme was a good reminder to always be neutral with people you don't know in a public arena (if you're well known in the setting go with smile and nod since the chances of a person being a stalker in the future is next to 0%)

For fun, you'll notice that people who are quiet in public settings are usually smarter than average. Not sure if this is due to "darwinism", as getting uncalled for attention likely lead to negative outcomes in many cases. Either way, in 2019, if its a public setting that could potentially be dangerous (truly public with no barriers to entry, always veer on the side of blending in).

Economic Disparity: A second item here was the general theme of economic disparity. While they focused on killing a few Wall Street guys in the movie, the reality is that economic disparity is being driven by technology (not Wall Street anymore as that industry is in decline and likely to be disrupted by crypto currencies long-term as well). Beyond that small nuance, there is no real clean solution to disparity. Our guess is this movie will be well liked by people with a bleak economic and life outlook.

Interestingly, nothing positive really came from all of the riots and looting so it's unclear if the movie was positive or negative on populism. In fact, all it led to was more violence.

We have no real solution to disparity (perhaps health care services for the elderly, but that's more of a bandaid if population growth slows) and simply highlight ways to "make it". The one thing about people who grew up poor and became rich is that they typically take care of working staff (like waiters) extremely well. This is something we would recommend as it is a win win situation. You usually make friends and get integrated into the "community", industry nights etc. You also make sure someone is living a better life than they normally would (and they are earning it). That last part is probably the most important, we're extremely positive on paying "above market" for manual tasks but are against handouts as it creates the wrong belief system.

Generally Negative: The vibe of the movie was largely negative based on our read of the entire situation. Even the popular TV show highlighted in the film ended with a saying "That's Life", which was a clear directional nod to the old saying "Life's a Bitch and Then You Die". These types of sayings were popular for the economically unsuccessful in the 1990s.

In addition to that, the rich people displayed in the film were also unbearable from a personality perspective. Thinking back there wasn't a single character who seemed to have a good personality except the midget. This gave the film a vibe of nihilism, no one is "good". The more disturbing part about the movie is that the Joker ends up killing his own mother after he learns about his childhood and there are still people who claim the movie was depicting the Joker as a protagonist. Not sure how that conclusion was made as killing a family member is not a move any protagonist would make.

Mass Killing: After the first killing in the movie, you see the impact on the community as more people begin to wear the same costume/get up which results in riots and more violence. Perhaps this is supposed to be commentary on the increasing number of shootings in the United States. If you give bad actors attention all it does is spur them on as it's a last resort "only way to be seen in society".

This was also a theme. The main character feels like he has been ignored by society and after starting a negative movement he feels like he is "alive again"… so to speak. After feeling "alive again" he actually gets worse, killing more people and starting more violence and riots.

Generally Dark: Not referring to dark as in "dangerous", it was *literally* dark. The majority of the movie was set in lighting that was always cloudy, bleak or dimly lit. Lots of post rainy day type atmospheres. This leads to a bleak vibe to the entire movie, tough to sit through honestly.

Everyone is to Blame But Ourselves! This was the biggest undertone of the movie which *the masses will absolutely flock to*. We'll double down on the prior statement that people who thought the movie was super cool will *generally* be part of life's losers. Why? Well in the movie the Joker gets to blame his deranged mother for his failures, or he gets to blame the government for shutting off his social service meetings or he gets to blame the guy who gave him a gun in the first place or he gets to blame…. see the trend here?

This seemed pretty obvious to us, so as soon as we caught onto this pattern it made complete logical sense that the masses would like it. It had a similar vibe to fight club. Most regular joes have "deranged thoughts" after all they watch all those weird types of porn on the internet (otherwise they wouldn't be so popular). Most regular joes want to blame their parents for their failures. And. Most regular joes want attention. In short, this is a great movie and will be profitable as regular joe will watch.

Some Other Bullets Before the Conclusion

1. The movie was generally depressing, making it hard to watch. Depressing/drama movies are fine but there was really no point in the end after watching it
2. There was no solution, just a bunch of rioting. Seems unlikely that rioting will lead to any long-term solution as it's a negative sum game
3. This was a great reminder as to why women are not attracted to angry guys. Angry people are usually losers. This is evolutionary psychology at its finest. They can tell the difference between angry and dangerous, dangerous is fine angry really isn't. Most never learn the difference
4. Another interesting theme was "kill the rich". This depicted economics as a zero sum game. Any successful person knows that making money is not zero sum so we cannot agree with that part at all. Anyone who is actually rich and successful wants everyone to succeed (the competition is another story of course). Honestly, people don't believe this because they hate their bosses. End of the day though, that "boss" wants *you* to succeed incredibly badly because he knows your livelihood is at stake. This may be worth an entire post in itself. Anyone who actually becomes successful does not want someone below them to fail. This causes lost revenue, lost income and you might actually be forced to fire someone who has a family. There is no worse feeling than temporarily ruining someone's life. Running any business is hard as the employee is incentivized to do the least amount possible unless he has ownership in the firm while the Company needs to keep profits up to avoid cuts/layoffs. We've always pondered on a business model where every single employee is paid in ownership instead of cash and all low-end tasks are outsourced (unicorn and impossible we know – but we can dream)
5. Hallucinations were also common in the movie. This is also a tell-tale sign of someone who didn't make it. They generally make up fake "scenarios" in their head on what they "would do" if something happened. Both good or bad. This create a dream like trance (creating fake feelings of success) without needing to improve their lives. If you meet someone who makes up scenarios in their heads constantly you have got to bolt for the exit. They are more obsessed with worrying/faking versus creating and "failing forward". Always bet on the guy making tons of errors at a rapid pace to gather a framework versus the guy "planning for years" with no experience. As the plans never work without skills to execute anyway

Conclusion: We would give this a zero. But. It was a very good reminder on staying neutral in public. We ramped up the high quality outfits and more flashy items (when appropriate) and it was a great way to remember the surroundings. Walking around with a high quality watch or suit in a Taco Bell is definitely not going to end well. So. For that we're thankful for the movie. That was one positive to remember from a movie with no solutions, just anger and excuses.

Final note, if we really get to a point where people are entirely displaced by artificial intelligence and software code, we should be able to financially afford some sort of minimum housing/income. We'd rather have tax dollars go to something that taxes high earners and pays only for housing and food. The idea of handing people free money is simply ridiculous as the price of all the goods would also go up so the idea of a "guaranteed income" doesn't really work (money handed to economically struggling people usually goes to drugs, just look at Seattle/San Francisco). What could work is a minimum housing/food delivery set up instead of paying for the current government waste. That's a whole different topic as well though.

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Late to the Game? How to Catch Up

[Late to the Game? How to Catch Up]

We usually do not bother with answering questions we don't know. In a rare exception we'll go ahead and try because we receive the question at least 5-10 times every Q&A and are forced to delete them. As a point of emphasis all of this is opinion as we have never been forced to hit the hard reset button (early 30s with no money and low income). But. We'll go ahead and outline our own strategy assuming we had nothing.

Make a Decision: After teaching your early 30s with nothing to your name, you have to make a decision. Do you actually want to be rich or do you want to live a simple life. This is not something we would be able to answer. A lot of people ask questions that we can't answer as they are personal choices and this is one of them. If you're in this position you have to decide "do I want to try against worse odds or do I want to go low risk?".

People will read that paragraph, go watch a motivational YouTube video and say "I want to be rich I can do it too!" If that's how the decision was made (through emotion) we'd recommend going the safe route and giving up on being rich. Anyone who is in their 30s and still has a role model/person they need for motivation will practically never make it. Now if someone simply read the paragraph and concluded that a stable life isn't worth living then they are the ones who should actually try (a stone faced, emotionless response to trying to make it).

If you've decided that a stable life is good enough, then our answer is simple: government work or healthcare services. Both of these offer a lot of stability with no real inflection to get rich. Oddly, when we recommend these types of positions the response is "won't I be giving up" and the answer is yes you are (in terms of getting rich). And. That was the point. If you've decided the suffering that it takes to get rich isn't worth it then… you don't get rich but your stress levels go down to zero: money for food, shelter, all other bills, healthcare and maybe a vacation here and there. Blogs like this are no longer relevant and you move on from the money chasing game. (Note: we do realize it is possible to work a government job and start an online business. However, we haven't seen a success story with that strategy if the person starts that late… usually ends up being 1-2 good years followed by a crash in sales/income. We'll cover it in this post anyway.)

Decided to Try and Get Rich: If you decide to go ahead and try, you're going to go through many years (not months) of suffering. Simplistically, you should delete everything: social media, your tv subscriptions, your common friends, all your nights out, your current girlfriend etc. Sounds extreme? Great. That is your only chance to make it out of the situation. Successful people in their 30s are already rich and still pushing hard. Maybe not 80 hours a week, but many still push between 50-60 hours.

#1 Option Real Estate: Given no information, we would go into real estate. This is by far the most common way to accumulate wealth. Again. If someone does not beleive this, they can always call a wealth management company who will confirm this as common knowledge: small business owner and real estate are the most common ways to get rich. Our new age ways to get rich were set for people in their 20s (read efficiency, triangle investing etc). When you've got nothing you go down the highest probability path which is real estate.

Why real estate? You can also earn a decent income by learning a skill associated with real estate. We don't care which one it is as all of them pay similar amounts of money: plumber, electrician and anything related to home construction. After learning the specific skill you'll live and breathe the real estate game for the next 3-5 years. During this period you'll live on next to $0 in income and simply pay for food, coffee, water and the cheapest housing you can get.

Save to Get a Fixer: In an ideal situation, you're living in an area outside of a major metropolis (San Francisco, Los Angeles and New York would not be easy, places like Cleveland or Nashville would be a lot easier for example). This is also a hint that you may have to move to make all this work (we explained it would not be fun or easy already). Also, no, we do not know the exact markets to go into. Looking at cap rates and average selling prices would give a quick view of how hard it would be to save for your first purchase.

Back to the point. After living extremely below your means with no real fun (no one deserves to have fun if they are trying to get rich and have nothing as a starting point), you buy a fixer for you to live in. Guess what? You get to fix the whole thing by working every waking hour you can while you're not on the job. The trick here? You're able to do a large amount of the work yourself. It will take a year or more to save money and during that time you should have an ability to spot fixable vs. unfixable situations. We have no idea how this process works as we don't do this (we only buy lower risk projects as explained in triangle investing), but, it will always be around. No matter what happens in the future, people need a place to live and many houses need to be fixed.

Scale: At this point you begin to scale up. There are several models: 1) rentals, 2) fix and sell, 3) apartment complexes, 4) going after more dangerous assets like short sales and homes with structural issues – we consider this separate from "fixer uppers" and 5) starting a completely different real estate company focused on selling homes. There are a lot of options here and we have no idea where you'll sit. That said, the scale is here in various forms.

#2 Option – Looks Industry: We've already described this in a prior post and will be brief. There is a market for helping people get in shape, fixing their diet etc. The reason we're not going to talk much about this? It requires far too much time, is too volatile and unlikely works if you're starting in your 30s. What will happen is you'll receive a few "good years" with low 6-figures followed by the inevitable decline to mid-5 figures and may not recover. Market gets saturated and there is no recurring income unless you own an actual gym for example.

The reason for the decline is 1) downturns absolutely dismantle the services industry, 2) there is limited "stickiness" with the product/market and 3) since the majority of people don't actually stay in shape they are always jumping from band wagon to band wagon looking to fix their sitution with a magical solution that doesn't exist.

The only reason we leave this here is that it is quite easy. Also, some people consider $1M in net worth at age 45 rich (if this is your definition of rich, the plan we outlined will work). We don't consider this rich so we wouldn't bother with it, but that's an opinion. The math will show a path to $1M or so assuming mediocre results.

#3 Option – Internet Attempt: This is a more complicated attempt at our original strategy in efficiency. In efficiency we outline everything however, we assume you're in a good career as well (people think it's not possible to do both well concurrently, and these are the ones that don't make it or don't have any experience – politics can help you a ton). In this situation you're going to try to go down the internet route while working a government job.

This is where the big warning sign goes up. From what we have seen, individuals who cannot break into competitive fields are unable to do well on the internet. Why? Well… the internet is no longer "easy pickings". Everyone wants location independent income and anyone is allowed to compete online. We're not backing down from our original plan in efficiency as it is pretty much an evergreen product for people with talent. Starting late means you're well behind the 8-ball and gave intensely competitive (and talented) people a 10-year head start.

Assuming you would like to go down this route, then you're going to have to do the same steps in efficiency. The trick is that you also have to find an extremely easy government job with a functioning internet connection. We do not know which positions are the easiest but we'd do research in your area to find the ones with the most bureaucracy and limited oversight.

One of the funniest things we see consistently on twitter is how easy it is to make money online. Anyone who actually makes money online knows it's cut throat and disheartening for many months/years (depending on your skills/effort level). People with no experience only see the results and say "Hey I am smarter than him I can do it too" not realizing that they didn't see the prior effort and may not actually be smarter.

Option #4 – Local Business: It is our opinion that this one should be number two for someone starting "late in the game". We put fitness and online sales above it because no matter what we do we'd get questions such as "oh my does this mean you're changing your position" since most cannot understand that views change based on circumstances. Anyway. Beyond that digression, if we were playing catch up we would either go into real estate or go into brick and mortar focused on the heirarchy of needs. A fancy way of saying, anything high margin related to food/drinks/homes etc. While we're mentioning homes twice, this could be a plumbing company instead of using plumbing skills to fix homes. Or a private electrician business instead of using those skills to fix homes etc.

The point is simple, we'd actually go into location specific brick and mortar competition in a city you want to live. Why? Well competition is local and you won't be fighting against brilliant people who decided to compete online. Online competition is reserved for people with niche knowledge and a person with no opprtunities in their early 30s probably doesn't have niche knowledge.

Stay or Leave: No matter what you're doing right now for money, you should take a pause and decide if you know your city well. This is where self-awareness becomes paramount. Ask if you truly understand the ins and outs of the local economy and begin looking for low risk higher quality cash flow businesses in the area. Clean examples are typically pizza establishments and dive bars. Generally, low end bars and pizza establishments have high margins and don't look "sexy". Many of the upper-middle range places have worse margins and are subject to fast closures as well.

If you decide to leave (and are able to), you want to focus on cities with notable population growth. You have to make a decision. Where are people going to move? An expanding market is a lot easier than a shrinking market when it comes to making money. A good example is Austin, Texas (we're sure there are millions more) as many Californians move out to the more liberal city in Texas. This isn't a political comment about Austin being a great city, it is a money making comment as you should be willing to live anywhere (even if you hate it) if serious about getting rich. After all of this work and research you should be ready to make an informed decision.

Two Jobs: Instead of making it complicated, you need to work at least 12-14 hours a day. This is a realistic number if you are trying to save a large amount of money quickly. Either learn a trade and find a night shift or… find a night time position (typically hospitals/health care) and find something else during the day. Other than working you should only have a bed with a place to sleep and that's really it. You're not going to have fun anyway, so no need to spend up for an expensive apartment. (Side note, the internet has been around for about two decades and there are still people who think they can "work smarter" than people who are more successful than them and catch up… completely illogical but that is how the average person still thinks)

This is a bit different from the housing example as you're trying to maximize cash flow until you can buy one of the location specific businesses.

Before moving on here, a key reason why we think this is more viable than the other two options? You'll be happier with your social life. Any time you buy something integrated with a community you're forced to become part of the locals. This is more of a psychological item and it does matter. When you're in the internet game, if you're not doing well, your only interactions are between you and a computer screen.

Option #5 – High Risk Professions: To be clear, we would not do this. This is simply a Hail Mary for someone who does not want to do any of the above. High risk professions are things like underwater welding and other manual tasks where your life is quite literally at stake.

While people get a lot of entertainment out of things like the World Wide Wrestling federation, we always cringe inside when we think about the bodily damage they are taking. We find (after they retire) that people in positions with high physical stress (nfl, nhl, professional wrestling) suffer from serious long term injuries and potential brain damage. While this isn't related to high risk positions (stunt person etc), it's something to think about. Health is worth way more than money ever will be (something we've said numerous times to the surprise of readers) and we wouldn't go down this route.

All that aside, if you're an adrenaline junkie that could be a way to make it as pay can be quite substantial relative to the time frame. Offset of course by significant stress.

Don't Care About Wealth: Once someone officially gives up on being rich they usually say "rich people are mean, unhappy, unhealthy" one of those three. They also say "it wasn't worth the trade off, I'd never go through that for a million dollars!" The reality is that they likely gave a mediocre effort, didn't make it and now need to say something to protect their egos.

Assuming that you've decided to give up on being rich we'd go ahead and take a low risk job in health care/government and move to an area with great weather. San Diego, Hawaii, Los Angeles and Miami most of the time are all good ideas (no tax issues in California if not making large amounts). Are you ever going to compete against the top there? No chance… you'll be taking it easy and hanging out in a different crowd.

Oddly, we don't think there is anything wrong with this, it just doesn't fit with our personalities. We wouldn't surround ourselves with people who want to live this life as the "vibe" or "energy" is always off. It does not feel good to hang out with people in this type of situation. Does it make them "bad"? No it doesn't. It's a different life choice. The idea of living in-between with a "balanced life" is dying rapidly as explained in a prior post and we're all better off making a decision "*make it by getting rich or live a comfortable basic life"*

Concluding Remarks: We gave five different ideas but would probably only choose between two in 95% of situations where someone is far behind. As a point of emphasis this is all opinion based as we haven't been in that situation. One thing we would end with is more of a warning. Believing that someone can suddenly learn internet sales when starting late (say mid-30s) is brutal unless you were already a gifted person. This is something that should be considered. If you were already a top lawyer/banker/engineer and decide to do this (somehow didn't save money) then we'd say you have a good shot. If you were always middle of the pack, it's going to be brutal, hence our view of going into real estate where the math is easier and time frames benefit you.

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Some side notes somewhat related to this. One thing we've noticed is that people get upset that we don't work "80 hours a week" anymore. This doesn't make much sense as you shouldn't be working 60-80 hours a week if you made it in life. You'd be *willing* to do it, but the chances that it is needed consistently is next to zero. Again. Willing to do it, but the opportunity must be there.

Another side note is that we're seeing niche online sites become saturated (we have an idea to make money off this but will keep that to ourselves as we'll probably do it next year). Niche online sites are seeing flattish trends and you don't want to see the revenue numbers when the economy goes south, combine that with higher expense lines for the guys who thought the punch bowl party would continue… You know the rest

As a last note, a common complaint is that we don't give rah rah positive feedback to people who are playing catch up. Why? It's simply not a high probability chance that they make it. Sounds mean but it's true. Instead we focus on young people 20s to maybe low 30s… since they have the energy to go through the pain and suffering. If we told everyone "don't worry you can still make it when you're 40 and have nothing!" what do you think the younger people would do? They would slack and ruin their futures/lives. So which one is the better message to send? We don't sell dreams, we sell calculated risk adjusted decisions to maximize the one shot we have at this silly game called life.

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Launching Substack

The Turbo Autists who found it first of all WTF. Second of all, please stick with the $10/month or $100/year version we literally just started and have no idea what the premium tier even means yet (perhaps we send something out but more likely just talk to you directly, had no idea it was even an option). Anyway here is everything, turbo autists always win.

Welcome! We're launching our Substack Product on Monday Morning April 12, 2021. For those that already know **here is the link.**

For those that are unaware here we go!

1) We will be more active with the paid sub-stack group so we can give tailored advice consistently on a weekly basis. This means direct line of access to us and we'll find a way for subscribers to meet each other if both parties are interested.

2) We will disclose all of our investment calls on a consistent basis. Many have made a lot of money on our calls and it is better to be private about it to prevent the website from becoming mainstream (also removes leeches). After our subscribers all see it, we will announce it publicly later (48-72 hours, or keep it on the DL)

3) We will even disclose our personal holdings in percentage terms across every single asset class. Since this is our first run, the beginning net worth summary will be high level and we'll then break it down further. Our net worth update in percent terms will be updated every single month and we'll even provide a rough idea of what we have.

4) Even better… If you're a smart contributor we will sporadically gift you an entire month (maybe even a year!) for free. Why? Well if someone adds a lot of value they should be rewarded and this will prevent spam in the comments. We'll figure out how to decide the winner through a group vote

5) We will also disclose more specific life style hacks including "grey area" type items.

Before moving on, we want to emphasize that none of this will be deemed legal financial or medical advice and everything is simply an opinion. Currently, financial managers are charging extreme fees (1% of assets!) and this makes little sense to us. We can do better for cheaper on a more consistent basis this way.

Regarding the name, *we'll be forced to slowly rebrand to "Bull and Bowtie" since we do believe banks will die*. We are not joking about that comment.

Conclusion: For the Monday drop you will get: 1) a new coin we recently invested in ~2 weeks ago, 2) exact mix of our net worth and 3) a detailed overview of our high-level thinking of investment positioning as of April 12. If this is successful we will even sell one of our e-commerce projects and focus more on this where readers can decide what we do with the content. As yet another selling point, we do have access to tons of third party items (glassnode, bloomberg etc.) so we'll find a way to get you answers without stepping across the line. For the first run we'll link to public data as we figure it out.

So get ready for the fireworks and sign up! **Here is the link.**

The legacy site WallStreetPlayboys will represent free content and be copied over to some free posts on Substack.

Thank you for all of the support and work together to *Make Banks Zeros*.

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Learning to Respect Money, After Taking a Punch to the Face

Learning to Respect Money, After Taking a Punch to the Face

For the vast majority, money is never "enough" which means that you'll adjust to the amount you have. Unless you become filthy rich (over $50M or so), there is always one more thing that someone has in front of you. The key to getting rich and avoiding the spending trip is to force yourself to "adjust". So if you're worth $1M or $20M, you want to avoid changing your lifestyle for around a year or two. At that point, your brain will be used to the new digits on the screen.

Learn to Respect Money: The reason why people go broke? They become overconfident in their ability to earn. In fact we have a real time example of a project we have been working on for over 9 months. The result? Negative earnings. It was a disaster. Such a disaster that we're going to take a couple weeks to think about where it went wrong. Originally, the expectation was for $500K or so in net profit, which resulted in a negative number… that is quite a different outcome! The plus minus sign wasn't even correct. But. As they say… no risk, no reward.

Another good example is actually the investment banking industry, numbers are down and are even worse than our expectations based on current news flow. Sounds like it could be worse than -10% for most firms. This is an important figure as most bankers quite literally only save their bonuses. So for the past 5 years or so they got addicted to the increasing bonuses and living off the salaries. This will be a rude awakening in February-April and will be significantly worse if we see an economic downturn around 2021 (our original expectation that we'll stick with for fun).

What do we mean by "Respect Money"? It means that if you earn a large amount of money (most likely a one time event such as a sale) you are not allowed to spend a penny of it for a year. Does this sound extreme? Yes. That's how you get big results anyway. Your one time windfall is only allowed into real investments and cash. For now, things like crypto currencies would be out of the equation. You could toss it into crypto currencies only if you are already a multi-millionaire. Dropping a one time windfall of $250K into crypto with no other savings will likely cause panic selling in down days (like what we saw a few days ago).

Businesses Have Shelf Lives: One of the main reasons we recommend copy writing sales and several other tangible transferable skills? They have longer duration. Even if you're running an incredible diet pill campaign making hundreds of thousands, the chances are high that it'll go to zero at some point. Owning your own product is always more sustainable and higher margin… but just like the products you were selling, your specific product can go out of style as well.

A good example that sticks in our mind is fidget spinners. Man. So much money was made in a short period of time, yet it died rapidly as well. This is a good way to describe what we're trying to convey. If you have a successful business running you simply do not know if it's a fidget spinner fad or a sustainable product.

Take another extreme.

If you look at the taxi business, back 20 years ago you could have made good money with medallions. A yielding investment that was required to operate a taxi. Now? What a disaster that business is. No one takes taxis anymore, the medallion value is practically nothing and this was an area that was heavily regulated! You just never know.

For fun another example we think about a lot is property taxes. If revenue needs to be raised, the easiest way to tax the rich is through large homes. This is a legitimate business risk to real estate if wealth disparity continues. Imagine the property taxes on a million dollar home jumping to $50,000-70,000 a year. Absolutely possible and would be unbelievably painful if you're forced to sell assets in a "fire sale".

Your Best Isn't Always Enough: This is a heartbreaking reality for a lot of people. If you put your heart and soul into something, it doesn't mean it's going to work out. While we do think you'll always live a good life (making 6 figures at minimum as most don't work hard)… hard work and effort does not guarantee sales/success. You need some luck.

In our opinion, it is actually better to *fail* first then succeed. Much worse to *succeed* first then fail. Why? The chances you put more capital up at risk in the second venture is much higher. Also. If you succeed instantly, it's difficult to pinpoint "why" and you can quickly flame out as a one hit wonder as you didn't develop any real positive habits.

If you fail a few times and then succeed, one of the major lessons you learn is that *money invested is rarely a leading indicator of success.*

The silver lining in all of these failed projects is that unlike other jobs where you're simply doing a processing role of some sort, you likely learned a valuable lesson or skill. For example, if you try to scale up a business and end up losing money and are forced to exit parts of the market, you should have learned why. Similarly, if you sold too early and didn't wait for the "knee in the curve" you learned another lesson related to sales multiples at certain stages of the product life-cycle.

The 50% Rule: This is a big one that we learned early (fortunately). Any time you have a one time event or any major sales month/year, you're not allowed to touch 50% of the net profit. This means it is locked away for good into an investment (either s&p 500 or real estate in our case). This simple rule makes it impossible to start from ground zero ever again.

Assuming you netted $300-500K from a sale (a solid one time success for the vast majority). You have to take $150-250K and quite literally lock it up for good. There is just no way you're going to find the "next best thing" right when you sell your first business. The chances are low and you're emotionally high which creates a mental state of hubris. As you can imagine, making any decision in a state of hubris is probably not a good idea. The only exception (where you sell and reinvest everything) is in real estate when you do a like kind transaction to avoid paying capital gains tax. Generally, you're selling to buy something nicer in a lower risk neighborhood (again that's a general rule of thumb)

You will do something stupid: Instead of sitting on a high chair, it is best to admit that you'll do something stupid when you're officially "rich" in your own eyes (number different for everyone). We've seen it all. An expensive car, too much house, unrealistic watch purchases, drug, alcohol, escort benders… and more. While they sound "cool" when you write it out (the average man glorifies movies like "the hangover"), after 5-years you look back and realize it was a terrible decision. The next time you get a windfall, it'll be a lot more subtle and you'll probably buy something reasonable (reasonable new watch, upgraded car, basic/small vacation home that has low taxes… etc). We'll admit that your stupid decision will definitely get a lot of interest from people at social events so that's one benefit!

The second piece of good news related to your inevitable stupid decision is you won't repeat the mistake. That's critical. When you make a major F-up you can actually say you won't do it again. In fact, that's probably one of the common threads that separate smart people from regular people. If you touch the hot stove once and your hand is burned, you never do it again. Your average person needs to touch it "five times" to be sure that it is hot. This sets them back over and over again to the point of no recovery.

When Successful Never Burn Cash: Okay, this is practically impossible. That said, it's a good high level goal to have. Once you've succeeded at something, be it a career in enterprise sales or as an engineer… it's time to remain cash flow positive on a monthly basis. If you can avoid burning cash in perpetuity, by definition, you'll become richer and never have money issues.

If you want to plan this out here are some good things to write down: 1) around mid 30s it is normal to have at least one notable injury – ski trip, weight lifting, tennis, golf… it doesn't matter. You'll likely have one significant set back; 2) assume someone you care about will need money. This could be your parents if you have a good relationship with them or someone else. If you have a soul there is at least one person you'll help out. Similar to Felix Dennis, do not expect to see the money ever again; 3) assume a housing expense increase at age 30, 40 and perhaps one last move at 50. Why? Well you'll get tired of the place you're in. Everyone grows over time and living in a one bedroom place at age 40 is simply unlikely; 4) always have a "2% fund" this means that 2% of your annual net income will go to unforeseen costs. Could be as simple as a broken refrigerator to a car repair. They happen every year and 5) have a "3% gift fund", no one enjoys hanging out with the cheap rich uncle. So make sure you have enough money to spend on special events such as birthdays and weddings. While 3% of annual income doesn't sound like much if adds up quite fast as some years it'll be as low as 1-2% and you'll offset the years where it is closer to 5% (multiple weddings/birthdays hit at the same time)

On the Topic of Money… After having a lot of ups and downs (good years and bad years), we're going to highlight a lot of "coincidences" that we've seen. None of this is to be seen as fact. That said we've seen several clear trends so we'll drop them in bullet format.

1) We've never seen someone fail for 5-years straight. Fail, meaning they are poorer after 5-years of effort and they did not increase their earnings by at least 50%. This assumes the person is relatively young and isn't earning a huge amount of money. To put brackets around that, if you're making $100,000 a year… With 5-years of real effort we'd put the chances of making less than $150,000 a year at less than 1%. Yes, we're serious.

2) When you cross $200-250K in net income per year, the volatility kicks in. This is somewhere around $400K a year gross income depending on where you are (no we won't split hairs on the exact math). There is something strange about this level and you end up either going down to $200K sometimes and other people inflect big and grow to $600K+ net income. It's similar to the growth of bamboo. It takes about 5-years to really build anything and suddenly starts growing quickly. Also. It eventually matures and you have to move on to the next task.

3) When you're about to cross a specific financial hurdle, maybe it's $1 million exactly or $2 million… expect life to throw you a massive number of curve balls. This means you're going to be close to your "exit number" and somehow you'll be thrown a massive wrench right at the last second. This never ends. Right at the very end of the game, something always happens so you should be prepared for massive amounts of headaches right before crossing a specific net worth level. Not sure why this occurs but it happens every single time

4) Always sell a business/asset when you lose interest. While we're certain you've already dealt with people "chattering" about the volatility at the company… It's 100x worse if you're actually disengaged. A rough quarter or two where employees worry about the business is not a big deal. When you've lost interest, you won't be able to re-kindle the fire. So it is better to sell it.

5) Any time you feel like quitting, it's time to triple down. This is also how life works. If you're about to quit, you should actually work 3x harder to get over the hump. The only time you should actually quit is when you're certain it'll never go cash flow positive again (for some reason). On a similar note, if everything is going perfectly fine… Get ready for a wrench. Typically you can have 1-2 great years without any issues (smooth sailing). And. By year 3, we can all but guarantee something will happen.

6) If you have money in a checking account without a plan on how to use it, it'll slowly "go away". This is another theory we have on why people don't get rich. If you don't have any ideas on where to put your money, the cash piles up in a checking account and suddenly random costs show up! It's almost like the money gods know when you're cash flush and search for ways to drain your account. This means you should always know what you're going to do with cash in your accounts. No exceptions.

7) Discount all of your revenue streams by 50%. This is a good metric to keep in mind since you never know when competition or structural changes to your industry will occur. If you have three streams of cash flow, generating say $100,000 a year each… assume that you're really making $150,000 because we promise you that one of them will take a step down in a couple of years. It's just mathematics.

8) Never sell for 2x sales or less. We've never seen it work! No doubt that it has worked for some people, but, if it's actually successful selling for 2x is just not worth it. Even if the business slowly dies over the next several years, you're going to make more money by riding it to zero from a cash flow perspective. And. This assumes you're doing nothing to keep it afloat.

9) Don't work with friends for money. This is yet another fact of life. Anyone who is around the same age as you will always think they are better than you. You could be making $1 million a year and crushing it in your industry. It doesn't matter. Joe Blow, your friend from college making $80,000 a year thinks he deserves to make the same as you. No matter what.

10) Only invest in people who are "in it for the money". If someone wants to work with you simply because they are passionate or interested in it… This won't work. Always go with the greedy person. While this sounds dangerous as you're working with someone solely looking to make money, you can write specific

contracts to make sure incentives are aligned. It is possible that you'll eventually split, but the chances are extremely high that you'll make a lot of money in the process. And. Those contracts are going to be a life saver. So. Always work with people who want to make money. Period.

That is it for now. As a side note as we're wrapping up our book that talks about spending, feel free to leave questions **related to spending in the comments.** We'll tack on a Q&A section at the end for the good ones.

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Lessons From Growing Up Broke

After thinking about this for quite sometime, a review of a journal started over 20 years ago was pulled out from underneath my desk and I decided to review the biggest life lessons I learned while growing up poor.

Acceptance or Obsession: When you're broke, you decide to either accept mediocrity or become obsessed with the accumulation of wealth. Obsession is a virtue not a vice and don't let average people tell you otherwise. They are not ambitious because they would rather live in a bubble of self-reassurance and comfort. The difference between a [complacent mindset] and an ambitious one is the acceptance of [the truth.] The truth is that you can fix your life but the only one who will help you is yourself. No one is coming to the rescue.

Successful People Respect Ambition: This was a startling discovery at age 13. Everyday I was told that rich/successful people have no interest in helping people. [Lies.] Rich people have no interest in helping people who are unwilling to help themselves. There is nothing more depressing to successful people than seeing wasted talent. This lesson was learned when I decided to start taking athletics more seriously. Instead of playing within my age group I decided to show up at 5 in the morning to parks and recreation centers to play against the older men as the outcast young guy. A year later I was able to attend multiple high end training camps for free as the older crew would allow me to play for their league.

Perfect Repetition is Key: If you're not working smart you're not working at all. This is the impact of imperfect practice. As you go through life you'll find less and less people making money by grinding out long taxing hours, but you'll find many rich people [grinding out and failing] while giving themselves the highest percentage chance of success. The best examples include memorizing a slew of Jeopardy facts (the internet has been invented) or shooting thousands of free throws with improper form. Practice correctly or don't practice at all.

Information Over Entertainment: If you want to become rich, you don't deserve to watch TV, [hang out with broke people], or do anything that is not moving you forward in the game of life. In today's world you're spiraling up or you're spiraling down, you simply cannot accept stagnation. When you no longer have to work for a living, feel free to live a life of hedonism. You earned it.

Accountability: Another way to say this is "no excuses". But the reality is the meaning of the phrase no excuses is misunderstood. What it really means is "Am I making an excuse when I should be accountable for my own life problems?"

1) Are rich people arrogant or am I just making myself feel better?

2) Are rich people really unhappy or is this yet another excuse to avoid hard work?

3) Do I really deserve to make more money or deserve a promotion?

4) Are rich people really stealing from people or am I just thinking [like the 99%?]

5) Do I deserve to succeed or am I taking no actions like [an average loser?]

You Never Know: This one still kills me. I still struggle with it. You never know who you are speaking to so you must maintain a respectful demeanor for every stranger you encounter. If you peg the person as a leech after spending time getting to know them, cut them off, but you must treat every new encounter as one of value. As an example the biggest change in my life occurred when I helped an older man fix his form on a shoulder press machine, we became lifting buddies once a week, 6 months later I am working for his team with a 40% pay raise.

There is a reason why we've named this website WallStreetPlayboys, if you're unwilling to read the content and must judge immediately by a title or first impression, your gut reaction will be incorrect.

Conclusion: Finally, to wrap up the point of this article it should be noted that these lessons were learned because of a journal. Every man and woman should take the time to write down his or her thoughts and feelings every day. Yes this is "lame" and everyone else will find this task to be stupid and a waste of time. Then you look around and realize, if everyone else is not doing it… It's probably the right move.

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Life Changing Items to Be Aware of As You Get Older

[Life Changing Items to Be Aware of As You Get Older]

We wrote efficiency since a lot of our youth was wasted. Reading about "hacks" for health, fitness, money, dating that were all an enormous waste of time. Since the vast majority will still search for special tricks, we're going to highlight some things to be aware of as you get older. A lot of them are simply related to body decay over time (no way to argue that a 60 year old man is as nimble as a 20 year old man). But. Some of the other items are important if you're looking to meet new friends with similar life expectations.

Physical

Fruits and Vegetables: We outline a clear diet in **[Efficiency]** and you'll need to find ways to get the nutrients despite having a schedule that may change rapidly. If you're traveling a lot, you'll be forced to travel with items such as Chlorella and do quick google searches for organic juice stores (Whole Foods is typically the easiest spot). The one thing you'll notice? When you change your diet you'll physically feel the difference. If you miss a week or a month, your body will not act the same and this is due to aging. While you could drink a gallon of alcohol on Thursday night and still feel fine on Friday at age 21… doing the same at 40 is just not going to be realistic. The same concept applies to positive health changes. It takes a little bit more time for the positive effects to flow through.

Flexibility: If you do any repetitive task for a long period of time, you're going to overuse certain muscles. This is going to lead to a host of problems: 1) bone alignment, 2) lactic acid build up, 3) muscles changing your posture and 4) consistent knots in certain areas. You'll notice the changes occur as you get to around middle age. This is important since money will solve the vast majority of your issues. Since you're following the right workout regimens that we have outlined in Efficiency you'll feel your body change. When the inflexibility sets in you'll want to have a slush fund for 1) deep tissue massages, 2) yoga sessions and 3) any additional joint issues.

Circulation: It is rare to see people in their 20s have heart attacks (unrelated to drugs) and this is due to circulation. You'll find that flexibility, circulation and diet all impact your circulation. More importantly? When you fly on planes and rack up those air miles you'll notice your feet and arms change after a long flight (bad for your body). To combat this you'll likely take a single asprin during long flights and purchase compression socks and arm bracings. These will be life savers if you sleep on flights since business class and Jets do not protect you from cabin pressure. If you're over 30 we strongly recommend trying this and you'll feel 100x more refreshed when you land. Oh… and as you get older, you'll need to do more sprints on the bike (we also recommend eating some cayenne pepper).

Skin: Ahh one of the best markets for affiliate marketing. There is a reason for this. Your skin will get wrinkled over time and this is simply due to aging. Instead of buying the insane products that are sold on the internet for cheap monthly subscription revenue fees… You can do your own research and look into collagen and internal fixes to the problem. Just like diet, the real fixes are never external. Read a single book on how the skin works and you'll find a lot of interesting facts about preventing the declines (hint there is a reason why vegetarians have good skin and no we're *not* recommending becoming vegetarians).

Recovery Time: The final one is recovery time. As you all know everything compounds. This is not just investments but physical investments as well. A nagging injury for 10 years will be much harder to get rid of. You can certainly optimize your body, but at the end of the day, it's always easier to recover if you're younger. So keep in tune with your body and make those adjustments.

Financial

Watch Out for the Snakes: When you cut the grass the snakes show up. In the case of money, this is extremely true. Many people (we'd say about 99% of them) get rich and don't win at the other parts of life. They are either out of shape or are stuck in relationships they don't like. Or worse… They are still desperate to earn money because it is tied to their identities. The vast majority believe their net-worth = their actual worth (ego). *Be extremely cautious to take life advice from these individuals as you may end up like them.* Would you want to have billions of dollars but an over bearing wife who runs you around like a chicken with its head cut off? Would you take $100M if we said you'd be in a wheel chair for life? The answer of course is no. Many people believe they would "just change that part of their life" and that's just not how the game works. Be careful.

Stop Worrying About a Collapse: Once you're rich (somewhere around 30-35 is our guess) you shouldn't worry about protecting the rest of your cash. If you have say $5M and that's earning you $250K a year in boring bonds/dividends at 5%… There is no reason to invest your future money "conservatively". If your plan was to get to some number like $50M+, it also won't happen with boring CD investments anyway. These guys who live for low single digit returns are typically the ones who have lived a meaningless life. They went to a top school, got a stable job, saved, married some mediocre person at 30, had a couple kids and are walking towards death with no life experiences. That sentence sounds brutal and pessimistic, yet look around. The vast majority choose the predictable and boring normal life as if they get another chance at it "later". They don't.

Don't Go Off The Rails: While we're encouraging people to take more risk, there is always a balance. *When* you get rich, it's foolish to bet anything that would hurt your principal balance to live a good life. This means you should figure out where your line is and close that door for good. Put a balanced portfolio away to cover a comfortable lifestyle forever and under no circumstances do you touch it. None at all. Once you have that money set aside that will keep you set for life then live it up! Don't buy CDs buy that fast car (if you're into cars) buy the vacation house (if that's what you like) and roll the dice on some intelligent gambles if that's how you get your thrills. Take a look at the lives of rich people who go broke quickly and then go meet some corporate guy with a boring life driving a honda civic. There is a happy medium and that's how it should be.

Before You Spend… You ever wonder why branding yourself as "high end" is beneficial? The answer is free stuff! *Before you spend see if you can get it for free or make money from it.* We'll use an obvious example with actors/athletes. If they sponsor specific companies they get free cars, watches, trips etc. Not only do they get them for free as trials… they also get paid to use them! Talk about a sweet deal. We don't know where you'll be successful, just remember it is ideal to find a way to make money without doing anything or at minimum get it for free. Does anyone here really believe billionaires pay for their own travel and food? Usually someone else begs them to do it for a presentation and some money as well.

No Principal Pull Down: This is last because it's our own rule. Every year, you'll never touch the principal on your portfolio. This prevents your cash flow from going down in any year. Notice, we focus on cash flow since that's the number you're looking to protect and if your principal is going up every year you're in good shape. In the years when we have recessions you should have a good cash fund that supports you without dipping into the cookie jar. Then buy up all the assets on the cheap and go back to your vacation home.

Friends and Contacts

People are Busy: You shouldn't want a friend who wants to hang out every day. That means they live an uneventful life. All the "social rules" are simply mirroring successful people. If you are willing to drop everything to go and meet someone new… it means *they* are socially above you. We have no problems saying we'd drop everything to go and meet several billionaires we admire. The same applies to dating. When a thirsty guy is willing to drop everything for girl he just met, it means she out ranks him (a bad thing for him). As you get older you'll see that all of your friends are just as busy as you are. While your phone will light up with messages they are typically soft contacts from people you actually want to meet. If you're constantly talking to a specific set of people they are usually business contacts not really friends.

Most People Don't Evolve: A good litmus test to see if a guy is successful without any access to financials is to ask them about random topics. If you talk to a new person for a couple of hours you've usually "drained the well". This means all of their knowledge is around 1-2 topics at most. That's a bad sign. It means they never actually built a wide range of skills. If however, you talk to someone and they are constantly in the weeds on a lot of topics to the point where you'd call them an expert… You can bet that they are doing well financially. Now remember, everyone has a niche the key part is being able to diversify your skills to prevent over reliance on one talent. Unless you're a singer or sports star, diversification makes a big difference.

No Such Thing as Business Friends: Don't trust anyone but yourself. By the time you turn 20-25, the vast majority of people are simply "angling" for some deal (99.99% of people). They could be your "business friend" for 5-10 years. And. At the end of the day you guys are not friends, you're frenemies. They would be thrilled to see you fall off if it meant $10K for them. You're going to spend more time talking to business contacts because your actual friends (i.e. never mix money with friends) are going to be busy working on projects as well. Just remember your co-workers, your boss (if you have one temporarily) and the people you manage are not your friends. Not even close. They will stab you in the back with an ear to ear smile. While this sounds awful, have an emotion-less response to it. Everyone has to find a way to make their cash so there is nothing wrong with some conflict. Just remember, now that you've been warned, if you make a mistake it's the second part of "fool me once shame on you, fool me twice shame on me".

Suddenly You're Popular! Avoid fame. You're going to suddenly see people emerge from the wood-work as soon as you get rich. They will suddenly be interested in "helping you succeed". Simply ignore. The good part? If you avoid fame, this will be manageable. The best part? You'll recognize other successful people. It's another form of the matrix. Once you see the queues you'll know who the $30,000 millionaires are and who the rich people are. Surprisingly, they could drive a civic and they could drive a Ferrari, the key way to tell is by how they speak and their body language. The ones that are difficult are the rich guys who are run by their wives spending all of their hard earned money. But. At the end of the day… you'll learn to spot those as well. And. Avoid them.

Other Strange Stuff: Not long enough for a section of its own but here are some other strange things you'll notice: 1) you'll be extremely frustrated if you have to wait long-periods of time for things that burn your time; 2) if you've really made it you won't even compare yourself to billionaires, you'll be happy and relaxed at all times, 3) you'll feel sorry for the rich guys with tons of stress chasing a few extra dollars at expense of their health and personalities, you won't bother helping them out of the matrix because they are too certain that they are making the right decisions, 4) you'll get more excitement out of helping a few friends make money (when they are significantly younger) since they are not colleagues and the money doesn't really matter anymore for you, 5) you'll get more excitement from learning something completely new since you'll be in the top 0.1% if your specific field… anything new is fantastic in your eyes, 6) empathy is a lot harder due to success so you'll be forced to manually work on it, 7) meditation will be better for stress relief than exercise – you'll likely add it to your daily routine, 8) getting a regular sleeping schedule will be critical as your body will react to negative changes, 9) you'll do a lot of things that are not financially beneficial to you since you're looking for new interests/hobbies and 10) you'll laugh at all the amount of stress you had to go through and will recognize it was a brilliant move to take the pain when you could (in your 20s). Finally, you may not even agree with these 10 hence why they are at the end and are simply things we have noticed.

On a final note… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like our book **Efficiency**. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career **and** the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (*the basics and all you need to start*); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it and 9) How to do all of this and maintain a normal social life (avoid choking off your personality).

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Life is Just a Game of Tweaks and Personal Talent

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Across every aspect of life you're essentially spending every single day making small changes. This is why it is incredibly easy to tell who will be successful from those that will just never make it. While talent can be an issue, the bigger issue is that people try and find the "correct answer" on day one. Life just doesn't work like that. You can essentially get the correct blueprint/map but at the end of the day, just like a sport, the execution is what matters. Knowing how to write a good campaign ad, knowing the right exercises and knowing the right diet is not the same thing as actually doing it. In addition to this, even with the blueprint, you're still going to have specific skills/issues that are related to you. Why? No one is going to have your exact same skills.

Diet the First Blueprint: Everyone knows that eating healthy is important. How many people know what their body responds best (and worst) to. We've always used this as a simple metric when someone talks about their eating habits. The difference between the guys who stay in shape past 30 and the ones who start to pack on weight surrounds this topic. It's just not the same for everyone. For example: some people will respond better to things like intermittent fasting (14-16 hours a day) while others will respond better to avoiding large amounts of carbs (pasta etc.). We won't waste our time arguing these facts since they've been tested over a decade and it's highly likely that you (if you're in shape) already know a few things about your own body that respond better. We'll outline a few examples below.

Unhealthy Foods: It is almost impossible to eat like a trained professional 24/7/365 for 10 years straight. Everyone has a "vice" where they enjoy eating something unhealthy. The key is finding out what unhealthy foods you can eat without seeing a significant impact to your weight or your energy levels. It really gets detailed. For example a person might be able to eat a candy bar and feel fine but couldn't eat the same amount of calories in the form of a pie or a tart. Again. People can argue that there is no difference but we'll just ignore them since they don't have serious experience. You can even try this at home yourself by choosing two unhealthy foods, eating ~1,000 calories worth of one (to feel bad on purpose) and ~1,000 of a different type. If you're being honest you'll feel slightly different in each situation.

As a fun example, we've met a few people who are extremely tuned into their bodies and if they eat doughnuts they tend to gain something like 2x more weight than if they eat basic croissants with similar calories. We're sure the calorie counters will jump into the comments but we'll end up deleting them. Why? Well if you eat 1,000 calories of cucumbers or 1,000 calories of snickers, your body spends more energy trying to digest the consumers (more energy burned). Easy reason is due to the density (trying to eat 1,000 calories of cucumbers is next to impossible in a sitting… you'd need to eat ~60 cups of of cucumbers). We have no real proof for why your body will digest certain foods better but then again we do have proof that people suffer from certain allergies etc. In general, science usually lags trial and error since it's not going to be easy to compare one human to the next (different DNA + genetics etc.).

Healthy Foods: It's one thing to know the unhealthy foods but it is a whole different ball game to know the healthy foods. Another good example is comparing, Kale, Wheat Grass and Spinach. Some people have a hard time eating/drinking one of them versus the other two. Not sure why this is. It can make them feel sick and on top of that dampen their energy levels. Again. No science here, just basic trial and error. The people who have incredibly high fitness levels later in life have this sort of information as well.

A second example of the healthy food difference is "high energy" fruits. Generally, Apple, limes, lemons, ginger and beets are used to increase blood-flow/energy levels. Similar to the concept above, your body will likely respond better to one of them. Based on the amount of hype apple cider vinegar got for a while maybe the majority benefits from fresh apple juice over limes and lemons. It's unclear and is something you can find out yourself. For what it's worth the sour flavors are usually more effective on this side of the web but it's never a guarantee. Ginger shots and Wheat Grass shots are useful when you're traveling as places like Jamba juice carry them (sure not the greatest spot, but works if you're in a rush and stuck in an airport).

Muscle Growth the Second Blueprint: We've reached a point in society where simply appearing in shape is seen as an accomplishment. The good news here is that every single in shape person knows where they are physically stronger/weaker. If al your'e doing is a little bit of biking/swimming and lifting heavy weights, then you'll know which areas are stronger on a pound for pound basis. People like to talk about their max weight but it means nothing without knowing their current height and weight as well. During this process if someone is serious about staying in shape long-term they will also recognize where they are at risk for injuries. If you're doing any repetitive task over the course of a year, you'll develop a "tightness" at minimum in certain areas of your body. This is your signal to find the weak spot.

If you're suffering from achilles pain it could be an issue with your legs or even your foot (you might need to buy toe separators to sleep with to prevent your foot from contorting, which then puts stress on your heel/achilles). Similarly, you might have shoulder issues, in that case you're going to hang from a pull up bar to stretch out and use weights to stretch out your chest and shoulder area. In addition to this… You could have "tennis elbow" which may require you to use a pulse massager or an arm massager. These are some common ones and there are many more ranging from the lower back to your hips and quads/hamstrings. The guys who go "above and beyond" are able to pinpoint the exact issue, strengthen that area of their body and create long-term high quality muscles. These "annoyances" never really go away, meaning your body composition is always going to have tendencies, but recognizing them early will save you an incredible amount of time and energy.

Specialized Workout: If you get the chance to hit the gym with someone, see if they have an odd "routine" they add that normal people don't do (including the ones that are in shape). These people are likely "in-tune" with their bodies and will have a lot more longevity. While anyone can buy a book on the basic workout routines to do, the small additions can severely decrease injury rates by a significant amount. We'd say the people who have specialized additional routines reduce their chance of injury by over 50-60%. Why? They know when specific muscle groups are giving out and can adjust accordingly.

Limited Negativity: While we've focused on the physical tells, one social one is the "observation" ability. Two signs that a person will be more consistent and continue to tweak in the right direction: 1) do not look down on out of shape people working out and 2) able to visibly see a persons relative strengths and weaknesses in two sessions. The first one is social and more obvious, no point in discouraging someone who is trying to get better. The second one is more interesting as it shows that a person can visibly see when things are going right/wrong and do a quick calculation on the weight relative to the size/age of the person. To wrap it up, similar to the diet tweaks, you'll be doing exercise tweaks over the course of many years to prevent injury. Those that don't and simply follow a standard blueprint after they are in shape will have a harder time keeping up with those that take it seriously (similar to everything else in life).

Making Money a Million Edits: If anyone thinks that the above two are hard to figure out over time, they shouldn't bother starting any sort of real business. While there is a good set of rules to follow, as soon as you "start" the game becomes a trial and error series that is incredibly tedious. The good news is that each small change can move your margins or sales growth by percentage points (not basis points… But full percentage points). This is also why we really avoid giving advice on items we have limited experience with, each market is incredibly different and you just never know what is going to work without many days of trial and error. That said here are some examples:

Website Design: You know those annoying "don't leave sign up for email or click here" pop ups when you try to exit? They exist because they work. Some people have them run multiple times in a row because the "third" one or the "fourth" one is the highest converting one. Who knows why any of this craziness works but this is the stuff that happens. Continuing with the design front, sometimes changing the placement of where your product is located shifts the click rate by 10%+. Even if you know what you're doing sometimes you have to take a risk and place it somewhere slightly different just to see if it works. Home page design matters for anything real.

Ads: The industry matters a lot. A lot. While Facebook and Google are currently dominating and mastering either of these will make you incredibly rich, we are still surprised by the types of ads that convert. For some industries those ridiculous pop up ads at the bottom of phones work. In other industries they get next to no sales. Sometimes being on yahoo is better than targeted Facebook ads (all relative to how much you spend of course and the cost per click). Never give up. This is the lamest saying in the world but it's true here more than anywhere. Never give up. You have to try every single ad angle there is and we can all but guarantee it will lead to riches assuming the product is priced correctly and the sales page is solid.

Sales Page: Sales pages are the most annoying. Sometimes having errors can actually *help* your sales because it calls attention to something specific. Similar to how a car crash causes people to slow down and look at what happened. This isn't a good idea to start with but you can go ahead and mess with "accidental" errors that cause the viewer to focus on something specific. The only good news about sales pages is that your competitors will be going through the same issues at all times. You can piggy back on their changes and feel free to use the same tactics. People say this is a "bad" strategy but look at what happened with the Chinese… They copied and stole IP (you're just taking words which is 100% legal) and they have a booming tech industry now. Copying your competitor is simply smart since you have to add your own secret sauce on top anyway. You have to learn how to sell… So may as well start with one that is working.

Hiring/Outsourcing: There is a running joke on this blog that the worst thing in life is customer service. If you want to lose faith in humanity go into customer service as you'll encounter so many dumb questions that it will make your head spin. The faster you can outsource this, the happier you'll become. Speaking of this, there is also a large tilt here to outsourcing for a more human reason (firing people is awful). Having someone else depend on you for their livelihood is just not a great experience. That said, if you do find the right people to work with you'll be in luck. Fortunate for this side of the web, you can make a very good living with a team headcount on your single hand. Our basic advice here: better to churn and burn through different outsourcing companies at first. Once you hit scale issues with outsourcing then it's time to either sell or take significant risk by hiring people. Based on our history you already know what we'd lean towards!

Speaking of hiring and outsourcing, on a fun note, one of the questions for Plato was "Hire the hard working person or the talented person assuming they have $0 to their name". We thought it would be a close race since there was a catch at the end. When push comes to shove you want to choose the hard working person since you probably have a lot of processes in place that ensure a hard working person will get results over time. Now the catch here is if you're hiring a younger person, you probably choose the talented person. Why? Well the reward is a lot higher on the upside and they are currently broke! Remember we never said the talented person would be utterly lazy. Normal work ethic with extremely high talent does outperform hard workers particularly at a young age. So if you were given the age of the candidate the answer would be a no brainer, anyone over 28 or so would choose the hard worker 90%+ of the time and anyone who is 21 years old for a lower paying starting position could easily lean to the talented person.

Dating: For fun we're tossing this in the end. We're not going to allow dating questions during our Q&A anymore as we find them repulsive. Anyone who actually makes it (which again is less than 2% or so based on pure mathematics), knows that there are no real issues if you make it. That said, our post on style really showed how most people never go anywhere in life. If you're rich you will have a natural "style". This means you might be more of a classic person (think Mercedes Benz) or you might be more flashy (think Porche 911). Your style is going to align with your life and we can promise you no one is picking up girls on the beach at age 55 in tank tops with $0 to their name. The point. Your dating style will line up with the person you've become which give you the exact answer as to why we don't answer these questions from people over the age of 28 or so. The prior sentence not only tells you why but also tells you *the entire story*.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Life Math: Health, Finances and Psychology

Life Math: Health, Finances and Psychology

This is going to be another post where opinions will vary wildly. Some people want the Lamborghini other people would never buy a car. Some people think the grind should never end and you should be working hard until your last day on this amazing planet. Others, would prefer to let off the gas. While we're still on the side of intensity when it compares to the top 10% or so, we think there is a good middle ground between all of these items where you can still get rich without giving up your life. Since we give our formula away in the form of a book, this one is going to provide some time-lines for you to think about.

The Health Timeline: This one is a life long battle and is probably the hardest to get right. You have different genetics when compared to every single person on the planet. The good news? *You should know your strengths and weaknesses by age 18 or so.* It is not acceptable to be out of tune with your body since it is the only one you'll ever get. You should know the following: 1) the type of skin you have and the amount of sun it can sustain, 2) your body composition between endurance versus sprinting (type of muscle fiber you have), 3) hairline and hair-type, 4) heart and lung functionality, 5) stomach functions – which foods give you more energy versus less and 6) level of flexibility and coordination difference between your left and right side.

This is honestly the basics. If someone does not know this and know it early, they are going to be in for a world of hurt later in life. By knowing these key metrics it is now possible for you to maximize your peak fitness levels at each age. We know that you can generally improve through around age 30 and real declines set in at around the 35-40 range. This means you have wiggle room (you don't need to be at 100% peak fitness through every year of your 20s). But. You absolutely need to be near peak capacity at around 33-36. Why? Well we know the declines will start to show up which means you want a "soft landing". As your physical performance metrics erode you want to see a thin slope because ***compounding is worse on the way down.***

The last part is critical to understand since we ask the question a lot. Most people can't do basic math and assume if something goes up 10% then down 10% that they are at the same number. This isn't true and if you go up 10% and down 10% every day, you're actually going down in total. Compounding is incredibly painful in the negative direction so changing something from a -10% to a -4-5% is a HUGE deal. We would also say that taking the time to max out in your mid-30s will save you hundreds of thousands of dollars in health costs (injuries are very common in this area as people believe they are still in their early 20s). **In Short, you want to know your body composition by age 18, exercise quite a bit in your early 30s (everyone does the opposite) then focus on managing the declines by getting a private doctor and monitoring your blood work consistently past age 35.**

The Money Timeline: The money game gets less interesting as your ability to grow your net worth declines. While we are 100% against taking it easy in your 20s (unless your family was rich of course!). And. We're also 100% against taking it extremely seriously in your 40s (here we're talking about *hours* dedicated to getting richer). The math is quite interesting because you'll find that the capital base you have does more work for you. Meaning? At 35-40 or so your actual investments earn more than your effort/labor (unless it's an incredible year for you).

Run the numbers. If you are a successful person and get to around $2-3 million by age 35, this means an 8% increase is going to move you $160-240K. Now if you got to $2-3M by that age we'd guess you're currently earning around $300-500K per year (pre-tax), on a post tax basis that probably gets you closer to $190-300K (rough math). If you're significantly more successful and have $10M at the same age, we'd guess you're making $2M per year. Again, the same issue springs up. You're making $800K a year off of returns and post tax your income is roughly the same. Mathematically, if you get to these levels it becomes harder and harder to grow your net worth beyond 20% or so per year.

What does this all mean? ***It means that compounding works for *You* as soon as your investment income equals your active income***. At this point it is essentially impossible to have money worries. The only way this does not work is if your investment income is not diversified. We're making the assumption that you're responsible and maintain a diversified investment portfolio. The most obvious example is anyone "hurting" from crypto currencies. First of all they should be up a ton and second of all, if they feel any significant pain, they were irresponsible with their lives (it's venture capital investing which should never become a major portion of personal net worth).

We can put it all together. We suggest sacrificing ***some*** health/fitness in your 20s (insanely easy to recover) to get the money ball rolling. No. You do not work 120+ hour weeks and do real damage to your body. You work 60+ at least and then cool off before you're thirty so your body can take the harder hours without damaging your actual health. (Yes. Despite millions of examples, people still believe working long hours will make them die. This is laughable since rich people live longer and generally worked hard in their 20s). **In short, by your 30s you should have your active income roughly equal your investment income. This is a good *qualitative* metric to use without putting exact numbers on them (for exact numbers see our opinion in Triangle Investing).**

The Psychology Timeline: This is much more artsy. If you have the two items above down, it still isn't enough. Surprisingly life is more than health and money! There is happiness, mental models, personal relationships etc. We'll start with the first and move down the list.

Happiness: There is no reason to be unhappy if you live in a first world country. The chances that you were born in a first world country in the first place was slim. Quite low actually. Luck. That alone puts your standard of living above the norm and gives you more opportunity than the norm as well. Complaining about life in a first world country is like complaining about getting pocket kings in a poker game. From what we've seen, the real issue with unhappiness in first world countries is the influence of outside forces.

Outside forces are awful. As soon as someone puts their happiness in the control of anyone they are in trouble. You see it in hollywood, You see it with many successful people. They live in high pressure situations where they need to perform, other people may lose their jobs if they don't perform…. Everyone wants more out of them because they have the talent and power to change lives. There is a negative to this as you can see. It can significantly impair your personal health (psychology). Instead, we recommend stoicism in a big way. This will help you stave off all of the negativity being thrown in your direction. In basic terms you're only going to 1) worry about things you can control/change **yourself** and 2) you're only going to take on responsibility for other people when you're certain it won't become part of their livelihood.

The first one is quite easy to master and the second is more difficult. Generally, you'll be interested in getting people jobs, helping them make money etc. But. Once you're forced to fire someone or see their livelihood shaken up, you realize the level of responsibility was quite high. This is fine only if you're certain it is something you can sustain into perpetuity (forever essentially). **In short, happiness is something that is earned. We think it's possible to become an "expert" at being in a good mood all of the time by around age 30. Yes you will still have good and bad days, but we actively avoid unhappy people in their 30s since they should be well off physically, financially and emotionally mature at that point.**

Mental Model Development: While we've given one of the mental items to be aware of (only caring about things you can control), there are many more. The first one is entirely based on you. You should have your own view of the world and how you attack problems. This is going to be your "bread and butter". The only thing that makes someone successful is their ability to capitalize on unknown information or strategies.

Information has several tiers. The first is a fact/strategy that everyone knows (100% worthless and no value), the second is a fact/strategy that 10-15% of the population is aware of (20% useful, good enough for a job), facts/strategies that can only be executed by 5% of the population (high value – Careers are generally in this segment) and finally the golden ticket facts/strategies that only a handful of people know (huge value as you have access to something no one else does).

Going by brute force, if you have no useful skills to offer you'd use the following approach… You read a ton to get caught up on what everyone in the world knows as fact. You then use this to filter down to the "job level" skills. Then you throw 100s of different new twists to the same strategy to break into the top 5%. After that it's all talent. Naturally, if you're an expert in your field, you should have a *faster* ramp every single time you move into a new subject within a similar industry. **In short, after doing one hard ramp on something you have talent in, you should have a specific mental model you use to learn about a new skill. This methodology should be mastered *before* you turn 30. If you're forced to try a million things at age 30, you're going to be working overtime to catch up to the people who already have a mental model that works.**

Personal Relationships: Think long-term. If you have relationships that are over 10 years then those are of value. Anything below 10-years is essentially an acquaintance. This blog has been around for about 6-7 years and we need to stay another 3-4 years before we even consider this hobby a success. Long-term thinking is the only one that has actual value.

The second item is dating which we separate from personal relationships (lots of emotion here). This is an *easier one*, if someone has spent longer than a year or two trying to "figure out" this side of the equation… We'd jump ship. After a short period of learning, you should be able to move on for good laughing at the constant debates over things that don't really matter in the dating field. After this dynamic is figured out the only real question you'll have is "what area of town in XYZ city is good for this type of person". That's seriously it.

Interestingly, we've felt pretty lucky in this arena. Knowing a handful of friends for over 10 years and figuring out the dating dynamics in a year or two is more than enough. **In short, unlike other items we have a 2 year cut off for dating and a 10-year rule for a personal friend. If either of these are problems then there is an issue in terms of choice. And. There could be an issue with the person in the mirror if you're over 30 without a few friends you've known for a decade.**

Concluding Remarks: As usual there are always exceptions. And. We would use this as a good way to *gather* information. If you meet a guy who is rich but lacks in the social realm, only take his business thoughts seriously. If the guy is insecure buying things to impress other people, avoid his personal life advice (they are likely leeches around him for the $$). If a guy has everything you want? Better not waste any of his time or else he'll move on very quickly. That is really all there is to it. Once you're successful the other acquaintances and riff-raff fixes itself. Successful people befriend other successful people because they don't need each other.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Lifestyle Book Preview: Please Add Any Additional Questions/Topics.

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We've officially started the process of writing our Lifestyle/Spending book (will be released in December). One thing we learned from our last 2 products (over the past 7 years now!), is that most people won't take action. Originally, we thought we'd see numerous people come forward with how straight forward everything became but instead we calculated that only 5% of people actually follow through. With this in mind, we're going to give out every single trick we can think of in the spending/lifestyle book. Yes. This will include "performance enhancers" and how to use them properly. Since no one will listen (likely do everything incorrectly), we don't have a problem giving away our formulas.

Overview

Spending Group Snapshot: The front of the book will be the least detailed. It'll essentially explain what you should be spending on if you are making next to nothing $50,000 a year or less and scale all the way up to ~$500,000/year. If you end up making substantially more than this, you'll see that there isn't a big change (all details in the book). Some of it will feel redundant as we drive in a few key points on how to think about spending at a high level. This is done by design. People have different tastes/objectives and live in different cities. Therefore, by providing a high level overview up front people can make decisions faster. Without being forced to ask a question, they can simply refer to the main ideas at the front of the book. As a note, at the very end of the first section we'll provide the order in which people should spend (again driving home the right way to use money).

Groups Covered: The main sections are split up as follows: 1) housing, 2) food, 3) clothing, 4) investment percentages, 5) performance enhancing (after age ~27 or so) and 6) standard partying/travel. Unsurprisingly, a lot of the ideas in the book are extreme (otherwise this blog wouldn't be niche) as the goal is to get rich early enough to enjoy the money. We'll cover the rough spending split into each of the six categories based on assumed annual income. After that we'll give out more details on how each group should scale up (if you're more interested in spending on performance vs. food for example). As a note, it'll be no surprise to anyone reading this, if you're making next to nothing the "partying" category is a complete zero.

Housing: This is always a debated category. The summary section up front is going to assume you live in a high cost of living area. This is the easiest way to start since we assume readers of this blog are looking to enter high paying careers: Tech/Finance/Enterprise Sales. After this assumption we provide alternative "lifestyles" that we've seen work in various cities. Luckily we've already provided the way to invest in real estate (as a third form of income) in triangle investing so we won't have to cover that. Instead it'll give out ideas to maximize your lifestyle without levering up to the point where you're "house rich".

Food: When you're 21 everything tastes the same. Seriously. You can go to spring break and drink cheap beer/tequila without a blink. Anyone in that age bracket is going to think we're "lying" when we say it'll change. This is exactly what we thought when we were 21 as well and it turned out to be completely wrong (come to think of it maybe this is why no one ever takes action or listens). Either way. We'll scale this category up and it becomes an important item to focus on if you're serious about living a long and healthy life. The right diet will be the difference between "Oh my god you're 35 no way!" and "Oh yeah you look 35". No one wants the second reaction.

Clothing: We've already made people upset by announcing that we've flipped to purchasing luxury goods here and there. This is just how it works if you really move up the ladder. We have enough experience reading reactions to know that they work. That said, we're not foolish and would never recommend luxury goods to someone making $200,000 a year for example. It just doesn't add that much value. It may be surprising to many but clothing is probably one of the most important skills to master (not joking at all). There is a time and place to dress extremely well and there is a time and place to wear more middle of the road items. The most obvious example is an entry level interview (leave the Cartier at home) vs. when you're 35 years old going to a deca-millionaires house party (better dress to impress).

Investment Percentages: Our best guess is that this section will be the third most debated piece. The performance enhancing piece and the clothing piece will likely make people the most upset. Why? 95% of men don't know anything about either of them so they get insecure and complain about it. That said, investment percentages will actually unveil how conservative we were in the beginning. We've seen far too much. Your industry could go to zero, your business could go to zero, your health could take a massive set back etc. We lean *very conservative* your first 3-6 years. It just isn't worth the risk and from what we've seen it is the best "risk reward decision". If you do make it to $1M by thirty (which is certainly doable) then you can begin to take more risk. As a final note, we're guessing that people will also be surprised by our "bar-bell" approach to saving once you've got a million or so to your name.

Performance Enhancing: Wow. Quite a large topic. We've tried everything from grey market products to black market products. The vast majority do not work and on top of that *the vast majority take them way too early*. That last part is so important we have to say it twice: *the vast majority take them way too early diluting the value*. If people are forced to use Adderall and other performance enhancers to pass college exams… That's a bad move. At such a young age you only need coffee and maybe a couple of energy drinks for the final exam period. Being an "edgy" blog people assume we started using black market products at a young age. This couldn't be further from the truth since it actually dilutes the value. This is explained in detail in our book and is not a recommendation, but more of a "personal experience" journal. This prevents readers from claiming we're recommending them.

Standard Partying and Travel: We scale this one up pretty dramatically. It starts extremely low where we recommend simply being in shape and going to cheaper places that have a "post college vibe". Why? Well there is no point in trying to act like a big shot when the girls are just as attractive and you don't have to spend as much. It just doesn't make much sense to drop $500 at PHD or Le Bain when you're just starting out. That said, when you're 35 you do not want to spend your time in places where the floor is sticky. For those that believe the women are "older" we have nothing but laughs for them since it just isn't true. The only people who believe this are the ones who never made it.

On the traveling side we also give our view on when to spend up and when to spend down. As an upfront observation, most young people 20-25, end up going to third world countries and date women who would be out of their league in the USA. This is because they are leveraging their status abroad. This causes them to "believe" the USA is terrible and they give up everything to earn $5-7K a month overseas. Unsurprisingly, this is a life changing decision (in the wrong direction) as they can't scale anything meaningful. A smarter way to think about this is "if I make it in the USA I can be rich and date girls of the same quality anywhere I go". Unfortunately, the human brain is trained to take the path of least resistance which is to uproot everything and leave. On the positive side, this decreases competition for you and when you're worth a few million it'll be easy to party and have fun in any city in the world (except San Francisco, San Jose and Seattle since the supply of attractive people is so limited).

The Details

While it sounds like this will be a short product, we're wagering that it'll be longer than either of our prior products (likely very long). Why? We'll spell out each section in extreme detail. By way of example we're going to cover every single performance enhancing item we've tried which includes: Modifinil, LSD, Mushrooms, Coffee, Energy Drinks, Healthy Juices, Fish Oil and a lot more. As another example we'll also include detailed information on how to spend on clothing which scales up from: cheap $10 shirts to custom made suits and designer shoes. The more we think about this the more we realize how much information will be in here since most people get "capped" at around $150-200K a year or so (peak earnings for most).

Since we can't give away everything here we'll highlight a lot of the main questions covered: 1) when to begin buying custom suits vs. made to measure, 2) what occasions are best for maximizing your high end clothing and when to "play dumb" and dress down, 3) the optimal time frame to dabble in performance enhancing items – based on our experience not a recommendation, 4) how much you should be throwing into an investment account per year as a percentage of income, 5) calculating the amount of "downside" you have, ie. If you actually have enough resources to step up spending, 6) how to tell what type of person you're talking to without asking how much they make, 7) when to use hotels vs. AirBnB set ups, 8) what type of things you should think about when scaling your housing – which is also a form of "displayed wealth" that doesn't lose significant value, 9) how to leverage your income in a way that leads to results vs. typical boring rich people who complain that it "doesn't work" and 10) why you don't "act as if" when it comes to money – hint your personality won't match it.

That's the high level overview for now. Importantly, please leave any questions/topics in the comments. We plan on making this quite a large project as it'll be differentiated from a lot of the information we've provided in the past. *As a final note, this will likely be the one major project for the year as we go back to hibernation for another 2 years due to time constraints.* Enjoy the holiday!

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List of Items to Be Aware of For Your 30s

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Haven't done a list post in ages. Also took a hiatus the last two weeks to organize for next steps. Luckily, we're back at it so it's business as usual going forward. That said. We noticed we've moved on from the prior "audience" so this is going to be focused a bit more on the new audience going forward. Just under a decade ago it seemed this website resonated with people in the mid-20s and we've now moved into around late 20s/early 30s in terms of engagement. This is naturally where the separation between the winners vs. losers in life *typically* occurs and we'll highlight the signs below.

#1 Low Stress: People who haven't made it will claim that rich people are "stressed" all the time. No they are not. There are two reasons for this: 1) making $200-250K a year in a corporate job with a family is not stress free, it is extremely stressful and 2) people claim they know "rich" people when the people they are speaking of have never talked to them and are unlikely rich. This is as clean cut as it gets. If someone is in a low 6-figure position they are not rich, they are just "earning more money"… That goes into more bills as lifestyle inflation kicks in for the vast majority. Also. Rich needs to have a definition to it and we use $3-7M in your "thirties" as a good proxy for this.

If someone reaches this quick financial definition of rich and they are still stressed out? Well they are simply *choosing* to be stressed out. Outside of a health issue, having $150-350K coming in without lifting a finger (5% annual return), is more than enough to live a stress free life since you can always work part time to add some additional income. Factually, to get to $3-7M you were likely earning mid-6 figures at minimum so working 20-30 hours a week is not a big deal.

#2 Care Free Attitude: This is a different type of care free from the usual "free spirited" attitude that hippies have in college. When we're referring to care free it is in respect to social issues. If a friend makes more money than you do because he sold something or got a new product up and running, you should be thrilled jumping for joy and offering to buy him dinner/drinks. This compares to your typical average bloke who will complain and say *"he should be more humble"*. Or worse. Complain and make passive aggressive remarks suggesting he didn't deserve it in some way.

Care free also relates to personal life as well. If someone decides to live life as a lothario or with a large family, it shouldn't be of importance to you. At the end of the day, as long as they are set financially, what they do with their own life shouldn't bother you at all. Sure you might not hang out with them as much based on different lifestyles. But. The lifestyle choice shouldn't bother you in any way. Long gone are the days of making sure everyone around you is going down the right path. Once you've made it the decision tree is less relevant as the direction is already correct.

#3 Low Body Fat: We were going to put in "muscular and low-body fat" but the problem is a lot of people who make it go into different types of sports. Skiing is popular. Snowboarding is popular. Surfing is popular. So on and so forth. So we'll go with low body fat percentage. As long as you aren't running marathons with next to no muscle, you're probably good enough with the "low body fat rule". This is a good status symbol particularly once you're over the age of 35 or so. At that point practically no one is in shape.

As a note a good way to have low body fat and maintain solid cardio fitness is through swimming. Swimming is probably one of the best options as it is easy on the joints as well. Two other alternatives are mountain biking and tennis. Anything that requires high amounts of energy expenditure with lower impact (no jumping).

#4 Rich People Problems: Naturally, your friends/close contacts will evolve into having the same "rich people problems". They include: 1) going out and drinking too much wine at dinner every day, 2) too much travel, 3) dealing with real estate issues for rentals, 4) taxes and 5) some sort of time consuming activity they are trying to outsource. Generally, you can figure out what type of person someone is by their closest contacts as well. Essentially, if their friends have "rich people problems" then you're likely talking to a rich person.

Another fun one. Anyone who makes it will have an immediate disdain for customer service. This is probably the worst business in the world and we have no idea how people run hotels. Imagine running a full service product entirely around human interactions based on complaints. These days walking into a hotel to check in makes you think "this poor person has been yelled at 15 times at minimum today".

#5 People Get "Stuck": There seems to be a hurdle around age 30 where most people stop improving. This is due to changing responsibilities stacked upon one another. Not a pretty picture. The easy tell is when they are still talking about the same topics at age 30 as they were when they were in their mid-20s. There is no change across the board. Still talking about making "an extra $15-20K"… Still talking about the "best place to go out"… Still talking about travelling the world. Just stuck in the same circular reference they were in five-seven years ago.

Naturally, the people who are stuck in this range end up becoming bitter. They lash out and claim that everyone else is a liar since their lives are going down the drain. They eventually fade off the radar. The rare ones that make it realize they are in a downward spiral and double or triple down on working out of the ditch while abandoning their current set of friends and lifestyle.

#6 Physical Attention: The smart ones realize their bodies need a lot more attention. If you've been taking care of your body for the last 30+ years you'll notice the physical slowdown at around 30-35 or so. Please don't message about "drug use" to offset this. If it were possible to beat father time, professional athletes would be playing well past their 40s. This doesn't happen. Athletes are forced to retire.

Physical attention changes commonly include: 1) skin care, 2) massage therapy, 3) laser treatments, 4) creams/serums, 5) botox injections etc. There are many ways to fight the clock and most will be using at least two of the mentioned items here. This doesn't even include the more extreme hormone replacement therapy that is becoming increasingly popular.

#7 Avoid Unhappy People: This is the only "superstitious" item we're involved in. If anyone is throwing negativity your way or appears to be negative (life going in the wrong direction). Run away. Don't try to throw a life saver out there, simply jump out of the way and move on. There is something strange about momentum in the sense that negative energy can certainly cancel your positive energy.

The only difference here (when a life saver is worth it), is if someone is moving in the *right* direction but just can't get over some hurdle you can help with. This might be worth your time. So go ahead and help in these situations as the person is in purgatory. If it goes negative in a big way or positive in a big way you'll know within a few short months anyway. Newton's first law of motion applies to life: "A body at rest will remain at rest, and **a body in motion will remain in motion unless it is acted upon by an external force**." Do not use your energy and time to change the motion, simply help the motion that is already going in the right direction.

#8 Net Worth Loses Its Meaning: At a certain cash flow threshold, net worth becomes a game of "greed and prestige" and less about your day to day life. This is why being stressed out and unhappy is a choice if you're able to get rich. Sounds crazy but it really does happen. You end up being more focused on your cash flows as the "digits" on the screen are not usable unless you sell. You'll also have several investments that are not immediately liquid (like private company investments) so you're going to focus more on your cash flow. If we could do it all over again, we would have focused entirely on cash flow generating investments until a number was hit then worked on private investments after that. Live and learn.

#9 Smiling and Nodding Increases: If you already know this trick, it's going to become more and more common as you get older. Arguing with people is just not worth your time. Simply smile, nod agree and delete. This is something that will happen more and more. In fact, we'd say it increases at an exponential rate. After you're 30 or so the amount of useful "information" decreases substantially. People are set in their ways so you're better off finding interesting people that don't reiterate the same talking points you already know (or worse… information you're sure is false).

#10 Emotional Stability: Not sure how else to describe this. By this point you should have already seen a wide range of emotions from immense failure to immense success. Since you've already gone through the wild swings nothing really changes your mood. People can be rude or nice to you and neither of them really change your day. At the end of every night you wake up knowing that everyone else has to go to work for a living and suffer in a position they don't want to be in. This alone makes it difficult to ever be upset when people are mean to you specifically. The war is *already over* (you're on the right side) so no reason to give these people the joy of seeing your emotions change. Simply laugh at the pettiness and leave.

#11 Dating Gossip: This is probably specific to this side of the web. We just don't have any interest. If some guy or girl is struggling in the dating category we think it's laughably sad (like a 10 year old trying to arm wrestle a professional football player). Something happens here. There is an *enormous* chasm between the rich people with solid social skills and the ones that legitimately struggle with women despite being wealthy. It has reached a point where we really can't offer solutions. If a guy/girl was able to become a multi-millionaire but still struggles with the opposite sex… we have to bow out. They became successful the hard way (trial, error and effort) but think there is some special formula for dating/social skills. There isn't and there never will be. Lift heavy things, dress extremely sharp, go out frequently and talk to everyone in a fun and exciting manner.

For those that haven't noticed, we actively delete all dating related questions now. We find them repulsive and sad at this point. In a rare twist of fate we have the same reaction that women do to guys who struggle with this stuff! Funny how that one turned out. Women's intuition was correct, if the guy is desperate enough to ask the same questions all the time he's just not a good person to date anyway. Yes we know, you have to learn and ask at some point (everyone is a beginner). But. At 30+? No thanks.

#12 Interest in Food and Drinks: As you get older your taste buds will evolve. You're not going to look at menu prices for dinner since the $5-10 difference is not important. What will happen is a change in your quality of food. Going to lower quality places is just not going to be worth it. Better to go to a nice place or eat at home. The middle of the range places are just a waste of money and time. They are a waste of time as they unlikely open doors (wrong clientele) and it's a waste of money as high quality food at home is certainly better. To wrap up the topic, when you do go out to drink you're not going to order "well" drinks. It's going to be a specific brand you like that is going to cost a few bucks more. Also, more champagne vs. wine.

#13 Outsourcing Everything: As noted in the prior points a key move is outsourcing. Moving from doing things yourself to increase returns to becoming more hands off to increase free time. This is a natural transition as no one wants to spend more of their time dealing with "back office" type responsibilities. Anything that can be outsourced will be outsourced as long as it is cash flow positive. For the nit-pickers, no this does not mean you make your returns go to single digits, it means you take a ball park estimate of the cost to outsource and divide this by the amount of time you waste on the activity.

#14 Focus on Sleep: While we've mentioned the physical strength/speed decreases in your 30s, the sleep impact is significant. When you're in your 20s you can take multiple red eye flights in a year and come out unscathed. Try to take poorly timed flights in your 30s and they can ruin your entire day or more. Not a pretty look. Getting into a rhythm becomes more important as it has a meaningful impact on your productivity. We're not obsessed with the exact time you wake up or sleep, just make sure it is consistent.

#15 Significant Change in Travel: Ideally you'll have a lot more flexibility with your schedule. If you're still forced to travel a bunch one thing you'll have is a "list" of cities where you'll purposely adjust your schedule to spend more or less time in. You won't be spending your time "asking around" for the best places to go. You'll have the "go to spot" list and you'll have the "get out of here as fast as possible" list. Not much beyond these two since your "exploration" years will be largely complete by this time. In the rare case that you're going to a brand new city that might be fun, go ahead and assume it'll be a "go to spot" so it gets the attention it deserves.

#16 The Peak? Unsure if this is the case but there are a lot of benefits to being in your 30s. Ideally you're rich, in shape and have the time to enjoy both of those two items. The guys in their mid-40s who made the right decisions also say that this can continue for quite a long time. Not sure if this is true and will have an answer on the topic at age 49 (if this blog exists – unlikely). What we can say with certainty is that your 30s are 100x better than your 20s assuming you made the right decisions. And. Your 20s were 100x better than college so you get the idea already. Exponential "parabolic" growth.

#17 Edge of Technology: One significant thing to be careful of… do not fall behind the times in terms of technology. This is going to be a large wealth accelerator for you. In this age bracket you'll now have enough "funny money" to throw sizable amounts into higher risk higher return investments. Most people in this bracket end up ignoring new tech and stick with boring stable investments. We're doing the opposite. Once your cash flows are well above your standard of living we'd go ahead and swing on the high tech items. Also. It makes you more competitive long-term with your current business/profession.

#18 Avoid Politics: They are not worth the hassle. Unless you're going to directly make money off of it, there is no reason to get involved. Seriously. The only good thing about politics is that it can be leveraged to make friends. If someone leans left, lean your social views slightly left without saying your position. If someone leans right, lean other views right without revealing your position. People are incredibly emotional when it comes to politics. We know what that means. It is a colossal waste of time. Just like television.

#19 Increase in "Standard" Entertainment: Since your time frees up a bit, you'll likely pick up a small entertainment habit. It could be as simple as a Netflix show or operas. Who knows. Ours has been sporting events for the fun of it (Games, fights etc.). This actually helps interactions on a day to day basis as you have a pulse on something that is more commonly talked about.

#20 Table Setting to Get to the Next Level: This last one is really for the people who have made it already and is a bit of an inside joke. If you make it and you're going to go out and meet people "above your wealth range" the immediate thought in your head is "how to i bring something to *this table".* Since they are richer than you anything that can be bought with money at any public venue carry no value (champagne, bottles etc.). You're really left with the two age old bartering tools: ___ or ___. If you know you know.

(No longer approving answers to the blanks you either know or don't, some of the answers were so off it was painfully hilarious though!)

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Locking Down Places With No Girls

An interesting topic and is necessary for anyone looking to improve their lives. A commenter read our post on the importance of becoming known at your favorite spot within a short cab ride of your place. So how does one become known quickly without the hassle of having a harem already? Please read below for the walk through for beginners.

1) Find a Food and Dance Joint. The ideal place is a food venue/dance club. This means they serve food, however at night it turns into a night club. The reason why is you can practice getting to know the people before the club gets rocking and you can also leverage your new notoriety when you eat at the same venue as well.

2) Dress Sharp. If you are not a multi-millionaire you don't need to wear a $5,000 suit, simply dress slightly above the clientele at the venue. If everyone is wearing jeans and polo shirts, you're better off with a button down and fitted slacks. If it's a grimey hipster spot, a clean v-neck and fitting jeans will be just fine.

3) Enter With Positivity. Walk in the door and smile, immediately find a bar seat that also will serve appetizers from as low as fries at a low-end spot to as high as oyster shots at a high end spot. As soon as you walk in solo if you are well dressed the initial interaction will be curiosity instead of pity.

4) Find Men and Tip Before Service. You read that correctly. Go online and see the prices of the food if you know you'll be spending $50 on the food, take out $30 and throw it on the table. ***You **trust** their service so you are tipping them upon hello.*** This leads to a natural conversation later. Men will be shocked at your generosity, usually only attractive girls receive such attention. But you don't think like everyone else.

5) Name, Where, When and How? This is the structure to your bar conversation. You start with their name and quickly ask where they are from. **listen carefully** attempt to make a positive connection with their hometown. If you have not been there attempt to make some sort of positive connection anyway. If you've never left your three block radius of your home… You got work to do.

6) Relax. Sometimes, when we are out of our comfort zone, we can easily revert to being an introvert (aka a loser). Remember, *immediately* become lose and funny (and/or charming) in your new environment as if you were surrounded by your closest friends. People in the "night industry" most often forget names – and understandably so, so building rapport quickly is important. Remember, it is important to have a vertical approach, from door man to hostess to bartenders.

7) Remember Their Names Too. Yes we generally all suck at this and it needs to be repeated. Immediately (within 5 sec) after meeting people in the industry, we jot down their names in Evernote, or notepad. How does this come in handy? As the night progresses, and you meet prospects, offer to buy them a drink. If they accept, go to your new bartender person, quickly introduce her to the bartender "hey Mike (bartender), this is Lisa (whatever)", as if you actually know the bartender well. Now you're laying the foundation to establish relationships (vertical approach), a routine (random girls) and **status**.

Even if they left and dislike it, attempt to make one positive association. When was he born? If his birthday is coming up you're in luck. Take out that fancy iPhone, add his name and calendar alert for birthday. Everyone no matter how "cool" they are enjoy being wished a happy birthday.

That about does it guys. As you all know, when we get to 500 Twitter followers we will be doing five **Free** resume reviews once the threshold is broken.

Slay on Slayers.

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Looking at the Bright Side of the Lock-Down

Looking at the Bright Side of the Lock-Down

Now that we're getting ready to re-open the economy it's time to look at the bright side. Even if your company has decided that it will reduce pay and allow workers to choose their location… that means you have no excuse for a second form of income. In addition, you have a chance to choose the people you surround yourself with (no excuses if you decide to move to Antarctica and live in an igloo). The main benefit is undoubtedly the ability to work on your second income stream with zero and we mean ZERO excuses. So we'll start there.

Second Form of Income: Once the lock-down started, anyone with an online presence saw massive numbers. Every day felt like Black Friday/Cyber Monday and you were able to generate a half of year of income in a single month (or less). This then declined (as expected) but remains above normal levels in 2019.

With the preamble out of the way, this means the "total market opportunity" is now larger. It doesn't matter if the economy opens up tomorrow, a chunk of spending has moved online for good. Some individuals and companies will decide to work remote permanently. This means more people will browse products online and more people will shift spending from retail to online. We doubt there is much argument against this, outside of the initial spending ramp when people go and party to celebrate the end of the lockdown.

Take a big picture view of this. If you know one market is going to be bigger due to a work from home environments… which one should you enter? The one that's growing or the shrinking one (Online Retail is around $600B and Total Retail is around $7,750B)? Isn't really a competition. Follow the money. Not only do you have zero commuting time (1-2 hours for many people, 5 days a week) but you also have significantly less oversight. Hard to micromanage someone from a different office/home. In fact, we wouldn't be surprised to see people reporting to individuals located in entirely different cities long-term. Oh and as an added bonus, you have access to all of your personal devices which removes all possible complaints/excuses forever.

If you are making money online and your investments are also liquid… You're in an incredibly advantageous position. States will compete for the best companies and workers which means you can pack up and leave without a single tax form to worry about. This is directed at the older readers. If you were illiquid before, you probably want to be more liquid for the next 5-10 years.

As a final message, if you're serious about getting rich you should always choose to work from home at slightly reduced pay. Why? This gives you more than enough time to work on your side projects. While you will likely lose some career progression (office politics), the upside of equity in your own business is 1,000x more valuable. It isn't even close.

Significantly Expanded Options: Before, we recommended fixing watches, iPhones etc and using this to fund your internet venture. Congratulations. You can now do all three without skipping a beat if you work from home. This is beyond easy at this point. During those pointless corporate conference calls you can fix a phone or watch and make sure that you listen for key words during the "catch up". This is an incredible opportunity as you no longer have to juggle everything behind the scenes. Before, you had to bring a personal laptop with a hotspot and use it during dead times. You had to hit the classic "windows + D" button rapidly to hide your screen and you needed to hit "Alt + Tab" to rapidly change to fake business PDFs that you were "reading" while on the clock.

All of that is now out the window. You can easily work a regular white collar job, work a time for money exchange while on the clock and on top of that… You can fund your online venture. We know that some people are working like dogs as their managers ask them to do hundreds of tasks while they try to keep their jobs… but… this is going to normalize at some point. When it does, you should be ready to go with either a e-commerce/internet business ready to ramp or a time for money exchange if your cash flows are too low.

Reduce Recurring Expenses: This is another major benefit. While you may balk at the initial pay reduction your employer offers, you should do the math on a post tax basis. Look at the following: 1) commuting, 2) gym memberships, 3) dining out expenses, 4) annual tax payments and 5) dry cleaning/other daily work expenditures. While these may seem like small amounts of money, they will *more* than make up for the reduction that the Company offers. It's pretty difficult to offer a massive reduction in pay if you are trying to encourage people to work from home (the employees should be smart enough to realize the firm profits by reducing operating expenses).

Expenses are also reduced through a higher variable cost structure. If you're fresh out of college and you work 60+ hours a week, it is difficult to keep the budget in-tact and maintain a normal/fun social life. At this juncture, even if you're down 15% or so, you can take your food costs down and maintain (or increase!) variable entertainment expenses.

Increased Health and Autonomy: Once the economy opens back up, many will find that they didn't "hate" their jobs or careers. They hated the constant micro-managing, the politics and the inflexible work schedule. This will change and we wouldn't be surprised to see a happier work force. The one downside is that the average person will become lazier and more obese/out of shape.

Huh? Didn't we just say increased health? Well we put them together because we're referring to the readers of this blog. If you've found this blog and were able to take action as it relates to improving your life, the chances of you being out of shape is actually lower. Yes you, person reading this blog. In a scenario where you are now working from home, the number of excuses you can make for staying out of shape goes to zero. So if you were in mediocre shape before, you're going to be in great shape now. Cardio is now changed to calm walks in the park while on a work phone call. This improves your health as you focus on your basic at home gym set up as well. Can't get much better than that. You've cut commuting costs to zero while simultaneously replacing that time with healthy living.

Improved Social Life: While the current environment is difficult, we predict healthier social lives after the lock-down. This is because you're going to have more control over who you hang out with and why. Before, many workers complained that they "had" to go to these after work events or happy hours etc. Now? Not so much. Difficult to have chatty drinking hours when you're at home. Zoom/web based meet ups will certainly exist, however, they are likely going to be shorter as each individual has to talk until there is an awkward pause.

Now many of you may be thinking "how do i meet new people". Well in that case the news is even better. Since you won't be forced to go to events anymore, it means that you will choose your social destinations every single time. In addition, if you're doing networking right (which means become valuable and avoid all networking events), you won't need to go to many conferences in person as many will move to a virtual format. This is simply incredible.

You can build your own platform at home, go to the local bar/club that attracts "your type of people" and reduce travel expenses until it is absolutely necessary. If you took advice from this blog and have any sort of affiliate income (at minimum) you're going to make more money, save/invest more of it and see an increase in your quality of life over the next 5-10 years. As usual, when we look at the standard of living over 5-10 year frames, it goes up. This time? You're going to get that increase in a single year or two. A "Step Function" in lifestyle improvement.

Shift to Clear "KPIs": A KPI is a "key performance indicator" which is a fancy phrase for "how do we prove this person is generating value". Since we can track performance by sales/results in a more digital world, this means you get to show off all of your skills. Instead of having dead-weight in an organization, the firms have realized that a large chunk of their workers were quite literally doing nothing. This is a great opportunity for you to show your worth and prove that you're generating profits for the firm through clear signs of production.

For those that already have an online business, this is similar to online advertising. As you know, online ads are hundreds of thousands of times better than any other form of advertising. Not because of its effectiveness but because of its transparency. Instead of wondering if a campaign had impact you have proof. Click, convert. If it does not convert and the cost of the click outweighs the sales… It's time to fix it or move to a new idea. This doesn't work when you're advertising on TV or with billboards. There is no accountability in those situations.

Increased Privacy: For the younger readers this is less important. Younger people are more interested in hooking up, going hard and attracting as much attention as possible. As you get older and wiser, this changes and you prefer privacy. Or at minimum, the choice of privacy (even extroverted wealthy people own a Cabin for ski trips or a vacation apartment on an island).

Upward Mobility: While most will focus on the near-term headaches (pay cuts for moving to lower cost areas), we have to take a 5-10 year view. Keeping it simple, if rent in the major city was $3,000 a month and outside of the city it was $1,500-2,000 a month… Eventually this spread will tighten up. Major cities will likely claim rents that are still higher, say 25-40%, however, it won't be the 50-100% difference that we see today.

What is the conclusion here? As cost of living across the USA balances out, it means that the perception of working from home will also decline. So while we agree that the first 3-5 years will negatively impact people, the years after that will cause companies to adapt once again. Difficult to claim "cost of living" reduction in pay, when the cost of living becomes more balanced across state lines.

Concluding Remarks: Are you excited? You should be. 1) better quality of life, 2) more autonomy, 3) more performance based work, 4) easier to control your schedule, 5) ability to cross state lines, 6) ability to maintain better tax structures and 7) significant long-term reduction in office politics if you're in that position at this time. If we wanted to be ultra competitive about it, we'd highlight loss of competition as a lot of people have to start over but that's over the top (it is a true statement, many smart people got wiped out). If you thought it was easy to get ahead in 2010 to 2020… Wait till you see 2020-2030.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Ludvig Sunström and Mikael Syding Present: Breaking out of Homeostasis.

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This is a guest post from Ludvig Sunström. Ludvig is the author of *Breaking out of Homeostasis*. Together with former hedge fund manager Mikael Syding, he hosts the popular Swedish business podcast "25 Minuter," which has been ranked #1 on iTunes several times. His content has been read and listened to by millions of people. You can read his blog is at: www.startgainingmomentum.com

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You should live your life like it starts at age 30.

Why age 30? Because before age 30 is when your brain is at its most malleable and your body at its peak, in terms of energy levels and adapting to change.

This has to do with a bunch of physiological factors. Three big ones are that: (1) homeostasis grows in strength with age, weakening your body's tolerance to stress, (2) dopamine levels go down in the brain, making it harder to do creative work for long bursts of time, and (3) testosterone levels decline, lowering ambition and energy levels.

To make up for this natural decline, you want to maximize for the health of your brain and body after age 30.

This article is divided in two parts. The first part lays out helpful guidelines for how to live your life and manage your career up until age 30, while making use of the advantages of a youthful brain. The second part is about how to engineer your lifestyle for high mental engagement after age 30.

Part 1: Before Age 30 You Want to Maximize Your Chances of Becoming a Pioneer and Financially Independent

"A man's character is formed before he is 30."

–**Napoleon**

The older you get, the harder it becomes to change.

Carve Out Your Character: Be Who You Want to Be By 30, or Else. . .

Napoleon said it. Lee Kuan Yew agreed. Neuroscience and biology indicate it, and I believe it.

The brain—including one's personality, habits, and worldview—is most malleable before the age of somewhere around 25-35. So let's call it age 30.

The philosopher William James (who lived between 1842 and 1910) wrote much about the phenomenon that we now know to be ***homeostasis***. At that time, science had little information about the brain, the endocrine system, and the formation of habits. Still, James wrote:

"The great thing, then, in all education, is to make our nervous system our ally instead of our enemy. It is to fund and capitalize our acquisitions, and live at ease upon the interest of the fund. For this we must make automatic and habitual, as early as possible, as many useful actions as we can, and guard against the growing into ways that are likely to be disadvantageous to us, as we should guard against the plague."

The big idea is to push yourself a little harder than what feels comfortable while you're young and extra malleable. Then, when you're older, it will become easier for you to go that extra mile and stay resilient to stress.

Broadly speaking, you want to: 1) Use your brain as much as you can, 2) Delve into new areas of knowledge, and 3) Deliberately incur stress on yourself and raise your pain-tolerance,

Sounds easy, except most people don't do it because it goes against ***homeostasis*** (which wants you to stay in your comfort zone and perpetuate the body's current feedback loops).

Craft Your Career**: How to Maximize Your Youthful Brain and Become a Pioneer**

Historically, most new inventions or innovations have been made by young people, typically no older than 30 years old.

The science philosopher Thomas Kuhn said, "Almost always the men who achieve fundamental inventions of a new paradigm have been either very young or very new to the field whose paradigm they change."

This is because young people are less cognitively blocked by outdated information from previous paradigms, and they have a higher degree of raw creativity. For example, consider these incredible achievements by young pioneers:

As an interesting side note: We just interviewed Nicholas Sundén-Cullberg, the co-founder of Lendify (one of the fastest growing fintech companies in Sweden), for our podcast. Nicholas was 30 when he quit Morgan-Stanley and started Lendify. The goal is to create a new segment for the Swedish financial market through peer-to-peer lending and it’s going well for them so far.

Anyway: This doesn’t mean you’re screwed if you haven’t created your magnum opus by age 30, but you need to understand that *innovation* becomes more likely than invention as you grow older.

Most “Post-30 Successes” Happen in Complex Fields

There’s a strong historic trend that people who succeed big (and become very rich or make a ground-breaking discovery) after the age of 30, typically do so in a *complex* field.

In slower-moving (established) fields such as business, politics, or older branches of science, you usually need to learn a lot more before you can contribute something new.

Will this trend go on? Yes. And it will only grow in power, because the bar continues to be pushed up higher in almost all existing areas of life.

Ever since the time of Isaac Newton (mid-17th century) the combined knowledge of science has roughly DOUBLED for every year. This means that every generation of scientists has had to solve more difficult problems than the last one.

In Newton’s time there was just *one* branch of science: Natural Philosophy. In 1995 there existed roughly 10,000 fields of specialty. No one knows the exact number today, but it’s a *LOT* more. If you’re a devious scientist, you can just make up your own title.

In 1905, Nobel-winning physicists (on average) made their breakthrough discoveries at the age of 37. In 1985, the corresponding age was 50. In chemistry, the age increased from 36 to 47 during the same period, and for medical scientists the age rose from 38 to 46.

This leads us to two implications: 1) It’s taking longer to become an innovator in the established fields of science because the basics—that you have to know just to keep up with others—are expanding and 2) By simple reasoning of supply and demand, we can see that for as long as the trend of over-specialization and increased complexity continues, there will be a premium on synthesis and the creative combining of existing ideas. That is: *innovation* over invention.

Pop culture scientists don't invent anything new, they just popularize existing knowledge. I bet you 9 out of 10 people know who Neil Tyson Degrasse or Michio Kaku is, but don't know who John von Neumann is. I'm sure you can think of many similar examples from areas you are familiar with… Now consider "Cognitive Behavioral Therapy" or "Cross-fit". Nothing new there for anyone who knows even the basics about psychology and fitness. Yet, both are remarkably successful franchise concepts.

Career Conclusions: Enter a New Area or Go With the 2X Rule

You should put yourself in a position where you have incentive to learn as much as possible. For example, by becoming a free agent, an entrepreneur, or by working for a small company where people let you execute on your ideas freely and you're given a lot of responsibility.

If your interests are not related to business you should get involved in some (scientific) field where you have the opportunity to pursue your curiosity unhinged by bureaucracy, ideology, obsolete tradition, regulations, and other things that put your brain on a leash.

However—statistically speaking—the chances of you entering a new industry are low, because the school system is set up in such a way as to train you for the old established industries, where it's harder to make an impact. School does not help you become an inventor or an innovator. Or an entrepreneur for that matter.

Assuming you're under 30 and entering an established industry, *you should follow the **2X Rule.*** This means your wage would have to be up to TWICE as high in order to justify working in an old industry or for a large hierarchical organization.

Let's assume you don't care about becoming a pioneer, an inventor, or an innovator; all you want is to make a lot of money and live the good life. Well, you should *still* go with the ***2x Rule.***

Why? Because most of the money being made right now (and in the foreseeable future) is in fields with new and fast-growing niches. These have a common denominator: most are in the intersection of science, finance, marketing, and online. To stereotype, let's call it "Online X".

The thing about "Online X" is that it's a complex field; you need to understand how multiple pieces of the puzzle come together. This means you need either a strong talent for synthesis or (most likely) a couple of years' experience before you stand a chance of making the big money.

So, the conclusion is pretty much the same: Try to get a head start and be willing to pay a premium for a steeper learning curve.

Now, let's look at what NOT to do.

Top 3 Career Mistakes to Avoid

Do not: 1) Have a career in a field you're not interested in, along substandard coworkers. 2) Go into an established industry or a bureaucratic research institution. 3)Take a monotonous entry-level job with low incentives for initiative (in exchange for a slightly higher starting salary). This is like shooting Future-You in the foot.

If you can just stay away from these herd behavior choices, you'll do more than fine.

However, if you feel like maximizing. . .

High Probability Area of Success #1: Sales/Autonomy

Work in a small organization where you are given relatively free reins, so long as you provide results.

High Probability Area of Success #2: Top-Tier Firm

Work in an esteemed corporation/organization where you can learn from some of the best in the industry and gain valuable insights not easily available elsewhere (this is what Nicholas did).

High Probability Area of Success #3: Pioneer Path

Enter a new industry or field of research.

High Probability Area of Success #4: Free Agent/Entrepreneur

Become self-employed as soon as possible *if* you can combine it with maximizing your learning.

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Assuming you've taken one of these paths, and you've been able to put yourself in a position of power and upward acceleration by the time you're around 30, what's next?

Part 2: After Age 30 You Want to Maximize for the Health of Your Brain & Body

"When I'm bored, my sense of values goes to sleep. But it's not dead, only asleep. A crisis can wake it up and make the world seem infinitely important and interesting. But what I need to learn is the trick of shaking them awake myself."

—Colin Wilson

The Four Pillars of Wakefulness

When you meet older people—over the age of 50—the first thing you notice is their level of energetic vitality; are they wakefully alive and mentally engaged, or are they subdued and passive? The biological tendency is toward the latter, and the extent to which a person is able to prevent this decay has to do with consistent upkeep of *the four pillars of wakefulness*.

The four pillars are *novelty, variation, randomness*, and *goal-orientation*. They are the main controllable forces which stimulate dopamine-release and keep your prefrontal cortex activated. They allow you to sustain a state of wakeful concentration throughout the day.

Here's how I define each pillar:

- **Novelty**: Being exposed to new stimuli (people, environments, foods) or learning new things.
- **Variation**: Varying, changing, mixing, or shocking your routine behavior in some way.
- **Randomness:** Everything that manages to break the expectations of the neocortex's predictive ability. Like humor or the unlikely outcome in a presidential election.
- **Goal-orientation:** Adjusting your behavior and delaying gratification in pursuit of a chosen outcome that is experienced as rewarding or meaningful.

[Your wakefulness and mental engagement can be likened to a temple held up by four pillars. If you do not tend to the upkeep of the pillars consistently, they will weaken and the temple will fall apart.]

Let’s look at how these four pillars act as strong motivators for different situations in ordinary life.

1. Novelty: Why Kids Are the Pickiest of All Consumers

Guess which is the most fast-changing industry when it comes to product innovation? It’s not computers and microprocessors. It’s the *toy* business!

Children get bored quickly. They are picky consumers who don’t put up with the same toys for long. For toy manufacturers to adjust to this, and keep up the production cycle, toys generally come without a return policy.

The reason children want new toys all the time is because their PFC is only in a rudimentary stage of development, with novelty being the main stimulatory force. When they get older, other functions—like decision-making and concentration—improve, and they become less reliant on *just* novelty.

2. Variation: How Christopher Nolan Got Famous Actors to Star in His Movies When he Was Still a Nobody

Christopher Nolan is a successful director who knows a lot about making popular movies. For instance: He knows that movies are an economic gamble and that getting a famous cast is the #1 factor in determining box office figures. So he makes sure to get A-list actors to star in his movies: Al Pacino in *Insomnia*, Leonardo DiCaprio in *Inception*, Christian Bale in *Batman*. The list goes on.

The question is: How did Nolan attract actors of that caliber when he wasn’t famous? He did it by targeting soon-to-be stereotyped actors and offering them a welcome variation in their work. (And probably also without them having to compromise their position by stepping down in pay-grade.)

Those actors were BORED, but they rationalized their boredom as a necessary evil in order to maintain their esteemed careers. When they laid eyes on Nolan’s script, they thought, “Oh, this is a chance for me to remain as a lead, but try out something new and exciting, and keep from being typecasted!”

3. Randomness: Why We Don’t Want to Know What’s Going to Happen

While we’re on the subject of movies, I should tell you that there’s a western film from the 90s called *The Quick and the Dead.* It features Russell Crowe, Sharon Stone, Gene Hackman, and a young Leonardo DiCaprio in the lead parts.

The movie has a simple plot: You have a bunch of shady characters who’ve traveled to a western saloon town to take part in a dueling competition. Whoever draws their gun the fastest and shoots the other duelist wins the bout. Hence, the name of the movie.

What makes this movie stand out is its characteristic “bell-scenes”, which take place before each duel. And there are many duels, probably around 20. Now, it’s not that the bell is interesting in itself, but that its ringing sound becomes associated with the anticipation of not knowing what will happen next. *Every time the bell rings you wonder who’s going to die*.

This type of randomness can be addictive. This is why Homeostasis Dwellers (who lack self-control) are drawn to slot machines, video games, gambling sites, online news feeds, and secret new methods of speculating in the financial markets.

It’s also why people like to watch sports—especially fast-paced sports like basketball, fighting, and race sports—where it’s hard to predict what’s going to happen next. The revenues of Formula One went down like crazy during the period of 2002-2003 because the viewers (correctly) expected Michael Schumacher to win every time, and stopped watching.

4. Goal-Orientation: Why the Spartans Were Happier Than Many People Today Are

In many religions, there is a strong tradition of asceticism. Non-thinking followers are led to believe that abstaining from their desires will lead to them becoming more “holy”, which in turn will lead to something good. But they’re mistaking the cause for the effect.

It’s not that abstention and asceticism by default lead to a happy and meaningful life; it’s that having strong goals and convictions ***allow for*** these things to become meaningful. This is because delayed gratification in pursuit of a goal stimulates dopamine to the prefrontal cortex.

So when people today look at the Spartans and think, “oh, poor things, to be forced to live like that!” they’ve got it all wrong; the Spartans had a strong culture, a simple hierarchy, and clear convictions. The more likely scenario is that they derived a great sense of meaning and purpose from their ascetic practices.

Also: When we think about the Egyptians—and what an achievement the Pyramids are—we should think one step further, and ask ourselves how they were able to construct a society where the belief in an afterlife was perceived as so meaningful that they willingly suffered the opportunity cost of having tens of thousands of slaves working on something non-productive for hundreds of years.

What The Four Pillars of Wakefulness Mean for How You Should Live Your Life **1) Novelty:** Is most easily available when you’re young, but it’s available later too for anyone who has at least a modest interest in learning, traveling, and experimenting. **2) Variation:** Is the easiest of the four pillars to tend to, because not only is it wholly under your own control, but it’s also the one that you’re least likely to engage in by default. **3) Randomness:** Becomes less available the older you grow, assuming that you’re getting wiser with age. Either way, it’s hard to infuse extra randomness into your life in a healthy and sustainable way (you don’t want to watch sports or gamble, but you might consider becoming a venture capitalist). **4) Goal-orientation:** Remains at about the same level of control all throughout life, theoretically. But, in practice, it's easier for most people to come up with meaningful goals when they're young and haven't achieved much yet.

Important advice:

Make a list with these four columns and add items to it continually over time.

This is a natural way to increase your baseline levels of intrinsic motivation. It's most important for people older than 35 and for those who sit by the computer all day and don't get exposed to a variety of different stimulation.

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This article was adapted from my new book ***Breaking out of Homeostasis****: Achieve Mind-Body Mastery and Continue Evolving When Others Stagnate*.

Breaking out of Homeostasis is the book to read for young men in a hurry to succeed but also for those who are in the middle of their career and feel like they're stuck in a rut, or those who've made their fortune and want to improve their health and life quality.

It has received positive praise from people such as European hedge fund manager of the decade Mikael Syding, fasting innovator Martin Berkhan, and finance billionaire Martin Sandquist. You might like it too.

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Making Smarter Long-term Decisions (Q&A Announcement)

Making Smarter Long-term Decisions (Q&A Announcement)

The pandemic has shown the world that the vast majority are unable to make solid long-term decisions. This ranges from the purchases they are making today to the purchases they made prior to the pandemic. Quite interesting to watch as the same mistakes occur year after year after year. The good news? You don't have to worry about a sudden change in human behavior. They will always make the same mistakes. So. You can sell products that are evergreen (weight loss pills, fast track to riches seminars etc.).

Instead of covering the best sectors to sell to (which we have done numerous times in the past), we're going to focus on how to make smarter long-term decisions. For successful people this will seem incredibly obvious. For those that are currently making bad long-term decisions they will stand out like eyesores when you go back and check your spending.

Time Comes First: Before jumping into each specific segment, we have to look at the time factor. The items you can attend to will vary based on your current constraints. If you had to travel a lot for work, having a pet dog would be incredibly foolish as the dog would live a terrible life and you wouldn't even be able to spend time with your best friend. Also… If your time can be spent at home, it would be unwise to invest in entertainment options that require a lot of travel (say season tickets to a sports team if it's over 1 hour away – a more common example would be the season pass to an amusement park). Any time you make a decision you have to look out 2-3 years and see if it makes a difference. Many times it will.

The second big one is the *wasted* time, or opportunity cost. This one is also common. If you're only worth $1M liquid and you can choose between a 10% extra return or starting a business that generates $100K+ extra per year for life… it isn't even close. You're better off just buying diversified items and building up that mini dream of yours. On the other side of the spectrum is quick decision making. If you're wasting time deciding what to eat, you've already lost. Just go with the healthiest option and if they are both healthy, go with the closer/faster one. If they are all equal then just flip a coin and move on.

The third and final one is "time risk". If you sink your time into something, ask what the upside and downside of the decision is. If your friend asks you to eat dinner at some new restaurant, just say yes as the downside of having some food you dislike is pretty much nothing. If your same friend asks you to get blacked out for a weekend it might not be worth it (exceptions of course include a bachelor party or some sort of real celebration – sold a business/got a promotion etc.). Overall, these three types of time risk sound similar but look different depending on the time frame. So for this section we'll look at bigger long-term decisions that are critical to making your life easier.

Home Ownership: First of all, congrats to everyone who liquidated their real estate holdings in December of 2019. Talk about incredible timing. That aside, we've watched as homeowners make awful decisions during this pandemic (despite knowing they won't be stuck there for longer than 3-6 months). Here are a few examples: 1) trying to build a garden when they won't be able to maintain it after the lock down, 2) purchasing a pet when they also won't be able to take care of it in the future and 3) attempting to fix real construction work without the necessary skills creating additional costs in the future.

You'd think these bad ideas would be obvious, but they are not. People are lazy. All a person has to do is google search the type of trees/bushes/flowers that grow in their climate before making a purchasing decision. And? They don't. If you decide to do landscaping, you don't even need serious knowledge in horticulture. It is perfectly fine to upgrade your home… But why would you create something that will die soon? It doesn't make sense. Instead look at around, do some basic research and figure out which types of plants will do well. This will make your activity a lot more productive and when you're back to normal living, the hard work will not be wasted.

The second one is simply terrible. Adopting pets is fantastic… Not being able to take care of them is just cruel. Pets are popular in US culture as they are loyal to their owners even if they go from living in a large home to a small one. There is no standard needed, except food, water and the absence of abuse (neglect/hitting). We're hoping the ramp up in adoption is being met by an understanding of a 10-15 year commitment to keeping the animals in a good physical state as well. (Don't forget the pet-sitter when you're on vacation!)

Finally, the third one is the big money drain. While losing a few bucks due to poor planting is one thing, messing up major construction work is another. If you don't have the necessary skills to fix a kitchen… Don't fix the kitchen. While it sounds like a good idea, if you incorrectly rip up a floor or a wall, this will result in paying for an entire remodel again. Generally speaking, clean up work is fine and alterations are not. This would push you towards outside yard work where chopping down a dead tree or taking out weeds is not going to go "terribly wrong".

Fitness Equipment: This one is quite interesting. Most fitness equipment goes unused. People buy it and never use it. So in that case you're better off just having a set of dumbbells as they are versatile enough to hit all major body parts. Beyond this you have to start thinking about long-term repercussions of the purchases. Beyond dumbbells it seems that there are really three options. You buy an aerobic item (like a bike), you buy a real barbell + rack or you go all out and get both & a Tonal (or something similar).

Why do we break it out like this? It makes you decide on what path you're going down. If you're just looking to keep your gains/physique, heavy dumbbells will be enough. If you're looking to get rid of your gym membership then you're looking at the full set. If you're trying to reduce transit time and have weather issues in your area (a cardio/heavy weight session available is helpful).

While sales of fitness equipment is up, we're guessing that the majority have only gone down the dumbbell path. It just isn't easy to make these longer term decisions (even though you should!). You've got more than enough time to set it all up. So instead of blind buying the dumbbells take a look at all the options and decide how long it would take to "pay it back". If you would have spent $1,200 a year for a high quality gym membership (but a year is dead now), this ROI becomes pretty interesting.

Clothing or Software Entertainment: This is probably the craziest one. If you're looking to maximize your quarantine it would make way more sense to buy clothing at a discount. Right now retailers have massive inventory and demand is at rock bottom. You can now purchase enough clothing for the next couple of years as long as you wrap them intelligently. Why would people spend money on a new video game machine that will be outdated within a year (they are selling at a premium).

As a note, we're not surprised by this, just entertained by it. Video games and Netflix will be in higher demand when compared to shoes/clothing despite the latter being a smarter long-term decision. If you play sports you can pick up a couple years worth of gear for the price of a single year of spending. They will not "disintegrate" if you simply keep them sealed (extreme levels of caution can be taken by plastic wrap and in a cooler environment).

For fun, we looked at the current prices for shoes/shirts/suits/ties/pants etc… they are all incredibly low! You can buy them for 50% off or more in many many many cases. This is an obvious purchase as you're not going to wear the same clothes for the next 5-10 years. It just doesn't make sense. That video game selling at retail price (or higher) will be out of date by then and you didn't get a bargain at all.

The most interesting thing here is that if you followed the pandemic preparation (something we outlined a couple months ago) all those goods are now expensive. From paper goods to toothpaste and medical supplies. It doesn't make any sense as they are unlikely being used in mass quantities. That said, it's not surprising so be smart and do the opposite (look at clothing, electronics that are not software/downloads and travel gear such as suitcases and backpacks).

The income Side: Ah yes it wouldn't be a long-term post without the more important item covered: Income. If you have a diversified income stream (minimum of 3 or so), at least one should be up 100% this year. For people with exposure to internet based income, it's up at least 100% and maybe 500% in certain extreme circumstances.

Unfortunately, everyone is late to the party and will now try to jump on the bandwagon. Instead of making a dumb decision people should do two different things to profit off the downturn. It is incredibly simple actually: attach low cost items to your current sales (even if brick and mortar) and trade time for money if absolutely bored with nothing else to do.

Since people cannot think for themselves we'll use two blatant examples. If you run a restaurant you should have an offering for *pick up* of food where you'll give each customer a free roll of toilet paper. A few companies have done this with enormous success and we're absolutely shocked no one else has done this. It helps you maintain revenue and you already have this in your establishment. No one is going to be using it if they don't show up… So you're making the same amount. Also. An alternative is to offer a free small bottle of cleaning alcohol. This is also extremely cheap and easy to procure, Isopropyl Alcohol can be put into a small 5oz container in less than five seconds at practically no cost.

If you are just sitting at home doing nothing? Time to learn basic sewing. Please do not tell us this is difficult. It takes a few minutes. Simply buy items that people will want to wear (sports teams, memes, nice coloring etc.). They don't need to be N-95 masks, they just need to function and look decent. You can now sell this online.

What is the point here? Pretty simple, you want a long-term outcome and a short term outcome. Trading time for money is typically a short term outcome, and the long-term item of attachments creates a larger customer base. When the economy opens back up, you're in business still and you've reached more people while everyone else stood in place relying on Uber Eats (hurting margins and offering no differentiated experience).

Think Three Steps Ahead: A good framework here is to mitigate risk and think three steps ahead. Back before the pandemic started you should have found a way to stock up on non-perishable goods at a normal cost. Buying in bulk made sure you didn't waste/lose money. Now that we're in the pandemic period you want to think about what will be useful in 18-24 months. A new travel bag and clothing will certainly last that long if they are taken care of.

Another good way to make faster decision that are smart (long or short term) is to ask "what potential damage will occur if i'm wrong". Eating a bad meal by trying something new = no time lost just a small annoyance. Buying $500 worth of plants that aren't meant for the soil = wasted several hours and lost $500. Buying a new video game at 100% premium to hang out with other people who are wasting time? You could have bought something useful that lasts 3-5 years like a suitcase. So on and so forth. In short, ask "what time do i gain or lose by doing this" and all your decisions will become 100x easier.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending. **We hold Q&As 1-2x a month for purchasers only.**

Our Next Q&A is May 1.

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Making the Case for Buying a Rental Before Your Own Home

Making the Case for Buying a Rental Before Your Own Home

For fun we did a quick Twitter poll to see how much people spent on their first down payment. This led to a series of various tweets and we noticed one common theme: *many rich people bought a rental first.* Before people jump in the comments and say "but I know so and so who bought and lived in his first place", we already know this is true. It is one of the most common investment choices in America. Instead, we're going to outline why doing the opposite could be good from a financial perspective. After all, if you see a trend or common theme, it is worth looking at. So we'll run the numbers right here.

Purchase Assumptions: Before we begin here, we know that 20% down payments could be up to $200-300K in high cost areas (Bay Area, New York, Los Angeles etc.). Instead of complaining about this, we also know a 1 hour commute can give you access to properties that are much cheaper (50%+ cheaper) making them a lot more economical if you're willing to do the dirty work. To keep this simple we're going to use a $100K investment and a $500,000 purchase price. Why? Well if you live in a cheaper city this means you could probably pick up two homes ($250,000 each) or you could live in an expensive city where it would only buy you a home further away ($500,000). This also gives us easy numbers to work with since it's easy to remember $100,000 and $500,000 for the home.

How the Concept Works: The one key item here is that many of the people who responded to our tweet with "purchased a rental" was this: *living in a lower rent location for a longer period of time*. Unsurprisingly, due to content targeted at future rich people, many of our readers live in expensive areas such as New York, the Bay Area and Los Angeles etc. The common strategy was to buy a place that was nicer than their current living standards and then rent out their purchase until they felt that upgrading would be easy. In short, they temporarily lived below the rent they could afford until their cash flows increased from their first rental property.

Scenario – Quick Math: Here is how the math would work if we focus entirely on the housing portion. If you live in an expensive city, you're looking at total rent of around $2,000/month. This is a pretty standard number for high cost of living areas. In some cases you're getting a studio and in other cases a one bedroom. Essentially, you can certainly live in a major city for around this number. Since "rent is going down the drain" this is another way of saying your negative cash flow is -$2,000. No equity is built.

Buying: If you decided to buy using the same assumptions, you're looking at a $400,000 mortgage with a 4.5% interest rate (yes it could be below 4.5% but the math is easier this way) and a monthly payment of $2,027. We'll call this $2,000 to keep it simple and by the end of a single year, you're looking at ~$6,000 in principal reduction and around $4,500 in tax deductions from the interest. After a year you're looking at ~$10,500 in total return. Essentially it makes economic sense to buy, the question is… could you do better?

Rental: If you decided to buy a rental instead it gets a bit more complicated but we can run it through the same way. You are paying $2,000 a month for the rental property. That said, *you should be generating ~$2,500 a month in rental income (6% cap rate)*. Your first $2,000 goes into paying down the mortgage which we calculated above is $10,500 in returns for the first year. The remaining $500/month then goes to your bank account, so the total return in theory should be $16,500… *this is 57% better than buying*.

It Gets Better: Some of you may be saying, well that's only $6,500 and my standard of living gets better. But. It doesn't end there. Remember that if your home is used as your personal residence you cannot deduct the cost of home improvements! This is ***not*** the case for a rental property. Any cost that goes into repairs/improvements can be deducted. The only benefit of improvements for a primary residence is that it can be used to increase the cost basis of the home. This is a significant difference over a multi-year time frame since you can only increase the cost basis *on the sale*. Referring back to that $6,500 in extra income, the chances that you'll be paying any real tax on it is next to none. You're incentivized to improve the place (increasing value of home) and get the deduction as well. For those that own a rental, we all know there are many other tweaks to make sure you show zero profit on the rental and this is where having a good accountant and receipt tracking pays off.

How This Snowballs: Taking a look at the math above it doesn't look incredible. The important part is realizing that the returns snowball and improve over time. If it took the person above ~4 years to save for the place it means he was able to save $25,000 a year after taxes. If he owns a rental and lives in his current situation for just 4 years, he'll have a second rental and still have money coming in from the first rental. *The $6,500 after tax difference is approximately $25,000 after 4 years so you've captured an entire year of savings by purchasing a rental first.* We don't have to explain it further. Once you have the second rental property, you're now saving about half as much as you do from your normal source of income! The incremental gains have now doubled and we have assumed your income hasn't moved one bit to help accelerate the process.

The Nay Sayers: As mentioned in the beginning, we're not saying that this is the "only" way to do it. We're simply trying to outline why it may work better for you versus the standard "first home is for me" mentality. When we look at the situations where "first home is for me" succeeded, they are ***typically*** in areas where the price of the home goes up dramatically. Think high cost of living areas that see a sudden boom like New York, San Francisco and Los Angeles after the 2008-2009 recession washed out. In these situations we can come to one interesting conclusion, if you're going to buy your first asset you should either 1) use the rental model outlined above or 2) do significant research and play the price appreciation game over an extremely short frame. The worst of both worlds is the classic middle that most people try to do. They buy in a safe neighborhood with minimal price appreciation qualities. This means you're simply underperforming someone who bought the same home and rented it out (math above) and you're not getting any traction from price appreciation (person who buys high demand real estate – think beach front property).

Two Other common Options: While the majority of the post highlights a common way that people made money on their first purchase, there are other ways to make money here. *First one is extreme leverage.* There are situations where you can put as little as 5% to buy a property which juices your upside (and downside) tremendously. Looking at these situations you're much more likely to take a highly levered bet when you can "force appreciate" the asset. This means you are only taking on a high leverage ratio if you are sure that repairs and hard work could offset any potential devaluation scenario. *Second one is higher cap risk.* This is where you're renting in lower income areas where there are more evictions and "headaches" associated with higher cap rates. As a rule of thumb cap rates are between 3-8% or so and if you see numbers in the double digits you're moving into higher headache environments (or a fantastic steal you've been researching for a long time). The one cited in our Twitter feed was trailer parks, which certainly do work if you're willing to accept additional work 9 times out of 10.

Concluding Remarks: Unsurprisingly, doing the opposite might be one of the better decisions. In the USA, the most common move is to buy a personal home first. Unless someone is in an area where price appreciation makes up more of the value (low cap rates), reversing the process could be a better way to build wealth. While a difference in the thousands of dollars after taxes might look "small" by re-levering the same amount of money into the next property, you are able to shave many years off of your working career at minimum.

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Making the Case That You Are Underpaid! (Featuring a Blogging Buddy)

Making the Case That You Are Underpaid! (Featuring a Blogging Buddy)

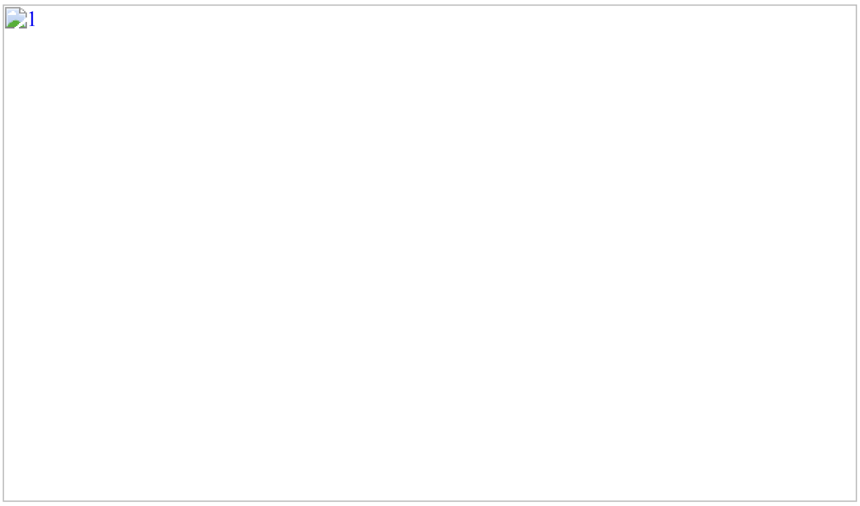
We've started interacting here and there with *"J. Money"* from Budgets are Sexy. Now the most interesting thing is he found our blog (so we think?) right around when he got a one-time *event* of $75,000 in a single day! (December 2016). Coincidence? We think not. Now that said, we'll put a spin on two of his latest posts to see if we can get more people on board the money making *bullet* train versus the cutting costs normal train. If we can convince just 1% of the individuals to make the jump we'll call it a success (yes double meaning on 1% intended).

Disclaimer: we are not backing away from our belief that a time for money exchange is bad, instead the post is set up to prove that everyone, including hourly income individuals, generate incomes well below what they can get as a solo shop. We believe no one is maximizing their income, it just isn't possible due to market inefficiencies.

Quick Overview of J's Blog: From what we can tell he is passionate about the blog (you can see it in the writing). He seems to be a workaholic doing tons of personal finance type projects and that's usually a good sign of someone who is interested in the topic. As Naval Ravikant would say, you're moving in the right direction when… *"It won't feel like hard work to you but will look like work to everyone else".* We have nothing against cutting costs (you can't get rich if you spend 100% of what you make) but we do think it is **more efficient** to focus on making more money (hence our blog is about ways to make $$$!). With that out of the way, he has two posts one on him giving away $100 a month and the second on what to do if you have a $2,000 emergency (we'll address both here).

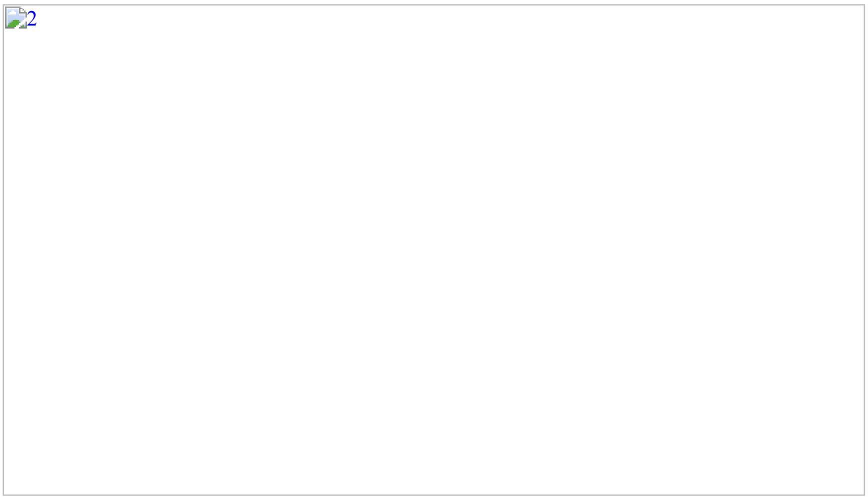
What to do With $100 a Month (Anyone)

We'll start with the latest, if someone gives you $100 today and you have a handful of skills the answer is to *launch a small website immediately*. We've focused primarily on product sales (most are not ready for this it seems) but we'll give yet another idea… Start a basic consulting/services practice. If you have niche knowledge in any topic, you're underpaid. Take a look at this chart.



Now we've certainly made this chart extremely simple. It looks exactly like your typical "supply and demand" chart. Essentially the first customer plot 1, is willing to give you $6 worth of profit. The second customer needs you less and would be willing to give you about $5 worth of profit. So on and so forth. This occurs until customer 6 where they are no longer worth your time. Importantly, this can be **either** your time (services) or a product sale (price point)

Now here comes the depressing part, how does this work if you actually work for someone else? Well take a look at one small edit… Now you'll see what is going on. Absolutely no Company is going to give you more money than you are worth (assuming you're an actual good employee – many companies have "inefficiencies" as well). If profits were to go negative for an extended period of time the Company would be in quite a big heap of trouble! So there you have it, *two extremely simply charts to prove you're underpaid*!



Now back to the original question on what to do. We would go and open up a basic website (cost around $200 for the domain/hosting/decent template design), saving the first Benjamin (writing your sales page in the meantime) then getting to work in month two. Now you go and start a small website and link everyone on your social media accounts to that website (most have social media even with a few hundred "friends"). Then… kaboom you start your basic practice with either 1) what you already do or 2) with something *else* you are an expert in. Everyone has talent in something, so we would wager that every single person reading this is in the top 20% in at least two items. That is all it takes (two items) if you don't want to have a conflicting businesses with your current job/career. You can then immediately acquire a handful of customers and make back the $200 (assumes a 3% conversion rate on 200 customers = 6 customers at $50 each… or a $100 profit in your first day "in business"). This is not unreasonable at all.

Now once that's done you keep the first $100 you made and when the second $100 comes in you use it to outsource your customer reviews (if you have a ton of time do it yourself). Your customer reviews will be organized by someone else dealing with the back and forth emails and paid on a quick contact (easy to do on fiverr). Your second page on your site is going to be customer reviews of your service/product because you better ***over deliver in a big way*** to your first set of customers. This leads to several positive reviews and will then make it easier to keep your conversion rate at ~3%. You're already rolling. Top cap it off, the most clear example we see every single day is in the gym. Several in shape guys (who need extra money) spend their time with headsets on ignoring everyone. Since "material" on working out is practically all a scam on the same old basic concepts (compound lifting) the special sauce is in the sale/services. They are typically standing right next to out of shape people with tons of money and can't get the lightbulb to go on!

To put the nail in the coffin… if you end up getting more customers than you can handle you will now have the option to 1) raise prices or 2) hire others to do the work! In short? **You've Set up a Potential *Event*.** We have talked about *events* many times. But. This is important to understanding when you're building something basic like this with scale. You can either 1) sell a stake in it like J. Money did, 2) see how much pricing power you have giving you immediate income off of the same amount of work or 3) outsource the work creating a semi-passive income stream (we would do number 3 most likely).

How to Come Up With a Quick $2,000

We read the entire article and agree that unprepared individuals would struggle to deal with a $2,000 payment. That said, if this was truly a "one time charge" (or restructuring charge as the finance community would call it) you could offset the cost by simply using the internet! That's right, if you had ~1 year to generate $2,000 in a random one-time event there are many, many, ways to do it. Since we're focused on keeping it basic for this post, ***anyone*** will be able to do this.

Step 1 – Internet Access: If you live in the United States (the greatest country on earth), practically every public library will have access to the internet. This means you will have free internet access if you need it. There are no excuses here, being born in the United States is a gift in its own right.

Step 2 – Zero Percent 18 month APR Credit Card: Now if you're going to do something on the internet you'll need a credit card. There are several credit cards that offer 18 month zero percent interest as long as you pay a very small fraction of the total balance each month. You'll use this type of card for the return we're dealing with about $2,000 is the goal.

Step 3 – Coming Up With Minimum Payment: To really get rid of the negativity (excuses), for a $2,000 balance… you'll need a grand total of $20 a month. Now… Just in case someone is going to lie to us and say they can't figure out how to get $20 we will happily say that you can come up with $20 looking for change on Wall Street over the course of a week (joke). For a grand total of $20, you can simply trade your time for money by working one extra hour for the month. If someone really can't even do that… then become an Uber driver during rush hour one time or go recycle some plastic bottles. In short, there is no excuse for not being able to come up with $20 and anyone who disagrees should re-read this paragraph.

Step 4 – Get On Social Media: Now once you have that set up, you're going to become a stalker! Not stalking other "friends" you know. But. Becoming a real stalker of what is "hot". To make a quick turn around you're looking for any product that has extremely high demand and limited supply. During our last Q&A someone asked about a quick "buck" to pay rent and that's essentially what this situation would be. Your answer is the following: Technology devices (gaming products,most popular iPhones, etc.), Sporting events (limited seating), Concerts/Music festivals (limited units), 100s of collectable items that are limited edition.

Now that you've got the main items to search for on Google (listed above), you'll narrow down to a set of maybe 5-10 items that are coming up in the next few months that will undoubtedly sell out. You then take these items to social media to help confirm or deny the trend. Kaboom! You've got at least 3-5 items that will definitely sell out so you get your hands on it.

Step 5 – Shipping: If you're doing something that has tickets (sporting events for example) you won't have to worry about it (congrats this got 100x easier!). If you're doing a product here's an easy way to set it up. You order the item (pre-order) on Amazon… Since you won't actually get the product since you're pre-ordering it before the sale you then want to *sell* the product just before the release. Why? You charge a shipping cost to the order! Now you won't have to pay the shipping cost, it'll pad your profits as you login to Amazon and simply change the shipping address. Ta Da! *Update please see comment from "internet dude" below for the spam approach which also works where you flood the web with links.*

How to Come Up With a Quick $100

Now come on guys, saying someone can't come up with $100 is just crazy talk. Pull out your credit card go into "credit card debt" of $100 for the month (float it). You now have 30 full days to go ahead and generate an extra $100. Since this is significantly easier we wouldn't even do the five step research process above. You'll simply go and look up all the local stores that purchase goods (used auto parts, used books, used technology widgets etc.). Now all you have to do is look up all the "garage sales" where they give a way a bunch of free stuff or items at a deep discount and go "arbitrage" the difference. (Any affiliate marketer knows all about that arbitrage!)

Dying With Debt

This is a bit of a strange one. In theory dying in debt isn't really a bad thing. If you've accumulated a million bucks then went crazy wild into debt towards the end in a ball of flames then that's how it's done!!! Definitely don't want to die with $1,000,000 in the bank if you don't have any family members to give it to. The flip side, if this is all student loans for a degree that didn't help that is certainly sad and we don't have much to add there. At this rate (we think education is massively overpriced now), the government should find a way to have the money forgiven.

Women Value a Man's Wallet

All we will say is yep! If you've got 7 figures in the bank you're always a seven! Instead of reviewing the entire post we'll highlight the most important part of the article which is this… You have to know your income breakdown by city. Here is the **general rule** to follow.

"Unlike other places on the Internet, we are going to break down the income brackets for you in a simple graph.

income

*As you can see by the graph, you need to make *at least* the median income in order to consistently date girls in the 6-7 range. If you are extremely good looking or have extremely high status (musician, DJ etc.) you can break these rules. But. Nothing else will help you if you're below the median. If you have incredible social skills but can't even afford to live in the city, the girl is going to ditch you. A girl who is a solid 7 still has dating options."*

School Debt Isn't Viewed as Unattractive as Credit Card or Car Debt

This one is a bit of a head scratcher. We don't view them as all that different. If someone decided to major in a Humanities degree that won't make them any more money and paid $200,000 to obtain that degree… That is *worse* than having some car payment (easier to clean out). If someone has $40,000 in student loan debt but a degree in software engineering and a Career offer from Google… Well we 100% agree. Unless the debt is giving you a positive *return* we view almost all of it equally.

Summary

Now some of you are wondering why we're linking to a personal finance blog that focuses more on saving/budgeting… Well we actually think he's figured out how to get rich! Maybe we're wrong but we think so (at current rates we predict he'll become a multi-millionaire sooner than he thinks). If you can create a one time event of $75,000 in a single day (after building up an interesting business) why couldn't you create a one time event of $750,000!!!! He could without a doubt in our mind. With that said here are the quick points:

1) You're underpaid! Please feel free to argue against the two basic charts. And. The charts do *not* even include operating margins which means most businesses *do not even take business that don't generate a *meaningful* profit*!….. 2) All you need is a credit card and internet access to obtain the ability to generate $2,000 in "one time" event…… 3) not being able to come up with $100 in 30 days is just a lie unless someone is lazy….. 4) women value money

surprise surprise, a "politically incorrect truth" just like how men value looks (another shocker!)….. 5) unless debt is ***earning*** you a return it isn't good debt plain and simple to us!….. 6) one of our young smart readers should use our outline and figure out a way to use his giveaway to start a biz!

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Managing Life Decisions to Make $100K a Year

[Managing Life Decisions to Make $100K a Year]

In our framework post titled "How to Invest as a Bachelor", the clear first step is finding a way to generate high income. If you can obtain high income in your first year or two the rewards you will reap in a mere five years are phenomenal. With that said here's a blueprint of sorts to obtaining high income as fast as possible. We will start far back in time when you apply to college and will assume that you wish to work in white collar work rather than blue collar work (again focusing on a topic we know well).

Three Bullets in the Chamber: Many years ago when making a decision on where to go to college an older gentleman gave the following advice:

"As you go through life there are three major decisions that will dramatically shape your future. Yes you can recover from a bad decision but the three turning points are as follows: one turn when you decide to go to college, a second turn with the subject you study and a third and final turn when you sign your first offer letter. If you make all three turns correctly the wind is now blowing at your back. You are firing three times and you better make each bullet count"

This quick piece of advice rings true even today, successful mentors are always full of wisdom so you should certainly find one. With that said lets take a look at each bullet or turning point.

Go To College? Generally this is not always a yes decision. If you've worked hard in high school and you've gotten good grades on the all mighty SAT and ACT etc. then you likely have a few good options to choose from. We will go ahead and assume you have a few strong options in front of you, the question is how do you decide which university to attend?

The simplest way to figure this out is as follows:

1. Calculate the cost of the university
2. Calculate the average income upon graduation from the university
3. Calculate the long-term income growth rate
4. See if the payback period is less than 1 full year

Essentially, if you expect to make $60K a year out of college for your first job which will grow at a rate of ~5-10% on an annual basis… You should not obtain debt higher than ~$36K (assumed aggressive 40% tax rate) when you graduate. This is the rule of thumb, simplified equation below.

(Annual Income * (1+ expected percent raise)) – Expected Cost = Positive

For those that believe "College should be a fun learning experience!", "I want to major in something I absolutely love!", "I just want to bang a lot of chicks!" you've already lost. The only partial truth in here is doing something you enjoy, certainly if you enjoy building things a career as an architect is going to out pay a career as a modern artist.

With that out of the way we would recommend the following careers if you're obtaining a four year degree: *Finance, Engineering and Consulting.*

If none of these appeal to you, that is fine you can still play the same career game by following the rules for choosing a major.

How to Choose a Major? Going with the previous build out, you have a few offers from a few schools and you wont be burdened with hundreds of thousands of dollars of debt. That education is looking much more legitimate at this point.

Similar to quickly deciding if college is worth it here is the decision tree for a major:

1. Is the major in demand?
2. Does the major pay well out of college?
3. Do employers recruit for that held degree?

If you answered yes to all three questions, you're looking at a great major to choose. Instead of making life harder on yourself, obtain access to the career center, find the majors that interest you and see what careers they walked into.

For example, if you have the choice between majoring in chemistry or in chemical engineering and notice that the average pay differential is in the tens of thousands… It is clear that you should jump into chemical engineering. Alternatively, if you are choosing between mechanical engineering and electrical engineering and realize Facebook recruits electrical engineers… Well again the choice should be clear, you should focus on what matters, the career at Facebook.

Life is unfair. There is no such thing as a perfect or ideal job out of the gate. No matter where you start you're going to dislike part of the job. If you decide to work on Wall Street you're not going to be making waves in year one, you're going to do a whole lot of boring and mundane tasks while working with some insane clients as well. A small price to pay for building a set of niche skills that will be in demand. Which brings us to the third point.

Become an Expert in the Field: So you have made the first two turns correctly, you have correctly moved into the right university and you're majoring in a subject that employers are fond of. Now what? Now it is time to develop a strong set of skills that few men and women have. Skills that are in demand and difficult to find.

Lets assume you have three offers on the table. All three pay the same $70K + bonus. Congratulations… however… *This does not mean all three offers are equal.*

Offer one is a generalist role where you will be tasked to work for 4 different groups

Offer two is a niche role where you will only work with X type of transactions

Offer three is an inbetween role where you will only work with 2 different groups

Here is where it becomes difficult. Lets review a key question when you chose your major in the first place. "Choose a major that is in demand" lets adjust this "Choose a *career* that is in demand".

You have to take a long and hard look at each option because demand is going to be much more dependent on 1) location, 2) openings and 3) required skills.

Offer one. On a glance this does not look like a smart decision because you are building a wide set of skills that do not allow you to *become a person of value within the firm*. If you are tasked with work from several superiors none of them have a vested interest in your career. Politics matter. Unless each group you are reporting to resides under the same umbrella the chances you want to jump on this offer is small. Rotational programs can be a kiss of death.

Offer two. On a glance this is an interesting option. It is immediately niche. The catch of course is that you are working with a specific type of transaction. If the transaction will be needed forever and requires tough skills (think sell-side or buy-side M&A) you're probably in a good spot. However… If the skills needed for the group are limited and easy to learn (think Equity Capital Markets) you should avoid it. Why? Again all skills are not created equal. Always choose the niche group that requires more of you.

Offer three. Here you will only work under two groups. This is not a bad idea and usually means you're under the same vertical umbrella. You should do your due diligence and look down 2-3 years to see how each candidate progresses. If the results are good, go ahead and make the choice between offer two and this one.

We're getting towards the end here. You've correctly decided on a university, major and career. You've got some momentum going, how do you manage to obtain the last few thousand dollars to put you at the $100K mark… well the answer again is in your niche choice.

Leveraging Your Niche: This is actually a great time to explain why we don't do resume reviews as a business line. The answer is we've done hundreds of them in the past on the side. How is this possible? Simply put if you're in an industry where your skills are needed people will ask you for help and you can help them on your downtime to make a few bucks. It is really that simple.

If you obtain entrance into a career where many hope to enter, they are going to reach out to you and you can simply send a few emails out to explain your services. You won't get rich. You won't love the work. But you will develop 1) salesmanship, 2) ability to work with real customers and 3) better understanding of what an employer would look for. An outstanding example for those uninterested in Wall Street is copywriting. If you can become a great copywriter, you will receive referrals and you will have a side business in no time. **Boom, you're making $100K (70K+30K on the side)**

Wrapping up, if you follow these guidelines you'll find yourself in an outstanding position for success. If you have not followed along and took a wrong step you will be playing catch up, no doubt about it, but we will continue with the series and move to Portfolio mix in your twenties shortly.

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Managing Personal Perception

Managing Personal Perception

One of the main ideas from this blog is that you're better off avoiding the "status game". This means there is no reason to buy items to impress other people. This is still the truth. The one caveat here is that you don't want to take this to the extreme and decide that dressing up as a slob will get you somewhere (it won't). Instead we'll attempt to explain the steps to managing your own personal *impression*.

10 Rules for Perception

Rule #1 – Perception is Reality: Millions of studies have shown that first impressions matter and can impact a person's belief for long periods of time. This first impression occurs in just a few seconds. Since we know that your initial perception will stick the most, it would be wise to decide carefully on your clothing before going to any major event. Lets take two extremes: 1) a night spent alone reading and 2) a presentation to 100 people on a specific topic. At the end of the day, you're required to dress up for the second event even if the content is the same. People will absolutely judge you before you even begin to speak. This is why perception is always reality.

Rule #2 – Discomfort: A good way to tell the difference between an expensive item and a person on "tilt" is how they operate. Humans are hard wired to see people who are nervous or uncomfortable as less trust worthy. This should be taken into account for your general purchases. As a basic rule of thumb it is not wise to bring anything out in public that would make you squirm. If you're worth $100K and for some reason you have a $50K bracelet or watch… It's time to sell that item since it is actually doing you more harm than good. It doesn't fit your natural demeanor and despite believing your status is raised, it is actually lowered by the uncomfortable body language.

Rule #3 – Physical Perception Comes First: Physical perception is the first item people should focus on. Why? It is the most impactful before someone looks into other items. This means clothing, weight, haircut and overall style are the easiest to fix. In fact, we would actively avoid people who fail in these categories unless it was related to making money/business. Think about it like this, while there are millions of business people who lack style, there are very few people who lack basic style that are truly happy. We mean this seriously. Someone who can't keep their appearance up to date when needed is certainly someone who has some odd social behaviors you probably want to avoid (again, unless related to making money).

Rule #4 – Body Language is Second: Surprisingly we are not even moving into the purchased items before talking about body language. Numerous studies have shown that 80% of communication is through body language (this is also why people are able to communicate without speaking the same language in many cases!). We would recommend picking up a book titled "What Every Body is Saying" and learning the ropes from there. Most people won't take the time to critically analyze their own posture and body language. If they do? They will be surprised to find many mistakes. Body language that comes off as weak, insecure or negative in one form or another. These are simple mistakes to correct and will immediately change your perception. The most glaring and obvious example is a guy sitting at a bar with a beer squarely in front of his chest and other hand in his front pocket. A terrible look. We still see it everywhere.

Rule #5 – Relative Value: This is no surprise. If you're in shape, dress correctly and give off positive body language, you'll need to focus in on relative value. This means you have to decide on your objective. If you simply want to improve your dating options for example, you'd want to be the best looking, best dressed and richest person in the group (99% of the time this will work since you're perceived to be the best option). Essentially you want to appear to be the best.

There is an important point here. Most people focus on being "the best" at all times. Naturally, this is a failed experiment. If you're always the best it means you're trapped in a mediocre setting. In other settings you may want to be in the "middle of the pack" so you can slowly move up over time. The most obvious example is when you're working with a customer/client. You certainly don't want to be the "best" in that situation since your customer will feel insecure and negative towards you. When you have a customer/client you actually reverse the situation and want them to feel like they are the most important person in the room. In simple terms if you're looking to increase dating options specifically then you want to be the best in the room, but if you're looking to make people feel good about themselves, this strategy does not work.

Rule #6 – Overextending Rarely Works: Sure there are con artists who succeed (these people are the exception to the rule). Generally speaking, if you over extend yourself you'll feel uncomfortable with your presentation. This applies to cars, homes, boats, shoes, suits and more. As a rule you should feel comfortable with the item being "stolen". This is probably the best rule of thumb we can use to explain the sensation. If someone tries to buy a custom made suit which costs about $5,000 or so, but their average suit is ~$400… We'll bet money that the suit is rarely used and if it is used, the person acts squeamish as they try to take extra precautions in their outfit. Funny enough, this applies to going out in general as well. Without knowing, there is always an unspoken ability to tell who has a lot of experience going out at night (bars, nightclubs, etc.). If someone is new they give off a different vibe and if they are strapped for cash going out, they also give off a different vibe.

Easy examples to keep in mind are as follows: 1) people who are ordering bottle service but then buy the cheapest bottles on the menu, 2) people who go to a nice cocktail bar but only order beers, 3) wearing gucci loafers with a suit that is not tailored, 4) wearing cartier sunglasses that don't fit the shape of the person's face – implies it was handed down, 5) giving well below average tips despite eating at a higher quality restaurant – not only rude but negative for the persons future reputation.

Rule #7 – Go Up and Watch the Fireworks: Depending on how high you're willing to take your personal perception (and how far you go in life in general), you'll find that more fireworks are seen at the high end. This means it will force people to show their cards quickly. If the person does not like you or is extremely insecure they will immediately make negative comments about any high quality item you have. Similarly, if a person does like you, they will also show their cards and say "great suit!". This dynamic only gets worse and worse as you go up the chain so remember rule #1. Since perception is reality, you have to decide what you're trying to convey before you show up to the event/location.

Rule #8 – Attempt to Scale Equally: Similar to items 6 and 7, you'll want to combine these concepts to your overall lifestyle approach. If you're going to buy custom suits, you probably aren't going to walk into dive bars very often. The restaurants you dine at will also go up in price if you're using them frequently. Similarly, if you're wearing a custom suit, you shouldn't be wearing Aldo shoes. This applies to all of your actions so when you're raising the bar, make the assumption that the relative strength will reflect on you across the board (hotels, apartment/hotel etc.). It just doesn't make sense to see someone in a pair of Gucci shoes walking into a Motel 6.

Rule #9 – Special Item(s): Unsurprisingly, we've never been a fan of the "special item" exception. This is when you're only going to have one item of high quality (a suit, a pair of shoes, etc.). We think it doesn't make much sense because 1) you won't use it much and 2) when you use it, the presentation you give off won't make a lot of sense. Ideally you're only making a scale up (in quality) when you're able to comfortably afford all of the new increases as well. A rule of thumb is quite simple. Say you're financially independent at around $5-6K a month. If you're increasing your net worth by 10% a year (pretty easy), then you could quickly reach $10K a month in spending in around 7 years. At this point you could take a look at all of your items and upgrade everything to match the new spend level. This repeats itself. If you double your net worth, you can easily do a full upgrade to the $20K spend level.

Rule #10 – Going Back is Easy: Clearing this up a bit. Going back means you don't need to give off the exact same perception at all times. If your lifestyle spending is $10K a month, you can always spend less in a specific week. What doesn't work? Being *forced* to go back into a lower spending tier. This is an important distinction since many people "save" 10% of their income which means they are always fighting for lifestyle increases. It doesn't work. Instead, if your building your net worth aggressively, it will be difficult for you to save less as a percentage of your income (you won't have time!).

Important Notes About Your Perception

More Money More Obvious Reactions: More money more problems is largely a lie. This is only a problem if you're looking for problems. The one thing that does change is the way people react to you. If you're rich and you run into someone the same age as you who has not succeeded, they will have a visibly negative reaction towards you. We've seen this a lot. This is the most common negative with regards to increased "status". The good news? You'll essentially filter out the bad people immediately. The ones who are positive and simply say "nice XYZ" will either 1) be rich or 2) they will be showing their cards saying they like you in general. This is a great filter and is an underestimated benefit of slow increasing your ability to spend.

No Style is Correct: There is no "correct" answer to any of the perceptions. If you're trying to attract gold diggers, we actually think its a good idea if that is the goal. If you're trying to pretend to be poor (avoid people in general) that's also great. The one thing that needs to occur? The result needs to match what you wanted in the first place. If your goal is to make someone feel better about themselves and you're wearing a million dollar bracelet, that's probably not going to sit too well.

Avoid if Unsustainable: The vast majority of people live unsustainable lives. If they lose a single stream of income their lifestyle goes down the drain. This is a stressful situation to be in. We take a different approach when compared to the $30,000/year millionaires. Instead we think you *can* spend money on whatever you like. It could be Lambos and Ferraris. Who knows. The main item is that you don't give up your freedom to sustain that lifestyle. We truly believe anyone can get to a couple of million dollars in their 30s. (say $1-2 million at least), this is a livable net worth and after that you can scale it as high as you would like. Just don't break the mold and go into unsustainable territory again.

Don't Buy Stuff For Others: Another good rule for perception is buying stuff specifically for attention (Big Mistake). This really doesn't work out well. If you're going to upgrade your apartment or house, it shouldn't be for "image" purposes. It should be for your own personal use. Naturally, if you're a billionaire there is likely a brand/image angle to it that helps. But. We're speaking about your typical "secretly rich" multi-millionaire.

That wraps it up for us. For fun in the comments please let us know of any notable lifestyle upgrade that was a net positive. Also feel free to share the negative stories but we prefer focusing on the positive ones.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here.**

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Managing the Passing of Time

Managing the Passing of Time

While there is no way to change the rate at which time passes, there are many ways to adjust our mental perception of time. While we've suspected this was the case, there was an article that talked about this concept in rats. We're rarely interested in any sort of scientific proofs since they are always behind the times. But. In this case we found the article interesting since it gave a few actionable ideas. Instead of rehashing the ideas, we'll provide our own strategy to speed up or slow down the passing of time.

Fun or Boredom: One of the basic concepts is obvious. Time goes by quickly when you're having fun and it slows down when you're bored out of your mind. Taking this to extremes. If you were to go out and party (black out drunk) you quite literally lose chunks of time. On the other extreme if we forced you to participate in Chinese Water Torture (one drop on your head every few seconds), time would freeze. We used these two extremes to conceptualize ways to speed up and slow down time. Oddly a lot of our opinions on how to design your life takes this concept into account. So with that we can jump in.

Travel as Primary High End Entertainment: Generally speaking, we prefer traveling to new destinations as a way to "splurge" or burn money on fun. This is a lifestyle choice as you could choose to buy a fast car (insert other luxury items). We've pushed our readership in this direction since it causes "time stamps" in your brain. If you go to the exact same location over and over again it will not create memory markers. A good example of this is how many states have "standard" vacation destinations (Western Europe, Mexico, Florida, Hawaii etc.). If you were to follow the herd and only vacation in the same 3-5 places, the years would blend together. Sure, maybe you stayed at a slightly different hotel but that is not going to make a meaningful impact on your memory system. An entirely new city and Country is much more likely to create a time stamp.

Counter Example – Consumerism: Naturally, this above paragraph conflicts directly with what everyone else is doing. Most of them will spend their time hanging out with the exact same people, going to the same part of town and taking vacations in the exact same cities (this group lives in this are of town and when they hit 30 they move to xyz area of town). They get a quick boost of dopamine when they purchase some new widget and then go to the same club/bar where they know the exact same people. This creates a feedback loop in the opposite direction. The lifestyle is encouraged and 3-5 years later nothing has changed. This is why most people have a crisis at around age 35 when nothing has changed and a full decade has passed (now we have the reason for why it feels that way).

Online Income: This is a common topic for our blog and is another part of lifestyle design. You can get rich in many ways (real estate, brick and mortar, online, careers etc.). The benefit of online income is the portability. If you're not tied down to a specific location it makes it significantly harder to be trapped into a routine. Compare this to a long commuter. If you're forced to drive the same 30 minute route on a boring straight freeway every single day, the time will just blur together. Maybe the colors of the cars change but the events are hard to remember. You'll remember a few strange days when there was an accident or unusual event. But. It will all end up blurring away without recollection of the year (time stamp).

Counter Example- Stable Career: First of all we don't view a Career as stable since you're simply a line item in an excel sheet. But. For fun we'll say that it is stable. This would be exactly opposite to a location free job. You're going to the same location, in the same city over and over again. The time seems to blur together since the office looks the same, the people may change (but are forgotten in a few weeks once they leave anyway) and the daily routine is exactly the same as well! There are only so many places to eat and drink within 10-15 minutes of the same pin pointed dot on a map. This creates a natural trap to feel like each year is exactly the same so the perception of time is warped once again.

Create Gaps: Another interesting item here is our general suggestion to create jumps/gaps. We think this also adjusts our perception of time. Instead of trying to "spread out the pain" which is what normal people do, you want to condense the pain. The goal of any reader on this website is to be rich by their 30s not their 60s. This means the pain of 30 years of work needs to be condensed into a short decade at maximum. Funny enough, by condensing the pain you'll feel like the first 3-5 years "dragged on and took forever". When you're done, you won't be old at all! This is probably one of the mental hurdles that most people can't jump because they feel like they have been working for more than 10 years even though it has only been two (mental mind game).

Counter Example – Create Stair Steps: By *mapping* something out you've naturally created a flow of time or "life math". Go to school, study, go to college, get some debt, get a good job, pay off the debt, get married at 28-32, have kids, scramble for retirement, retire, die. The map doesn't even look interesting to begin with but this is the "solution" sold to practically every American. Needless to say we disagree. A better way to do it is by creating gaps as we've said since you really don't know what is going to happen in 10 years. Seriously, it is difficult to predict. Will your "stable career" be around? Who knows. Will you have a new idea in the next year? Who knows. Real life is a lot more complicated than the boring life ladder sold to everyone at age 18.

Event Based Income: As always, no one gets rich working for someone else (Doctors, Lawyers etc.). Everyone can complain all they like but if they run the factual numbers they will find that this is the case. Event based income is quite different. It's not easy to forget 1) the first time you started a company, 2) the first time you sold a company and 3) the second idea you started… so on and so forth. Coincidentally, this creates a natural feedback loop for your experience in relation to time. If you are working on something new (or exiting something) it creates definitive hard dates for each event. In fact, a new SKU is more memorable than a promotion at a career since you'll be actively seeing how well it sells (or doesn't sell!). New promotions *rarely* change functions, your business card just has different words on it.

Counter Example – Time Based Income: This is the worst item since it is essentially a drug. Time based income is not memorable. If you work longer hours to earn the income you 1) associate time with money creation and 2) the time seems to feel longer than it is. Anyone who has worked a 16 hour day knows the last 3-4 hours feels MUCH longer than the first 3-4 hours. A horrible cocktail. Each day at work seems to be longer as the person waits for the check to hit in two weeks. In addition, associating time with money is probably the worst item since no one gets rich by selling their time for money.

Create Pauses: Another interesting one we do that conflicts with norms is taking pauses instead of celebrating. Most people get their first big win (a good bonus check or something similar) and go out to celebrate. Instead we try to do the reverse. If you receive a large amount of money or accomplish something, instead of going out to party we'd go out and hit an extremely low key area. Island life is generally an area where time slows down and we would recommend doing that instead. Time feels like it stops on islands since the pace is a lot slower, it is not a concrete jungle (sections of the island are distinctively different) and the weather seems to impact the perception of time as well (probably because night-time is brighter due to lower pollution and brighter stars in the sky).

Counter Example – Hit the Clubs: The common reaction is to celebrate hard. Blow $X at a certain venue, drink and toast to the occasion. While people are free to do what they want when they make it, the psychological impact is a bit of an overkill. If you make your first pot of gold, the party experience will just blend in (Example: if you party for all of your birthdays you won't remember which one was which). We've said it before but we'll say it again. The dopamine you get from becoming financially independent is not matchable. Instead of diluting the dopamine rush, let it run through as you're in a slow environment giving your brain time to relax. (Note: we don't expect anyone to listen to this advice and instead expect that everyone does the same thing – party hard the first time, it's human psychology after all).

Avoid Routines: Even if you're not making money online (yet) and you're working in a career, you can do a lot of things to avoid routines. The most obvious ones include: 1) changing the days you do laundry, 2) avoiding the same wardrobe, 3) changing the location of your workouts, 4) changing the people you meet for coffee and 5) changing the type of books you're reading. All of these items are basic but anyone can do them. The most important one is probably books. If you're not in a good position (money wise) reading is a highly correlated item to wealth since the average CEO reads around 4-5 books a month vs. your average guy who reads practically none.

Counter Example – Same Old: Your typical guy does the same stuff every day. We wrote a basic tweet that said ~4 hours of TV/Movies was enough for a month and people flipped out saying we were against entertainment. Seriously. People really believe that the only forms of entertainment are movies, sports and TV. We don't even want to know how awfully boring their lives are. TV/movies/video games etc are all time sucks with no real incremental value. Sure you can indulge here and there. But. Please don't try to convince someone that it's a net positive (unless somehow related to making money, i.e. pro video gamers can play as much as they can). It's amazing how addicted people become to this routine, probably because there are limited options for any sort of entertainment under $10 a month. That said. Their time should be spent reading and learning how to make money if this is really the only form of fun and entertainment they have. (After re-reading all the negative comments, it makes us even more convinced that investing in next generation entertainment is brilliant. If average people will defend it to death, they will blow their paychecks on it for sure. Great businesses!)

> Anything over an hour a week on these is just terrible:
> 1) watching sports
> 2) movies/video games
> 3) arguing with regulars on the internet
>
> As much hate as it gets, partying hard is a much more entertaining proposition and at least improves sales skills.
>
> — Wall Street Playboys (@WallStPlayboys) August 30, 2018

Space Utilization: This is going to be an unpopular one. For an odd reason we've realized that tight spaces create a feeling of time slowing down. Similarly, large spaces create the feeling of time speeding up. We're not sure why this is the case but anyone who has been stuck on an airplane as it waits in a long line for takeoff knows exactly what this feels like. If you sit in business class or even in economy class with no one next to you, the wait seems to be shorter! We have no idea why this is but it also seems to relate to why small islands feel "slower". If this is true… we all know what to do. When you're trying to work on something with a very short deadline, work in a cramped closed dark area. If you're trying to work on something more artsy and creative, try to stay outside. Now that we've written that out, it also explains why offices are designed with cubicles (tighter spaces for focused work) while the creative people are in larger offices since that is their job.

Counter Example – Bigger is Better: This is more of an American phenomenon. Where big is always considered better: taller, more floor space, higher ceilings etc. We're taking the other side of the coin and saying it's not always better. It depends on what you're trying to accomplish. If you're trying to be creative and create motion, bigger is better. If you're trying to focus and get something done, a tighter area will force you to focus (so you're "allowed" to leave the area once done).

Conceptual Overview: Since we cannot control actual time, we can certainly control our perception of it. If you want to feel like each year was unique and you want to get things done more efficiently we'll outline the following bullets: 1) create time stamps by focusing on unique destinations, 2) avoid routines and rejigger them on a monthly basis or so, 3) use space to decide what projects to work on, 4) use islands and slow areas to elongate a successful event, 5) use high paced scenes as entertainment as they are more likely to create a time stamp than conventional entertainment – shows/movies etc, 6) read a lot (if you haven't made it yet) to make time feel slower and get ahead and 7) continue to think of ways to warp your perception of time (journaling is one we recommend). Good luck and let us know if you have other ways to alter the feeling of time.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**.

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March Q&A 2019 (CLOSED)

Closed thanks! See everyone next month.

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Market Chaos – Another Crisis Another Opportunity!

Market Chaos – Another Crisis Another Opportunity!

What a wild week it has been in the stock market, bond market, crypto market and housing market! There is so much going on it's hard to keep track of it all. On a positive note, we've always had the same mantra… "Crisis is another word for opportunity". So. Here's a quick list of easy ways to profit from the current market disturbance. Some of it may not apply to you but feel free to remember it for a future downdraft.

Refinance Mortgage: Under the assumption that you already have a mortgage and decided to live in a particular home/apartment for the next 10-years… Refinancing makes a lot of sense. Notice a key item here, we assume that you've already purchased. You don't want to purchase a home if you believe there is a downturn in the future. If you've already purchased a home (say 3-5 years ago), simply get a lower rate on your current loan balance and collect the difference.

While it is true that rates could go even lower, by getting it set up in the next few months or so, you should be able to lock-in a number that is significantly better than your current rate. In the case that rates really drop to zero in the USA, you can worry about that in about a quarter or so. For now, if you bought a few years ago the chances of a profitable refinance in a place you already own is an easy decision to make.

Emergency Cash: Many Americans live paycheck to paycheck. Since we've gone through a massive bull market and most people were chasing stock prices through the end of last year, it's a great time to double check your cash/liquid positions. You're probably spending a bit more time at home and you're probably reducing your travel at this point in time. So take a few minutes and make sure you have enough emergency money to last you several quarters/months. At peak markets, it's not unreasonable to have at least 6 months if not 12 months of run-way in cash.

To avoid redundant questions, yes… the normal number is 3 months and there is no real change. The point here is that a downturn like this is a good wake up call. If you feel uncomfortable in your current position (worried about job loss/income loss) you should re-balance your portfolio a bit by simply stacking up extra cash in the bank. This is common sense for anyone who is worried about losing their primary stream of income. The 3 month rule is used for a "mid-market" cycle.

Ready to Buy: Your average person will not be able to think on their feet. So if you take a look at the prior recommendation, this would put you in a great position to purchase assets on the cheap if things continue to go south. If we really enter into another recession it is smart to have cash piled up. You don't want to sell your stocks/real estate purchases from 5 years ago since that defeats the purpose entirely. For all of our readers (or at least 90% of them), having a year of living expenses paid sitting in cash would certainly be enough to buy a high quality property if the debt bubble pops.

As you can see from the above, if you believe we're at the peak or near it, this would create downside protection for you. In the worst case scenario you're cash flow negative (business crumbles/career loss/job loss) and you're living off a year of savings. In a positive scenario, you are a top performer or your business is stable and you end up buying something nice at rock bottom prices in a year or so. Keeping the math simple, if you already had 3 months of living expenses saved and you can garner a 50% savings rate, this would result in ~9 months of cash building. Not a bad sacrifice.

Investment "Theories": We've already disclosed our view 15 months ago, only adding to cash and crypto while ignoring everything else. If you're looking for the classic view of what to do it would be as follows: 1) cash, 2) gold, 3) TLT/bonds and 4) decreasing exposure to all high debt load stocks. Cash is self-explanatory since we already did this above! On the gold side, the gold "bugs" will be bullish at all times and the gold "haters" will be bearish at all times. The right time to buy it is when we're going into a down turn as most of the returns are in this time frame. From a volatility and risk/return profile over decades, it returns a lower percent compared to stocks but has a lower volatility to it as well… Fits on the efficient market frontier (expected return vs. standard deviation). The third item, TLT, is a classic one that simply says you're betting on bond yields going down. While yields are already low, it has been a solid investment from 2017 onward. And. To wrap it up, even if you believe in the high flying stocks (typically technology, biotech and emerging/new markets), they typically do much worse than the market as multiples come down across the board.

Notice, this is based on historical recommendations and no one really knows what will happen to the crypto currency market. It's a strange one as we realize the paragraph contradicts what we're saying (since crypto is a new/emerging market). Our bet, which may prove to be wrong, is that a fixed asset crypto like Bitcoin should act more like gold and less like a high flying tech stock trading at 40x+ earnings.

Lots of Disruption: One of the comments we made on our twitter account was that *"people complain about the price of success being too high. Instead of just paying it as fast as they can."* This will become extremely clear if we do enter an official downturn over the next 12-18 months. Why? You'll find that many people who agree with the comment above were really just over earning in a bull economy. They didn't actually pay the price (they spent it all thinking they already made it).

If you live in a major city you'll find that many people who appeared to be rich were really spending everything they had. This is way more common than you think. You'd believe that a somewhat senior person earning $300-500K would be saving tons… only to find out that their net worth is right around the same level ($300-500K)! It sounds preposterous but it is entirely true. The reason for this is that most people are incredibly unbalanced. So most people who earn a lot are either out of shape or have poor social skills (spending tons to appear to be higher status, an important "feeling" to them).

In short, if things get ugly, more and more people will lose a lot of money. This will then lead to a belief that the "price of success is too high" and you'll see an increase in socialist type beliefs. The guys who were over-earning? They will find that they cannot replace their income and end up pushing into the same category (wealth re-distribution beliefs). Unsurprisingly, if you lived through the 2008-2009 crash you should be excited since you're ready to buy when things get ugly. 2008-2009 allowed middle-upper middle class people to jump socioeconomically. It was probably one of the greatest opportunities in the last 50 years. We'll go ahead and wager that you'll get one more shot at it over the coming years.

How do you know when the disruption is near the bottom? Well the phrase blood on the streets is simply replaced with "no one physically on the streets". When actual traffic drops off a cliff, the bars/clubs are incredibly empty and restaurants have no problem "filling you in at any time"… You're at the bottom. While many people may be laughing at this simple metric you'll make out like a bandit if you look for these signs.

More Important Matters: You'd think that there is more strategy involved. There isn't. As with most massive things in life, the simple answers are usually the best. Dollar cost average into index funds instead of trying to bet it all on single stocks. Remain diversified across a broad number of holdings. Always have enough cash to avoid selling. Work extremely hard and you'll see your life improve. Go and practice something (anything) for 60 hours a week and you'll get better. So on and so forth.

The more important items are the intangibles. The key item here is social situations. Under no circumstances do you talk about investing or income during a downturn (the days of everyone asking you the annoying "what do you do" dies down since many won't be working). You will have everyone asking you for jobs/yelling at you that nothing is going to recover (ever). So both conversations are not worth having.

In downtimes, you'll get your new contact list without trying. The people who are surviving and doing well will not complain at all. This is a general framework for life. In the first 3-4 months of a downturn most people are "optimistic" as they are happy to get a break from the grind. The pain sets in about 6 months later when many realize they may be structurally unemployed. This is a terrible feeling and you don't want those feelings negatively directed at you. So be sure to comb through your list of contacts as fast as possible.

Quick Summary: If you already have a mortgage and don't plan on leaving it should be quite easy to reduce your costs. If you think we're going to enter into a correction soon then you need closer to 12 months of cash versus 3 months so you can hold through the downturn. Standard investment theory has you buying gold/bonds/avoiding high multiple stocks… we'd add crypto to this (opinion and no history since it was created after the recession). Expect a ton of disruption if a debt bubble pops and be careful socially for a bit, the high quality people will naturally float to the top (seriously you won't even need to look).

Ending on some good news (better news), you should be able to jump a socioeconomic class if you play a downturn correctly. A 20-35% drop in net worth for many people is more than enough to create a "gap" and you can move up within 3-5 years. Also. Since this corona virus stuff has gotten out of hand, we'll be writing more here soon! No more travel is a great thing! Lots of video conferences instead.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

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Maximizing Retirement Accounts and Why They Will Be Meaningless to You

Maximizing Retirement Accounts and Why They Will Be Meaningless to You

Retirement accounts are largely a scam. They are set up to make you feel richer than you are and create a false sense of security that does not exist. Most of the fund managers within the 401K structure also underperform the market making it an overall bad investment. That said, since many people will be forced to work in a Career or Job for their first 3-5 years of life, lets walk through all of the ways to work the system in your favor.

Where to Put The Money

First Priority Emergency Funds: Lets say you're starting your career. Instead of maxing out your accounts it makes a lot more sense to save a chunk into an emergency cash fund first. Maybe you'll hit a recession, maybe you won't. It just doesn't make any sense to take that type of risk when you've got nothing in the bank to start. We used to think that maxing out the account was the smart move since your tax rate "may go up… That is now a dead idea. Instead, first priority is putting an emergency fund away so if everything goes south you'll have money in the bank just in case.

Contribute the Match: If your Company has a match, this is where you'll happily go up to the percentage match. After all, you plan on starting a Business and want to be financially independent before you're 40 (otherwise we have no idea why you're reading the blog!). Since you're all in on being rich young enough to enjoy it, you'll only put in the match. Typically this is around 3-5% or so. Therefore if you make $100K you're going to put $4,000 into the retirement account assuming that the match is 4%. This will result in a total contribution level of $8,000. That is factually a 100% return and is worth it. Even if you pay penalties to pull the money out that is still going to be worth more than $4,000 (post tax).

Contribute to Pre-Tax Only: Never pay the taxes on it up front. Unless you are 100% certain you're going to jump into a new tax bracket within a year (still working a Career for example) then it does not make any sense to pay taxes on it immediately. Put it into a Pre-tax retirement account and get the 100% match. Do not take mainstream advice that taxes will only go up in the future, in fact they may go *down* during this Presidential term. We're not making a prediction since we're not really interested in retirement accounts anymore but if it does change, you may want to look at ways to get it out (more on that below).

Summary: You're going to put away a chunk of emergency funds. Then you'll only contribute the Company match (we no longer recommend maxing out for our current readership). All of this money will go into *Pre-tax* funds.

Choosing the Right Fund

Mirror the S&P: Make the commitment that you're not interested in working a dead end job/career for 40 years in the hopes of enjoying life at 60. Again, we don't think you're in that group given our readership data. With this in mind the money is only going to go into equities. Since you have a 40 year horizon, there is no reason to own a basket of bonds/treasuries/fixed income if your goal is to create a growth portfolio over a 40 year horizon.

Monitor 1x a Year: Every year, the funds may change. Your Company will send an update or add new retirement related products. Simply check to make sure you're still in the lowest cost fund that mirrors the S&P 500. After that you're entirely done with choosing and monitoring your retirement assets. You will not look at the balance. Since you'll monitor the fund choices 1x a year you can go ahead and make sure you received the Company match and move on (wipe it from your mind).

One Time Events

New Tax Bracket Change: If you are going to switch firms and jump up into a new tax bracket it may be worth it to roll over the entire fund into a Roth IRA. *You'll pay the tax on it but you can then withdraw the entire principal *penalty free* in five years.* This is an important point. If you have $30K in a 401K and jump to a new firm that will move you from tax bracket 1 to tax bracket 2 forever… Go ahead and roll this over into a Roth IRA. Paying the tax on it upfront will hurt, but it won't matter because your tax rate is going to go up anyway. After five years have passed you can now take out the principal in a worst case scenario. For bonus points if you move from a high tax state to a tax free state you can avoid paying state taxes. Just make sure your residency has officially changed and then flip the money over.

Real Estate: If you love the city you live in and would like to purchase a property, you can use $10,000 and avoid paying any penalties on it as well. This is another great reason to get the Company match. Lets say you're moving from State 1 to State 2 (a place you'd love to live forever), when you move… it may be a good time to buy that first property. To keep it simple, if you had $5,000 and got a $5,000 match, you're now unlocking ~$6,000-7,000 post taxes despite contributing the equivalent of ~$3,000-3,500 on a post tax basis.

Summary: You're going to mirror the S&P with the funds offered by your Company. Ideally something that is practically equivalent to an ETF of the S&P 500. After that there are two scenarios where you can unlock more value with 1) roth IRA roll over assuming you are certain your tax bracket will change for the next few years and 2) using $10,000 to fund part of a real estate purchase.

That is our summary of retirement accounts and you'll never have to search for it again on this website. We used to recommend maxing them out but… that just doesn't make any sense. All it does is lock up slightly more money for a longer period of time when you should be financially set *well* before you're anywhere near 60 years old. If you're financially set, the money sitting in these accounts are essentially meaningless.

Why Retirement Accounts Will Be Meaningless

When you begin making money from your product based Company, you'll no longer care about your Retirement accounts. This is due to life style changes and the need for cash flow over net worth. Do you really *need* $500,000 in retirement if you're already financially independent? The answer is no of course. If you're already making enough passive income to more than cover your cost of living, there is no need for the extra money that will be available at age 60 (or higher if they change the laws).

Psychology of Retirement Accounts: It seems that retirement accounts were set up to make people feel richer than they really are. When calculating net worth it should always be done on a *post tax basis*. How is $500K in a 401K account equal to $500K in a brokerage account? They are 100% unequal. Even if the retirement account is all post tax money… It still doesn't work. There is a 10% penalty to be paid so it would be 90% of that value. Either way. The account offers a false sense of security because it seems like you have more money than you do. $500K in a pre-tax account is = to somewhere around $250-300K.

Retirement Accounts Offer No Cash Flow: Since the money can't be withdrawn without penalties, it certainly does not offer any cash flow. So for 40+ years you'll see $0 except for the psychology of knowing there is money floating around in a financial system out there… that can be obtained for an outrageous penalty. Without the cash flow it doesn't help you live your day to day life once you're financially independent (money is locked up for over 30 years… assuming you're a millionaire within 10 years).

Forced Check Ups: This is probably the biggest drag. Who is running the retirement account? If you're in an awful situation where all of the offerings are fund managers charging 1% for something that mirrors the S&P 500, you're in trouble. You'll likely underperform the market which is not good. So you'll be thrilled when you you're officially done working and take all the retirement accounts over to Vanguard for the lowest fees possible to mirror the S&P.

Why You Won't Want to Retire

Here is the kicker. Most people (not our readership) long for retirement because they don't want to do repetitive tasks that make someone else richer. Over and over and over again. Instead you'll want to strike it out on your own and make money for yourself (only way to get rich is with a business). Once this happens and you begin making money on your own, you'll have no interest in sitting on the beach all day. You'll be interested in earning money from your new venture.

Once this becomes exciting or "entertaining" for you, there is no turning back. There is no reason to stop earning money from your venture because you enjoy it. *Who would retire from doing something they enjoy?*

The question laid out above is very important. Retirement accounts are set up under the ***assumption*** that you hate working. Therefore, the entire system knows you're unhappy working. Now… Who would want to be part of that system?

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Maximizing Your Options in Wall Street

This is a throw back post.

Practically all emails we are receiving surround the same topic, internships, job choices and choosing to focus on GPA/majors/experience. Having been on the other side of the table for the interview process it's sometimes hard to remember all the choices we make and how to make the correct one. Many people are out there trying to "maximize" which bank they work for and for good reason as your first major job is one of the turning points in your career. So we will take a look at how you're going to decide where you will work. Beginning at the lowest level on Wall Street… the Summer Analyst/Associate Level.

Step 1 The Application:

When applying for your summer internships remember the screening process. Here's the refresher 1) GPA 3.5+, 2) Finance course work – accounting or corporate finance, 3) Finance internships in something close to Wall Street, 4) Extracurricular activities that show interest in finance or transferable skills. ***The trump card is an internship in Wall Street role.*** With that said most questions that we are fielding surround the "GPA" so here's the breakdown.

1) Always choose an investment banking role over GPA if you want your best shot to get into Wall Street. Always. Even if you have a 3.0 we will interview you. Why? You are a less risky hire and have the credentials

2) We screen out at ~3.5+ GPA, a 3.7+ GPA may be the water mark for some banks, however a 3.5+ GPA and a real internship at a real bank will trump the 0.2 delta every day of the week

3) Double majors… Again review the 4 step process, if you can obtain a private wealth management job instead of a degree in political science…. You guessed it we're choosing the finance resume

4) Regarding the sub 3.5 GPA and banking experience, you will be interviewing with a negative stigma, we will believe you had "preferred selection"… Hope you get the idea, so be prepared for a grilling on your role there and how you obtained the job (see how you're already in the interview room though)

5) Finally, while finance courses are important once you get through 1-2 basic finance and accounting courses it is best to switch gears and get internships close to a Wall Street role.

Step 2 The Internship:

Some people get caught up in "prestige" for the summer analyst role. This is damaging. As always think about how you will be perceived when you interview for your full time role ***"What will be most impressive to my future interviewer?"***… Ding… That they offered you the slot. So when you choose your internship it is in your best interest to research heavily in both the bank and the group. If you have to choose between Citigroup and Morgan Stanley but know that Citigroup extended 90% offers and Morgan Stanley extended 25% offers… Go with Citigroup and interview with Morgan Stanley during the fall recruiting season. Since we want to make you rich and save you time here are some situations and exceptions.

1) Choosing between a dying bulge bracket or a growing middle market bank? Here you choose the middle market bank. If you're surprised re-read the underlined text, getting an offer is paramount, in the fall you interview with your credentials. It is like walking into a party with an 8.5/10 on your arm already… You get the idea.

2) Choose between a sweatshop Bulge Bracket or an easy Bulge Bracket? Simply look at the offer rate. It is only 10 weeks so if the sweatshop has a 100% conversion… get ready to destroy your body with stimulants for 10 weeks. It's worth it.

3) Choosing between an internship in Banking at a small bank or private wealth management at a Bulge Bracket? Again it bears repeating, transferable skills. If you want to work on Wall Street… then… get Wall Street experience. The Boutique or Middle Market.

4) If you do not know which side of the Street you want and have mixed offers in S&T/Research/Banking at Bulge Brackets to Mid-Markets? Choose Investment Banking it is the most transferable, at minimum they know you work hard

5) Multiple offers but your ideal interview is in a week? Push as hard as possible to sign the date late. If you absolutely must choose today you may be forced to "re-neg". This is taboo advice, however, you will soon realize absolutely no one in the hierarchy cares about you so it's best to place yourself at the best bank possible. Ruining a single job offer is not a life ending situation.

Step 3 The Full-Time Offer:

We already wrote about warning signs and how to choose the right bank, however a good summary on how to choose the right bank in an all else equal scenario is as follows: 1) Prestige *(note it does not say "bulge bracket")*, 2) M&A over ECM or DCM and 3) Life Balance. Notice, here we care much less about getting "offers", instead we care more about placing the right "logo" on our resume:

Goldman M&A banking? Front of the line sir.

Jefferies M&A Banking? Middle of the line sir.

Moelis? Front of the line sir.

Quatalyst with massive deal experience? First in line sir.

So on and so on. As written earlier… Pain today or regret tomorrow.

Notably, this is also a great time to address the bitter banker issue when you finish your 2nd year. To be put simply, your ***low twenties are not the best years of your life.*** Instead you have built a strong resume by working at some terrible job, this pain will continue through for roughly 3 more years, at that point it gets much easier. The pay goes up, the hours go down and you have enough valuable skills to be an important asset to your firm.

Conclusion: If any young reader wants to cut to the chase the best thing you can do for yourself is remember the following ***"If I was the hiring manager what would I want to see?"***. A 4.0 GPA in Chemical Engineering from an Ivy League is great, but how does that help the interviewer? It doesn't. So before you take a new job, pick up a new major, or choose a dangerous platform to work for ask yourself the same question and you'll stumble upon your solution 9 times out of 10. This theme continues even as you move up the ladder. Develop valuable skills and your bank account will thank you.

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May 2019 Q&A (CLOSED)

Q&A now closed

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Mayweather McGregor "Fight": Business Tutorial and Controversial Lessons

Mayweather McGregor "Fight": Business Tutorial and Controversial Lessons

Now that the fight is over (Floyd won as expected and we made $$$), we think it is the perfect time to highlight all of the chaos that occurred leading up to the fight. A lot of the items will be controversial and several will be obvious for those with a background in sales/business/sports. The most important part? If the presidency and the fight didn't prove that people are driven 100% by emotion nothing will (notice we don't talk about politics anymore because there isn't money to be made!). Lets jump in!

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Business Lessons

Brand Damage: We're starting with the most obvious one. We got several messages and read a ton of websites that suggested *"Floyd Mayweather is incentivized to throw the Fight"*. Immediately, our response was the same: *"Ask us how we know you've never run a meaningful business?"* The message is clear and to the point: Brand Damage. If Floyd were to throw the fight he would lose significantly more money by killing all of his boxing revenue: the gym, the TMT store, all endorsements and of course his image as The Best Ever. The funniest part of the entire debate is that people believe Floyd is all about the money… then decide he would throw the fight. That doesn't make any sense at all because he would lose somewhere around $1 billion over the course of his life by throwing the fight.

Consumers Always Take The Bait: We saw our media version of cloaking with the fraud video of McGregor "Ko'ing" Paulie Malignaggi in a sparring session. The media stunt worked with the spread on Mayweather falling from -700 to -400 or so (some places went as low as the 300-350 range) which is absurd. Broadly speaking, people want to believe in the underdog so they fell for the bait and took the entire story hook, line and sinker. If there is one thing that won't change? Average guy always believes in the underdog because he is a reminder of himself… a guy who never had a shot in the first place.

The second part of taking the bait is the real ***entertainment*** opportunity that has now opened up. The real move here is for a fight between Paulie Malignaggi and Conor McGregor. Since they now have a clean beef with fake footage and outrage from Paulie, your average consumer would pay for the fight. That said, since the "jig is up", we doubt the fight would happen since the above average person would know that Conor would lose again (not to mention the significant brand damage for Conor McGregor after another loss). The entertainment value gives it a chance though. While we give it a 0.1% chance of ever happening, if Conor needs money he can always go down this route to make a few million. End of the day… Too much brand damage now that he has his own athletic business. But. It would work for entertainment dollars.

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Marketing is King – Three Steps: The media has done a great job of portraying Floyd Mayweather as a typical boxer who has financial problems. They went so far as to say he owes a ton of money to the IRS even though 30 minutes of research would reveal that he locked in a different investment vehicle to capitalize on a higher return on investment. This was an important step in the marketing process because it gave Conor some fodder for the pre-fight conferences. It also caused people to look into Mayweather and learn about him (the MMA fans that is) and gave them yet another reason to hate him (anyone remember what people said about Donald Trump's taxes for the entire election cycle?)

The second step was Mayweather. He had to find a way to make it seem like Conor had a chance (practically no shot, we had 1:20 due to a DQ or something strange like breaking his own hand). So he went into repetitive talking mode, similar to a sales pitch, stating ***on paper*** Conor has a shot… *"He's a lot younger. When you look at myself and Conor McGregor on paper, he's taller, has a longer reach, he's a bigger man from top to bottom. He's a lot younger, so youth is on his side… And I've been off a couple of years. And I'm in my 40s. So, if you look at everything on paper, it leans toward Conor McGregor."* – Floyd Mayweather. After this… He continued to thank the MMA side for putting the fight together and acted as polite as possible… until the end when he guaranteed the fight wouldn't go the distance during the weigh in… this is marketing 101! He never said he would lose, he just gives people a reason to show up to the fight. If people think Conor has a chance that means more PPV buys, more people in seats and more money for him.

The third step was covered above. You had video of Conor doing well combined with Mayweather saying he was inactive making it possible to get hit during his own training regimen. Combine those two items and the masses believe in some dude with a chest tattoo. Watching all of this unfold was beyond brilliant.

The fourth and final step was hyping the fight up as a brutal one (this took the entire duration of the hype phase to work). Mayweather went on to say he would "go to Conor" which was just code for fighting in the pocket and throwing consistent lead punches… killing any sliver of hope that Conor had. Both fighters said the bout would not go the distance. Conor stated it would last 4 rounds and Mayweather guaranteed on Jimmy Kimmel live that it would not go 12 rounds. This resulted in a perfect set up since most people don't want to see a round 1 KO and they don't want to see a 12 round boring fight. For some reason, the general population (regulars) want to see something in-between, which is what they were essentially communicating.

Will This Be Good For Sports? This will be interesting. Our guess is that this will be a positive for both boxing and MMA because it is a form of cross pollination. If you ran a website that sold yoga pants and expanded into other sporting wear for women… There would be a good chance it worked but not a guarantee. This is similar as you have two types of combat sports combining for a day to see if they can get more dollars out of each pocket (MMA fans spending to watch boxing in the future and vice versa). The second part that makes it interesting is that Mayweather is forty years old. If Mayweather fought at age thirty… The fight would have lasted 1 round at maximum. The timing is actually quite good so we think it'll end up being a good long-term decision. Conor doesn't look terrible losing to an older guy and Mayweather didn't have to KO him in a single round so it looks more reasonable than it actually was. ***Perception is reality*** and they did a good job making this fight seem legit.

Controversial Lessons

We're going to make a lot of people mad with this section but we'll go ahead and do it anyway. There are a lot of controversial topics here and some of them are definitely painful. Ranging from racism (still exists today) to people being taken advantage of. Nothing you can do about so no need to worry about it but here we go…

Who Bet on Conor? We're not overly cynical here so we think the vast majority of people don't know anything about sports which is fine. Your average guy who thinks that Conor had a chance is simply a regular or a fool. They have no actual fitness experience and might look decent since they went to the gym… But they are simply not athletic. They are the same people who believe that "elite" training is about periodization and peaking at the right time. That level of knowledge is given to 14 year olds who competed at the high school level. To emphasize this, the vast majority 98% of people, are not athletic or knowledgeable about the top 2% in any shape or form. So we'll say that 98% of the people who bet on Conor just don't know anything about sports (nothing negative to say) just "smile, nod and agree"

The second group of people are the emotionally attached. We have nothing bad to say about MMA, Conor is a top athlete in his specific sport… that said… It's not the same as boxing. The hardcore ***MMA*** fans and the hardcore ***Ireland*** fans voted heavily on Conor. These guys were simply blinded by emotion. Nothing negative here, it is simply human emotion: 1) dedicated MMA fans and 2) patriotic Irish citizens. The good news is that you should look for these people in the future. If you see another lop sided bet like we had here, you can find these people and make wagers against them in your favor. When people are emotionally attached you should hear the cash register ringing in your head.

The third group represents the scum of the earth. Actual racists. You can spot these guys because they had to show their cards. Look for people who 1) claim to be athletic experts and 2) somehow thought McGregor would win. This is the ugly side of the chaos that ensued over the last couple of months. They cannot hold both beliefs together at the same time. One of them must be false. We're going to be careful and make sure that spotting is done correctly: Step 1: before claiming the person is racist, make sure you check their financial incentives. A ton of the guys who said he had a chance are making money off of the fight so they are doing it to get more people to watch the fight (ESPN is an example, more controversy = more viewers so someone has to take the other side). This is the vast majority. Step 2: if they make nothing from the fight, you'll have to do your own research to see if the person is an actual expert in sports or not and finally Step 3: if they are experts and don't make money from it… make sure there is no emotional attachment: huge MMA fan, Irish, involved specifically with McGregor etc. After checking all three boxes… chances are you've met an actual racist. An extremely small portion of the population, but you now have a clean way to see if someone is an actual scumbag.

Drugs in Sports: Now that we're seeing more and more athletes get busted for drugs it's time to let the cat out the bag. Any smart athlete in the top 0.1% is on drugs of some kind and it would be foolish to avoid them. Sure they are not on millions of dollars of drugs 24/7… But. They are using drugs. How else do these athletes come back in under 6 months from serious injuries such as torn ACLs? The answer is drugs. Besides, with $100M+ on the line what intelligent person wouldn't max out all of the rules he could? Even with blood tests, there are still many ways to get your body to near maximum numbers without tripping the alarms…. To kill the last shred of hope that pro-athletes are "clean" just ask yourself an honest question. If you were borderline professional, the difference between say $1M a year in salary or $60K a year in a development league… Would you look into how the tests are done and maximize your chances? We can all be realistic when it comes to the real answer.

All that said, it would be wise to legalize them to some extent. It's a bit of a predicament because going overboard on drugs results in death and on the other side, low doses result in improved recovery time (injuries) and performance. There is no magic drug to make someone athletic anyway. Even if someone had talent (top 5%), with drugs they would not beat someone who is in the 0.1%. It's just not going to be enough. The rules should be given some more wiggle room. Find out if HGH should be legal for injury recovery. Look into the numbers needed for max performance and make that the cut off. This way, everyone is using the same exact amount since overdosing isn't beneficial (it would actually lower performance long-term). In the future, we wouldn't be surprised if the rules change… It is just far too complicated since encouraging drug use could also lead to severe issues (young athletes using them and killing themselves as well)… At the end of the day, we'd say some sort of NDA agreement for all pro-athletes and those about to go pro would work. The leagues could then allow low doses, making everything clean and younger athletes wouldn't know the truth unless they made it to the big leagues in the first place.

Anything for the Money: Now that it is crystal clear that the entire event was just a spectacle… Everyone knows the truth about the power of marketing. They hit a sweet spot where they capitalized on the masses. Your average guy isn't an expert in anything so illogical things such as "boxing gloves make it impossible for a TKO/KO for Mayweather" made sense to them. In fact, you probably heard such arguments leading up to the fight. The only reason they lowered the weights for the gloves? You guessed it… Marketing (made the fight *seem* more brutal).

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The nasty part is the lengths at which they were willing to go (we got the round off by one but oh well – Mayweather had to make it look close to merge the two businesses). They embarrassed Paulie Malignaggi for the money (he should have known better since Conor knew he had no chance as well – went so far as to say he wouldn't even bet on himself). They took your average consumer for a ride with huge mark ups in Vegas. And. They also cashed in an ungodly amount of promotions. While the fight hype and set up wasn't all that bad, the darker side should immediately come into question. If a large fight with a ton of built in demand still went through all of these hoops… would a poor person be willing to give you fake information on the internet? Would that same person be willing to sell bunk products at 100% mark ups? Would they sell re-packaged junk and say it's a new innovation? For those that have read Efficiency they know the answer and how to spot it.

Get Ready for the Hate: As we described in a prior post, the average person roots against the favorite 99/100 times. This was no different. Mayweather has been the heel for years and that naturally means… He's the best. The real underlying point is to avoid fame. People who want to be famous and successful will end up receiving death threats, tons of negative attention and forced to live a life "on guard" at all time. While there is nothing to be afraid of, getting rich first then deciding if you actually want fame is a much better set up for the future. The more recognizable you are the more hate you'll get. You'll also find that you have a lot more "friends" who ask you if you need "help" with anything. All of this is just code for ways to get money (angling). Even if you are relatively unknown and rich, a small number of people will leak information which just makes you a target in the future.

With that we'll leave you with our favorite tweet during the fight. And. As you can see, this entire post was written before the fight even began (hence the time post immediately after the win).

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On a final note… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like our book **Efficiency**. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career **and** the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (*the basics and all you need to start*); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it and 9) How to do all of this and maintain a normal social life (avoid choking off your personality).

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Message To the Financially Independent

Message To the Financially Independent

We have gotten a few requests to do a post tailored to the older crowd ie: people in their thirties. The reason why we do not focus much on people in their thirties is because most people have "made it" or have not by this age. We have relatively normal standards on here and believe $1-2M by you early 30s should be the bare minimum to give any sort of life advice. Lets go ahead and cut the center and assume you are worth $1.5M or so by the age of 33. You have 27 amazing years left before physical decline really hurts your quality of life so let's make the most of it.

Step 1: Elimination

You followed the rules on this blog and took advice from people who matter. You didn't listen to foolish middle class people giving advice on how to get rich when they only make $200K a year at the old age of 35. **You knew better.**

Similarly, now that you look at your bank accounts and realize you can live off of ~$7K a month pretty easily anywhere in the world, it is time to maximize your good years. You are a bright person so you know the rules, you don't burn any bridges by suddenly quitting your career for no good reason. Instead you begin eliminating items that don't make you happy.

Samples below:

Problem clients. While they pay well you're unwilling to work with them anymore at the cost of ~10% of your total pay. There is someone in the firm (younger no doubt) who would jump at the chance to work with this psychotic client. Hand it down. Not only are you going to make your life better in this transaction, the higher ups will more likely than not see you as a leader who is willing to give people responsibility! Maybe you take a short-term pay hit, but nothing can compare to hitting call forward on all of their calls and emails going forward.

In addition, maybe you're the person running the Company. In that case, delegate the bad work to someone who wants it! With a couple million dollars and no reason to service the client, it is better to hand it over to someone who will do a good job. Your lack of enthusiasm will show. You know it. The client knows it. Make the move.

Downsize if necessary. One issue that many higher net worth individuals have is… Lifestyle inflation. Stop it right now. You don't need to have a 3 bedroom apartment if you are a single guy. At max you may need two if you work from home. In addition? Please do not spend your money on multiple declining assets (cars) that you'll never use. You're going to burn money and time that could be spent on developing new relationships and even running game.

Don't get us wrong, if you're successful and worth 8 figures, then feel free to keep your toys. The point is simply to downsize if anything in your life is causing you stress. Stress is no longer in your life.

Chores, Errands and Other Time Wasters: Now is the time to get rid of all the annoying items that used to take up a few hours per week. No more laundry, no more parking (valet every time), no more connecting flights, no more cleaning, no more time wasting organization! Forget it all and delegate when possible.

Back when you were young and trying to put away a decent financial nut, $500K or so in your 20s, you were likely doing all of these things to reinvest in yourself and appreciating assets. No reason for that anymore. Sure this may cost you $500-1,000 a month but who really cares at this point? You're creating time to enjoy life and again… Eliminate stress.

Step one is now complete. You have adjusted your life to free up a significant amount of spare time. You did not foolishly quit your career or company and instead have optimized your life to see what exactly you like and dislike.

Step 2: Quality Of Life Changes

The first step takes roughly 6 months to complete. You'd think it would be easier to pass clients down and reorganize some fixed expenses (downsizing if necessary) but it really does take 6 months. Now you have a much better lens to look through and its time to improve the quality of your life with your new routine.

The Money Question: Many people find that after they eliminate the major headaches from their career or business that they actually enjoy it even more. You will be positively surprised to find that a few major items can really cause 80% of the problems. Get ready to ask yourself the money question, how much of my time do i want to spend on making money?

This is going to be a tough one to answer. Naturally you do not trade time for money but the business processes and clients need to have oversight. Everyone will be different as cliche as that answer is. Simply look at yourself in the mirror and ask if you really want to work the same number of hours or half as much. Generally speaking, most people end up working 30ish hours per week managing projects, researching new ones and jumping in for the occasional headache here and there.

Second Home Base: It is fun typing this section, since the successful readers already know where this is going. By the time you're in your late 20s you were hitting your stride and already traveled to your fair share of international destinations. You liked one of them the most. You are setting up a second home base.

Instead of having one place to call home you now have two and can adjust your new lifestyle to allow for 3-6 months of living in the new location. Naturally, you are already tired of constantly going to new places so you begin establishing a "presence" there and once and a while you can go ahead and take a trip to a new destination. At the end of the day… You already know that you have one spot in mind after visiting 30+ places by yourself already.

No More Alarm Clocks: You've been waiting for this one… for years! Before you were like the latest rap video trying to crush sales numbers every single week… Week after week after week!

http://youtu.be/om07MCkuTM8?t=3s

No more.

Instead you're now in position to set up a consistent and healthy sleeping schedule. Don't get it twisted. You're still going to wake up early since you know its the easiest way to stay ahead of the competition and make the most money. The difference? You no longer have to work those late nights for the unnecessarily intense client. You've got consistency at this point. Which means, smooth sleeping patterns.

Step 3: No More Worries

This is now your number one enemy. Worry.

Under all circumstances you must avoid this monster. Do not do anything that will cause it to awaken (unnecessarily risky investments, debt, marriage etc.). Here is a good rule to start it off. ***If you have to think about it for more than 48 hours and it is not going to make you money, it is a deal breaker.*** Do not think about it for more than a second. Simply say thanks but no thanks and move on with a smile from ear to ear.

Step 4: Follow Your Interests

We're getting to the tail end of the steps here. Now is the time to follow any all interests that you have. Maybe you want to invest in real estate, maybe you hated our comment on cars and want to build a modded up super car. Go for it!

Just remember to avoid tripping up step one and three. If it is going to cause you to have an actual headache, then go back out there and make a few thousand dollars extra per month until you can buy it **worry and stress free.**

Most people will tell you to "follow your interests and passions" from day one. All of these people of course are con-men. Trying to get you to work for $150K or less (wasting your valuable time). At this point you're already free so you can go ahead and pursue that interest of yours.

Step 5: Health is #1

Again you already know this but this needs to be the final step. The reason why worry and stress are to be avoided is because your health is going to be your new #1 priority. This does not mean you live in a bubble, it means that you do not do anything that is going to severely damage your health. Nothing.

Parties, drinking and drugs may be your main interest, just be smart about it. Most people are not smart about it, but if you can intelligently use these things to your advantage (house parties and simply abstain) then it can benefit you to no end.

With that small warning out of the way, feel free to party just don't spend any good years of your life in the hospital.

Recap:

So there you have it. Once you've made your way to becoming relatively rich (about $1.5M at age 33) it is time to 1) eliminate stress, 2) get rid of all worries, 3) save yourself a ton of time and 4) downsize all unnecessary fixed expenses.

Now everyone can see why we do not bother with longer posts that address this topic. The key is really quite simple if you're already at this level. *Do anything and everything that makes you happy, do not do things that make you unhappy.* We do not care what your hobbies are, if you cannot find a way to be happy knowing that every second can be spent doing what you want… then we cannot help. Naturally? Practically no one has this problem.

This is exactly why people who say "money doesn't buy happiness"… Don't have any.

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Millennial Generation is Going to Be a Group of Haves and Have Nots

Millennial Generation is Going to Be a Group of Haves and Have Nots

For fun we decided to look into the Millennial generation which consists of people born between 1981 and 1996 (22-37 years of age). It's an interesting age group as a chunk of them graduated only to see the Great recession and the ones that are even younger on the age bracket are racking up Student Loans at an alarming rate. We had no idea that 80% of the entire millennial generation had less than $9,999 saved. This is a startling number to say the least. In fact, all it does is prove that small amounts of entrepreneurship is the best way to go, asymmetric risk is the name of the game if someone's net worth is that low. In this post, we're going to outline our own strategy if we had to start over again and also outline benchmarks for multiples of annual spending that someone should have saved (by age).

Ignore the Macro Picture: At the end of the day, the macroeconomic picture doesn't mean much for you. If you have no money, having your net worth go from $10K to $5K… is not going to change your life. That's equivalent to about three months of unemployment checks. Don't worry about things that are out of control since you're essentially starting from zero. The only way to take control of your life is to have individual value that cannot be replicated by a machine. So instead, as usual with this blog, we'll focus on the microeconomic picture and how to fix your own situation first. Fixing the world is something you can noodle on when you're rich.

Microeconomic Environment: There is no nice way of putting this, unless you're able to make the median wage which is around $50-60K a year… You don't deserve to have any fun. Those invites to get drinks and travel are officially canceled. We've seen a lot of young people party hard in College only to end up with no job offers, debt and a belief that life is exciting and fun with no repercussions. As they say *"life comes at you fast"*. If you can live at home… Do it. If you can't find the cheapest possible place and get your income up by working two jobs if needed.

Living With Nothing Sounds Terrible: Yes it does! It's terrible because the situation is essentially a war zone. People have a hard time thinking about compounding and losing a single year in your 20s with no money means you typically have to work multiple years later on in life. Want to put this in perspective? *If you saved one year of living expenses today… or you saved 10% of a year of living expenses for **~17-18 years straight**… you'd get the same rough result.* That is mind boggling when you think about it. It means you're better off throwing money into investments all at once and early. Much better than the ridiculous strategy of saving "10% per year" forever.

For the people that love numbers out there, we'll put some realistic money to work. If you were to save $50K in a single year or $5K per year for 17 years straight… the person who tossed in $50K would now have $157K and the "consistent" saver, would have $154K. If both people were age 23 when they started it means they are both 40 years old with the exact same net worth. Insanity. As you can see this is an obvious set up for our argument based on ***event*** income.

Starting Over, What to Do: The answer is always the same: asymmetric risk. You have to start numerous online companies, consulting companies… hell… even a blog generating a few thousand bucks would be fine because you have zero dollars to start with anyway. This is exactly what we would do. We would take a look at three types of work: sales, entrepreneur and services. The last one is a change of tune from our normal advice since the person is falling behind every single day. Services is an area where you can make well above minimum wage and is also an area where automation is unlikely in the next 10-years.

Services Jobs: What is a services job? It is a job you accept as an absolute dead last resort. ***You go to dead last resort positions when you're falling behind.*** Falling behind is defined as your net-worth no longer tracking to the numbers at the end of this post (net worth relative to annual spending). Services positions that have good paying incomes include: nurse, air traffic controller, plumber, technicians, auto mechanics, electrician and more. If you get good at any of these things that also funds a low-income blog about said profession: You Tube videos on fixing stuff essentially.

Getting Into The Numbers: Study this chart and take it seriously. Since you're reading this blog we sure hope you're not interested in saving 10% of your income and retiring at age 65. The goal is to get rich ASAP and leverage your time since money is always going to be there anyway. It is certainly a lot easier to sleep at night when you're not worried about paying bills that's for sure.

The chart is clear as day but we can assure there is no confusion. If you spend $50,000 per year, it means that you want to have ~$500,000 by the time you're 30 and $1.25 million by the time you're 34. Like everything else in life, if you're making smart decisions your income actually grows exponentially and your net worth ends up generating large amounts of money for you ($70,000 is just 7% when compared to $1 million dollars). We use 21.5x total living expenses as a rough proxy for when you should feel "set". To wrap this up, we use multiples since we have no idea where someone lives. Perhaps you can live on $30,000 a year and feel great… Others might need $120,000 per year. That's not as relevant as the multiple since it adjusts for this naturally. In short, if you're behind on this graph it's time to delete everything: Facebook, Twitter, "beer nights with friends" so on and so forth. If you're on track with this graph feel free to do whatever you like since the difference between being financially set and financially set times 1.5x or 2.0x isn't really going to change your mental health much.

Just Get Over the Hump: The numbers look daunting since they accelerate. The reality? If you get over any of those bars earlier it means you'll blow through the next several years. For instance if you had 10x your annual spending at age 28… you would hit your number at age 31 without contributions (simplistically, assume 7% returns which adds 0.7x incremental at 10.0x). Putting it another way, all you really need to do is "generate income to survive" if you're able to get over the hump earlier in life. Just like physics, objects in motion stay in motion… applies to finances as well.

Front Load All of Your Work: One of the interesting conclusions from this math we've done is that you're better off shoving all of your work into the beginning of the year instead of spreading it out through the full year. Why? Well you can hit your needed investment amount then forget about it. Lets say you're behind and need to put away $40,000 (we made it up), well your best option is to live like a monk for the first half of the year working like a dog and then when you clear it you can forget about it like a bad dream. This creates a forced acceleration effect. If you've already hit your needed investment amount it is unlikely that you'll go negative for the remainder of the years. If the prior statement is true then you're going to be well ahead of all the bars listed in the graph above. Unsurprisingly this is exactly how we operated before becoming financially independent. Try to generate as much possible money in the first 6-8 months of the year and then move into relaxation/fun mode for the last 4-6 months.

Moving onto the Fun Stuff: Well if you've been following along for the past 5-6 years you already know that less than 1% of people will ever listen to the advice on this page. They are more interested in watching Sports, Netflix and debating politics. Since we know two things: 1) millennials are broke and won't have many options and 2) the richer part of the population is getting older… this creates a pretty big business opportunity. The two options are essentially hedonism and healthcare.

Millennials are going to spend all of their money as they view their future as bleak and impossible to overcome. Even though math says it is possible, they are more likely to spend their money on life experiences. This means travel, alcohol, concerts etc. Similarly, their income will go up so you can imagine that more and more foodies will make a good living in the future. On the other side of the equation is the aging population. The people in their mid-60s will spend large amounts of money on healthcare, travel and potentially dining as well.

Massive Inequality: Think about it like this. The number of people willing to work hard is already around 10% maximum (hard work meaning solving problems not something worthless like working long hours). In addition, 80% of people are already behind and have to play catch up. This means you're left with around 2% of the population to compete with (10% times 20%). We didn't even adjust for people with low IQs, people with immense amounts of debt or people who have already hit age 30 with next to nothing to their names. Oh and by the way… many of the guys who are on track now will likely suffer a divorce or another major emotional mistake setting them back as well. This means you're going to see a big big gap between the rich and the poor going forward as ***the rich people will be the only ones with an ability to produce.*** Attempt to have wealth redistribution, we wouldn't even mind. Why? In 10-years the picture would be the same since the number of producers would be small at under a few percentage points versus the consumers with no tangible skills to earn money (only able to spend).

Positive Note: Since this has been a bit of a sadder post we'll have our Q&A on Tuesday the 20th. Remember the only one you should look out for is yourself.

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Money Changes Your Life

Money Changes Your Life

The problem with being rich is that it is relative. With our focus on single individuals, we'll go ahead and outline a change in thought process as you inevitably move up *levels* in the game of life. We've always had the same belief regarding income and net worth multiples. The simple axiom is as follows:

"Double your net worth or your net income and your life changes"

You cannot start doubling from zero, but we'll start there and walk through some of the changes you'll see as you move through the ranks. *(Key note: we <u>do not include retirement savings in net worth, it counts as a zero</u>)*

Zero Net Worth: At this point most *future successful people* will have extremely high levels of will power. Will power actually *declines* as net worth and income go up because there is less reason to "sweat the small stuff". Details become less relevant as earnings and net worth accelerate. Starting at zero? Everything matters.

A good way to think about net worth when a person has nothing? Constantly envious of what other people have. Any moderately competitive person is going to be unhappy during this time period as they see… every single day… that they are no where near their potential.

This is normal. Anyone in this stage is ready to do anything (and everything) to gain some traction and this includes insane time sucks such as working for a low hourly wage. Willing to trade time for money. There is no other immediate way to pay bills and start moving in the right direction.

A classic trap for the masses and most never figure a way out.

No time for fun because if a person has $0 to their name… they don't deserve to have fun anyway.

$100K Net Worth: At around this point most people begin to feel some baseline level of security. Lots of effort (defined as hours worked in this rare instance) and money are at least *somewhat* correlated.

Anyone who reaches this modest level of net worth will know with certainty that anyone who claims hard work does not lead to more money (a minimal amount at least) is a complete liar and likely a failure at life as well.

Instead of doing anything for money, most in this camp will begin thinking in terms of "highest income per hour". They haven't escaped the trap yet. Instead they calculate how many dollars they are making per hour as that is their new way to free up time.

Generally, most of these guys find "quick hustles" to make a few hundred dollars here and there. Instead of using their *<u>valuable time to build a new skill</u>* they will usually invest free time in finding hustles for an extra $3-5K a year with all their extra time.

$200K Net Worth: Assuming a person successfully kept a decent job (typically a salaried employee), they begin falling into three categories at this point 1) frugality, 2) laziness and 3) scale. Right around this range most people have the ability to slack quite a bit. They will feel financially secure with a six figure bank account.

In Group 1, the person typically buys a home with the majority of the net worth as a down payment on a home. Then. Begins large and material cost cutting initiatives across the board. Minimal water bills, minimal spend on practically anything and moves towards home improvement (done by himself) to keep gaining momentum by essentially spending less… all cash flow goes to that mortgage.

In Group 2, a dangerous "YOLO" lifestyle is brought into play and the person sees his net worth stagnate to a rate of around $10-15K moves per year. Instead of trying to gain at rapid rates, he spends his time using his additional income because he doesn't have a care in the world. This group is hit enormously during a recession and feels the real pain in their mid 30s as new skills were never developed.

In Group 3, a killer mentality usually comes out. This group sees that they are ***<u>being used</u>*** to make money for someone else. ***<u>"No one is going to hire me unless they are making a profit off of me"</u>*** is what they realize.

They are right. They find tangible skills to create a business as soon as possible.

$400K Net Worth: We're down to two groups of people. People who picked up <u>*event* driven income</u> which we have talked about many times in the past (windfall earning typically due to ownership) or you have your frugality guys.

These two groups will never get along, although in some strange cases the windfall people also live frugal lives (they become disgustingly rich in the future). We're in group one.

We have nothing but distaste for frugality type people as they have wasted their *<u>own valuable time</u>*. Instead of building something of value they spend time eating beans and rice. They are typically smart people and instead of using their brains to make hundreds of thousands of dollars more per year, they spend it finding ways to reduce their costs by tens of thousands per year. ***<u>There is a floor to saving and no ceiling to earning.</u>*** That is where the mentality changes.

$800K Net Worth: Generally, if a person has made it this far, there is no way they're earning less than ~$200K per year (unless you're old but as we stated your 401K does not count as net worth). The math simply doesn't work.

If you were making $100K – $18K (retirement) – $22K for tax, healthcare, social security etc… You've only got about 60K per year and it would take almost ***twenty five long hard years*** to save to $800K (assumes 50% savings rate reinvested).

Your mentality is certainly not the same anymore. Your time is far too valuable. At around this point, you're becoming unattached with regular people and it is extremely difficult for anyone to believe you are who you say you are. The vast majority of people will believe you are a liar so you begin to *lie down* to skate under the radar.

You'll find that most people are not happy for you and your tolerance for opinions that are not backed by actual success… declines at alarming rates. Good riddance to 80% of your smartphone contacts.

<u>All You Care About is Scale at This Point.</u>

$1.6M+ Net Worth: Most will go through one of the following: 1) drug addiction, 2) alcohol addiction, 3) family fall outs, 4) "friend" fall outs and 5) a complete disconnection with anyone their age. As a reminder, we are assuming you've been a single person this whole time (defined as no legal marriage) and we have no doubt at least one of the major issues listed above will happen. It is only a matter of time.

1) Drug addiction: Typically cocaine. This seems to be the general escape for most and it could lead to a long-standing downward spiral. Thousands of dollars per week spent on insane party habits.

2) Alcohol Addiction: Showing up to run your business reeking of booze… on a Tuesday morning. Typically leads to dropped balls for clients/customers… consistently… for a long period of time…. at least a ***<u>year</u>***

3) Family Fallout: Quite common as well. No longer interested in any family member or group meet ups as it is not worth your time. Unhealthy belief that *<u>usually changes quickly (6 months or so)</u>* if your family has been good to you.

4) "Friend" Fall Out: Your list of contacts will shrink instantly in the 12 month period after reaching around $1.2M in net worth. Only a handful of people will be happy for you and of those people… most will be rich as well so they will understand everything that is happening as you transition to your new life.

5) Complete Disconnection: This likely contributes to all of the four items above. You won't be able to have many friends your own age. Most will fall into one of these categories: 1) jealous, 2) think you are lying, 3) hoping you will fail. You can read it on their faces. You will tell them something basic about your life and they will then constantly question it later in time about 3-4 months in the future. They want to see if you're a liar to highlight number three… Once you realize you're being interviewed by someone who isn't in your ball park you begin to despise them and cut them off forever.

Long-term? It is better for everyone.

Now that we've passed the "bad part" about getting to your first $1.6M or so, it's interesting to note the change in thinking and how this will be a "tell" in the future if you're speaking to someone who is well off. If you've made it to this level you'll get to $2M pretty quickly but here's the more important part when you're around new people and want to know if they are rich.

The Tells

1) Doesn't seem to care about who is around him/her. Meaning he/she is there to speak to one person usually and doesn't care about anyone else in the group because in the back of his head he is thinking "I don't have time for XXX".

2) Not phased by brand name clothing, cars, celebrities, athletes or "job titles". Sure some rich people are extremely insecure and are "all about that life" with high end brands etc. However. None of them will be *phased by it*. This means either the person will wear the nice brand without even mentioning it or they will wear items with no brands anywhere and not care. Subtle but important.

3) Generally more emotionless. Being emotional is a big burden if someone wants to get rich. Emotions are used to make money and if you have an enormous amount of emotion, it will be difficult to make tough un-emotional money making decisions. Reminder that all items are sold for pleasure or pain… emotions and feelings, nothing more.

4) Eccentric. This is broad, but if the person seems to be eccentric that is a dead giveaway that the person is either dead broke or extremely well off. You'll be able to tell the difference when the check comes so it won't take much longer than one hour to figure out.

5) Decisive. This has been proven over and over again. Wealthy people are generally decisive. They make a decision and move on living with the consequences. They do not prattle along with diatribes that go nowhere. They cut and move.

Now for the final obvious kicker as mentioned at the top… The only interest becomes **scale**.

Scale means the following: how much recurring benefit will i get over the next 10 years if I invest X time into doing this task. Once this philosophy sets in, it never changes.

Why would a person spend 1 year of effort to see a perpetual income stream of $10K a year, when one year of effort into another task would lead to $50K into perpetuity. Life becomes more about cash flow now and the future becomes irrelevant so *rich people are constantly living in the present moment.*

A person who is well off (our definition is never has to work if he/she doesn't want to) then they have no interest in delayed cash flows. This is why floating and working capital metrics become more and more important over time.

Summary

At this point, we now realized all we've done is help gold diggers look for the signs of a successful person if they run into them at a high end bar. Oh well. But on a more serious note understanding the changes in belief systems is clear:

– At zero one believes any cent matters and will power is the only item they have to gain traction

– At around $100K they start looking for "high efficiency" time for money to have a personal life

– At around $200K most begin to relax and live that "yolo life"

– At around $400K you see a clear split between frugality and scale moves (scale always wins)

– At around $800K you become much more disconnected to society, uninterested in anyone who isn't in the same league

– At $1.6M+ all you care about is scale, scale, scale and cash flow that you can use yourself

Finally, as one last note, we're outlining these general beliefs as we've seen assuming you're young. This is why we've excluded all retirement funds from net worth making it excruciatingly difficult to hit these metrics without material success when young.

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Money. How Much is Enough?

Money. How Much is Enough?

According to a recent article, Warren Buffet believes doubling someone's net worth won't make them happier. We of course disagree. That said there are two sides of the spectrum, doubling someone from $10 for example to $20, doesn't do much. Similarly, doubling someone who has $1 billion dollars or more (like Buffet) is not going to change their day to day life either. Somewhere there is a line in the sand and we'll go ahead and outline our own mathematical way to come up with optimal amounts of money. Remember, the vast majority of rich people are extreme risk averse and boring. They don't believe in touching principal so our numbers are likely on the aggressive side if you were to poll a large number of well off people.

Age Matters: While everyone learns the "discounted cash flow" analysis in college, we'd say the value of money declines at a *faster* rate as you get older. This means a dollar at 80 years old is probably worth 1 cent compared to a thirty year old. This is less about compound interest and more about visiting a hospital and seeing what life is like when we're old. If you're in amazing shape we'd say the "good years" are from age 20 to about 75. Very big range. And. The point remains. Would you rather be 20 years old and have $500K or 80 years old and have $5 billion? The answer is clear, $500K since your time is limited. (yes we'll keep it simple and assume an expected life span of 85 years old).

Since this is a net-worth post we'll put the numbers up: *Age 30:* $2million, *Age 35:* $4-5M *Age 40:* $10+ million. If you're able to hit any of these numbers the incremental net-worth isn't really going to change much. Maybe some of you already own private jets and think these numbers are small (great!) that said, the life style is very difficult to change if you get into double digit territory at age 40.

With the numbers out of the way, the question is "why is it much lower"… the answer is you're going to work. It is not fun waking up every single day with nothing to do. Take a trip back in the time chamber and remember "summer vacations". Unless you were born rich, summer vacations were pretty boring since you had nothing to do. While you can solve some of this boredom with classic hedonism, the challenge of producing is exciting in a different way. Some people actually love working all day (bless their souls) and end up ultra-rich.

Mathematical Explanation of the Numbers: The reason why money is one of the rigged games in life is due to momentum. When people see $2 million or $4-5 million, they assume there is no cash flow. This is practically impossible! Unless someone stops entirely, they are going to generate multiple six figures while maintaining their net worth. Why? Well the only way to get to a few million that quickly is by generating a large amount of money. When you think about it that way, you'll see the snowball effect take place. We'll use basic numbers of 5% on investment returns and unless you develop a terrible addiction to drugs/alcohol/materialism… it's difficult to fail.

At age 30, if you made it to $2 million, it means that you've saved an average of $160K per year (roughly). For fun if you want to check this math, plug in $160K in savings per year multiplied by 5% investment return. You get to about $2 million if we assume you start at age 21. This is not easy and is a fantastic achievement.

Here is where the math gets out of control. If you were able to get to $2 million, it means you were investing $160K per year (see above). This *includes* all of your expenses. The only way to invest $160K a year is if you have covered all of your expenses first. Getting to $4-5 million does not seem unreasonable at all anymore. If your income does *not* go up for the next decade (unlikely) you're going to sit on $3.45 million on the same numbers. If you continue to save $160K with 5 percent returns… that's what you get. Despite age 30-40 being years where income typically goes up.

Money and Fun: Let the controversy begin! What exactly will you do with your extra money? If you've already gone through a partying phase and bought a few nice things for yourself… there isn't much left to do. Sure you can go ahead and buy the super car or a net jets account… that said… is there a lot of incremental gain here? The marginal benefit isn't that high and many of these higher end purchases have recurring costs (the worst type of cost and best type of business to run!). We'd take the reverse approach (no surprise) and spend on things that free up time. This would be services as we have mentioned in the past: 1) clothing, 2) cleaning, 3) massage/physical help, 4) blood work/private doctor and 5) food. If you can have someone else do the tasks you would be forced to do, what you have done is freed up more time. With this free time you can make up the cost of the services (if you still enjoy working) or you can use the free time for fun.

What is fun for ***you***? We phrased this very carefully. The implied message in the question is *fun* without the approval of others. Fun means something that you enjoy doing that doesn't require some sort of ego stroke. If it's fun for you regardless of what other people think, then you've moved into the right direction. If you can strip down the items to things you actually enjoy (attention shouldn't be on the list) then you'll find a normal spend rate. We'll be shocked if someone actually enjoys flying around all the time on a jet (note to younger readers: people who glorify frequent travelling are usually poor because traveling is awful after a period of time). Similarly, people who have to travel all the time generally have high incomes, *people don't travel on business to lose money!*

With that backdrop take a look at the items you can do with money that would be fun: 1) partying, 2) sports/athletics, 3) arts/crafts, 4) music, 5) outdoor activities ranging from hiking to gardening, 6) extreme sports – skydiving etc. and 7) learning a new trade such as pilots license. We are sure we have missed a few (writing – a hobby you see here) but most of these do not require large amounts of money! The big cash outflows go to the same standard items: housing, taxes and food. Since the last one is limited and the first one should be minimal (paid off home/apartment), it is quite difficult to spend up from here.

As you can see we've gone full circle now. If you're able to get to a few million dollars (excluding value of primary residence) there are practically no costs. Keeping it simple, with $10K net profit a month with zero rental/mortgage expenses… it is quite difficult to burn the money even if you quit working entirely (you won't).

Breaking Down a Month: This number sounds small if you're living in NYC, that said you can always move. For fun, we'll run the numbers assuming a $10K spend and it is still quite difficult to call this a "bad life". In order to go through $10,000 you can do the math as follows: 1) $1,000 tax/HOA cost, 2) $1,500 on health/fitness/services, 3) $3,000 a month on food ($100 a day assuming you're not going to eat out constantly – terribly unhealthy), 4) $500 on utilities and 5) Fun/other up to $4,000 a month! It is quite difficult to call $10,000 a month in spending with no real mortgage/rent payment a "tough life". Remember, this is a level of spending that assumes you don't even work because 5% on $2.4 million is… $10K a month.

Spending to Zero: Another fun part of this game is considering "going negative". While it is certainly smarter to never touch the principal (just keep a basic income stream going), if you're forced to go negative you'll see an even longer "tail". As a basic example, if it is impossible for you to work past age 35 for an unforeseen reason… $4-5M is still going to push you through age 80 or so. You could spend between $89K and $111K a year… *for forty five years assuming zero percent returns*!

This is an interesting set up because we know that it is highly unlikely for anyone to stop working prior to age 50 or so (you'll be bored stiff). This gives you 15 years of active income + a guaranteed 45 years of income if you really decided to call it quits. We know about the simulations that suggest the 4% rule breaks down (yes there is a chance of 50% correction) that said it assumes you are actually forced to sell which is just not likely if you've made your money early.

The last important item in terms of spending to zero is the time frame. Going back to the top, since we know that you can go to zero percent return and live for 45 years… *it means there is no reason to save after age 45.* That is right, saving money makes less and less sense from a utility maximization framework. Even if you decided to have kids, you don't want them to grow up without a work ethic. Handing over a boatload of money to someone who never worked for it rarely ends up working out.

Figuring Out Your Own Number: While we've given a framework you can go ahead and come up with your own estimates as well. Some of you want to become billionaires (fantastic!) and some of you want more/less (the classic $10M number seems to be constant amongst the ambitious). Here is how you can figure out your number.

You'll need two figures: 1) the amount of money you want to spend per year in terms of dollars today and 2) the year in which you'll actually stop working. We'll go ahead and guess and say you'll call it quits at age 45 but you can plug in any number you like. We'll assume a life expectancy of 90 years of age.

Basic Formula: (Life Expectancy – Age You Quit) * (Money Needed Per Year)

That is all there is to it. Going beyond this number is quite literally off the curve. If you ever reach a point where you can live off principal to death (money would be in TIPS – items that track inflation and other risk free assets), then you're done. As you can see from the beginning this happens a lot sooner since we heavily doubt anyone gets to a few million dollars without having a high income (doesn't make sense!)

Now for the fun part, we'll open the comments below to *questions and answers related to how much money is needed to call it quits.* We're interested in hearing your formulas and ways you think about life. Many of you will unlikely quit working making this post moot as well.

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Money Making Machine

Money Making Machine

Most people reading this blog should focus on money. This means you need to generate revenue for a firm, obtain some equity or generate profit from *your* company. No other options. We're going to outline a step by step process for the latter… Right here. Before we do that, however, we need to explain why **no**

one will ever *teach* you to be rich. This includes us. We would **never** give away a 7 figure income. Will we help you start a career in investment banking for $150-250K a year? **Sure.** Hand over a real business opportunity? **No.**

Below is the outline: 1) Why no one will teach you to be rich; 2) The basics of a business; 3) How to do a basic test to determine if demand exists; 4) How much does this process cost; 5) How much will a small business spend in a year (screen cap included); 6) Revisiting money and time and 7) Why you don't want to be a public figure

Lets jump in:

1) I Will *Teach* You Be Rich! As soon as someone makes this claim you should run. ***No one is willing to hold your hand through a real business venture***. The person is a scammer and a con-artist. If he claims that he wants to help you "get started" what this really means is that he wants to obtain recurring revenue off of the sale. In short, you're going to end up paying a recurring fixed cost to line his pockets. It really is that simple.

Secondly, people who claim that they are teaching you to earn more income off of your career are usually doing you a disservice. How? The person is going to do everything in his power to get you to "switch firms" or "negotiate higher pay" based on market compensation. So you change companies or annoy a person high up the food chain because you're underpaid… *Only to ruin your entire standing with the firm and restart the political process.* This usually nets you a meaningless $20K a year that you should not care one bit about. This is every head hunter in the world. They are not your friends.

Finally, if the person is not trying to nab some fixed recurring revenue from you and he is not trying to snatch a fee by switching you over to another firm… He's likely a poverty mindset manipulator. The last angle, usually found on personal finance blogs, is to teach you how to scrimp and save to become rich. **No one gets rich this way.** While you run around looking to save an extra $200 a month, you feel like you "learned something". So you keep going back… Over and over and over again… What do you learn through this process? You learn to be a **cheap fool.** You're teaching yourself that spending money is *bad*. Anyone who has made real money knows this is a terrible mindset. **To make a lot of money… You must spend a lot of money.**

So how do you know if you should buy the product or work with the person? Quite simple really. You do two things. You 1) buy products that provide actual actionable advice only and 2) you only work with people willing to commit a meaningful amount of time to the project (5-10 hours a week for at least 6 months). If you buy products that provide tangible value and actionable advice, you'll never be disappointed (assuming it works). Just make sure that the product doesn't teach you poverty nonsense such as: how to get rich off of your 401K, how to negotiate a 5% pay raise or how to save 25% on e-books.

Finally, if the person is willing to commit real time to you and your future… That is a **real mentor.** Practically everything else is nonsense. If they are not willing to provide tangible advice and they are not willing to invest in you (invest meaning time) move on.

2) The Basics of a Business: Now that we have saved you hundreds of hours of time with the five paragraphs above, lets take a look at what a real business is. A *real* business is something that makes money while you sleep.

It really boils down to this:

Step 1) Find a product that people will *pay for*. If they are not willing to pay for it then it is clearly a terrible idea. You either create a brand new product category that no one has heard of or you make edits to an existing idea. Simple example: if you find a way to make a new smartphone that is better than all of the existing products on the market, you'll make a lot of money. Alternatively, if you create a product that gets rid of the need for smartphones… You will make a lot *more* money.

Step 2) The assumption from step one is that the market is also large enough to generate income. Lets say you create a product that can teach Swahili to a person in less than 3 months. Great. How many people really need to speak Swahili? Not many. The addressable market is too small. Now if you can teach someone how to speak a major language (English/Spanish/Mandarin/French/German) in less than 3 months. You'll be swimming in money that can fill an ocean .

Step 3) So you have both a product that people will pay for and a large enough market to generate income. How much does the product cost? You need to be certain that there is a healthy margin here. If you know that the market will pay $100 for the product but the cost of creating the product is $90… You're simply wasting your time. Unless that $10 spread is going to be recurring when it is set up, you'll lose money hand over fist since miscellaneous expenses always arise.

The three steps above are all you really need to know before you even begin: 1) will people pay for this, 2) is the market large enough for me to spend my *valuable* time chasing, 3) is the margin structure healthy. If you can answer yes to all of these items, you're rocking and rolling.

Now… the obvious question is… how do I even know if step 1 works?!

3) How to Determine if Demand Exists: The beauty of the internet. If you followed the extremely basic and boiled down steps from above… you already know **who you're targeting.** Are you targeting people in their 50s? Are you targeting gymnasts? Are you targeting druggies and alcoholics? **Who are you targeting.** If you cannot answer this question you do not have an idea. You have a colossal waste of time on your hands.

Okay. Point taken you say. Lets get specific with an example then. You're targeting overweight men in their 30s who are looking to fix their weight issue. Good. Here is a step by step process on what you are going to do.

Step 1) Create a solid sales page (you did learn to sell correct?). Create the sales page first and make sure that it is *perfect*. No errors on the sales page. Videos are a plus. Once that sales page is absolutely perfect, you move on to Step 2.

Step 2) Buy traffic. People who think that buying traffic is "dumb"… have never made a lot of money. Period. You buy traffic from your target group on Facebook, Google and many other mediums that we will never mention.

Step 3) See the conversion rate. For the extreme beginners… this means how many people purchased the product? If you buy 1,000 visitors and 25 purchased, your conversion rate is 2.5%. The "standard" is generally 3%.

Step 4) Recalculate your total costs and decide if the venture is worth pursuing. We titled the post money making machine for a reason. That is what you have created if the product works. The ***only*** equation that matters for a "money making machine" is right here:

Long term value of customer – Cost of acquiring customer = Positive or Negative

That is all. Think about it this way… If you spend $10K a day to acquire customers… Does this mean anything? **No.** Who cares how much you spend. What matters is how much value you received from the customer over the long-term or the single point of sale. If your total expenses per day are $10K (marketing, producing the product etc.) but you generate $15K per day in revenue.. Your profit is $5K per day. **You should spend more.**

Reiteration.

This is the only thing that matters to the business.

Your *total* costs simply needs to be lower than the revenue line. So long as this is the case, you spend like mad to get more customers to view your sales page. Beyond the extremely basic equation above, the real takeaway from this section is the following: stop trying to "save". Spend as much as you like until profit margins turn break even.

4) How Much Does This Process Cost? Instead of giving you the non-sense answer of “it depends” we’ll give you a real answer. If you’re looking at a business that you believe can generate $2 million, the start up cost is usually around $50K. This is exactly why low level, high risk angel investment rounds come in at roughly $25K . They want a large portion of equity in exchange for covering half of the cost for you. There are millions of markets and the number can of course be larger or smaller.

If you spend less to start up… your addressable market is *usually* smaller. So on and so forth. It is impossible to give an exact cost breakdown but we’ll go ahead and try.

1) $10K website design/sales page (20%). As you can see, by our awful blog design, this is not our expertise. If you want it done at an elite level, you need to hire a real designer. Get everything set up cleanly and if the product fails you’ll have a template to use later. Just make sure this page is rock solid.

2) $5K demand check (10%). You start with a quick demand check before you even get started with your idea. If you’re going in blind without even bothering to check for demand, you’re playing with fire. With social media, Google and many other tools on the internet… You can drop $5K to make sure there is a potential market. You can easily spend $500 in a day without anyone batting an eye at Google, Facebook or otherwise.

3) $20-25K product manufacturing and design (50% or so). This is the bulk of the costs. You have to find a place to produce your product. Send samples back and forth. Commit to a minimum number of units etc. You will pull your hair out during this process.

4) $10K miscellaneous specific items for your company. Unlike the first three items, this is vague because it is literally impossible to know what you’re making or where the problems will arise. There is one thing for sure however… problems will arise. Payment processing, quality control on the product, incorrect targeting etc. Something will go wrong and you’ll lose at least $10K.

So there you have it.

The goal is always to clear 7 figures.

If you can ever clear $500K or close to 7 figures in a year (net) this qualifies as an *event*. Something most people will never see and something that personal finance blogs never talk about… Because their personal finance blog is the event. Tricking regular people into getting “rich” by increasing their salary (insert laughter) or saving $10 a month on a phone bill (insert more laughter). Moving on….

5) How Much Will a Small Business Spend in a Year: As stated in point one, no one is **ever** going to hold your hand through the whole process. If *real money* is at stake, the person “teaching you” is going to seize the opportunity himself. Business is cut throat. Get used to it.

With that said you’ll see that the breakdown of expenses is extremely similar to what we recommend people in their 20s to do with their own lives. Once you are up and running, roughly 70% is spent on finding ways to generate more money (ie: buying traffic, advertising etc.).

Simple capture

Summary of 2014 Spending (click to enlarge):

1) ~70% on Business Services. If your business makes the majority of its income online… you’re going to spend a ton on advertising, marketing and other such items classified as business services. We provided a few screen caps of basic Google/Facebook spending but there is a zero percent chance we’re going to give the full breakdown. No one ever will. If they did, they would be giving away trade secrets.

2) ~22% Networking/Meetings. Even if you make your money online, you need to meet many new people (grow or die). This is true in every single business on the planet. In fact… this is a good way to see if someone matters to a company or not. Does he travel and spend a lot of time in restaurants/meetings. Pretty simple check. **If he’s always around, no one cares that he’s around.**

3) ~6% Merchandise supplies and other. No need to explain this category. This is typical junk that you need to buy to run your operations. Can’t give exact details here. That gives away 1) identity and 2) the market. Not willing to do this.

4) For fun several smart readers have figured out exactly what is going on in this article

So there you have it, a basic snapshot of what you’re looking at on a full year basis. We’re not going to tell you what the margin structure is or anything like that. But. If you believe that someone would spend $1.03 million on business services/networking for “fun” or spend this much for tiny margins… You’re bonkers.

Note: In the future we will do a live, real time and impossible to fake screen cap.

6) Revisiting Money for Time: We have covered this over and over and over again. But the question continues to reappear.

"Don't trade time for money what do you mean?!"

It means that you will never get rich off of an annual salary or hourly wage. Ever.

Even if you make $100 an hour and work 12 hours a day for life you're clearing $438K gross… Post tax this is roughly $284K. You're not going to be "rich" you're going to be well off. There is a difference. There is nothing wrong with being well off and settling there. Just remember. You will never, ever, ever be rich.

If you need a reminder of what money for time means… **Go to advertising.** It is the best example. You spend money to buy a person's time (potential customers see your product)

If you are investing your time on a specific platform… someone is making money. If you're on facebook, twitter, linked-in etc. **You are the product.** The simple point is that if someone spends a lot of time in a specific area… They can be monetized.

You're taught that marketing, advertising and sales is bad because… That's the last piece of the puzzle. A great product with no audience does not exist.

"If a tree falls in a forest but no one is there to hear it, does it make a sound?" The answer is a resounding and absolute **NO.** If no one ever sees your product (the tree falling) it doesn't exist. Period.

Again you are told that salaries and hourly wages are better than commissions. Why? No one wants more competition. Especially not from someone who is bright. That is a nightmare. They want a slave.

With the main items out of the way… Lets assume you make it. Please read the below…

7) Why You Don't Want to Be a Public Figure: Since the vast majority of our readership is young or youngish, most are not rich enough to understand this. It is important. Once you reach a certain net worth, the last thing you want to do is become "famous".

***"Fame is harassment from regular people."* – Wall Street Playboys**

Regular people have nothing better to do with their lives than live vicariously through someone else. This is why celebrities go nuts. They are harassed every single day as people charge after their cars just to touch their shirt or skin. Lunatics.

If you are truly committed to becoming a public figure (like Mike) you need to really understand what you are signing up for. We have no interest in it and wager that you won't either. Again. This is once you are financially free. Being harassed by regular people is no where near fun.

To cap off this extremely important section, it is best served with some lyrics and a video.

"… **be a Lennon and a fan leave you brainless.** All in the paper, gettin' buried by a neighbor. While all of your relatives spendin' all the money that you gave 'em, F*** it, don't save 'em… **I don't wanna be famous, I just wanna be rich.** 40 mil with some acres…"

Concluding Remarks: So there you have it. For the long story short version here are the clear and concise bullet points, actionable steps and explanations in this post:

1) No one is going to hold your hand to obtain real money. If there is real money involved, the guy would go after it himself. If someone claims that they will "teach" you how to be rich. They are full of it. This is a great sales slogan but is far far far away from reality. No one can teach you. At most they can give you guidelines. Even then… Get a legitimate mentor who is willing to spend *real time* with you.

2) The basics of a business will always be the same. Find a product that people need (pain or pleasure, pain usually sells better: diet, skincare, "get rich" schemes) and drive massive amounts of traffic to the item.

3) Before you get all hyped up (a term used frequently by idiots) test the product first. Throw a few grand at the targeted audience and see if it is in demand or not. If people aren't willing to buy, move on. If people do buy… flood that market as fast as possible. Push as much traffic as possible until the long term value of the customer equals the cost of acquiring the customer. Then reassess. Remember, it's a money making machine as long as you are generating net income.

4) While it always "depends". A typical answer for people who don't want to answer the question. It will cost roughly $50K to start a meaningful venture. This also explains why most private equity investments require a minimum of $50K to get started and $25K is generally the number for angel investing.

5) Similar to your 20s… 70%+ of your money is going to spent on making… more money. Grow or die. No other choice.

6) If you are never able to sell and never able to scale… you can become "well off" but you will NEVER be rich. You need to make money in your sleep to generate real wealth.

7) You don't want to be famous. You just want to be rich. Who cares about approval from regular people? Not you. If you must become public… Good luck and much respect from this side of the web.

One little extra piece of advice… When you get to your numbers… Learn to play dumb. Be extremely dumb. Seem harmless. Only go all out when you need to go all out.

Until then? You sit, you wait, you gather information.

When you *appear* to be following a person's advice… They like you. **Works every time.**

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Most Decisions Don't Matter and Announcing Next Q&A

Most Decisions Don't Matter and Announcing Next Q&A

Most decisions will not impact your life at all. This is difficult to put into perspective since we're forced to make multiple small decisions every single day. But. If any of our readers think back to the last five years they unlikely find more than one or two "life changing decisions". It's quite odd since the average american always seems to be stressed out about getting from A to B despite the event being un-impactful to their life. This has caused us to come up with a rough decision tree to help people get rich.

First Compounding Decisions: The first item is a caveat. Deciding to eat healthy, exercise consistently and invest your savings on a monthly basis is technically a "daily decision". This is 100% a fair criticism of our earlier paragraph so we're including it here before moving on. We assume that any successful person already does these items on "auto pilot". Working out, eating healthy (90-95% of the time), stretching, brushing your teeth etc. should all be assumed. If someone can't even do this part of their life we think they've already lost the game. That's a rough statement. And. We think it is true. There is no point in being rich if your health is a wreck, your quality of life is falling off and you have medical bills. **In short, we assume you automatically eat healthy, work out and invest small amounts of money on a monthly basis.**

Quitting Makes Life Easier: Quitting gets a bad reputation despite the importance of quitting. To us, quitting is when you realize that you just don't have the ability to do something. The obvious example is a 5' 6" guy giving up his dream to be an olympic volleyball player (yes we're sure there is 1 out of a billion that breaks this rule as well. And. The point stands). Quitting to us is when you realize you can't get to the top 1% without dedicating 16+ hours a day to improve. This is called a lack of talent.

Remember, quitting is only acceptable when someone is certain they have something else to move towards. Lets say you start an online business and seem to stall at $100K per year. Not bad at all. That said, your only real competitive advantage is sales. This is a significant realization. You have figured out exactly why you're profitable and why you're struggling to make the next jump. If this is the case, then it makes sense to go ahead and quit and jump into enterprise sales instead. You're leveraging your talents to do something new (which you realized because of moderate success in online business).

There is actually a lot of information packed into the prior paragraph. In order to realize you've peaked ***you have to know what you lack and what made you successful***. If you can't answer either of those questions, quitting is not an option. Once you have pinpointed exactly what you're good at and exactly what you're bad at, you can make a smart decision that can change your life forever. That sounds like an exaggeration but it isn't. Knowing exactly what is going right and wrong means you can self-evaluate (something regular people lack as they believe they are good at everything) and push you into a new direction. Again. The prior paragraph is simply an example and if you had a lack of sales skills but still made $100K, maybe the answer is to hire a trained sales profession for your company! So on and so forth.

Funny enough, we think quitting is probably the most overlooked skill that people need to acquire. It actually comes in *first* on our list. Everyone else is focused on "grinding it out" despite not having the skills to proceed past a specific level. As soon as you realize your abilities do not function in a specific position, it's time to quit. Not later, not in a few weeks, but that exact day.

The Probabilities Framework: If you're extremely new to generating value and making money, it is time to get used to the probabilities game. This means you should look at every industry you're going to take a "stab at" and see if the effort is even worth it. The numbers don't lie and opinions never change reality.

Take for example a person who is amazing with languages. Will this person make a lot of money by being a language translator? Unlikely. Maybe there are a handful of positions where you can make a high income (say translating for international business) but the number of positions is quite small. Even the top 5% of language specialists don't make that much cash. Also. One has to recognize that this position will lose value over time. We have technology that is able to translate paragraphs from english to any other language. In the future, this technology will become incredibly accurate devaluing the need for humans in the first place (more room for error).

Before moving on we can use a second example, software engineering. Here is a position that has so much demand that they cannot fill the open positions. Yes it is competitive. No not everyone can succeed and make $400K+ a year. But. The median software developer (50th percentile) is certainly making more money than the median teacher/language specialist etc. So if you believe you can become a mediocre software developer and you could also become a mediocre language specialist… go and become a mediocre software developer. For now.

Follow the Money: Without money in the industry, there is no reason to bother. This is a big decision. Many people will enter an industry thinking that they can easily "switch" later. This is incredibly incorrect. 30-40 years ago it was a lot easier to switch industries. You had people with minimal amounts of education simply climbing corporate ladders. In 2018, careers/businesses are incredibly specialized and if you move into one direction it is difficult to make a switch 90% of the time.

Things that are making money today might not make money in 5 years, 10 years or 20 years etc. The best way to approach this is to figure out your own timeframe. If you're looking to get to $500K and that's enough for you, a lot of careers are viable. You could even go into capital raising for investment banking if your hurdle is low. If you're looking for something long-term and sustainable? Hundreds of industries will evaporate. Having a reasonable time horizon is becoming more important as technology accelerates, displacing (and creating!) jobs/careers/industries.

A good rule of thumb is the "fifteen year rule". If an industry is making a lot of money today, then it likely lasts between 10-20 years of "peak earnings". If an industry is seeing earnings growth, it usually means that we haven't reached the peak (of course!). This is not a science and you should do your research. But. Keep this in the back of your mind. If the money is good calculate your expected earnings assuming either declines or slight increases before an expected deceleration.

Asymmetric Results: The best bet to make is an asymmetric bet. This means that the downside is zero but the upside is say 10-20 fold. Why? It is the best way to see a step function in your net worth without setting you back in time. At the end of the day, investing in asymmetric results should be an annual phenomena. A few will hit. This will accelerate your net worth and a few will fall flat on their faces leaving no impact (you don't need to put in much money to see the upside).

Clear examples are: 1) venture capital, 2) any low cost business start up, 3) biotechnology investments and 4) volatile technology stocks – typically small capitalization.

The funny thing about asymmetric investments is that you realize how much you overspend in a month. We'd guess that anyone with a good career could clamp down and come up with $3-5 thousands dollars in a few months. If that results in a 30-50K return you've essentially gotten it all for free by clamping down for a short period of time. This phenomenon of being able to invest in asymmetric ideas only gets better over time. Eventually throwing $25K becomes viable and the return is significant. This is exactly why angel investors exist. They clamp down on their higher end life styles to get some cash and simply place it into some risky bets once and a while. Naturally? These guys end up getting richer and richer.

Practical Applications: In a change of pace, we're going to try a "'practical application" section to a few posts. This will force each post to be actionable versus purely informational where one is forced to read between the lines.

10% Rule: A good way to think about each decision is the long-term ramifications of it (in terms of net worth). If you decide to take a specific risk and it would result in a net worth reduction of about 10%, this is unlikely a major decision. Why? Well a smart person will get anywhere between 6% and 12% in investment returns. Yes we know the long-term average is 7%, so feel free to use that as well. This means a 10% reduction would not break the bank because you would be back to roughly the same level in just over a year.

Time Commitment – 1 Year Rule: Any decision that requires 1 year of your commitment is a serious decision. This is surprising since many people think that a 10% net worth hit is worse than the time commitment. Unsurprisingly, most people don't value their time. If you lose a full year of your time it should be a *certain* decision. These certain decisions include: 1) college, 2) your first job/career, 3) your first major investment that represents over 20% of your net worth and 4) personal relationships. Generally, people spend many hours of their time hanging out with people at bars (people that will never add any value to their life) and think this is a "casual decision". These decisions add up to major life changing amounts of damage. Unless it is kept under control "casual hangouts" should be avoided more often than not.

Practical Examples: The following items will make major impacts to your life: 1) not knowing your talents, 2) not knowing the growth or decline of a market, 3) spending time with unsuccessful people because "you've known them a long time" and 4) investing large amounts of money into risky ventures where you cannot recuperate the costs. In bullets we can use the following:

1. **College:** You only choose schools or majors based entirely off the of the return profile. The people who say college is a fun 4 year or 2 year party (MBA) are simply lucky or reckless. The vast majority of the successful people will choose something that results in a high income. They find their rough talents and go where the probabilities are in their favor.
2. **Career:** Before choosing a career one should at least know their "niche" skill. Sales is the best example. If you're better at advertisements vs. direct sales, you should get into affiliate marketing immediately. If you're not good with ads but are good at long-term sales management, you should go into enterprise sales. These skills are not equal. Broadly speaking, advertisements impact the lower IQ piece of the populations while enterprise sales is used for higher IQ individuals. People will complain about that basic split but it's broadly correct as rich people are typically smarter than the average person.
3. **Relationships:** This is an often ignored part of life. We've seen hundreds of talented people waste their time with go-no-where situations. This could be a girlfriend they will never have kids with, a best friend who still lives at home or a bar/club they go to every single weekend. It's odd to see this behavior but it is engrained in human behavior. Similar to how students typically take the exact same seat in a lecture hall every day. This type of programming needs to be fixed before it leads to long-term pain.
4. **Asymmetric Risks:** If you think an investment has a chance of returning 20x… this does *not* mean you invest. That is right. You should not invest just because something has the potential to go up 20x. Instead you should ask if the chances of the 20x is higher than 5%. The best example is bio-technology stocks. If you know that a specific drug has a 40% chance of approval and is not priced into the security you should buy a certain amount of it. Asymmetric risks that are *missed* can wreck your life time net worth. If you ask a rich person how they made their money they always seem to have at least one small event in their life (a big sale of a company, a large return on an investment etc.)
5. **Leverage:** Using other people's money can be life changing for the better or worse. The answer is in your ability to "force" appreciate the returns. This is typically specific to real estate. If you're unable to offset the debt payments with your own effort it is best to avoid. If you can easily offset it, then the time to buy is now.

When we look at these five practical examples, it unsurprisingly shows us that doing the opposite pays off. Look at the constant decisions made on a daily basis (health, fitness, who you spend time with) and that is a life changing adjustment. Most people view it as a part of their daily life. The second item is the amount of risk one takes on. By calculating the actual risk and return you won't miss out on asymmetric upside and you also won't kill your net worth by 50% leveraging up into an asset you cannot afford.

That wraps it up for today and our next Q&A will be held on Tuesday July 10. We'll leave it open for roughly the day as it should be slow. Have a wonderful weekend!

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality (***essentially the point of this post!***)… You'll probably like ***Efficiency, Get Rich Without Giving Up Your Life***. The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by **Clicking Here**

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Motivation is for the Weak

Motivation is for the Weak

The title says it all. Self doubt is normal. However. The need for motivation is for the unsuccessful. If you know someone who needs to be lifted up *emotionally* to achieve something… He never wanted it in the first place. He's simply someone who wishes upon a star for the world to give him something he never deserved. Even worse? He thinks the emotional pump up is good for him.

The type of person who gets amped up by written words in a text book or a motivational video will scour the internet far and wide looking for a solution to his problems. It will never come.

He will attend seminars and speaking venues. It will never help him.

He will try to use the same ideas to sell to his peers. It will never work.

He'll never find his magic product or service to sell. He'll never succeed even in the slightest because he is unwilling to take risks. Perhaps, if he is lucky, he gets by on a middle class salary of $100K per year. But. He's never going to accomplish anything meaningful. Period.

Knowing that most people love this type of inspirational nonsense, *many, many, many people become rich* by transferring this feeling to the masses. As usual, don't just do the opposite, **be the opposite.** Use motivation to sell products because people will make purchases when they are in a high emotional state.

Instead of nagging on and on about how weak people enjoy motivation (by definition they are weak because a successful person doesn't need to be motivated) we're going to give away a step by step process to rid yourself of the need for motivation. **For free.**

Step 1 – Stand up, Walk Out: Lets assume the worst. Someone reading this likely enjoys motivational speeches and other such nonsense. Time to throw away the crutch. Kill it for good. Choose a large, large, large venue (college commencement speeches and motivational seminars are good for this). Sit front and center.

You are waiting now. **Wait until the crowd bends to his words.** When the crowd is bending to his words you'll sense an uncomfortable quiet and focus from those around you. This is usually just moments before the conclusion of the speech.

Stand up. Slowly. Walk through the crowd. Slowly. Never look back. As people stare at you, make eye contact until *they break first or you have walked past them*. Head straight. Do not look down. Time will slow as you feel the scrutiny from your "peers" weighing on your shoulders. ***You are not doing this for the attention.*** Exit the venue.

To reiterate, this is ***not done for attention.*** When you are quizzed (many will ask) as to why you left at the "best part" simply say you had to use the restroom. An emotionless statement. Do not say anything negative or positive about the speech, remain in a neutral state (Ie: you're not doing this to be a hater). Never mention the incident again.

What have you done? **<u>You've taken control of your emotions.</u>** Congratulations. This is step one in your long journey to internal motivation. You will not bend to the words of others for "feelings" or "emotion" you will only listen to logic and reason. Most won't be able to complete step one.

Example: Here is a clear example of motivational junk that doesn't help you. **<u>Started laughing out loud at second 31.</u>**

*Note 1: This is certainly rude. The one time event of learning to control your emotions is worth many thousands of dollars. Here's a hint. The speaker has no interest in giving you money so it is going to be a great long-term investment for you. The only message is to work as hard as you can, no actionable advice is given beyond getting rid of your cell phone.

This video was found in a YouTube search and you can replace it with any other video. The inflection point is usually right before the conclusion which is always the same "work as hard as you can". If you're already trying your best then there is no reason to watch the video correct? Correct.

Step 2 – Testing Phase: The one time event above is going to give you more adrenaline than the entire speech. You've stood up against the largest enemy of all. The masses. Learn to control your heart rate and bring yourself back down to normalcy as fast as possible.

After taking a large jump towards emotional control, it is time to see what you are actually good at. The bad news? Time is not on your side (it never is). The good news? Everyone is good at something.

Find twenty five subjects that you are interested in. Since this blog is about making money, Wall Street and having fun we're going to assume you're more interested in the money part. Go and try all of them until you feel comfortable with the subject. It may take 4-6 months but we doubt it. You're going to be good at some, terrible at others and have potential in *maybe* two of them. Check those two out.

How do you know the difference between good and potential? Other people will tell you that you're good at it. These people will not be your friends and family, they will have businesses in the same field.

To conclude the testing phase, here's the rub. Most people try to "do what they love". This does not work. Almost everyone would love a life where they have sex everyday, get drunk and make a lot of money for doing nothing. Naturally, none of this is really going to get you anywhere. Instead of "doing what you love" find what you are actually good at first (maybe only a few things) then figure out if you can do it for many hours per day… bringing us to step 3.

Step 3 – Stress Testing: Stress test refers to stress testing your physical body. Step number 2 already determined if you have the talent/intelligence to be good at the task (remember other people will tell you that you're good!). Lets assume you found two topics that you have a knack for. Time to stress test. Can you do this for 80+ hours a week consistently? Try it.

You try one. You find that you're sick of it after a week. Complaining about the lack of sleep. Complaining about the types of people you were meeting. Complaining about the effort it took to improve upon your craft. Complaining about the process of setting up the business.

You try another one. You don't complain about your lack of sleep because you wake up energized. Strange. You don't complain about the people you meet, there are some bad apples but it is tolerable. Strange. You don't mind the hassles of dealing with a miniature set of customers. Strange again. Strange that *you're working the same hours but you're not tired anymore.* You found a potential revenue stream.

Step 4 – Prioritize: So you've found one interest with revenue potential. Check. You've already stress tested yourself for 3 months or so. Check. Now it's time to re-prioritize your life to go all in on your new found venture while maintaining a normal social personality. You can guess where we're going with this.

You commit 100%. You care about every single detail. You do not cut any corners. You do not run in blind. You start building based on long hours of research and effort and commit every single ounce of energy into the project until you are beat. Now you've got 1-2 hours of leisure time and 6-8 hours to sleep… Remember step 2? This is how you avoid becoming a boring type A person who no one wants to hang out with .

Keep those fun ideas in your back pocket and they become your new source of fun/entertainment. You will go through phases and cycle through many activities where you'll be "pretty good" and more and more people will enter your social circle.

Wash, rinse, repeat.

Example: Maybe you need an example. One is staring right at you. This blog. This blog falls into the hobby/entertainment aspect of life. While it has evolved over time as any hobby will, the chances that we try to build this blog up appropriately (see cater to the masses) is next to zero percent.

Alright, alright it actually is zero percent since we're terrible writers anyway (too blunt and don't cater to idiots).

Alternatively? We take our real side businesses (some smart readers already figured those out) and Wall Street work extremely seriously. You care about everything in that case. You care if the charts have tic-marks or not. You care if there is a typo on a slide no one will read. You care if you respond to a client in 90 seconds or 45 seconds. **<u>Everything matters.</u>**

Step 5 – Daily, Monthly and Annual Accountability: This is similar to your journal. If you've done the first four steps appropriately you won't waste your time listening to speeches or reading insanely corny success stories. How does reading about the success of someone else without any actual *actionable* advice help you? It doesn't. If you cannot apply it, you have wasted your valuable time. Again, if someone else has to get you to take action… you are going to lose in the ring ***every single time*** to the person who inspired you to take action! You do not read to take action… You only read in search of actionable advice.

No exceptions.

You write down your accomplishments, your failures (you'll fail a lot!) and your future tasks every single day. Every single month. Every single year. *You tell no one on a personal basis that you are doing this.* It is up to you and only you to hold yourself accountable and **compare yourself to the person you were last year.** (under no circumstances do you compare yourself to others, there is always someone better than you)

Example: The easiest example is financial if you're on Wall Street. You know the comp structure and you know what the Street pays. Luckily it is an up or out environment (you're moving up or getting fired).

Analyst – Base $80-100K (100% targeted bonus) 160-200K (age 22-25)

Associate – Base $120-160K (100% targeted bonus minimum) $350-400K if you are promoted to VP (age 26-33, wide range due to young talent and MBAs)

VP – Base $175-200K (100%+, call it 125% targeted bonus) (age 30+)

Director – Base $225-250K (Variable call it 1.5x base salary target) (age 32+)

Managing Director – Base $325-375K (Variable, call it 2x base salary as a target) (age 32+)

*Note: Yes base salaries at the junior level are moving up a tad, call it $5-10K depending on if you're an associate or an analyst. However, as the numbers show, your goal is to get promoted since the variable numbers become larger and larger as a % of your salary

If you're not on Wall Street, try the following: make your income grow at a faster rate each year. *This is extremely difficult.* In simple terms, if you were up 10% last year, your goal is to be up 15% this year. If you are up 20% then you want to be up 25%. The "law of large numbers" works against you. This is the fun part of the game (it is just that, a game).

Finally, throwing income out of the equation, if you run into an acquaintance you have not seen for a year he/she should recognize that *something has changed*. Many times people cannot put their finger on it, but you are simply different (in a good way) compared to the last time you two spoke.

Step 6 – No One Cares About Your Career or Business: Most people talk about their work, career or business. Can it. Unless the person you are meeting can potentially help you in your venture, there is no point in giving people information about your life. When you are out once or twice a week since you earned it (from all of your 12-16 hour days) leave it all behind you.

This will work wonders for you. Most people dislike what they do so bringing up work in a social environment is a terrible decision. In addition, if people realize you're happy with your life they will pepper you with questions and waste more of your time. It's a lose, lose situation. You either kill the atmosphere, make the person feel unhappy talking about careers/work or you have a mediocre person trying to squeeze information out of you.

Remember, if you're going to meet someone to discuss important topics, you're not meeting them out and about on leisure time. To repeat… Can it.

Step 7 – Repeat Step 2: Once you've squeezed as much as you can from one venture, it is time to move to the next. Do not let your life pass you by. Every year should be filled with interesting and new hobbies (see the attempt at 25 different activities) and ideas. If you think that the last year flew by, it means you were in a mundane routine. Do not do this.

Step 8 – Bonus Sales Tip: Now that we've basically killed the myth on motivational speaking and other such nonsense… You know what to do… ***Use it to sell.*** By definition, again, the masses love this stuff! If the masses love to be motivated and pumped up… Use motivation to sell more products and services! Get them amped up and feeling good about themselves then make the sale.

No we're not saying you should sell BS products (you won't last long in that case). Instead, make the connection that if motivation and pump up speeches are popular… You know the masses will buy.

Concluding Remarks and the TL;DR Version: In short, motivation is a tool used to sell to the masses. If you can make someone feel hyped they will bend to your beliefs and convert (convert is basic internet marketing language for purchase). It is perfectly fine to use motivation to your advantage to sell products.

From an individual standpoint however… ***No one should be able to motivate you.*** You should be internally motivated to do well and the external motivators should be telling you to slow down if anything. People who are internally motivated have a problem of going *too far.* People who need external motivation have not even started in the first place.

The Bullets: 1) go against the grain in a large environment to take control of your emotions, 2) find what you're good at – a long-term theme in this blog – no one can hold your hand through this process, 3) stress test yourself intensely and find out if you can actually handle 80+ hours a week – most give up after 50, 4) prioritize everything in your life to maximize your brain cells towards that activity, 5) hold yourself accountable on a daily basis and have an annual review – the harshest critic should be yourself, 6) leave all this effort behind you during down time, your brain needs to recharge and no one cares about your success, 7) repeat step 2, most people work boring 9-5 jobs so they do not know the difference between year one and year five.

We realize this post is going to piss off a lot of people. This is fine. We need to decrease the traffic here and get rid of the mediocre people who have found the blog. They can go back to watching motivational videos! We also noticed that someone else agrees with the belief that motivation is nonsense… naturally he's a successful hedge fund manager with an 8 figure net worth. Go figure.

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Musings from Nearly a Decade of Blogging

Musings from Nearly a Decade of Blogging

The world has changed quite a bit since 2011/2012. We're nearing a decade of blogging and thought it would be fun to highlight many of the things we've learned over the years. A lot of them are good and some are certainly bad. And. You should be quite entertained by this so it's a good post for the weekend.

Don't Underestimate Trolls: It is true, there are a lot of fake rich people out there. You can tell by their emotional reaction to $5-10K. However. There are a TON of ultra rich anonymous people on Twitter. Twitter has become one of the most fun places to spend time due to the number of intelligent people on the platform. If you're smart you will be able to decipher which accounts are run by wealthy people and which ones are run by frauds. It really isn't hard once you recognize a specific syntax, tone and oddly enough, sense of humor.

Based on the past decade or so our website is effectively split with a massive bar bell. People who are still trying to make it/just getting started and people who have already made it and follow for both entertainment and updates on the future. To give an example, we've received emails from people who have made $1-3M off of our trade ideas and other people who turned their lives around from making $40,000 a year to $200,000 a year. This is certainly not the same. The people who are making millions are ultra wealthy and unlikely need our help. They only follow for confirmation of a suspicion they had regarding some product/service/crypto or what have you. The second group is what we call "forever followers". If you can help someone double their income, they are not going to care about buying your $10 product, $20 product or even $50 product. You have helped someone change their life and they are smart enough to realize that no one is going to execute the plan for them.

On that note, with the fun/love stories out of the way we'd like to emphasize that the internet trolls are POWERFUL people. We are not kidding. There are many trolls out there who are making tens of millions per year. All they do is troll online, say nothing or drop hints related to the next best thing. If you're reading this you're looking for the last item "the next best thing" so we suggest you look deeply into twitter troll accounts with followers in the low 5 figure range. Once someone gets to 100K+ they usually go public as the temptation of fame and "sweeter deals" becomes too big.

Why do they need to have a small/mid sized account? It means that many people have found them and realized they are rich. These people then create automatic updates for their posts. Generally speaking, it's a lot tougher to add real value as an "anon" as the average person cannot think for themselves. They believe that every rich person should be public because it's what they desperately want (attention and fame). Therefore, biggest item to remember is to research deeply into an "anon" that seems to be accurate quite a bit. This is usually a clear signal.

People are Generally Good: If you don't engage in nonsensical arguments on twitter, people will leave you alone. This is a simple rule of thumb. If you spend your time arguing/responding to trolls online all you do is create enemies with no upside. You're better off ignoring. If you look at our feed 98% of the time we don't even respond to ridiculous trolls. The 2% of the time we do it's simply to entertain the real followers. It usually ends after one interaction just for the "laughs" and we move on and ignore people for the next week or so.

Another thing we learned is that if you do help people (generally speaking) they will go out of their way to help you in the future. You'd think that random people on the internet wouldn't care. Yet they do. It is part of human nature. If someone helps you make $20-50K a year in extra income, it is highly likely that you throw money their way. If you don't, well you're just a bad person. You are actually underperforming because the more you give out the more that comes your way over time (for more on that read Felix Dennis – how to get rich).

Another thing on this, people who are good generally take self responsibility. No one shoots 100% and you'll notice any fan base doesn't care if you make mistakes. If you have an error rate of 20% that's insanely low and if you have an error rate of 60% you probably shouldn't have a website/blog. We're putting those numbers up there simply for reference. We quasi follow other accounts (not officially on twitter but we click on them frequently) and we've noticed that an error rate of around 35% ensures that you will build a following. Therefore, since people are generally good/honest if you have any niche skills you can build a following if you have a 65%+ accuracy rate in your craft.

You Will Ebb and Flow: We've considered shutting down this blog at least 20 times. We've also considered trying to scale it out at least 20 times as well. This is an emotional roller coaster you will go through and most people cannot stand the test of time. Over time, you'll find a cadence that works well for you. Over here, it has been about 1x a week and a Q&A session. We'll try to launch a product every 2 years or so unless there is something significant that needs to be said. Even then, we don't charge much for it because if we start making real amounts of money we know we'll go full on "scale" and become mainstream. This remains a hobby.

The other way you will ebb and flow is your social engagement. People who are "all in" on their websites have multiple things they are juggling. Instagram, email lists, twitter, facebook, back-end server work, meeting other bloggers, getting on new podcasts, trying to elevate their "status" in the circle they traffic in. If you're a longer term reader you'll notice we're pretty consistent. Same 1x a week, same every couple of years product launch (to make sure we never lose money on the hobby) and same old twitter rampage followed by silence. If we feel like interacting more and trolling we ramp it up, if we don't we're usually busy and that tends to show in the post counts going down to as little as 1x a month in some cases.

To make sure you don't ebb and flow too much, it is best to remind yourself that it's simply for fun. We have no idea how big platform guys do it. They literally watch their social status swing on a day to day basis based on website views, likes, etc. This probably leads to a lot of mental health issues down the line (not to mention potential threats if you're a public figure). Ebbing and flowing is natural and healthy. If you're too deep in the hole, don't write, don't post and simply go silent for a bit. If you are really excited about something ramp it up and have fun while the energy is there. People can tell if you're excited even through words.

You'll Lose and Gain Readers Every Day: As you improve in the game of life your writing will naturally change. It just isn't possible to talk about the same stuff for years and years unless the person running the website has stagnated. You can see the evolution here in real time. Don't worry about it though, as long as you're making lives better you will always have a place in the metaverse. No matter what the haters say.

Maybe you were originally a blogger for traveling and COVID hit. Somehow you learned how to do something else like play video games at a high level. Well that's the beauty of life and the internet. If you're actually good at it you can pivot your audience over time. Take this website as an example!

Back when we started Wall Street was real profession. Now it is effectively a dying disease/dinosaur that won't exist beyond M&A. We don't even recommend people enter Wall Street unless it is for M&A anymore. We've pivoted into crypto over the past 4-5 years and it has worked out marvelously. Adapt or Die. This applies to your website and your life. If we were still talking about investment banking at this point our audience would actually shrink! That is how fast the world is changing.

You Will Become a Better Communicator: Over time if you write even one post a week, you will improve. Sure it may not come in handy every single second but it helps. It's similar to reading. There are many people who read constantly so they can compute/understand new topics quickly. Writing is the same, just in reverse. The more you write the easier it is to get your point across. It is also easier to see what people want/are interested in.

The downside? You'll see that some people are honestly hopeless! Sorry, it is true. Some people can't even understand a 60-80 word tweet. We've seen some insane comments in our mentions and they are beyond hopeless. In that situation we always recommend the same, learn a trade and live below your means. If tweets are easily misunderstood, competing in a global environment with brilliant people isn't a good decision. Much better to learn a specific skill and punch away at it for years.

The second part of communication is seeing the big picture. We'll use Twitter as an example. We've noticed that people who have a large twitter following are able to convey complex things in a small number of words. Threads are too long. The only time a thread is useful is when each tweet in the thread can be a stand alone tweet. Then you've really mastered the game.

If You Have an Idea Just Start Writing: Don't bother with putting it off. Take our your phone and just start rolling with it from a stream of consciousness. Even if it is 5 in the morning or 11pm. It doesn't matter. If you don't do it, you'll lose the idea within 24 hours and it won't have the same feel to it. Everyone can tell.

This type of style will make your writing a lot more unique and consistent/authentic. No one comes up with a brand new idea every single week that is interesting so you'll have your ups and downs like any normal person. The key is to avoid "dropping the ball". There are many many posts we've forgotten about due to procrastination. Our new rule of thumb is to simply whip out the phone and write the first paragraph or two with the big headlines before it is too late. This allows your mind to hold onto the idea for the rest of the day and you can always publish it later in time.

Example of a New Hobby/Idea/Project: Based on our twitter activity you can gather we took an interest in the hashmasks project. We have even reached out to get in contact with them regarding a free marketing event for them (yes seriously). And. You'll notice we haven't recommended anything specific to buy at this point. Why? Credibility. Also. Anyone reading this knows we already own a mask.

What we see is a great NFT project that needs some marketing juice. They are currently doing a competition for some "tribes" to create the best group of masks. While this is cool, we think they are aiming far too low. Far, far, far too low. If you go back in time this is similar to magic the gathering cards. When they came out the big deal was sitting around in these tournaments with other extremely deep in the weeds people playing the game.

For something like this it is better to make a big splash. Again. No one shoots 100% but we try to find good risk reward trades. We've lived through many +500% calls and many -50% calls and you learn to identify the better risk reward frame works on a near term basis.

So you're probably wondering, why are we interested in the hashmarks project? We think the "risk reward" is really just marketing. All the project really needs is a single "event" of global awareness that is unique and brash for the project to become quite interesting. If the awareness remains with the niche NFT community only, the upside is minimal. If everyone in the world knows what a hashmask is due to an *event*, the price of a single one would move up 100x (conversely if it never catches on, it wont be worth much).

As an example, we named our clown Goldman Sachs and now there are several clowns named after banks (clearly there is potential with the NCT token)! Simple idea and resonates with the rich people in crypto but tough to get attention in a bottle. If a tree falls in the forrest and no one is there to hear it, it makes no noise at all.

That aside. There is a good chance that the people who work on the project will read this. *So we're here to say there is a ton of upside here. Just think bigger!* If you're not willing to think bigger, how will it ever become a bigger product?

Take your plan to make them valuable over 10 years and ask "how could i do this in one month?". There are many rich people in the crypto industry, you only need one event.

Once global awareness is there, it's tough to put the genie back in the bottle (a good thing). The product is a very high risk call option so there is no need to swing for singles, try to get the home run once and you're set for good. Swinging for singles is best for established products.

As another example, if Elon Musk or Chamath changed their profile photo to a hashmask for a single day, that would be iconic and more than enough to spark awareness. A single big event is better when it comes to making something go viral.

Make No Assumptions! This is harder than it looks on surface. You really have no idea who your super fans are and who your regular fans are. You can try to guess and you'll be wrong!

While the haters are obvious (just yelling and attempting to discredit – simply ignore) the tough part is finding the people who really appreciate your work/writing/insight. These people can be loud, they can also be dead silent. You just never know.

If you can live with this fact (that you'll never now who your real supporters are), you'll have a much better time living in the Metaverse. In fact, if you simply do your thing you'll likely get more super fans. By trying to figure out who enjoys your work, you'll end up pushing more readers away. So simply write whatever is on your mind and ignore the noise.

Don't Stress Over the Long Run: We've had countless typos. Our grammar isn't correct (sorry 5th grade teachers!). We don't even bother fixing them at times. Why? Over the long term the only thing that matters is that you're making life better for someone/anyone reading your information. At this point we really believe it. There is just no way for you to have an unsuccessful time building a website/social media presence while delivering real value. It could be as simple as a website dedicated to yoga (women love that stuff).

Over the long-run you'll have a ton of ups and downs but if you're actually living life you will always have something to talk about every single year. There is no doubt that this blog will not be the same in five years. If it is you will know that it is no longer real.

If we were still talking about investment banking you'd know that we were still stuck in… investment banking. So as you evolve so will your website. Some won't like it, they will leave. Others will come in. It nets out to the same. The key? Don't stress. Seriously. It doesn't do any good and you're not trying to become a millionaire off of words on a computer screen!

Hopefully this post was useful for you and if you have real information that will help people, you should start a website with your free time. The worst that could possibly happen is that you improve your writing skills. No downside and lots of upside.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Myths About Wall Street

For no apparent reason this site is seeing more email traffic. With that said, it seems there are a lot of myths about Wall Street Floating around out there that need to be flushed out and burned. In no particular order here are the highlights of the ideas that people believe that simply are not true.

Easy Path to a Billion Dollars: This one is the most outlandish. Assuming that you are not well connected and you are actually a hard working, passionate and smart individual who landed a Wall Street job… You could potentially make a few million. A billion is simply out of reach. Here's the basic reason why. When you start in Investment Banking or even in a Hedge Fund there will be someone who is actually well connected. If your dad is the number one Portfolio Manager at Capital Group (FYI this is a $1 trilion+ fund) you will have an extremely easy time moving up the "ranks" so to speak. That's life. Now for the rest of the potential candidates out there be prepared to work hard. ***Some of the best workers on the Street are ex-military or ex-division 1 athletes***, these hard working souls go through the ranks the hard way, 80+ hour weeks, playing politics, taking risks by jumping jobs and by simply getting a little bit lucky as well. Assuming everything clicks, in general, you're looking at a Director/Managing Director slot long-term which nets you roughly $1M annual.

Bulge Brackets Are Where It's At: This is another bad one. Just because you got a job at Morgan Stanley or Goldman Sachs does not mean you're going to get paid more than someone who works at Quatalyst, Lazard, Moelis or any other firm… Even the mid-markets. Why? Two reasons. 1) If you are straight out of college they know (GS/MS) that they can pay you less and you will still stick around for more work because you want that exit opportunity and 2) Companies are still companies, if you worked at Lehman or another firm that got destroyed, you're not getting a good bonus. In fact, generally on the lower to even mid-career there are many smaller banks that will pay up for the best talent. Like for like a managing director at GS is certainly better off but again at that level it is performance based so you should be making the firm large amounts of money. As you'd expect, the best worker is always the one who makes the firm the most money.

You Need to Be Good at Math: This is another common one. Can you run percentages in your head, do algebra, spit out quick rule of 72 numbers and quickly look at numbers to see outliers? Congrats you're done. Now if you actually want to do the "math" side of the business get ready for a whole different type of career path. Get your PHD in mathematics from a major top 20 College. To drive the point home, ***you will be asked for your SAT math score or GMAT score but we do not care about your math courses in college*** only the finance ones. That should make the difficulty level clear.

Wall Street is a Lazy Way to Make Money: This is another knee slapping, "rolling on floor" laughing and just saw a guy benching the bar funny assumption. Unless you are the PM at Capital Group or a PM at another long-only mutual fund with billions of dollars collecting a few "bips" your life going through the ranks will suck. If you read the first paragraph notice how military and athletes do well? They work harder than you can imagine and don't complain about it. Don't get us wrong everyone is forced into complaints and unhappiness at some point, but generally speaking a military guy or an athlete is a much better fit than an engineer with a 4.0 who grew up in the suburbs. Every recruiting season we have to answer the same tired question on what makes a great Wall Street candidate. The answer is here ***"A Smart guy with a positive attitude who grew up poor and wants to earn money no matter how hard he must work".*** We will choose an ex-military finance major from a top tier school over a archaic mathematics major with the same 4.0 GPA any day of the week and it is not even close.

The Buy-side is Always Greener: Another good one. As noted the buy-side is the most prestigious but this does not always mean more pay. Lets say you are 28 years old and you are about to get promoted to the Vice President role on the sell-side, you're almost guaranteed to clear $400K+. Now lets say you are 28 years old working at a $1B fund that just lost 10% year to date and saw fund flows decline, congratulations you get $0 for a bonus which can be 66% of your total compensation at that point. ***The correct way to think about the buy-side is unlimited potential***. A simple anecdote would be comparing put and call options. With calls your upside is infinite (buy-side), with puts your upside is limited (sell-side). Another good way to think about it – the variation in pay is severe on the buy-side and much tighter on the sell-side.

The Best Skill to Have is Modelling: Almost want to put this one as the first paragraph because this is the worst advice to possibly give someone. ***You should not take any modelling courses before you start your job and you would be better suited practicing hot keys in Microsoft Office.*** How speed is much more important? Look at a financial release such as this one from Google. You must update your hand-me-down model with 0 errors for all new numbers in 30 minutes to an hour, that's your benchmark.

Stock Performance is Everything: Another great one. People believe Sell-Side analysts get paid to "pick stocks", simply not true. This is absolutely true on the buy-side where you can make a ton of money running a profitable book at a hedge fund but the sell-side is named that for a reason. Your job is to sell. ***So the best skill possible is salesmanship.*** Get companies to like you, build relationships and network… now you can see why a "positive attitude" is so key, you'll never see a strong salesman who is unhappy, negative and mean to clients all of the time. In addition, it would actually be in your best interest to make sales your number one priority even on the buy-side. Why? You're likely not connected so the only way to get your Portfolio Manager to take a position in a stock (one-third, half, two-thirds or full) is to sell him on an idea. Not only that but you're going to be jumping around Wall Street to move up the ranks quickly. ***Your resume will look like a ping-pong machine so you better be a good interviewer… sales again.***

Steep Learning Curve: A great one you will always hear. The truth is this. ***You will learn how to hold your emotions together better and better with each passing year.*** When you are bombarded with 100 emails in 20 minutes, must respond, must be political, must be happy and must be accurate on 0 hours of sleep get ready to learn to contain yourself. Everyone gets unhappy and complains at times but your job is to hold this in better than your peers at all times. Oh and by the way, a real all nighter is when you get ZERO hours of sleep and then work a FULL 16 hour working day without leaving the office. So university "all-nighters" are pretty much bush league.

With all that said here is the quick summary of what has much more truth to it.

- **When you invest you're playing rigged poker.** Generally yes. The PM at Capital Group can get any CEO on the phone with him.
- **You will gain 30 pounds of fat from 2 years in Investment Banking.** Yes unless you are extremely obsessed with perfection.
- **Wall Street Saying "Family, Friends, Girlfriend… choose two".** Yes, you already know our advice.
- **Primarily "D-bags and Assholes".** Yep, you'll meet a lot of disturbing pieces of human garbage.
- **They usually don't get laid.** Yes again! This is usually due to the bragging, prestige and one-upsmanship.
- **You Don't Get Lunch Breaks.** Correct again, you usually go outside and buy it (quickly) or have it delivered.
- **You Get Meal Allowances.** Yes, horray! You worked over 12 hours so you get $25 for dinner, wait you're getting fatter…
- **You Get a Free Cell Plan.** Yep, have fun with those morning or late night blow up "FYI emails" get used to typing "Will do"

That should suffice.

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Navigating Wall Street

Navigating Wall Street

"How do you suggest I get into XYZ Wall Street job"

With that being the primary question, we have attached a Navigation Map.

Wall Street Cheat Sheet

Now if you look carefully at this chart, the lines “linking” to other boxes is the easiest way to transition. So an investment banker could go to PE with some hard work, but would be harder pressed to jump to a long-only shop. In addition, if he wanted to move down to a tier 3 job that would be tremendously easy. Moving up the prestige scale is significantly harder than moving down.

The next thing to note is once you drop below tier 3, you’re in no mans land. The hardest of all jumps is from tier 4 to tier 3. The reason why is at tier 3 and above you’re looking at high paying positions with significantly higher stress levels. In tier 3 it would be easier to jump down banks (Ex. from a bulge bracket research position to a mid market investment banking position). Same is true from tier 2 to tier 1.

Now if you look at the chart from left to right it moves from transactional positions to modeling positions to stock picking/portfolio positions. This explains why it is much more difficult to move from corporate M&A to sales and trading even though they have relatively equal pedigree. The jobs are simply not that transferable. In a corporate finance job you’re looking at acquisitions, not movements in stock prices and in a Sales and Trading position you’re monitoring many stocks and must be on top of significant moves in stock prices.

For a trained eye there are two glaring omissions. 1) People with PHD’s and 2) Venture Capital.

1) For the PHD position if you understand the niche versus broad concept it would be in your best interest to apply your niche knowledge to break into either a research position or a hedge fund position. At that point you’re in the game and you can move around after 1-2 years of experience with relative ease.

2) For Venture Capital, we hesitated on placing it into the private equity bucket since it is ***relatively*** similar, you are deploying capital into a small firm and hope to exit the position at a profit. The reason why it is excluded from Wall Street is the segment is niche and your job could be impressive to meaningless. The reason why is some Venture Capital firms simply make you call and try to obtain funding or cold call to source deals. This would actually be a better link to Sales and Trading. Alternatively, you could be a rock-star and have a large amount of cash to invest yourself… In which case you unlikely need any advice from this site. With all that said we already covered the basics of the topic.

Pay? Note anything below Tier three is a significant drop in pay (50% or more). When people speak of “Front Office Wall Street” they are referring to Tier 3 and above jobs. As an example a person with 5 years of experience in Sales and Trading is making $150-200K at minimum. A person working in financial advisory services is making $75K or so as they are likely seeing 5% raises versus $10-20K+ raises which are the norm in front office roles.

There are exceptions (a person who started his own asset management firm as an example) but generally your goal is to jump into a Tier 3 or above job as soon as possible to learn the necessary skills to have a long career on the Street.

Conclusion: While there are always exceptions to the map laid out, it is best to start there. Print it out and ask yourself where you could slide in with the best “pitch”. In addition, remember that time is not on your side in any way. The longer you stay in any position, be it Banking, Research, Accounting or otherwise, the tougher it is to move. Give yourself 1-2 years max before jumping into one of the tier 3 or better jobs. There are times to be patient and when it comes to moving up or getting into Wall Street… this is not one of those times. Good luck out there.

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Necessary and Unnecessary Risk, No Point Investing if Broke

Necessary and Unnecessary Risk, No Point Investing if Broke

Attempting to come up with your own higher risk investment portfolio only makes sense if you're worth over a million dollars. This is something we've said several times in the past and yet people still try to cling on to their $100K trading portfolios. We'll explain why it doesn't make sense, what a "return" is and how to avoid falling into this trap. Remember, only 2-3% of professional money managers outperform the market after fees and these individuals have gone to top tier schools, get to meet the CEOs and CFOs of public companies regularly and do it as a full time profession. Thinking that you'll have enough time to compete with them while simultaneously working your job/career and building a secondary form of income is just not a smart idea. That said we'll lay out the why.

Unnecessary Risk – No Point

What is a Return? A return when you put money to work today that will lead to a higher dollar value in the future. So if you spend $1 today but in five years it is worth $2, that is a 100% return over five years. In addition, if you spend $10 today, but this leads to you *saving* $20 in the future, this means you also incurred a positive return (100% as well). That last one is the part where people get the math twisted. If you're in the <$500K net worth territory there are tons of ways to generate a 100% return without significant risk: bulk purchases and cost downs.

Bulk Purchase: Lets use two options, you can either 1) invest in a bunch of stocks and bonds with $10,000 or 2) you are allowed to bulk purchase anything you like with $10,000. We will all but guarantee, the second option will generate much higher returns than the first one. Why? Scale. If you want an easy way to get a 100% return off of your $10,000 you should purchase the following in bulk: toothpaste, toilet paper, towels, underwear, socks, garbage bags, cases of your favorite drinks, cases of your preferred protein, cases of your favorite frozen food and anything else that you routinely use. Why? Well if you can buy a significant amount it means you're locking in a 50% return at minimum.

Think of yourself as a convenient store. The only reason why a convenient store makes money is they simply buy in bulk and sell at a slight mark up to suggested retail. By doing this yourself you're able to lock in the gains while simultaneously avoiding the additional mark ups in the future (you won't need to go to them, since you're the actual store now). If you think this is a joke, we would go ahead and track your expenses. We will bet you ratchet up a few hundred dollars every month in convenience related purchases that would go to zero, while simultaneously paying 30-50% less by purchasing in bulk. For fun, this is a good practice to have even when you make a bunch of money, have one closet full of stuff you have to buy anyway (detergent, garbage bags, paper towels etc.). *Again, 50% return locked in.*

Fixed Costs: Another big one in terms of guaranteed returns (or fixed costs) is your location and your rent. There are two strategies here, calculate the cost of your commute + your annual rent and see if you can "negotiate down". Depending on the market it is possible to negotiate a lower payment if you fund the entire year in a single day. In addition to this, if you commute you have to calculate this cost into the cost of your rent and see if you can net out a positive return.

The reality is that when you're young you just don't have the money to start up in the best location. So you are probably moving longer distances than you want to offset the cost of some rental expense. Over time, this math breaks down as the commuting cost (say $300 a month or even $400) needs to be added to your rental cost as a "fixed" payment. So if you can move to a closer spot, increase your rent by $250… You actually need to move. This similar math applies to your rent vs. buy decision (again, remember that buying a place locks you into a location so you have to stay there for at last 10 year to de-risk the return profile).

Finally Forced Returns: This is the last and most important item. If you followed our prior two posts, it suggests that unless you're rich, there is no reason to take on additional risk for no guarantee of returns. If you can invest in anything and put 3-4 hours into it pushing the returns up to 20-50%… You have to do it. Why? This is called paying your dues. When you are not rich, life has a way of punishing people for taking the lazy way out. That one stock" or "one investment" is going to go south and suddenly you lost an entire year of investing. Remember, if your net worth takes a step back by more than 10% you have lost an entire year of work.

Forced returns based on our prior recommendations are: 1) fixed up websites, 2) additional hours to a new project with limited downside, 3) fixed up homes/properties where you're next to certain you can move the needle by 20% or more and 4) any and all re-selling opportunities that require you to hold some inventory.

Ultra Low-end: Before moving on, there are even some people who attempt to make "big stock bets" when they only have $50,000 to invest. This is beyond crazy as you're better off clicking around the internet and opening bank accounts to get returns. You can do extremely frugal things such as churn bank accounts ($300 sign ups), churn credit cards (25,000+ miles each about $250 in value) and of course bulk purchase gift cards of $1,000 or more. That last one is probably the best option for returns if you only have $50,000 to your name. You go online and buy gift cards at a discount to places you are forced to shop at (like a grocery store). The mark down can be as high as 5% getting you a guaranteed 5% return in less than 6 months (it means you're locking in 10% gains per year with *no risk*). A good example is department stores like Target. While we don't have the time to do this anymore, it actually works extremely well during holiday seasons as well. If you're going to buy your brother or sister an iPhone for Christmas, just buy the $1,000 Apple gift card for ~$920 and buy the iPhone. Congrats you just got a discount from a store that "doesn't offer discounts".

Necessary Risk

Now the summary above reads like it is all about being "risk free". The reality is that there is a huge difference between necessary and unnecessary risk. Society teaches us to avoid risk in general (90%+ of businesses fail, buy insurance for every issue fathomable etc.). There is a balance that needs to be cleared up. The balance is between unnecessary and necessary risk. The prior section highlighted a ton of ways to avoid unnecessary risk, if you're not a millionaire you can get high returns since the amount of money you're working with is small. $300 is a full 1% if you only have $30,000 while $300 is only 0.03% to a millionaire. This concept of always thinking in percentage terms should be written on a post-it and hung on every single refrigerator around the world. *If your percentage return is higher than a point or two in less than a month it means you're outperforming the "market rate".*

Leverage: Leverage works when you can sustain the time horizon risk. This is why we recommend going down a more levered path once you're a millionaire. If you have a million dollars the income you're getting (dividends, bonds, rental income etc) is going to provide a base line cash flow number. If you're generating say 5% returns that is $50,000 a year. If we go ahead and cut that in half ($25,000) it means that a leverage ratio below ~$25,000 a year in payments is not good given a 30-year horizon.

Example: If you can buy a home and rent it out, your income from the $1M is going to cover the entire cost. Assume we go into a massive recession and the asset you bought is now worth "less" than what you bought it for. Well… It actually doesn't matter. Fast forward 20-30 years and that asset is more likely than not going to be worth much more than what you paid for it. The cash flow from the asset went down during a bad down turn but it was still *net income positive and cash flow positive.*

This is what we'd define as necessary risk, if you want to continue building your net worth you are going to underperform your capabilities without leverage. Inflation eats at the value of the loan outstanding and the cash flow from your investments has already de-risked the need for a fire sale at any point in time.

Asymmetric Business Risk: Talking about stock piling necessary items while simultaneously suggesting a business/new venture is not something you'll see on most websites. Most have an either or set-up: frugal save forever or risk on at all times. The reality is you can actually do both with the right priorities. It's a matter of *process over risk*.

Example: Asymmetric risk to the upside is using any of your current skills and starting a service from it. While we absolutely hate services and time for money exchange options, for people who really don't know "where to start" they are forced down this consulting/service route. You simply take what you do and offer it as a stand-alone entity. If what you're doing cannot be offered as a stand-alone entity you might be in an area of work where there is no actual value being created (bureaucracy and significant politics is a tell-tale sign for no value addition). Simplistically, you take what you're already doing and offer it as a private offering.

Once this step is done you'll eventually get a sense for what type of physical product is needed (make sure it is recurring or consumable) and expand into that area over time. This type of risk needs to be taken as you're leveraging your relationships with your current client/customer base to onboard them.

Conclusion: This should summarize the difference between necessary and unnecessary risk. It also highlights the importance of thinking in percentage returns and using leverage (inflation and cash flows) to your advantage in the future. If you can take out debt and use it as a tool (IE: let inflation devalue it over time without serious risk) it's quite useful for optimizing you long-term returns. Just remember. No reason to add risk for no reason. This is where most people get messed up. They chase risk when there are risk free options that offer double digit returns if your net worth is currently under $1M.

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Networking Jobs and a Social Circle

There are many strong blogs out there that establish the importance of a good set of friends, network of connections or a crew.

The Basics: A lot of emails have come in asking about "how to network" and the theme is the same, people are asking the wrong questions. Instead of asking how "you can get something" the question you should be asking is ***"How can I be a positive in a person's life"***. Networking and building a strong social circle is relatively simple at heart, 1) help someone make more money, 2) improve their sex life or 3) improve their mood by being a fun and interesting person.

Not everyone can help in categories one and two but ***everyone can improve in category three***. Specific to Wall Street, if you are going to work in an extremely intense environment with painful working hours at times, you probably want to spend this time with someone you enjoy. Fraternities and even the military at times get a bad "rap" for their hazing and hard-core nature, but this is a great model for building strong bonds. People who think and believe in the same things will form stronger relationships compared to a host-leech relationship, going through hell and high water together forms a much stronger bond than a situation filled with rainbows and sunshine. With that said, you would not be surprised to see a large athletic, militaristic and frat culture at many banks.

Jobs: Given the above assessment what is the best course of action to give yourself an edge in networking when you start pushing your resume around? In relatively simple terms it is as follows 1) trusted personal recommendation, 2) transferable experience and 3) personality. When push comes to shove, if a candidate is not personally recommended number two sees a much tougher review process. This makes sense logically, if a MD recommends a low end Analyst/Associate and there are some minor formatting errors, the MD's signature of approval over-rides meaningless mistakes. If you're going in cold, this would be an immediate ding. With that said, in rank order you should tap all close connections immediately (friends, family, fraternities, linked-in connections, professors, career centers/job fairs etc.) after that you'll be cold emailing with a clean and revised resume that shows you're relatively intense when it comes to presentation. You will prioritize all work experience related to finance above every other activity and you'll bring this to light in short 3 sentence intro's during your cold emailing approach. Finally, to close out all positive email responses, you should invite people to meet for "coffee" or "drinks" at any time of their convenience (meeting in person is substantially higher ROI compared to a phone call). At that point you're working on 2 and 3, selling any transferable skills and coming off as a positive interesting and fun person (by year 2 most people are bitter so your attitude will be welcomed).

Friends: Overall, you don't need many close friends to have a happy life. Most people have a handful of close friends then a broader network of soft touch relationships. Below are a few questions that would be a decent filter from a purely biased perspective.

1. Are you a positive person?
2. Do you have an interesting career or job?
3. Are you in shape?
4. Do you have a real hobby such as music, cooking, dancing, singing, etc.?
5. Have you traveled outside the country?
6. Do you spend over an hour a day watching TV, checking mainstream news or Facebook?
7. Is it easy to generalize you into a group?
8. Do you get angry over things you cannot control?
9. Do you say hello to a new person every single day?
10. Do you spend 14+ hours a day being productive?

If you answered yes to the first five (+1) and no to all of the next five (+1), you're in great shape. 8/10 would be respectable.

Soft Touch: A few colleagues of ours have a saying "A friend is someone you benefit from". This is quite aggressive and is a joke, but really it is referring to soft touch friendships where you develop a relationship based on mutual gain versus the host/leech relationship mentioned earlier in this article.

An example would be a bar or club you frequent and know the crowd should yield high results for you. The trick would be to "get known", befriend the bouncer immediately, tip the least busy bartender the most and show up to the venue at all times with a new girl or group of girls. The mutual gain should be clear, your new status helps you get more girls, you're bringing them business and bar/club owners want to have high amounts of women (attractive*).

Alternatively, if you want to develop a business relationship the process is much the same. Create a value additive process or become the source of value additive ideas or information. Once this level of trust is passed back and forth it will snowball where you gain more trust of larger groups of individuals over a long time horizon.

Conclusion: This is a relatively short take on networking as it should be. The type A personality usually ends up taking the hard route of revising his resume multiple times and eventually landing a job but this is a long-term pain point as the real money is always in "who you know" as cliche as that sounds. With that said start expanding your comfort zone and believing in yourself because time is not on your side. It never is.

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New Year Book Reviews

New Year Book Reviews

In our post, just a few short days ago, we suggested that readers pick up a book. This is the best alternative compared to spending a 10x premium on nightlife and paying UBER surge charges that could cause a global financial crisis. The post will be much shorter in length (~500 words per review) so we avoid giving away the main concepts of each book.

Gorilla Mindset: Recall, we gave away 10 free copies of the book as we were far too busy to read and do a book review at that time. Mike's book is the most helpful book we've read in terms of creating a ***Mind Body Connection***. We're not sure if that was the intention, but that is the main takeaway we received. If you are a newbie and do not have your life together, we would suggest choosing just one section every 2 weeks to incorporate into your life.

Example: Mike goes through a series of posture exercises and forces you to write down what you believe you want out of life on a daily basis. This would generally cause a person to have too many things running through his mind to execute on. Simply put? Thinking about your posture, cutting out negative people and scaling yourself all at the same time is likely an overload on your brain. We would choose one every two weeks and once it has been incorporated over the next two weeks… Move on to the next.

While we think the most important aspect is creating a mind-body connection there are numerous helpful items that we were unaware of within the book. To name a few he covers supplements that will improve your skin, your mood and even your depression! While we don't suffer from any of those ailments at this time, it is certainly good to know you have a laundry list of items to research.

You're essentially reading a book by a person who used himself as a patient over the past 35 years… testing every single bunk and real supplement known to man-kind. We'll take real experience over mainstream beliefs 100 times out of 100.

Finally, an overlook portion of the book is the section on selecting people for your life. We clearly agree. If there are negative people in your life (yes this includes your family) you need to get rid of them. Importantly, we're not saying all families or all friends are bad, however you must choose who you associate with as it will change the course of your life forever. No. That is not an exaggeration. If you decide to hang out with dead-beats, overweight people, complainers and broke people… You'll be pulled down before you drag them up. The old adage: *"You can lead a horse to water but you can't make it drink"* is a life fact.

One Negative: There is one sentence we absolutely think should be deleted from the book. Forever. **"Money is neither good nor evil".** We know you're reading this Mike! We will never agree with this statement as **1) poverty is the root of all evil**, 2) by claiming money is neither good or evil you've tricked yourself into saying you don't need it… YOU DO and 3) assuming you have money you're able to do *more good* for society therefore it is an enabler of doing good things for society (we assume all of you are normal human beings with a conscious).

Finally, we strongly suggest a *print* copy as it is a *work book*, instead of a typical book where you simply take notes.

The Charisma Myth: This is unquestionably the best book we have read that has been written by a female. That is not a joke. While other people that cater to men claim they are better than "all women", we can easily say that 99.9% of men will not become anywhere near as successful as Olivia Fox Cabane (or as important). Hopefully that got your attention. Here is an excerpt:

"By choosing what you imagine, and by learning how to adjust your mental state, you can ensure that body language projects more presence, power and warmth, and thus charisma. In terms of achieving charisma, your internal state is critical"

Does that sound dangerously familiar to the book you see above? It certainly does.

Before you learn how to improve your charisma you have to find your baseline type of charisma, there are four: Authority, Kindness, Visionary and Focus.

Lets use this blog as an example. It would take less than fifteen seconds to realize that the default charisma state is Authority and Focus while having a severe lack in Kindness (we even delete low quality comments!). While this may work for a specific targeted niche… this is certainly not the best approach for all situations. If you were to attend a new conference where you're meeting hundreds of successful people you want to turn on the "kindness" charisma instead of your default Authority and Focus charisma.

She argues that it is not possible to mentally control your body at all times. Were are not aware of our own eyes fluttering in front of us while everyone is well aware if we even do a partial eye roll. It is a much better strategy to essentially "check-in" to each charisma type that will be most appropriate for the situation. In times of great turbulence, people would certainly prefer to flock towards an Authority Charisma leader versus a Kindness leader. Alternatively, at a cocktail party, people would prefer spending time with kindness charisma and visionary charisma.

We've simplified this quite a bit, however she includes several techniques to help you understand where your baseline charisma is, how to improve it and which ones to *use* in which situation. You'll find that your charisma type will also explain why you feel more comfortable in situation X versus situation Y.

One Negative: The one hole we find is that we do *not* believe she is entirely correct when stating you cannot control your body. For example, if you are reading this post right now… you can simply place the palm of your hand on your forehead. Boom. You had a partial smile for no apparent reason (perhaps a full smile). If we learn to be aware of our body language and *practice healthy body language*, your body will mentally remember it and *default* to the correct body language over time.

How to Fail At Everything and Still Win Big: The book covers a wide range of topics, our primary takeaway is that affirmations are real, passions/goals are nonsense and being selfish is generally beneficial in the long-run. We are certainly avoiding many many other topics that are covered in the book but we'll focus on those three.

Affirmations: The background story for the book deals with a health problem Scott had and tied back to a new affirmation he used while dealing with the issue. You can guess how it ends after the first chapter of course. However. The long story along with thousands of words makes you wonder if there is a pattern behind writing something down… and the ability to make it happen. Yes it sounds cheesy but is true. If you 1) continuously write down what you intend to achieve, 2) mean it and 3) set your life up to go down that path… eventually you will get there. Importantly, if you don't believe it and don't tell yourself mentally (everyday) then they simply won't work.

Passions and Goals are Nonsense: We laughed when reading this on page two of the book. As it is exactly what we said about New Years Resolutions or "goals". He expands the word goals into passions and explains that making money has absolutely nothing to do with getting rich. This is certainly true as our own business has nothing to do with any passion of ours, we do it for the money just as many Wall Street people work here for… the money. You don't give a loan to a guy who has "passion" you give a loan to a guy who is going to eat Ramen noodles for 1 year straight to turn a profit.

Think Long-Term: Scott makes an interesting note on taxes and benefiting society. We agree that people are generally net producers or net burdens on society. By definition, if you are paying more in taxes than you even spend in a year, there is no way you're a burden on society. Why? You're giving more money back to the government (and your country) than you are spending on yourself. Therefore, there is a surplus. We agree. While others will call you selfish, if you think long-term, becoming successful will generate the most benefit for the greatest number of people and there is absolutely no debate.

Finally, the most important piece of the book surrounds two topics: 1) creating a "system for success" and 2) the notion that we are "moist robots". Since that is the focal point, we'll avoid it so we don't give away the book.

One Negative: While we 100% agree that diet and fitness is paramount to success, we didn't agree with a lot of the beliefs in the book. He hints at becoming a vegetarian and the overall take simply didn't jive with us. We'll leave it at that.

Skill With People: We picked this one up last second this weekend due to a comment from a reader (Recent Graduate). The good news? It was absolutely great for a short read. The more important news? **You must buy it in paperback form.**

If you buy this book, it is essentially a 50 page cliff note version of people skills. You'll find that some of the tactics come second nature to you while others you continuously mess up. We would recommend ordering a paper back copy to carry around and highlight the mistakes you continuously make. Once you've fixed the mistake, remove the highlight and move onto the next one. Wash, rinse, repeat.

To reiterate, this is more of a quick reference book such as a pocket dictionary, but for people skills.

Fun Side Notes

1) Many of you are quite bright. You remember we gave away 10 copies of Gorilla Mindset for *free*. **Well the most important lesson is today.** When you give something away for free most people will not return a favor to you. Of the 10 copies we gave away a total of 3 reviews came back (that was the only request to leave a review). That is not a joke! If anyone you know believes that people will treat a free book in the same regard as a book they paid for… Well now you have crystal clear proof that they are wrong.

2) "Book" or Books" was one of the most frequent searches on our search bar this year. If there is significant interest in book updates we may make a page for it and continuously update the page. Before voicing an opinion however, remember that we read well over 100+ pages a day which would create quite a few books. Maybe we'll do 1 book every quarter.

As usual no questions, but if you leave an interesting comment we're happy to respond.

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New Years Resolutions

The formatting of this post is going to be undeniably screwed due to mobile but it needs to go up anyway for the new year (advanced apologies for the format). With that said we don't believe in new years resolutions in the traditional sense. Instead we want to make larger strides in life themes (theme idea stolen from James Altucher).

Below are some major themes you should add to your life if you haven't already.

1. Less Complaining: Yes there are skinnier girls in Russia. Yes there are fat ugly girls who think they are 9's here and yes, there are many problems in the good ol' USA. The problem? Complaining get you nowhere. No one cares about your problems because your goal in life should be… Solving people's problems. With that said, it is damn near impossible to never complain, no one lives a perfect life, but you should see noticeable declines in the amount of time you spend whining.

"You can't call yourself successful if you're getting angry & complaining. No matter your definition, successful people don't do either." – WallStPlayboys

2. Less Analysis Paralysis: This is near zero at this point but for many it is a wide spread disease. Trapped in their own heads. If you're able to successfully analyze a situation there is a way to capitalize on it. What does this mean? If you know people are going to do X there is an opportunity in doing Y instead. If girls all go for the "meathead" you should become a meathead and hit the gym. Find the solution. If you see that people are lazy and want a step by step guide for Y… Instead of analyzing this phenomenon… Go create the product. In short, actions are everything.

"If you can analyze a situation but you cannot capitalize on it… You're not very good at analyzing the situation at all." – WallStPlayboys

3. Less Negative People: The truth is, you really are the average of the people you speak to. Don't waste your time talking to people who make you feel bad or spend too much time doing #1 and #2 above. You will notice a circular trend where those that are complaining and sitting on their hands thinking tend to be in the same position year after year. Don't let this be you and continue to surround yourself with the opposite.

"What is everyone else doing? It's probably a bad idea." – WallStPlayboys

4. Less Worrying: At the end of the day, in the USA you're taught to worry about everything. Worry about meeting a stranger, worry about getting some crazy disease from food, worry about what other people think about your social media status and worry about the next collapse. Forget it. Worrying is unnecessary stress. We're not saying to simply jump off a cliff but intelligently cutting out worry is a smart move to make. As an example: taking extreme measures to protect your identity is a smart move depending on who you are as you have too much to lose. On the flip side, worrying about when interest rates are going to move 0.25% is insanity, unless you're Big Ben himself you're simply wasting your time. Finally, from a game perspective, you should absolutely not worry about any approach that fails, you're simply closer to your next success.

"Why worry about things you can't control? You can't control them so move on to things you can do today." – WallStPlayboys

5. Less Frivolous Spending: Always strive to be an efficient spender, or a minimalist. If you've got 9 digits in the bank and another 8 figures on the way, we have no idea why you're reading this blog and enjoy the balling life style. For the rest of us, take a quick look through your spending patterns (use mint or something similar) and try to make a few tweaks that will improve the bottom line. A good starting point is throwing away your television and trading it in for books.

"Become a minimalist don't be frugal" – WallStPlayboys

Time to move onto growth, here you will find things you always need more of.

1. More Mentors: January first is the best day of the year to review your contact list and look for a new mentor to add to your top 5. Maybe your goals have changed a bit and you want to spend more time gaining muscle or making money, in that case your mentor top 5 should automatically adjust. If the person you want to become is not in your phone, you better start hunting… yesterday.

"We have a guide to finding mentors… the more important question to ask is… Do you deserve help?" – WallStPlayboys

2. More Streams of Income: This one is for the older gents. If you're fairly settled into. Your career it is certainly time for you to expand your streams of income. One day you'll lose your job, we all will, and you want to have a hedge against this inevitable short-term failure period. This means setting up a few side businesses that can generate $500-1,000 a month (the more the better). We don't know what your skillet is, but good information is the most valuable item in the world so find your niche and pass it on in a way that can help generate income. Become self reliant as fast as possible.

"Who do I trust? Me." – WallStPlayboys

3. More Strength: Yep, no matter who you are you want to get physically stronger. Even if you're in your 50's or 60's it's time to turn back the clock. Start comparing yourself to your peers and ask "am I in the top 5% of my age bucket?" If you get there try to make it to the 1% etc etc. continue to get physically better. Build more muscle, increase muscular endurance, decrease body fat. No one has a great workout at the gym and then returns home to regret the workout. Never happened. Never will.

"If you can see straight after finishing your last set, you're simply not lifting hard enough" – WallStPlayboys

4. More Control of Thoughts: Hopefully you can control the vast majority of your thought process but we all slip so it is a good refrigerator reminder. Take the most annoying people in the world and surround yourself with them once and a while (this is to be done in rare instances to avoid contradicting point 3 of avoiding negative people). The best way to do this is to simply go out and talk to a bunch of people, you'll eventually run into the weirdos, see fat girls who think they are 9's, girls who wear flip flops, guys who complain all day and dudes who talk politics 24/7 when they don't have any political pull etc. etc. this is one of the hardest parts of self improvement but it needs to be done. We are what we think about, so learn to control what you think about.

"Rewire Your Brain to Frame Everything in Your Life as a Positive." – WallStPlayboys

5. More Help: This is another one for the older gents. If you have a few solid mentors, it is time to pay it back. There are a lot of confused men out there taking advice from, 1) negative people, 2) keyboard jockeys, 3) feminist men/women etc. None of these people are good role models so spend some time finding one or maybe two fixable young up and comers and help guide them down the right path. The more successful you become the more these people find you so it will inevitable happen. Instead of shutting the door let a few in since it won't take too much time to fix some of their beliefs. If you can't drag someone out of the gutter, it means you're still in it. So give back once you're free.

"Your value as a man is not how much you have but how many people you can drag out of the gutter" – WallStPlayboys

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New York vs. San Francisco. Landslide for New York City.

New York vs. San Francisco. Landslide for New York City.

For fun we had a twitter back and forth with our friend Sam who claims that San Francisco is far and away better than New York City. Needless to say, we disagree 1,000 fold. Comparing Man Francisco to the greatest city in the entire United States, is like comparing a European Model to an Overweight Vegan…. Wait… That is the exact same comparison.

The Only Positives About San Francisco

The following people will enjoy Man Francisco: 1) Married couples, 2) liberals, 3) people who dislike hygiene, 4) vegans, 5) tattoo artists, 6) those who enjoy soy and 7) unattractive individuals with low self esteem.

The following benefits of Man Francisco: 1) the weather and 2) produce/farmers market.

If you do not like any of the items above, you're not going to enjoy Man Francisco relative to NYC. Lets go ahead and kill this topic as the only benefits have been outlined above. This will be long as there are practically no benefits at all. Lets start with the people.

The People In NYC Are Much Better

1) Cheap People: The vast majority of people living in San Francisco are cheap. Sharing apps came about not because of the value it gives to society but because the society believes in making items as free as possible. Ignore the fact that this has the adverse consequence of filling your entire city with people who will prefer "Pabst" beer and a $9 twenty pound burritos. No surprise… this does not bring in attractive clientele and leads to the next problem…

In NYC: The people are not cheap and they will spend at will for a good time. You do not have to worry about calculating checks to the exact dollar and cents on a group dinner. When you leave healthy tips, the bartenders and bouncers will remember you forever and will show appreciation for it.

2) Fat People: Make no mistake, anyone who says Man Francisco is full of in shape people relative to NYC is a liar. They are either married or have low standards which makes them turn a blind eye to the extreme obesity and disgusting bodies of people in the city. You are more likely to find an *overweight gluten free vegan than an attractive female*. Honestly. If someone eats gluten free, sugar free, vegan poptarts for breakfast how did they get fat? Add it to the list of unexplained world mysteries. On that note, you are also more likely to find overweight homeless people than an attractive female above the 6 range.

In NYC: There are general door policies. While there are fat people all over the place, there are ground rules for being in shape and attending nicer venues. If you look terrible and don't have a large amount of money the venue knows you're not going to add any value to the event. Bring something to the table. Don't show up in terrible clothing, overweight and unsuccessful expecting access to the Victoria Secret Fashion Show. You will be laughed at… Politely… As they won't let you in. This is called having standards

3) Homeless People: On the topic of homeless people, they run the city. Back in 1968 there was a single homeless person who used to sell pencils nearby union square who suffered a horrific accident due to a war and didn't have legs. Today? You can't walk around union square without jumping over homeless people like a game of Mario. Oh and don't worry. They are also fat.

The problem is so large we would like our readers to read this quote: *"We encourage people and dogs alike to do their business in other places, like a proper restroom or one of our fire hydrants, which are stronger and made out of cast iron."*

Pause for a second. A lamp post was literally taken down by public urination and San Francisco has resorted to comparing humans to dogs with the statement "*people and dogs* alike" not… "dogs and people alike". We are not trolling, here is the article.

Since we are comparing people and dogs like its no big deal it is fair to say the people also look like dogs as well.

*In NYC: There are homeless people and it is extremely unfortunate. The climate in NYC is not good for homeless men and women, however, they are not *entitled* homeless people. A trip to downtown San Francisco compared to NYC will set the record straight. The number of homeless people in SF is ridiculously higher and they are entitled/aggressive as well.*

4) The People are Unattractive: Before people jump all over the sentence above and say "omg that was so mean!" we are going to go ahead and allow you to decide for yourself. Type in the phrase "san francisco women" and then type in the phrase "New York City women" into google images. Here's a rough idea of the difference.

1463155_10100833897659203_1057983173_ images

Now there is nothing wrong if you believe that it's about "who you are is on the inside" (we know you're lying) but lets accept this as a fact. The problem? The women is Man Francisco have the worst attitudes you will ever see relative to their looks. The standard joke is that the city is full of 49ers (fours who believe they are nines). The joke is true.

In general, you can tell if a city is good based on the delta between the girl and the guy. Typically a girl will be at least a point more attractive than her man because this is how the world generally works. In Man Francisco, it will be reversed. In the rare situation where a guy is roughly equal in physical attractiveness to the girl… Make no mistake, she is the exact same age as him or within a couple of meaningless years.

In short, your dating options are exactly the same as Stephen Curry. You're gonna be hitting a lot of threes.

In NYC: There are too many industries not to find a group of attractive people you enjoy hanging out with. You have many popular industries including Media and Fashion causing the average person to remain roughly above average if you stay in the nice neighborhoods.

5) Diversity: This is a joke of a topic since NYC is actually more diverse in terms of cultures, however, if you want to date a female who is not overweight your only choice will be Asian women. There is nothing wrong with this, but, you better have that yellow fever otherwise you're going to be in pain for a long time. Therefore you can see that the only type of person who would be okay from a personal life standpoint would have to be either 1) married or 2) interested in Asia or both. If you're not in one of these buckets you'll be puking into one shortly.

In NYC: The city has 9+ million people. Re-read that again. There are so many people in the city that you will inevitably find a group or section of town that is enjoyable. Not everyone can live in SoHo in a decked out apartment. But. There are just too many options every single day of the week. You'll find a great spot in no time regardless of your nationality. In SF, you're Asian or White.

6) Extreme Liberalism Gone Wrong: San Francisco is feminism ground zero. Ground zero. In addition, if you are not a Bernie Sanders/Hillary Clinton supporter you're instantly labeled a monster. More importantly, outside of your political affiliation, the city looks a bit like a circus. It is halloween 24/7/365 and not the good kind with attractive women running around in sexy outfits.

We did a quick google search and even this month there was an outrageously disgusting event called "Brides of March". In this event "men" dress up in wedding gowns along with women and parade the city. Please see for yourself (we apologize for the eye damage).

Yes…. That is chest hair…. and we tried to clean up the comparison with a NYC fashion show.

Unknown

images-1

In NYC: The city is generally more left leaning, however it is within reason. If you lean more right-winged… people will not throw a fit and call you a racist "xenophobe" monster. You can even have debates on the topic and still get along just fine. Try telling the group of guys above that you're not a Bernie Sanders supporter.

7) Passive Aggressive Losers: In New York City a girl will tell you straight if she is not interested. In San Francisco, a girl will talk to you and then bad mouth you to the only 7/10 in the group while you leave to the restroom (no worries she won't be a San Francisco native). Everyone is afraid to offend everyone else so they end up getting on their iPhones and sending cryptic passive aggressive nonsense behind your back. Everyone walks on egg shells to avoid offending any specific group which then makes it impossible to have standards. And… When you don't have standards you get the aforementioned event above.

In NYC: People are extremely to the point and blunt. There is no point in wasting time there because everyone is trying to hustle on to the next level in life. This is actually a great feeling. No one wakes up in the morning and says "I want to have the same life forever and just be a free spirit". If you have thick skin you will love NYC as people will tell you up front if they are interested or not. No time is wasted here.

8) A Technology County: Sure… Technology is a great way to make money. The problem? The vast majority of engineers are Aspies with no social skills and are terribly boring. Say what you will but the stereotype is generally true, most math related/tech related individuals are dorks. You're probably better off taking acid and talking to yourself than hitting the local bar filled with unicorn employees. Sadly, even the word unicorn doesn't have the greatest connotation to it.

In NYC: There is no Technology culture in NYC. Well.. There is a bit, however it is contained. Unlike San Francisco where you cannot go five feet without hearing about the the "cool unicorn" you can avoid the entire industry as a whole which is full of aforementioned Aspies and passive aggressive boring people.

9) Lack of Style: We have mentioned this in the above but it deserves a full paragraph. The people who live in San Francisco dress like absolute garbage. They will commonly wear hoodies, flip flops and do disgusting things to their bodies such as neck tattoos, chest tattoos, septum piercings and create large holes in their ears. Not only do they wear terrible products… they don't even fit. It costs $20 to get clothing fitted and it would take 1 hour of effort to find a brand that fits "close enough" if someone cared about their image at all. They don't.

strange-wtf-ear-piercing-lock

In NYC: There is a large fashion community and girls know how to dress. This also pertains to getting into bars and clubs. If you're a male wearing an ill fitted outfit, everyone in the venue is going to know and you're going to be ostracized pretty quickly. It takes less than 10-15 minutes to make sure you look nice and that is a quality that goes a long way in the city that never sleeps. The jokester above would never be allowed into any venue worth entering. In SF… He's embraced with open arms as being "different".

10) Homosexuality: There is a large community of homosexuals in the city. If that is your thing you will enjoy Man Francisco. We are heterosexual.

In NYC: Similar answer there are 9M+ people so there is likely a homosexual community as well. It is unlikely as large as San Francisco.

In Summary: The people in San Francisco are just terrible compared to New York. If you are offended by everything and are a weak human being then you may prefer the people in SF. In addition, assuming you meet some of the stranger metrics (vegan, yellow fever, boring personality who has never done drugs or drank in his life) then you just might find a niche with all the autistic people in the Tech Capital of the country.

The Actual Cities Are Not Comparable

1) NYC Nightlife is Outstanding: Sure nightlife is a bit more expensive than SF… the catch? **It is worth it.** The funniest part about that statement is the phrase "Catch" also describes a great venue in NYC… another double meaning.

If you go to a typical bar or even club in San Francisco, people will stand around in groups with their hands in their pockets and circle the following topics: 1) recent tech start up, 2) non-profits and 3) work related drama. It is absolutely fine to have minimal topics if you're shy… But why does the group have to be afraid of "outsiders". Trying to break into a group of people in San Francisco is like robbing a radioactive nuclear power plant. It is incredible that you broke into the plant with such skill. But. Now you have cancer.

In NYC: You can go out during any day of the week. That means Monday through Sunday and find absolutely outstanding venues. There is not a single day where you won't find a good venue and you'd be hard pressed to find one in the entire year that is not popping off. Last call in NYC is never and in SF it is 2am. It is not even worth talking about this topic anymore, it would be insulting to the city of NYC to do so.

2) Day Time Venues Still Win in NYC: San Francisco has several great tourist attractions. It really does. From the Golden Gate Bridge to the SF MOMA to the Marina District. There are great places to have a fun day trip, the problem is it ends there. Your choices of consistent day time activities starts to fall.

In NYC: You have the same relative value with the Statue of Liberty, Times Square, Empire State building etc. The difference lies in the choices for theatre, plays, matinee sports games (Brooklyn, Madison Square Garden) all of these venues are not even seen in San Francisco… They have one sports team and that is all. More importantly, the activities are far more crowded and bustling compared to San Francisco.

3) Public Transportation is a Joke: Complain all you like about the crowded subway systems in New York but they are better than anything San Francisco has to offer. You have three options in San Francisco, Muni, BART and the Bus. You would think that SF would have an elaborate city that allows for you to move about the town at all hours of the night (Tech Capital!). Unfortunately, you do not. BART shuts down around midnight and we have no idea what the bus system is about… it is too crowded, slow and complicated to bother with. You'll be forced to download the Uber app.

In NYC: Sure the subways are crowded but at least you can move about town seamlessly. They run at all hours of the night and if you're in a jam you'll find a way to make it back to your destination even if the other options are dead (Taxi's, Uber etc.). More importantly, the seats are not made of actual cloth like the disgusting BART station and you will find more attractive girls on the subway than inside an SF nightclub.

4) Restaurants and Shopping Are Better: Union Square, Sushi and huge burritos. Congratulations you've exhausted your options in San Francisco. The best part is if you find a nicer venue you'll have to 1) book outrageously ahead of time and 2) deal with expensive prices relative to the value. On a second thought, lets throw money out the window and it still isn't worth it. You'll be fighting tooth and nail to get into the good joints with no value add since there is no one to talk to in the closed off structure of the venue.

*In NYC: Stores everywhere. You can walk into hundreds of areas alone and spark up conversations within minutes. If you have mediocre social skills you'll find yourself picking up new contacts along with the check every single time. It would be difficult to fail in the open structure of many venues unless you were having a rough day and wanted to relax by yourself. Good luck sitting down in an open setting and *not* interacting with someone. You'd have to be an aspie.*

5) Produce, Vegan Food and Lack of Hygiene: The one category that San Francisco dominates. If you are into gluten free vegan butternut cookies made by a guy who doesn't wash his hands… You're in luck! You can find organic everything made by elves from Ireland if you wanted to. They have it all.

In NYC: Unfortunately, the options are not comparable. You will have to risk your life and eat food that is not purely vegan all of the time and you might even have to buy a non-organic banana once and a while. Tough sacrifices.

Concluding Remarks

This was by far the most entertaining post of all time for us. **Comparing NYC to San Francisco is an absolute disgrace.** The only people who will enjoy San Francisco are mentioned above: 1) married people, 2) unattractive people, 3) cheap people, 4) homeless people, 5) passive aggressive people, 6) techies, 7) those with extreme levels of yellow fever, 8) homosexuals, 9) people with no sense of style and 10) Aspies.

Before the hater comments come in, we do not care about the ten people who will enjoy SF above (the minority). We are simply saying… if you don't heavily identify with one of these groups you will unlikely enjoy the city. Maybe you'll be forced to spend some time there… If so… Get out as fast as you can.

We hope you enjoyed this click bait post =)

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No Marriage PitchBook – Project Two Chainz

*****Download Presentation Click here –> Project Two Chainz ***

Today we are here to represent men in *Project…Two Chainz.* Men have come to us asking for strategic advise regarding staying single (going public – IPO) or getting married (entering into a merger agreement). With that said, lets turn to S**lide 2** for our necessary disclosures.

We are required to tell you that these materials have been prepared by one or more writers of WallStreetPlayboys.com for the men or potential men to whom such materials are directly addressed and delivered in connection with an actual or potential "engagement" and may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with us. In accordance with The Bro Bible (Bro Code XXIV (signed into law since the dawn of time) and such other laws, rules and regulations as applicable within and outside the Man-o-sphere, Investment Community, Investment Bankers, Hedge Fund Managers, or otherwise. **Please turn to Slide 3.**

We will be covering the main topics, starting with a Date-o-nomics Overview, Single Life Valuation (IPO), Marriage (Potential Merger), Caveats and our concluding thoughts on how to improve America. Let's get started on S**lide 4**.

Successful men have asked WallStreetPlayboys whether, in our opinion, staying single or getting married is of best interest in the current environment. ***It is in our opinion that the current environment suggests men stay single and avoid the current "Life Plan".*** We have run the numbers and looked at the ***net net net*** (Yeah we took that IB accounting training course for analysts as well) valuation of men and have concluded that this is the best course of action for the time being. Please take a look at the bottom of the slide.

The bad. The real bad bro. Even with a pre-nup the following occurs: 1) your future assets can get crushed in a divorce, 2) even if she done gone and cheated you're still in the red, 3) in mutual agreement… you're still burned… Now that we've gone over the bad here's the logic behind the good.

You avoid the average age of marriage… 29 too early. You can check out our basic analysis here as men can age like wine. If you work hard… 1) income increases, 2) good-lookedness increases, 3) more assets become protected by a prenup if you decided to bite that bullet much later in life. With that said, all of these rewards do not come for free. You need to work hard and have some talent, please turn to S**lide 5**.

Work ethic (operating margin expansion) and talent (long-term revenue growth) must work in harmony to create the best range of values for a man. Lets take a look starting in the top. So becoming George is likely a tough sell, however we believe he's a great case study for the Playboy lifestyle which we will cover later on in this presentation. With that said lets take a look at the center of the chart where we believe everyone can get to the unlocked potential of a hard working man.

Finally, if you're a lazy loser then you simply do not deserve to succeed and your life gets worse and worse over time ending with a big goose egg and WTF reaction from us. So, if you decide to take a journey through the volatile equities market we believe you'll succeed as hard work can beat average talent if average talent is "settling down". Now you're wondering how boss can my life get? Well lets take a look at **Slide 6**.

Alright now that you looked to the bottom left please pay attention. Lets get started. With the red dotted line. As you can see even George realizes that marriage was a bad decision and has since likely swallowed the red pill (bro-love, fist bump). Now lets take a look at the results. After his divorce he decided to never marry again and even won a bet with Michelle Pfeiffer/Nicole Kidman that he would not be married by 40…. He even got $10K out of the deal and slept with Michelle's sister. **Game recognized.** Not even a hater can hate on that one.

We won't go into great detail on the quotes since they are there on the page, however a summary is as follows: 1) always be failing, 2) America is losing the war.. .for now, 3) travel is good, 4) do you want kids?, 5) work hard and listen when you're young, 6) the internet has some dumb die hard ugly radical feminists out there, 7) we pick on the feminists for a reason, 8) Don't marry. We will touch on caveats later.

Finally, to conclude this slide, do you think it is a coincidence he landed Stacy Keibler **AND** won an Academy Award for being the Co-producer of Best Picture Argo in 2012? Coincidence? ***We think not.*** As a final note, you're valued up to 1,000 as we assume that is what George Clooney is currently batting at this point in his life. Okay so now you're asking well, did you run the numbers on the merger scenario? Of course we did please turn to **Slide 7.**

As you can see starting in the top left corner we ran the numbers ex-revenue or cost synergies for a base case scenario. Notably, gross margins expand, which are then immediately offset by a large increase in operating expenses, clothes and makeup. Quite the headwind heading into a pro-forma analysis. In addition if we can move your attention to our sensitivity analysis you see that Net Income is quite variable depending on the revenue generation capabilities of your wife… This is good and bad news as our extensive research in clubs and bars suggest that revenue generation and "beauty" are inversely related. Now if you are interested in nickels over dimes then we have one last scenario analysis to look at.

At the bottom of the page we have here an incremental cost analysis, in particular a Home and a Loss of new Sex Partners are significant headwinds in your future. To conclude our analysis we learned that there are zero revenue benefits associated with such a merger. None bro. We believe this leads to a net headwind of roughly $2.4M over ten years. With that said lets take a look at the one and only caveat to the story, kids, please turn to **Slide 8.**

You see that this is the one and only reason we see fit to enter a marriage agreement is if you'd like a family. At this point in time since we are simply pitching no marriage here we have not taken a deeper dive into this analysis. For your viewing pleasure, however, we have come up with a few solutions. First being to adopt a baby. You can change his life and the incremental costs are minimal relative to marriage, second you can simply leave the country Thailand and Argentina come to mind. With that said, this all sounds so bad and awful so how do we fix this? How do we make a marriage more beneficial? With that said lets move on to **Slide 9.**

As you can see the current environment is encouraging the activities on the right side while discouraging the activities on the left. We're no rocket scientists, only Investment Bankers, so who would you rather be? An ugly writer on Jezebel or a WallStreetPlayboy? A Playboy Bunny or a woman who video tapes herself consuming candy corn Oreos and is damaging her body in unfathomable ways making it clear she does not value her own life? A Billionaire or a Broke Ugly Hippie? A real Barbie Doll or the new "Natural" Barbie Doll that is being released? We had no idea Barbie was on drugs? We think you know the answer. If we can get more people to understand logic we will all be healthier, wealthier and happier with our lives. Everyone wins if we take care of ourselves. With that said please turn to **Slide 10.**

Here is our contact information if you'd like to hear more of our important life advise. Buy us a shot, like us on Facebook and follow us on Twitter.

If you're a girl we may include a presentation to improve your life as well, in the mean time ***any donation would increase the likely hood that we add you to our rotation.***

With that said lets go ahead and turn it over to Questions and Answers. **Please discuss.**

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No One Cares About You

You walk into a bar or a club. No one notices you.

You walk around drunk in the middle of the day. No one bothers to stop you.

You lose your job. No one searches for a new position for you.

You lose a family member. The most you'll get is the obligatory "I'm so sorry to hear that".

You get into a car accident. In a few days you're that guy who got hurt last week. Last week turns into last year and you're forgotten.

What is the point? The point is no one can help you as much as you can. There are no hand outs in life and you should lose the belief that anyone should care about you in the first place. Why should anyone care about your life if it doesn't positively impact theirs? They shouldn't. It is your job to become a real friend to people you meet from hello. ***Maybe your mom and dad told you you're special. Unfortunately mom and dad are dead wrong.***

Once you realize that no one cares who you are or what you do, you'll take responsibility for your own life and actions. If you want to date supermodels you better be the man that supermodels would want to date. Supermodels don't date frustrated losers. No. They date successful magnetic men with unbreakable confidence and a positive mindset.

Instead of asking how you can get someone to help you achieve greatness, ask how you can help others achieve greatness. ***You are only as good as the weakest link you're able to bring up from the gutter.*** That is a positive, magnetic and sustainable trait for your entire life.

How many lives can you positively improve today… at this very moment? ***That is how many people should care about you.***

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Q&A is now Closed – Thanks!

Q&A is Closed.

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Obscure Post on the Digital Future a VR World

Obscure Post on the Digital Future a VR World

Many people are concerned about the future as the physical realm is changing more in a year than it has changed in the past decade. People are working from home, commute times have dropped and commercial real estate prices are falling off a cliff. While this is causing a lot of short-term pain, we'd argue that the long-term is brighter than ever. Virtual reality, crypto currencies, and remote work allows for a new digital economy to be born (not limited to physical space).

A More Digital World: Right now, kids are spending more time on their computers than they spend outside. Back 40 years ago, kids would spend a lot of time in the sun playing sports. Instead, they now compete with digital products (video games) and interact on their smartphones/computers/tablets.

As Darwin coined… This is a game of "survival of the fittest". In the future, the economy is going to be more digital in nature since virtual reality opens up for worlds that are even more complicated and interesting than the physical one we live in today. Therefore, new businesses that we cannot imagine today will be extremely profitable in the future.

Here are some simple hints based on what is already happening if we look at crypto currencies alone. While everyone is looking at the recent Square announcement (purchasing $50M in bitcoin) we feel that it's right/justified to give everyone an update on the other changes.

Decentralized finance: We covered this part of the ecosystem in basic terms in a prior post. Essentially, everyone is able to loan money in a peer-to-peer fashion. The loans are currently collateralized which seems to be a stick point for many individuals. Collateralized loans are safer for the lender as they are able to pick up the collateral if the loan isn't paid back or the price of the collateral drops below a certain level (too close for comfort). We strongly recommend people look into this space.

Non-fungible Tokens: While most are focused on a few select currencies, artists are creating digital products that are "one" in nature. Imagine a Mona Lisa type painting and having only one original copy of it. While you could make fakes (there are many fake paintings in the world), there is only one original. The use of non-fungible tokens allows a digital artist to create original pieces that cannot be replicated as they are protected by code. We're keeping the technical jargon out of the equation in this post so it is easier to understand. Artists can now create digital images that are rare.

Digital Property Rights: Over the past 20-30 years, digital items were easily replicated and sent around for free. There was no way to claim a "right" to anything beyond a website. This is now changing. If we can protect photos/images it is only a matter of time before other items can become protected. Think of a digital pet, a digital night club and a digital trip to Europe. It feels like "science fiction" however the technology we have today is making this a more and more likely scenario on an annual basis. Once virtual reality/augmented reality becomes high quality, the difference in feel will become non-existent.

Zooming Out: Take a step back, if the above appears to be complicated… that is the opportunity! It means that there will be a large learning curve as we build out a new digital economy that is separate from the physical economy. We'll need money to transact, individuals to explain how the digital economy operates and new structures/organizations to solve any disputes. If you are an artist/musician this is even better for you because it means you gain more control of your revenue streams/value capture.

What does this new reality look like? The real answer is no one knows for sure. Back in the late 90s, no one would have predicted the smartphone, uber and millions of software companies that exist today. What we do know is that the market opportunity is probably in the tens of trillions of dollars. Why? Simple. If virtual reality becomes equivalent to reality (feel and atmosphere), you've quite literally created a brand new world. This is extremely similar to finding a new planet where humans could live.

Some Predictions: This wouldn't be a fun post if we didn't attempt to visualize the virtual world. So please laugh, enjoy or think about the following potential consequences.

Streaming Money: In the virtual world, assuming digital currencies are the future, this means you would no longer be paid on an "hourly basis" you could be paid based on a running meter like filling a gas tank. If you're helping company B do any task in the virtual world, it automatically fills your account balance as you're working and shuts off when you take your breaks. This is great for transparency and reduces positions where money is being paid out for no apparent reason (there are millions of these types of jobs in major corporations).

Museums & Pets (yes pets!): One clear growing segment is non-fungible tokens, as mentioned above. Since we know that humans prefer scarcity (expensive art, rare sports cards, diamonds/gold etc.). it means that these rare digital items should have value. The big collectors could then create digital museums, digital collectables and rare digital pets.

While this also sound sci-fi, it did happen for a brief period of time in the mid-late 90s. We're really dating ourselves here, but back in the mid-late 90s there was a popular digital pet named a "Tamagotchi". While the fad did eventually die (for numerous reasons), this becomes a lot more realistic if everyone is interacting in a virtual world. Instead of having a virtual dog, you could have a virtual dragon/mystical creature that is rare/expensive. If this sounds unlikely, we'd recommend looking at the number of virtual items purchased for video games alone (it's a billion dollar industry).

Concerts/Scarce Events: We had a small version of this occur due to the COVID-19 pandemic, but the future will be a million times more detailed/interesting. A popular rapper/artist would no longer need to travel across the globe for every performance. They could host a virtual conference and have people pay for entry into their virtual concert room. Sounds extreme? Well… Travis Scott held a virtual concert using Fortnite that had over 12 million attendees.

Transparent Predictions: On the internet you have millions of fake screen shots, fake stock price returns, fake "I called it" proclamations. In the virtual world you could create a transparent system so all predictions/failures can be verified and checked without any ability to alter the time/date. We already see a small portion of this on Twitter. Since you cannot alter it, people with good prediction skills end up getting some traction. We say some, as it's difficult to go through hundreds of thousands of tweets to find out if the person is accurate or not. In the virtual world, this would be transparent and easy to check! So if you're good at predicting the future/major events you can look forward to a much brighter future as you can charge for your skills later on. For those that are unable to produce consistent results, the "jig is up" and you'll lose trust rapidly.

Increased Autonomy: This is another major benefit. In the past the game of "scale" was to add headcount. This made sense in the industrial era. Companies want to prove that they are growing. They want to prove that they are adding headcount. Unfortunately, the is a skill-set for the physical realm not the digital realm.

Back in the 90s, you had to have a large organization to generate large amounts of revenue. In the 2020s, it is clear that you can build $30-50M+ annual revenue businesses with a handful of people (or less!). This is an amazing opportunity for anyone with a high IQ and limited resources. The resource constraint goes away since digital transactions will have limited friction.

Since you can generate millions of dollars as a solo organization (or a small number of people), the amount of self-sufficiency you receive is also higher.

Lower Barriers: Are you of the belief that the protesters are right? Are you of the belief that they are wrong and a problem for society? Guess what? It doesn't matter in the virtual world! If you make your product in the digital realm, no one even needs to know what you look like. This is extremely similar to the affiliate marketing industry where your ad/copy skills are the product. No one knows who made it behind the computer screen. So if you were worried about racism in any way shape or form, this becomes a non-issue as no one will know who you are anyway.

As a side note, to be entirely race and gender blind, everyone should simply be a string of numbers/letters on a screen "298ij77sd76isj767so". This would make it impossible to discriminate based on any physical attributes. So? Both sides of the debate should be happier. If you believed that XYZ race had an edge or that XYZ race was being helped for no reason, both of these issues are solved instantly.

The Downside of Responsibility: If you are confident in your skills and abilities, the above should sound absolutely amazing. You're paid based on what you are delivering. There is no middle man. There is no racism. There is no physical limitation (since no one can tell). And. You don't even have to work for an organization.

This is also a huge hit to people who were rent-seekers (adding no real value and simply doing nothing at work). This is a big negative because they cannot fake value by knowing the "right" people anymore. You're flattening the access to clients/customers/consumers. Therefore, be extremely wary of people who are negative on the future (and technology) as they are announcing *publicly* that they are rent seekers in their current positions.

Strange Post: We realize this is a strange post for this website given the prior content but we needed to put it out there. Most are worried about the current state of the "old economy" but a new one is going to come. It will not only show up, but it will show up extremely quickly. Instead of being afraid of new technology it is always best to embrace it and be "early". If you're early, the rest will take care of itself.

If you want to learn more about the future we strongly recommend reading up on the following topics: 1) smart contracts and decentralized finance, 2) non-fungible tokens and decentralized organizations, 3) Virtual reality and augmented reality, 4) electrification of cars and batteries in particular – your home will eventually become a self-sustaining entity with a large battery!, 5) self-driving vehicles and drone delivery systems and 6) 3D printing capabilities.

Now that we've gotten this out of the way we'd love to hear about any other new items that are likely going to be developed in the virtual world. We'll delete all negative comments saying this "won't work" as we prefer to block pessimists who refuse to read and self-educate. But. If you have an interesting idea for the virtual world or more digital future we're interested in hearing about it.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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October Q&A is Closed!

Q&A is Closed!

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Office Politics

Office Politics

First of all congratulations. Chances are if you are reading this post you either obtained a position on Wall Street or you want to increase your income. This post is going to be quite long but if you can understand the message and execute we can practically guarantee you will see results. This is tailored to Analysts/Associates since most of our readers are at this level. Lets get started.

Entry Level Myth:

"If I work as hard as I can and attempt to please everyone in the office I will obtain a top tier ranking and have headhunters pounding on my door in no time". ***Entirely False.***

The truth is you must do the following: 1) find the people within the office who are going to help you get placed into a fund/PE shop, 2) manage multiple tasks prioritizing those with more political weight over those with minimal political weight, 3) respond aggressively to important tasks on the fly and 4) get all of the important people in the office to like you as a person.

What does this all mean? It means on day one you better figure out who matters and who does not. There is no excuse for not knowing who the important figures are within this office by the end of the first quarter. Luckily you're reading this post so we're going to make your life a whole lot easier.

Day One – Who Matters?

You're walking into the office with your brooks brothers T-shirt and your oversized suit and sit down at your desk. After the first 8-10 hours the office begins to clear out. While every other Analyst/Associate is sitting around staring at the screen to show "face time" it's time to become the CSI of your investment bank.

Investment Banker: Open up the most recent pitchbook with a "qualifications" section. There should be 1-6 slides explaining why they should bank with your firm. Guess what? On the slides there will be Tombstones. Tombstones tell you the most recent deals that have closed and include major deals as well. Circle and highlight all the major deals and transactions over the last 2-3 years. Now go on your Company's internal contact sheet and ***find the Managing director responsible for those transactions***.

Sales and Trading: This is the easiest one. When everyone leaves the office pretend that you are reading research reports to understand what your Analysts are saying when the dust settles immediately go through the Account list. Quickly look for the major accounts. Fidelity, Capital Group, CREF, Invesco, Wellington, Citadel, SAC Capital, Soros…. You get the idea. Now all you have to do is ***find the sales person in charge of these accounts.***

Equity Research: This is a cross between investment banking and sales and trading. Go through the IPOs that have occurred in the past and see which analyst is constantly being asked to cover more stocks. As an example: Analyst 1 seems to be adding companies over the past 2-4 years versus Analyst 2 who has covered the exact same companies. Why? While not related to IBD due to the Chinese Wall many companies will request a certain analyst cover their stock instead of analyst number two if the stock is between two spaces. Finally, the two other ways to find the good analysts is by looking at 1) call log of clients (if large accounts mentioned above fidelity/CREF etc call in he is a good analyst) and 2) institutional investor is the trump card. If the analyst is ranked in the top 3, no doubt you want to try and become part of that team ***find all ranked analysts***.

Analyze the Data:

You have the dirt. It is time to look at the food chain and figure out where to position yourself within the investment bank. Again no time to waste. If you choose incorrectly you will have a 10-100x harder time getting promoted compared to choosing correctly. If the guy pulling for you can pay for your promotion as a rounding error compared to the revenue he brings in, ***you better believe the firm will promote you to keep the managing director happy.*** It isn't even about you at that point, a big guy says he wants you to stay, this means the firm will make sure you are paid enough to stay.

You got the names in your hand. Lets say there are three important managing directors. How do you know which one to latch on to? **Look at what has happened in the past.** Find all of the people within the investment bank who have been promoted over the last 3-5 years. Which managing directors did they work for? Of the three that are amazing, hopefully at least two are kind enough to promote within. Now you know who to keep happy.

Lets look at this from a basic business perspective. If your boss is making it rain and is a golden goose to the firm, why would they care about paying you an extra few thousand dollars? A top tier Managing director is making in excess of seven figures. *The bank actually works for the managing director, the managing director does not work for the bank because if he is a top MD he is in charge of the relationships and uses the bank for leverage and/or its balance sheet.* They will do what is needed to keep him happy and part of keeping him happy is keeping his team intact. If you are an analyst about to get promoted to an Associate there is no way the firm is going to say no to an extra $50K a year in expenses if it means the managing director will stick around. The number of good analysts/associates is small, so this same logic applies to the Associate to VP promotion however the skillset you need to sell is certainly different. They will simply refuse to promote the other analysts/associates and let them exit the firm. Cost structure unchanged, top tier performers are still with the firm. Sounds like an intelligent business model.

Positioning:

We're making a rather large jump now we assume you know how to do work without making major errors. It's time to strategically drop quality by ~2-4% on the lower ranked managing directors and increase quality on the higher ranked managing directors by ~2-4%. This is going to take serious concentration and will help you immensely.

For investment banking this means you have a few extra formatting errors on your low level work and for the high up MDs you have none. For Sales and Trading this means you are slightly faster with your requests from the top S&T MDs and for Equity Research this means a mix of quicker speed and quality of information and data requests. ***As they say, the devil is in the details.***

Why would you do this? Well the answer is clear. If everyone else is trying to please every single MD with the same quality of work, you know with certainty that they are giving 9/10 work to everyone, instead you're giving 10/10 work to some and 8/10 work to others. We've said it before and will say it again, what is everyone else doing… probably a bad idea.

Guess what will happen? ***Slowly you'll end up doing more work on the right team.***

The Transition:

You must be able to change gears if you hope to succeed long-term. Lets say you've correctly landed yourself more responsibility on the right team. Lets say you're heading into that important annual review. It is time to listen to all of the criticism because if you don't you'll miss the train.

Here is the explanation:

At the bottom of the totem pole your movement to the next level is generally a function of likability and error free work. **Make everyone like you within that team.** There are no excuses, no matter how much you may want to kill that one Director or that one psycho Vice President… It is simply not worth it to lose the momentum you've created.

With that said, the best time to find your weak political spots is going to be… during your review. Take copious notes on any negative feed back and **immediately triangulate who made the comments.** Do not shirk on this step or you will regret it. This is because your life is going to be chaotic at this point.

Simplistically, if 8 people reviewed you at the end of the year, you need to be certain that person 1 and person 6 are the ones that made comment one and comment 4. Why? **Now you can remember this specifically for their projects.** No matter what, do not let this error occur again on their projects. Everyone makes mistakes, but you need to dial in on these comments to win their affection when it comes time for that promotion.

The Home Stretch:

So you have the office situation locked up like a death row inmate. The key is to remain on the gas pedal and continue to ask a smart questions once in a while and receive minor actionable feedback. Why would you do this? ***You're validating their belief that they are good leaders.*** Again this is not about you, no one cares about you, this is about slight nudges of validation after you ask an innocent and intelligent question. Here is the example unrelated to Wall Street.

You want to gain a few pounds of muscle but you've hit a plateau. You read a few books and still can't seem to jump the gap… You find someone who has done this before. You contact. No answer. You contact again. No answer. You contact a third time and the person finally answers.

"I know you're a busy person and I have been researching this topic for a few months and learned xx and xx, to cut to the chase I'm trying to gain another 5 pounds and have hit a plateau. Would you mind sparing me a few seconds so I can troubleshoot the issue"

Guess what, you're going to get an answer and then they are going to hang up. 9/10 they are hoping you don't contact them again because they are extremely busy and don't have time to waste. 2 months go by. You send them the following

"Didn't gain just 5 pounds of muscle, gained 10. Thank you for everything. (attached photo)"

Want to take a guess if this person will be willing to help you again?

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Office Politics… It Only Gets Worse

Office Politics… It Only Gets Worse

We wrote a quick view of office politics at the entry level and it only gets worse. Once you're able to distinguish who "matters" from who doesn't and correctly align your reputation with the top performers… You're only one step into the madness. We'll attempt to explain some of the high level strategies to continue getting ahead while maintaining high external performance as well. Fortunately, *we're no longer in the field* and this will likely be the last Wall Street related post we do for quite some time (excluding general market compensation updates well ahead of the news).

Review: Before jumping into office politics at the revenue generating level lets review what needs to be done for a junior banker who is trying to make the jump from low six figure income to mid-six figures as fast as possible:

1) Performance always comes first. Without doing your work correctly no person at the firm will ever like you. Throw away this notion that it is "all politics" in reality it is more of a 50/50. But. The first 50 percent is a *requirement* which means without good performance, nothing you do from a politics stand point will ever help you (only exception is your mom or dad is the CEO of a major client/company).

2) Once your performance is locked down… It is time to avoid association with people who are not in the "inner circle". This is easy to find out. Write down all of the people who are generating the most revenue and write down the order of the names on internal large emails. **People will mess up.** You will be able to tell that the top priority people are generally mentioned up front in several emails "accidentally".

3) While rank order at a firm is important it is not a 100% predictor of being in the "inner circle". You may find that a managing director is on the verge of being fired, while a director has clear line of sight to an MD promotion. The clear move is to associate more with the director since the MD is losing more and more of his *political capital*

Now that we've reviewed the three basic items we'll go into the details of how to survive in a revenue generating role.

It Only Gets Worse (Part 1): Make no mistake. The politics only get worse at a revenue generating role as you're forced to cross pollinate your support internally. It is not enough to have one or two big hitters above you as support. You now must spread your marketing internally to other branches of the firm. If you're a banker, you want the sales team and research time (only top performers) to know you extremely well. Once you have support from other branches the firm will then believe you're "in it for the long haul".

1) The first step is finding the top performers in each division and slowly building out a contact list there. Maybe you can meet at conferences and industry events or you can meet at Company wide "global leaders" events. Either way. You must find a quick way to begin establishing rapport with the rest of the top performers

2) You must avoid stepping on the wrong toes. If person A is well liked by person B (higher up)… and Person A does not like you… You're going to have to find a way to get Person B to like you. Why? Well, with 100% certainty Person A is *sharpening a knife to throw right into your back* as soon as you slip up even once. Make one mis-step and he'll take you out. The only way to avoid this political disaster is if Person B already likes you and he's aware… Now you've effectively castrated a potential conflicting situation. Person A will now find a easier fish to fry.

3) Divest the HR team. At this point, HR becomes less meaningful and you can simply begin divesting your interest in their opinion. While you were previously building rapport across HR as a junior employee, your best bet is to simply get Junior employees to be "okay" working for you and HR will view you as a "middle of the road employee". This is now okay. Your pay does not touch the hands of HR anymore so you're best to invest time internally promoting your own work.

In summary, while your previous goal was 1) performance, 2) top performers and 3) HR. Your new goals are 1) clients, 2) Top Performers and 3) performers outside of your group. This is a key distinction as your time spent being the HR cheerleader is no longer worth it.

The VP Avalanche Zone: To summarize the first level of revenue generation, you're on the chopping block. The best way to think about Wall Street is as follows: 1) Analyst – overpaid person they are trying to invest in, 2) Associate underpaid person by year 2 as you should be client facing, 3) VP – every single action scrutinized, 4) director/MD – consistent performance based income.

1) The biggest mistake is mentioned above. Now that your entire livelihood is based on performance there is no reason to waste your valuable time with issues that do not generate income. You already have a strong foothold with HR and other non-revenue pieces of the Company so you just need to maintain your perception in the office. Do not reinvest valuable time into being a cheerleader when you can make 2-3 phone calls to clients instead. Finally, if you have an extra 10-15 minutes to help a non-revenue generating position like HR… Then go for it. The point is that you never spend a single second on it if you can find ways to generate revenue instead.

2) Bolt on if possible. Assuming you've done a great job establishing relationships with top performers, there is a high likelihood that the top performer has spill over clients. This is a gold mine. While you're not going to make a ton of money taking table scraps from the guy making $3M+ a year… You're not going to get yelled at either. There is nothing wrong with serving clientele who were previously *underserved* in the past. Lots of people make the mistake of either 1)

going it all alone into a different direction or 2) trying to build a base from scratch when others are willing to help. There is a clear middle ground where you pick up easy slack and spend your free time on adhoc client building.

3) Get ready to manage egos. No matter what you do, lots of clients and internal employees will not like you. This is the name of the game. The president of the United States gets a 50% approval rating so don't expect a 90% approval rating from clients either. Again. This emphasizes the importance of solid internal relationships as the hand me down clients are the easiest to win over if you can simply avoid dropping the ball.

In summary, you're going to take the low hanging fruit if possible and get used to lots of people not liking you because… well.. it's always a numbers game.

Break Off Transition: Assuming you've done a good job with the three items above it is now absolutely paramount to do the following 1) give credit to everyone who helped you and 2) get an offer from a competing firm. What?! Yes you read that correctly.

If you do extremely well and give credit to people who help… you've successfully done the right thing in the eyes of everyone. However. If you have correctly built out a base outside the low hanging fruit it will be extremely easy to jump to another platform. Once you obtain an offer you're going to see exactly what they think in terms of your potential long term. This is going to result in a direct promotion or a new position… with of course another promotion.

There are rare instances where you won't need a bargaining chip. But. The reality is that they will hold you at the VP level for as long as possible. They will claim all your success is related to people above you and you'll "play dumb" by echoing the same sentiment. Again. If you're smart. You've used the low hanging fruit as selling points to your other group of organic clients and can hit the ground running at a new firm. In addition, once your current firm realizes you've already carved out a new niche, they will have a hard time letting you simply walk out the door.

It Only Gets Worse (Part 2): Now lets assume you've done everything correctly. You survived the avalanche zone. You have moved into an SVP or Director role. Now you're effectively a standalone entity with a dwindling amount of political capital. The positive is that all your political capital can be used directly to make more money and the negative is that you're officially back to square zero from a political capital perspective. (Reminder, each year of solid performance is about 1 unit of political capital and every 3-4 units means a meaningful promotion or raise).

Just one problem. The ceiling is becoming real.

At this point, you're surrounded by ~80% solid performers and 20% mediocre ones. The bonus pool to chase after is now a dog-eat-dog fight as all of you understand the game and will be leveraging every single offer to get more money. Every transaction closed, every single item that shows up as revenue will be an immediate tug into the direction of the generator. In an ideal world you'll be doing more transactions than most. But. That is not always the case.

Finally, the last bit of headache is the client hurdle. The top performers naturally have the top clients so it is even more difficult to crack into the higher fee transactions without even being in the room.

You can guess what needs to be done now… Which is latch on aggressively to your new carved out sector and client base. Your new game plan is to continue growing the base outside of the giant clients and wait for them to evolve and grow. The faster your new clients grow to become major companies, the better and easier your life will become.

One last word on this… Wall Street is extremely small. If you find a specific person was recently fired or jumped to a new firm… You should immediately email and contact that firm to see if you can jump in with a few extra business cards (IE: they let you take over a sector that was already covered internally by your firm).

Thoughts on the Future: Near-term we're not incredibly bullish on Wall Street compensation. If money is continuously printed perhaps we see a couple of years of flattish pay until the inevitable decline and eventual recession. The layoffs have already occurred and as we noted… well in advance… bonuses were down about 5-10% (9% being the average).

The quick take is that we'll eventually have to go through a downturn or compensation compression time period for a couple of years. In this environment it is actually better to *enter* the industry at the bottom and it is best to *exit* the industry around now before the decline.

Thoughts on What to Do: We'll say it a million times (pun intended), there is no reason to rely on someone else to pay for your food, rent and livelihood. Every single person should own a business that does not require you to trade time for money (no scale). Once you can create an actual product that sells and is not a mumbo jumbo feel good product (heroine for regular people) you can sit back and really appreciate actual control of your life. Most think they dislike their career, but in reality they dislike ***reporting to other people*.** Being in charge of your own life and freedom is really the first step to being rich in the first place.

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Overview of Healthcare: Part 1?

Overview of Healthcare: Part 1?

By popular demand we're doing a new overview, this time focusing on healthcare (Finally!). We're going to keep this simple and stick with three basic buckets. 1) Healthcare Equipment, 2) Bio-Technology and 3) Pharmaceuticals. If there is a lot of demand for an additional space (or sub-segment within the sector) we'll add it but this should serve as a solid overview given that these three sectors are in the news everyday (so it seems).

Notably, interest in the healthcare sector is likely being bid-up because of recent M&A activity (tax inversions) and stock price performance on the bio-medical side (breakthrough drugs). In short, a lot of people are interested in health care simply because it is *hot* right now. This is similar to the high level of interest in the internet sector.

With that said, here's the high level overview….

Notes to Be Aware of Before Beginning

1)If you are shooting for investment banking, having a background in healthcare is certainly not necessary. It may help with your spin (IE: a dual major in biology and finance would be better than solely finance) but certainly isn't needed.

2) If you are shooting for healthcare from an investment perspective (think Equity Research, Healthcare specific investing funds) then advanced knowledge certainly helps. IE: many Equity Research analysts have PHDs in the healthcare space (naturally this applies to the buyside as well if they make the switch).

3) We are not covering hospital management, health care services (similar to biz services), health care insurance or Healthcare REITs. The reason why is these segments can be classified under different umbrellas. As an example healthcare REITs could simply be under real estate and Insurance could simply be under FIG (we already covered Insurance in detail). Finally, the last sector we *should* touch on is life sciences, but we'll wait to see if people are interested in the space.

Valuation Backdrop: First and foremost, the healthcare sector derives much more of its value from the products and medical treatments created than any valuation metric used. In fact, this is exactly why valuation is the least important part of the process. The real value in healthcare stocks, and why they can be extremely volatile in spaces such as bio-technology come from the products. Products, products, products!

Now that we've gone over the importance of understanding the drugs and products, if you're looking for specific metrics for valuation you should then turn to the following:

1) EV/EBITDA

2) Discounted Cash flow

3) Price to Earnings

4) Free Cash Flow Multiples

5) EV/Sales

The most common starts with the EBITDA metric as it is used across the Health Care space. The EV/EBITDA metric starts as the baseline and as you become more interested in the asset you'd build out a full discounted cash flow model and predict earnings power/upside to drug/product launches. Nothing fancy and as expected, higher growth companies would lean toward EV/Sales metrics.

With that lets go ahead and look at each sector.

Healthcare Equipment/Devices (SYK, JNJ, ISRG)

One of the larger segments within healthcare, equipment and devices can include: 1) joint replacements, 2) trauma surgeries; 3) surgical equipment and navigation systems; 4) endoscopic and communications systems; 5) neurosurgical, neurovascular and spinal device.

Instead of going through each one of these major segments we can simplify it as follows:

Reconstructive Surgery (joint replacements, trauma): While difficult to pin down, for the surgery market you're going to look at the market in terms of overall replacements and market share within this space. As a simple example, you can expect a million or so hip/knee replacements per year (costs per surgery can exceed $10K)

We can do an entire post outlining different estimates for each type of surgery or procedure (~4+ million hernia repair procedures, ~2M appendix removals a year, partial removal/reconstruction of a colon at ~2.5M per year) however the point is to estimate the number of procedures by market and build from there. Each surgery company you work with will have a different market it is addressing. Total costs of each surgery also have wide bands that range from as low as a few thousand dollars to tens of thousands.

Medical Devices (Instruments, Endoscopy): This sub-segment focuses on products to help examine the human body (particularly inside organs as you are all well aware). Roughly speaking, the endoscopy equipment market is estimated to be $28.2 billion in size as of 2013 and is expected to grow at 5-7% CAGR.

This is a bit easier to understand at a high level as most are more familiar with these products. You can splice the $28.2B into smaller sub-segments as well: cameras, processors, displays/monitors and other accessories (brushes, fluid devices).

NeuroTechnology (neurosurgical devices and spine related issues): Finally, we reach the neurotechnology/spinal market. While the neurotechnology market is difficult to size, if you are looking for spinal implants it is a ~$5-6B market (low single digit growth). In addition, if you want to split the spinal arena into spinal devices as well, you find that the market is growing at ~4-6% annually (2013 market is roughly $10-12B).

You were asking about M&A? As noted at the top of the post, lots of M&A continues to occur in this space. There is a reason why… **Tax inversions AND aggressive M&A targets**.

Tax Inversions: These are specifically *hot* in the healthcare space and a quick Google search will get you up to speed on why companies are doing this, the simple answer is this… to save on US taxes. You purchase a company overseas and reincorporate to avoid paying US taxes.

Clear M&A Strategies: An overlooked reason beyond tax inversions for the recent M&A activity is the relatively low hurdle rate to take on more acquisitions. Companies are spending more and more on M&A to obtain market share and grow revenue: hurdle rates as low as ~12% IRR.

Valuation: Here we're looking at more classic healthcare valuations. So you should be thinking in terms of EBITDA/Cash flow and various forms of return metrics (IRR and ROIC).

Some Final Takeaways: Given the backdrop to healthcare equipment companies, you should also be aware of the importance of *organic vs. inorganic revenue.* This is certainly key as rampant M&A (as seen in this space) must be met by additional scrutiny from investors/shareholders as growth within each segment (Spine/Surgery/others) should not be 100% due to acquisitions.

Bio-Technology (GILD, AMGN)

This is one of the hottest spaces within the Health Care industry.

This sector is best explained with an example, starting with a Bio-tech Giant ($160B+) Gilead. The Company develops and commercializes medicine which can include hepatitis vaccines, work on HIV/AIDs related products and cardiovascular/respiratory issues.

As you can imagine, the key question here is:

"Does the cure work?"

This answer will then drive your total addressable market and your ability to sell the product at scale. If the vaccine/medicine works, margins and profits are high since the cost of re-creating the concoction is usually quite low.

As promised, here's a large example:

Sofosbuvir (Sovaldi) was createdby Gilead to treat Hepatitis C. The product costs between ~$84K for 12 weeks of treatment to $168K for 24 weeks of treatment. Here's the kicker… The cure works *90% of the time.*

Needless to say this created a large opportunity for the firm as the Company generated revenue of ~$3.48B in Q2 of 2014 from Sovaldi sales due to the high $1,000/pill price tag.

Risk/Reward: While this is a large example where a single quarter in sales were larger than the entire previous year for the product line, the downside would be 1) changes in regulation, 2) competing drug products with higher cure rates, 3) similar products with less side effects.

In short the bio technology space is driven primarily by drug innovation. You're going to follow updates from the FDA, the launch of the product in multiple geographies and monitor competitor drug releases as well.

While working in this space you would track drug trials for curing XYZ disease by comparing different response rates (example drug A has 50% effectiveness and passed X trials, drug B has 65% and passed Y trials etc.). Essentially, you create a landscape of the competitive drug market and flag each drug as it passes through Phase I, Phase II trials and so forth.

For more information on Sovaldi you can check out their website: http://www.sovaldi.com/

If you're interested in learning more about newer drug releases then you can stick with another example and follow Zydelig (a leukemia related drug).

http://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm406387.htm

Valuation: Given the backdrop, these companies have higher volatility and trade at large multiples where 5-7x sales, 10-15x EBITDA and 15-30x earnings are not uncommon. From that basis, Bio-tech is a space where you'll lean more to sales and EBITDA multiples and less towards the DCF.

Drivers of the Space: These companies generally have less revenue (as expected they are valued based on future of their drugs). Therefore the main driver is going to be a promising drug being released (would be on radars for acquisitions – depending on how far down the road they are) and the

Final Note: To be clear with regards to the Biotech space, we are not recommending any security. The industry requires quite a bit of research and the above explanation was simply an example of how an important medical breakthrough can lead to billions of dollars in revenue (a previous event). Solvadi is not a common occurrence as it won the FDA's breakthrough therapy designation and was approved by the FDA in December of 2013. The goal of a top tier biotechnology investor is to understand when and where the next medical breakthrough will come. If you're a banker, you're looking to appropriately size the opportunity of the next break through (easier said than done).

Pharmaceutical Companies (JNJ, PFE, BMY)

Similar to Bio-tech we are going to use an example to highlight the main pieces of this segment. The biggest name brand company that people are aware of is… Johnson and Johnson. From a high level here are the primary markets they serve.

Immunology: This is estimated to be a ~$10B industry growing at mid-single digits. As the name implies, this refers to diseases caused by disorders within the immune system: Immunodeficiency (where immune systems fails to give a proper response), autoimmunity (immune system attacks its own host body). We can split the Immunology market into several pieces but we're going to keep it simple for this post. Example product would be Stelara – used to treat psoriasis a skin disease (*do not Google image that – you've been warned*)

Oncology: This is a $4-5B market depending on who you ask growing at a faster clip of roughly double digits. Oncology in short is the study of tumors/cancer. To keep with the format, a sample product here would be Zytiga (prostate cancer treatment).

Diabetes: Another self explanatory market for you guys, here we're looking at a ~$40 billion market growing at 6-10% annually. A good example of a diabetes drug would be INVOKANA (canagliflozin) a type II diabetes treatment.

Neuro/Mood Products: This market directly treats patients with mood disorders such as ADHD and schizophrenia. This market is roughly $40-50B in size and a sample product in this space would be esketamine.

Likely missing a few here but the above should serve as a solid high level view.

Valuation: In this space you can primarily look at the four classic valuation metrics given at the beginning of this post 1) EV/EBITDA, 2) Discounted Cash flow, 3) Price to Earnings and 4) Free Cash Flow Multiples. To provide some additional help for your napkin or back of envelope: Sales multiples of ~3.5-4.5x on a forward year basis, PEG's of ~2-3x, P/Es of 15-30x

Drivers of the Space: As expected, the main drivers are positive trial results, changes in regulation and release of generics.

Final Thoughts: Similar to biotech we are looking at variable outlooks based on performance of new cures and treatment results from innovative products. That said the multiples are generally a bit lower due to large pharma companies having lower growth profiles relative to a large number of hyper growth bio-tech companies.

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Some points to help you in recruiting – Generally, healthcare practices are located in NYC/New Jersey/San Francisco; Healthcare has quite a bit of activity so you would likely get experience in M&A and Equity/Debt raises improving your capital markets knowledge; Beyond products, tracking phases of drug trials, naturally regulations play a big part in this space as well

There you have it, a short and sweet (if you call 2,000+ words short!) overview. If there is another space within healthcare that people need more information on we may do a part two. However, the three spaces above cover the main sectors that are driving interest in the space. Finally, we'll likely continue with these if people are interested in more sector overviews.**Financial Institutions Group**; **Technology Part 1**; **Technology Part 2**

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Overview of Leveraged Finance

Overview of Leveraged Finance

We have not done an overview in quite some time and needed a post specific to Wall Street. This will elaborate a bit on our hedge fund posts and provide an overview for those that are interested in Investment Banking (You will work closely with Leverage Finance at some point in your career). As with our many other overviews, please feel free to add any additional color. These posts generally rank extremely high with page views and low with comments as many of you Wall Street guys are introverted! Overview below: 1) Introduction; 2) Corporate Debt Securities; 3) Purposes of Debt Instruments; 4) Lending Side of Leveraged Finance; 5) Credit Analysis; 6) Investment Considerations

Introduction

Unlike the equity market, the credit universe captures a huge variety of security-types. Why? It encompasses (pretty much) every other sort of financing. The size and complexity is also magnitudes larger than the equity market (roughly speaking the US bond market is 3x the size of the equity market!!!). As such, we're focusing on perhaps the most significant portion of the credit markets to institutional (i.e., HF / PE) investors: **the leveraged finance market (LevFin).**

We are focusing on LevFinfirst for the following key reasons: Depth Instead of Breadth: We could give an overview of the entire credit market at a much higher level, or we could explain part of it really well. We prefer more quality and of course *actionable and useful* information. **Single Markets Make Descriptions Easier:** Fundamental credit analysis is best introduced within the vacuum of a single market segment and a limited number of security-types **Cross Sectional Leverage:** As noted above, LevFin is useful to the largest cross-section of our Wall Street focused readership. Almost all front office Wall Street careers are guaranteed to involve at least some exposure to and interaction with LevFin in one form or another. Better to learn the basics now so you don't have to deal with it later.

Corporate Debt Securities

As many of you know, corporations have three basic ways of securing financing: 1) debt, 2) equity, and 3) hybrid securities. We're only concerned with credit for now, so we're going to ignore equities, hybrids and other more complex securities.

Corporate Debt Securities (In rough order of seniority)…

Revolving Credit Lines (Revolvers / Short-Term Financing): Simplistically a corporate credit card issued to a company by a bank. Companies are allowed to draw on and repay revolvers as they please. They are usually secured by a Company's cash flow, meaning they always have to be 100% repaid before any other non-mandatory debt prepayment. As a result, revolvers are the cheapest form of debt financing.

You will find many of these instruments outlined in SEC filings. Simple example? Companies access the revolving credit facility when there is a short term swing in cash flows. They access the facility for the temporary operating purpose and repay the debt.

Ford is a great example (Page 67 of 10-K filing), emphasis is ours.

*"We target to have an average ongoing Automotive gross cash balance of about $20 billion. We expect to **have periods when we will be above or below this amount due to** (i) future cash flow expectations such as for pension contributions, debt maturities, capital investments, or restructuring requirements, **(ii) short-term timing differences**, and (iii) changes in the global economic environment. In addition, we also target to maintain a revolving credit facility for our Automotive business of about $10 billion to protect against exogenous shocks."*

Other types of short-term / senior-most financing can include: 1) Swingline Loans, 2) Bridge Loans, 3) Commercial Paper, 4) Letters of credit (LOCs)

Loans (Term Loans / Amortizing Loans): Exactly what they sound like! Loans issued to corporations by banks (which in turn usually syndicate the loan to other banks and institutional investors so as not to keep too much risk on their own balance sheets). They require full payback over periods of anywhere from roughly 3-9 years. These loans usually include restrictive covenants as well since they are ranked second in overall seniority.

Unlike Revolvers (cash flow), Loans are secured by a lien (claim, or first right) on the value of a company's assets in bankruptcy.

Here is an overview of the various types of term loans:

Term Loan A (TLA / Amortizing Term Loan / Senior Secured: This is the most senior Loan type. Secured by a priority lien on the Company's assets. Amortized evenly. Syndicated to banks. Lower interest rates. Maturities <=6 Years

Institutional Term Loan (TLB / Term Loan B/C/D / Senior Unsecured): Junior to TLAs. Either unsecured, or secured by a lien that is typically junior to that of the TLA (in bankruptcy, they only get right to corporate assets once the TLA lenders have been repaid first). Amortize partially with bullet repayment schedule. Syndicated to both banks and institutional investors. Higher interest rates. Maturities range is roughly 3-9 years. There are two major types of TLBs worth mentioning:

2nd Lien Loan: Specifically refers to TLBs with a junior claim (2^{nd} lien) on corporate assets and

Covenant-Light Loans (Covi-lite): Loans that have more relaxed, bond-like financial covenants rather than maintenance covenants that are typical with loans. Usually issued in "seller's markets", as companies can get away with more relaxed covenants when investors have excess cash to invest.

Bonds: Even the masses are familiar with this one. About as vanilla as debt securities come. The lender purchases a bond from the borrower in exchange for periodic fixed interest (coupon) payments (hence the term "fixed income") principal repayment at maturity.

Broadly, there are two types:

Investment Grade: Bonds issues by companies considered investment grade (BBB- or higher)

High Yield (HY Bonds / Leveraged Bonds / Subordinated Notes / Junk Bonds): Bonds issued by companies rated BB+ and lower. Carry much higher interest rates than Investment Grade Bonds

Mezzanine Financing (Mezz): Here we won't go into too much detail as we're knocking on the hybrid securities arena. But here are two basic bullets on the topic:

Hybrid-like debt financing, also called "in between" debt which ranks above equity but below other debt in a company's capital structure

Typically high-yield subordinated debt coupled with equity warrants ("equity kicker")

Leveraged Finance: Within the context of the credit market, "Leveraged Finance" involves any debt financing in which a company is financing *with more debt than what is considered normal* for that company or industry (overleveraging itself) relative to earnings and cash flow. This is certainly a vague line to draw.

What's more than normal? *There's no set answer.* But. Some rules of thumb are based on interest rate spread cut-offs (anything > LIBOR+125-150bps), ratings (anything BB+ or lower), and leverage ratios (Net Debt / EBITDA) relative to industry comps. Typical LevFin issuers include sponsors, fallen angels, company's exiting bankruptcy and startups that need seed capital.

If you work in a specific sector (A Detailed Look at Financial Institutions Group; Overview of the Consumer Sector; Overview of the Healthcare Sector; Overview of the Oil and Gas Sector; A Detailed Look at Technology Media and Telecom (TMT)... also find Part 2 here) You will find various rules of thumb to add to your definition of "over leveraged".

In Short: There are several types of debt/loans and the seniority is as follows: 1) Revolving Credit, 2) Term Loans – followed by B's C's and various levels of security, 3) Bonds, 4) Mezzanine Financing and 5) Leverage Finance.

Purposes

What is more telling than interest rate cutoffs or leverage benchmarking? What is the company *using* leveraged financing for?

Overleveraging is a risky and expensive proposition, so it is typically used for specific projects in which the borrower feels the potential upside from the project is high enough to justify the increased cost of capital. This increased leverage generally comes with restrictive covenants particularly in an aggressive leveraged finance investment. Examples of such project include:

LBOs: The business model of Private Equity. The increased leverage is justified by the increased returns on equity possible once the debt is paid down. The simplest example… even for your "Average Joe" is the purchase of a fixer upper home. He puts down a minimal down payment (over leverage) then tries to fix the asset and sell it for a profit (or generate higher than expected cash flow to more than offset the monthly payments).

If you want a basic overview of a real estate LBO/private equity investment we have one here and if you'd like to look at company specific ones… You'll have to wait! Generally for a company there is ~10-20% equity and ~80-90% debt, heavily leveraged and you're looking for a 20% annual ROI (yes the typical definition is 90% debt and 10% equity but we're expanding the range to encompass more transactions)

M&A / Capital Expenditures: If a company identifies an attractive enough acquisition target or capital investment opportunity, they can justify the leverage based on the synergies and growth opportunities they think a potential investment will provide them.

Re-capitalizations: Equity holders will leverage the Company in order to use the proceeds for a dividend, stock repurchase, equity infusion, or any other transaction that will significantly impact a Company's debt / equity ratio. Recaps are used when the company's current capital mix is equity-heavy enough to justify allowing equity holder to liquidate of portion of their stake

Refinancing: Investment grade issues will use Refis to take advantage of periods of low interest rates in order to swap their existing debt out for *new*… Cheaper debt. Companies that use LevFin to refinance, are likely facing a maturity wall, cash flow shortage, or upcoming default event.

Refinancing using the LevFin market is somewhat of a "last resort". But. Lacking other options, companies prefer expensive debt that's matures 7 years from now over cheaper debt that matures tomorrow that they don't know if they can repay.

In Short: Leveraged Finance is expensive debt that's usually tied to a specific purpose. It is crucial to understand what the financing is being used for as the reasons for the financing will determine what investors are interested in the debt instruments.

Lending Side of Leveraged Finance (Lenders / Investors)

Leveraged Finance includes three of primary security-types: Institutional Term Loans, High Yield Bonds and Mezzanine Financing. These are typically the only debt securities with high enough yields to attract institutional investors. As such, they are the focus of a majority of institutional credit analysis. This brings us to the other side of the LevFin market: **who the investors (or lenders) are.**

In contrast to the low-risk Investment Grade debt market (largely funded directly by banks themselves), lenders in the LevFin market are typically institutional investors seeking to generate a higher risk-adjusted return.

Besides banks and finance companies, they include:

1) Hedge Funds: Debt focus; **2) Niche Private Equity Shops:** Specifically, Mezzanine funds, **3) Traditional Institutional Investors:** Pensions, Endowments, Insurers etc.

And finally…. The most infamous example…

4) Collateralized Debt Obligations (CDOs): The perpetrators of the 2008 Financial Crisis (partial joke for the intense finance readers). A CDO is essentially a corporate entity that is set up in order to buy a slug of debt securities and pool them together. CDO investors then buy stakes (liens) in that entity, which gives them a right to the cash flows from the debt purchased. The CDO is cut into slices (tranches) based on seniority, and investors pick which tranche they want to invest in based on their risk-return preferences.

The debt payments are then paid out to investors in a waterfall fashion, with those who bought the more expensive senior tranches being paid before those who bought the cheaper and higher yielding junior tranches.

Finally, to give you an idea about sizing: the HY Bond market is ~$1.4Tn, the Leveraged Loan market is ~$625Bn, and the Mezzanine Finance market is ~$500Bn. So all in, LevFin is about a $2.5Tn market!!! There is a lot of money out there!!!

In Short: When you start looking at "over leveraged" investments you begin talking to more and more risk loving investors. Or as they like to call themselves "sophisticated investors" (please tell us you got that joke!). The market is huge at $2.5Tn and you will certainly deal with the LevFin market at some point during your career.

Credit Analysis

Whether you are investing in equity or credit, you are evaluating whether or not a given company is worthy of an investment (stating the obvious we know). That is, if you give XYZ Corp. some of your money now, is XYZ likely to give you your money (and more) back in the future. The biggest risk in both cases is that you are not paid any of your money back.

Alternatively? You are not paid the "appropriate" amount of money back for the amount of risk you took on.

The difference is in the potential upsides? For *equity investors*, upside is unlimited. For *credit investors*, the upside is contractually limited.

Credit investors are guaranteed their upside, so their biggest focus is on the risk of not getting paid back. Since their returns are capped (fixed income), they spend a lot more time caring about the nature of the actual security that they are investing in. Where does it fall within a given Company's capital structure? Do they believe the Company will be able to afford their interest payments? Will this lead to an eventual return of principal? They aren't nearly as focused on earnings or the income statement as a whole. instead. They focus much more on the balance sheet and cash-flow statement.

While credit analysts end up covering the same companies as the equity analysts… They spend almost all of their time on different things.

Credit analysts also find themselves working on unique and complicated situations that the equity analysts often avoid. This includes restructuring, asset sales and joint ventures. It requires hours of reading through bank covenants and other financial documents which most equity analysts don't have the time to do. In order to predict cash flow, you still have to be able to predict revenue, so you do spend a decent amount of time on revenue and costs as well.

In Short: Credit investors have much less upside relative to equity investors. They are looking to secure a defined return and want to mitigate risk to hit their specific benchmarks. Therefore, a credit analyst would look at a security in a different light relative to an equity analyst.

Investment Considerations

Given that credit investors will look at investments in a different fashion… Below is an outline of some of the key takeaways:

Default Risk: The likelihood of a borrower's being unable to pay interest or principal on time. Based on the issuer's financial condition, industry segment, conditions in that industry and economic variables/intangibles (company management as an example). Default risk will, in most cases, be most visibly expressed by a company's public credit rating from S&P, Moody's and the like.

Loss-given-default Risk: Severity of loss. How much will the lender lose in the event of a default? Investors assess this risk based on the collateral (if any) backing the loan and the amount of other debt and equity subordinated to the loan.

Industry Sector: Loans to issuers in defensive sectors (like consumer products) can be more appealing in a time of economic uncertainty, whereas cyclical borrowers (like chemicals or autos) can be more appealing during an economic upswing.

Sponsorship: If a sponsor has a good track record, a loan will be easier to syndicate and can be priced lower. In contrast… If the sponsor group does not have a loyal set of relationship lenders, the deal may need to be priced higher to clear the market.

Liquidity: All else being equal, more liquid instruments command thinner spreads than less liquid ones.

Market Technicals: If there are a lot of dollars chasing little product. Then… issuers will be able to command lower spreads. If the opposite is true? Then spreads will need to increase for loans to clear the market.

In Short: Credit analysts focus more on *downside* risk. Why? Well the upside is already capped at X% return so that is already set in stone. What is not set in stone? The downside of a default and overall payment risks.

Concluding Remarks

Since this post is heavily tailored to Wall Street specific individuals you probably read the entire post. That said here are the main takeaways in bulleted form as requested:

– You will likely work with the Leveraged Finance team at some point in your career. That said if you're interviewing for one you now have an overview. Two birds. One stone

– The LevFin market is huge at $2.5Tn

– Several types of debt/loans and the seniority is as follows: 1) Revolving Credit, 2) Term Loans – followed by B's C's and various levels of security, 3) Bonds, 4) Mezzanine Financing and 5) Leverage Finance

– It is crucial to understand what the financing is being used for as the reasons for the financing will determine what investors are interested in the debt instruments

– When you start looking at "over leveraged" investments you begin talking to more and more risk loving investors or "sophisticated investors"

– Credit investors have much less upside relative to equity investors. They are looking to secure a defined return and want to mitigate risk to hit their specific benchmarks

– Credit analysts focus more on *downside* risk. Why? Well the upside is already capped at X% return so that is already set in stone. What is not set in stone? The downside of a default and overall payment risks

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Overview of the Oil and Gas Sector

Overview of the Oil and Gas Sector

Hopefully this post will generate some debate with regards to profiting from the recent drop in oil prices. As we have done in the past, we will do a sector overview and we will unlikely hit on every aspect (that would require far too much work). If Oil and Gas is not of interest to you, we have done the following sector overviews: 1) Financial Institutions Group, 2) TMT (Part 1) and TMT (Part 2), 3) Healthcare, 4) Consumer.

Overview: The oil market is seeing significant pressure from the declining value of crude oil. The price of crude has dropped from ~$105 in June of 2014 to ~$55 as of late December (West Texas Intermediate – WTI). In addition, the price of Brent has fallen from ~$105 to ~$60 in the same time period. For those that are interested the difference between Brent Crude and WTI crude, here it is:

Brent Crude: Extracted from the North Sea and comprises of Brent Blend, Forties Blend, Oseberg and Ekofisk crudes (also known as the BFOE Quotation)

WTI Crude: This is the underlying commodity of the Chicago Mercantile Exchange's oil futures contracts. WTI is lighter and sweeter than Brent, and considerably lighter and sweeter than Dubai or Oman.

Why the Price Difference: Pretty basic here, the price differential is due to the increased transportation cost from Oklahoma to Louisiana. There is limited pipeline capacity. While this is likely extremely basic for those that work in the space, if you're new to the space, the price differential of ~$4-5 is confusing on a glance.

While we could dive into the other baskets (Dubai, Oman etc.) we will keep it simple and refer to crude as WTI Crude since it is the underlying commodity in the Chicago Exchange.

Without getting into a lot of the details here, the main question most are wondering is what caused the price drop? Simplistically, oversupply of oil. Or an "oil glut". If you want to look at recent catalysts that occurred… on November 27, 2014 OPEC elected to maintain its 30 million barrel per day output level which caused the market to decline. Why? It suggests that oversupply will remain (near-term) as they are not electing to decrease output levels that caused the glut in the first place.

To wrap up the overview, here are some high level numbers on an annual basis to be aware of:

– *Demand:* You're looking at ~90-98 million barrels per day on a global basis, ~17-20 million barrels in the USA, ~12-16 million barrels in Europe and ~8-12 million barrels for china.

– *Supply:* Naturally, given the "oil glut" you're looking at supply that is currently outstripping global demand at a rate of ~1-2 million barrels per day. Simply put, it is estimated that the current output is supplying 1-2 million barrels more per day than is needed, causing prices to drop. To be crystal clear here, in the supply case we are not breaking it out by region as many regions are net importers of oil. For example, even if the USA demands 19 million barrels a day, the amount generated in the USA is less than 13 million barrels a day. The rest is imported from other countries.

– *Future Oil Demand: T*he next question you are likely asking: "Is demand going to increase? If it does we have nothing to worry about". This is a good question and for your back pocket using GDP minus 0.5% would get you to overall demand growth of crude oil.

There you have it. You now have a basic overview of what is occurring in the oil space. There is an over supply of ~1-2 million barrels a day. Demand for crude has historically increased just below GDP growth (this is a global GDP centric comment) and OPEC recently announced that it is not cutting production which led to additional pressure on Crude oil.

Natural Gas: Everyone is aware of what natural gas is: a fossil fuel that is created when plants, gases and animals are exposed to intense heat. Primarily, natural gas is used for heating, cooking and electricity.

Units to Measure: The conventional unit of measure is "million British thermal units" also seen as MMbtu. For this post we will refer to it as "million btu". In addition, when looking at global numbers the convention is to refer to 1 billion cubic feet, this is equivalent to ~1 trillion Btu = 1 Bcf. For this post we will use the same convention and use Bcf.

Before moving forward, in case the paragraph is confusing, when people refer to the price of natural gas it usually refers to $/million btu and when you are looking at large scale supply and demand it is usually in measure of Bcf.

Given that the vast majority of you would work in the USA, here are the metrics for natural gas on an annual basis that you should be cognizant of:

US Demand: You're looking at ~70-75Bcf in total demand. This is broken down as follows: ~20-25 Bcf Residential and Commercial, ~19-23 Bcf Industrial, 20-25 Bcf electric and 5-9 Bcf in other use.

US Supply: Onshore supply is roughly 30-33Bcf, Shale providers ~ 40-45 Bcf, Mexico wraps it up with ~3Bcf

Canadian Demand: While we are not going to go into this geography, it deserves a mention due to all the press it has received. The Canadian oil sands are responsible for roughly 13-17 Bcf per year and is primarily generated in Alberta and British Columbia.

The overview is now wrapped up with the high level numbers on natural gas out of the way as well. With that said lets move onto the sub-sector takeaways.

Note: There will be some redundant themes similar to our other overviews as many items must be tracked across all sub-segments in the O&G space, we repeat them in case a reader is only interested in one section

Global Oil and Gas (Chevron, Exxon and others)

Here we are looking at the large caps. As you've seen in the past when you look at larger scale companies you're looking for Free Cash flow as your primary valuation metric. Given this dynamic and the size and scale of oil and gas companies (setting up new rigs, drilling sites etc.) monitoring and modeling out a CAPEX schedule is also of utmost importance.

In addition to these two highlights, the risks for large caps such as Exxon and others would include… commodity costs. Naturally, the recent oil price declines have caused stock price pressure across the board. Beyond this metric which is impacting the entire space, larger companies are also at risk to tax law changes, environmental and political risks as well.

Oil and Nat Gas Prices: As you can imagine this is a material driver of business viability and growth. Tracking the macro changes in Oil prices (movements of+/- $5 are quite material) and tracking the changes in Nat Gas prices (movements of more than 10-20 cents on a $/MMBtu are material).

OPEC: The next major meeting is on June 5, 2015. If demand and supply levels remain where they are we would hope for a decrease in daily barrel production. If you're hoping that oil prices remain dirt cheap, then you're looking for continued over supply. Keep it simple!

Wells and Drilling: For the major bellwethers, you are going to focus heavily on the future CAPEX and drilling sites as they will determine future cash flow. For example, the Company will give specific metrics on a location and drilling expectations and give % of complete metrics over time. In an ideal world you'll see that project in location X has started on time and will be 100% complete within or before the allotted time frame with all wells firing at timeline Y. We realize the paragraph is a bit vague but if you read through the filings of major oil company you'll find these percentages in the 10-Ks/10-Qs and analyst day presentations and earnings calls.

– Simple example from Q3 they talk about the LNG project in the press release: http://investor.chevron.com/phoenix.zhtml?c=130102&p=irol-EventDetails&EventId=5170148 (click on Q3 press release). This would represent an important talking point for investors/bankers.

Revenue Mix: As expected with the major companies you have larger line items to look at and are going to track margin profiles by region and sub sector. If you want to dig into the weeds again, refer to the Q3 earnings and look through the supplemental comments. This is where the "goodies" are. You can see breakouts by refining, actual volume, liquids, natural gas and the BOE (Barrel of Oil Equivalent). In an ideal world, all of these lines would see improving revenue and margin profiles. This is practically never the case so it is up to you to find the key metrics driving each P&L.

FX: This is a bit obvious and is only worth a quick bullet. Given the size and scope of these companies FX rates and changes can materially move the top and bottom line.

Assets Sales: Again, since we are looking at major oil corporations you're looking to see if interest in specific production facilities are being sold (if unprofitable or at break even). You'll be tracking these asset sales to assess the risk of the overall entity (For example: over exposure to a specific geography).

Valuation Metrics: The main items you're going to look at if you wanted to check a quick comp sheet would be the following: the simplistic P/E ratio, P/FCF, EV/DACF and the dividend yield as many investors are looking for high yield securities. The only item on this list that may raise an eyebrow is DACF which is Debt Adjusted Cash Flow.

DACF = CFO + after tax financing costs + before tax exploration expenses +/- working capital adjustments

The reason this metric is used is due to the after-tax calculation, which makes the valuation independent of financing decisions made by the firm.

Refinery (Major players all here again, Marathon, ConocoPhillips, Valero and others)

We don't need much description here as everyone is aware of what an oil refinery is: processing of crude oil into items such as petroleum, gasoline, kerosene etc. This is probably the piece of the oil industry that most think of when they hear "oil company".

A Bit More Defensive: Since these companies need to refine crude oil, they are a bit less impacted by the severe drop in crude. Simply put, the crude oil needs to be converted so it won't see a falling knife type stock chart if oil goes down $10 (reverse is of course true for an E&P company – more on that later). In fact the decline in the price of crude oil can help this segment since the cost of the main supply (crude oil) has dropped. Again it still needs to be converted to gasoline/kerosene or otherwise to fill the demand void.

Oil and Nat Gas Prices: While it should be tracked, as mentioned above, the changes are going to impact this space a bit less.

Large Capital Projects: The business model is more capital intensive. You're looking for large projects that can help make or break companies as they refine large amounts of crude oil. Location is also key in this case as having access to large and cheap amounts of oil is beneficial.

Cash Returns: Not to the same extent as an MLP of course, but cash returns to shareholders are monitored closely. Given the size and scale of large refinery companies investors deserve solid capital allocation programs.

Exports and Macro: Given the large scale, these companies are a bit more lenient on the macro and US export laws/regulations. If you can't sell the refined oil (export it) then… you're simply losing that $$$.

Valuation: Keeping it simple again the main items you're looking at are: 1) EV/EBITDA, 2) EV/Cash flow, 3) Tangible book value, 3) Dividend yield and total return to shareholders – including the share repurchase program and 4) annual EBITDA/Cash Flow Growth rates.

Master Limited Partnerships – MLPs (Dominion Midstream Partners, American Midstream Partners and others)

MLPs primarily pertain to the use of natural resources, such as petroleum and natural gas extraction and transportation. An MLP is a limited partnership that is publicly traded. The Company takes advantage of the tax benefits of being a limited partner, is liquid by being a traded security and pays its investors through a quarterly dividend (this is similar to a REIT).

Oil and Nat Gas Prices: As you can imagine this is a material driver of business viability and growth. Tracking the macro changes in Oil prices (movements of +/-$5 are quite material) and tracking the changes in Nat Gas prices (movements of more than 10-20 cents on a $/MMBtu are material).

Pipeline Business: If you want to boil down the business to a simple nugget, you're obtaining a stable income from the transportation of oil/gas. With this in mind it is key to have a robust pipeline of cash flow positive business in the future to continue paying out dividends to your investor base. As you can imagine right-of-first-offer contracts become important to track so the companies you're looking at can have a positive future run-rate of cash flow.

All Contracts are Not Equal: Since we are lining up large pipelines of deals, the type of contract will matter… a lot. You can simplify this point by thinking of getting a loan. A variable loan or a variable contract on a specific pipeline is not going to be as good as a guaranteed fixed line that you are certain will generate positive free cash flow. It is up to you to dig through the weeds.

Customers are Not Equal as Well: Since you are building a pipeline here, you want to have import customers that are solid (think companies like BP plc). This allows you to be much more certain about your order size and scale.

Less Mobile CAPEX: Since we are looking at longer term items some companies may or may not have large *committed* CAPEX spending in the future. Unlike E&P where it is a bit easier to shut down or ramp up CAPEX. This will impact valuation. This is particularly true if you have a lot of committed CAPEX spending into a declining oil price environment.

OPEC: The next major meeting is on June 5, 2015. If demand and supply levels remain where they are we would hope for a decrease in daily barrel production. If you're hoping that oil prices remain dirt cheap, then you're hoping for continues over supply production levels. Keep it simple!

Valuation Metrics: We'll keep this a bit more basic as the main drivers are clearer and straight forward: 1) dividend yield and growth, 2) Discounted cash flow – we're dealing with longer-term contracts to it makes more sense, 3) Net Asset Value, 4) EV/EBITDA or EV/FCF.

Exploration and Production – E&P (Pioneer Natural Resources, Devon Energy and others)

Also referred to as E&P for short, this sector has been impacted materially over the last 6 months as the title is self explanatory. These oil and gas companies specifically work in the exploration and production of oil, meaning that the significant price drop in oil has caused a lot of the business to become unprofitable. On a positive note, when the price of oil was in the $85-100 range, this segment naturally blossomed at outperformed the S&P since profitability was quite high.

Macro Trackers:

Oil and Nat Gas Prices: As you can imagine this is a material driver of business viability and growth. Tracking the macro changes in Oil prices (movements of $10 are quite material) and tracking the changes in Nat Gas prices (movements of more than 10-15c on a $/MMBtu are material).

Weather: One small overlap with the Consumer sector, tracking weather patterns is key. If temperatures drop materially, this can lead to higher usage of natural gas for heating. The reverse is also true if a winter season is unusually warm.

Capital Expense: If companies intend to increase drilling in the future and are taking out debt to do so, you can see how this will be a spiral downward or upward depending on the demand function. In a positive scenario, capex spend is high to continue finding more oil/gas and the price of oil and gas is high. In a negative scenario, companies are taking debt to search for oil that is not profitable.

OPEC: The next major meeting is on June 5, 2015. If demand and supply levels remain where they are we would hope for a decrease in daily barrel production. If you're hoping that oil prices remain dirt cheap, then you're looking for continued over supply. Keep it simple!

Location, Location, Location: No this is not a real estate speech. However. The location of where the oil is being primarily produced (this is on a company by company basis) can drive valuation in the future. Some locations are simply more profitable than others. For simplicity take a look at this Wall Street Journal chart: (Link: http://oilprice.com/Energy/Crude-Oil/The-US-Shale-Breakeven-Price-Debate.html)

You see that having a higher exposure to the Eagle Ford area for a company is significantly better than high exposure to Tuscaloosa Marine.

Hedging Contracts: Get your hands dirty and look through Company specific filings for hedging contracts. See if the company has specific oil/gas price hedges over the next year or so which protects them on the downside given the material move downward in oil prices. Smart companies will hedge a sizable portion of the headwind.

Net Debt: Finally the key balance sheet metric to monitor is net debt. Naturally if your leverage becomes to high and you're trading at a large multiple relative to your EBITDA or FCF… This is going to trigger serious investor fears as debt default becomes likely.

Valuation Metrics: The items you're going to look at if you want to create a solid yet simple comp sheet are as follows: 1) Net Asset Value (NAV), 2) Price to Net Asset Value, 3) P/E or Cash flow per share, 4) DACF (as seen in the global oil overview above) 5) EV/EBITDA and cash flow, 6) Debt/EBITDA and cash flow and 7) the same valuation metrics including/excluding hedges

Oil Services (Forbes Energy Services and others)

Now we're getting to the final frontier, some more obscure oil companies. This is a bit of a catch all bucket where you're looking for companies that assist in the oil production/drilling process. An example of a product would be machinery that assists in choosing the best position for an Oil & Gas Rig/Well.

Oil and Nat Gas Prices: As you can imagine this is a material driver of business viability and growth. If people are not drilling people are not going to need oil services. Lower gas prices do not help this sub-sector.

Cheap Assets to Buy? We are tossing this in here simply because the size of these companies are generally smaller. If their market caps/valuation come under extreme pressure there should be interest in buying the best of breed and tucking them into major oil companies. We are not here to speculate just pointing out the material difference in size of a smaller oil services company compared to a behemoth like Chevron.

Increases in Oil Efficiency: If the services companies are able to decrease the cost of drilling the business model will improve. In short, the technology/services they deploy need to improve the oil production process and your business will improve. This should be obvious but that is the real saving grace if oil prices remain low for the services sub-sector.

Valuation: Since this is a small sector the valuation metrics are pretty generic. Focus on 1) EV/EBITDA, 2) EBITDA Growth, 3) FCF metrics and 4) Dividend yield. Again, due to the pricing pressure from oil, it is imperative to find the companies with the best technology/services edge as they will eventually help the larger players turn a higher profit margin off of the drilling.

Basic O&G Specific Trade: For those that read the entire post you will likely understand the following trade. Lets *assume* you believe that oil prices are going to continue declining. Lets assume you are bearish and believe it will go to say $30 a barrel.

A portfolio manager asks you what to do in this scenario. You must make a play solely in the oil and gas field.

With your belief in mind, the move is to short the E&P sector and buy the refinery sector. This is because E&P businesses will have their business models dry up while refineries will be relatively agnostic to the oil price change.

If you believe oil prices are going to rocket back up to $100 soon. Then the reverse trade is the move to make.

Concluding Remarks

That does it for the O&G overview. In short you're looking for the following:

1) Oil price and Nat gas prices and their impact on O&G Companies. Generally those more levered to the sourcing of oil will be hit harder where as those who use the oil for other products will be protected

2) OPEC always the overhanging macro piece of the picture

3) Free Cash flow and EBITDA is king given the size and scope of these companies

4) Follow the chain of events. IE: customers and contracts are never equal

5) Check the balance sheet: less debt in a low oil price environment is better and lower rates on the debt would add to that cushion

6) CAPEX is key. Many of these companies have large plans that may or *may not* be cancelled at any time.

7) Location! If you're drilling in highly profitable areas you can wait out the storm as your break even levels for profitability will keep you afloat for a longer period of time.

8) Taxes – the entire reason for the MLP space, no one like taxes. Particularly people in Texas.

9) Hedges – commodity driven companies have a high interest in keeping hedges to protect the bottom line. Read the filings.

10) Weather – Generally, the colder it is, the more gas is consumed.

Per usual post up extra comments/questions.

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Ownership and Responsibility: The Green Light to Making More Money

[Ownership and Responsibility: The Green Light to Making More Money]

Around the age of 21-23 most people find out that the work place is not as easy as they thought. For those that end up starting a company they also find out that ownership is 100x harder than working for a Company. Either way, when you're exhausted all of the time you begin to think in terms of time. *"I would rather find a position that pays the most for the least amount of hours"*. While great in concept (no one wants to work long hours for low pay), tying income to any sort of ticking time clock is not a good way to get rich. Imagine walking up to someone and saying they have to pay $1,000 per hour for your time (~$2 million a year). Everyone would laugh unless you were already a famous/wealthy person who could add that much value in an hour. Now if you said you expect to make $1,000/hour for every $3,000/hour you made them… the proposition would turn from laughter to *"Where do I sign up"*.

What Not to Do – Tie Yourself to Hours

Don't work for an hourly wage or salary. This might not be possible if you're looking for anything to keep the lights on. That said, you want to get out of an hourly/salary income since it will inhibit your income growth. This is an attempt to leverage your time (which is limited to 24 hours regardless of where you are in the world) and an hourly wage won't give you an ability to scale.

Take a look at high paying salaried/hourly professions and it's rare to see anything north of a few hundred dollars. Even $100 per hour is $200,000 per year (rough math is to multiply the hourly wage by 2,000). Even if you were able to generate this income and we assume a $200/hour position ($400,000/year) we have to remember that this is not something you can *sell*. For every hour you work you're not building any future income. If you decide you want to quit tomorrow, that income stream is gone and no one pays you to leave your position (unless you received a severance package).

Now that we've bashed this form of income, if you're forced to do something like this we would recommend anything where you're sitting at a desk. This allows you to at least "double dip" on your time. For example, the chances that someone is reading this at work is quite high (we know this from web traffic data). So if someone has time to sit around and watch Netflix or Sports replays… They certainly have time to learn basic copy writing. For people who are really desperate for money, you can also buy and re-sell products at a premium (luxury hand bags, video game consoles etc.). The point here is that having access to a computer and internet while at work is a huge advantage as you can move the needle on your earnings without impacting your job performance.

The main ideas here are as follows: 1) you cannot sell any position that is deemed a job/career. Even if you were to start an amazing career, when it comes time to leave you can't sell it for money. 2) anything white collar is significantly better than blue collar. There is absolutely nothing wrong with high paying blue collar positions if that is where you must start. But. If you can't sit in front of a computer you have less access to future revenue streams. 3) putting yourself in a position where you're tied to time spent versus results limits the amount of money you can make. Even if you were to work 16 hour days, that's going to be the official cap with no upside from there.

First Step in the Right Direction – Results Oriented Pay

While we've touched on the importance of results oriented pay, it's important to look at the math on why the numbers add up so quickly. There are really two types of payment mechanisms: 1) recurring and 2) high ticket priced items. We're ignoring B2C (business to consumer) since the commission there is going mirror an hourly wage as there is a limited amount of revenue associated with each sale. While this concept is not new, we've finally figured out a way to explain it in terms of time. Essentially by tying yourself to units sold you're able to condense the sales cycle. This is a common phrase used in a lot of businesses "sales cycle" all it really means is the time to obtain a sale. If you're in a high ticket priced item business the sales cycle is typically long (investment banking is notorious for incredibly long sales cycles – classic Company Man lifestyle). In a new standard here we have a graph to depict the difference so it is visible.

If you are earning say $200,000 per year and this is the income you can generate without a results oriented position, you might be ahead of the sales position in the near-term. This is because the sales person needs to learn to *shorten* his sales cycle. By way of example if we assume the sales person is a real estate agent and we give him a 2% commission (usually around 6% combined seller + buyer so we're conservative), he would need to sell about 5 houses worth $1,000,000 each. This is certainly an achievable number as you're looking at 1 sale every 2.4 months. In fact that number looks awfully low and is likely tied to someone who is just getting started!

There are now multiple ways the sales person can catch up: 1) sell more homes at lower costs, say 20 homes at $500,000 to increase inventory, 2) sell a single luxury home worth $5,000,000 or 3) ***shorten his sales cycle*.** The last one is incredibly important. The last one is probably the most under-rated. Your average person believes that you have to "screw people over" to get rich, when in reality we can see that by shortening your sales cycle you'll actually generate a lot more money. If you do a fantastic job selling a property, it is quite likely that the seller will then refer you to sell another property. As a rule of thumb it takes about three years to significantly shorten your sales cycle and it is certainly possible to sell two homes a month which would increase your number of sales by almost 5 times. Since you were making $100,000 a year with your low sales number, if you can increase your ability to sell that takes you to nearly $500,000 a year. In addition, all you would need to do is increase the average selling price slightly over the next 3 years and suddenly you're hovering around $600,000 a year. Not a bad position to be in.

The difference is quite large here, while the salaried professional sees a steady increase to his income working to $300,000 over a 10 year span, the stair-step movement for the sales professional is quite impressive. Instead of seeing a stable line up and to the right (not going to work if you want to get rich), you see a big step function movement up. This causes three significant changes for the sales person: 1) typically the sales person has a lower cost of living since he doesn't know if his transactions would close, 2) the payments are one time in nature and up-front versus spread out across a longer time period and 3) instead of having a question mark around his/her return, he knows the exact amount that will be wired to his account on closing day.

When we put this together you're looking at a pretty huge spread between a salary employee and a solid sales person. The number we get to is around $3,000,000 in additional income over a 10 year time frame. This does not include any sort of "kicker" or benefit from selling higher priced items (higher margin) as is typical in enterprise sales outside of real estate. Also. We assumed that all of your sales are one-time in nature. If you're lucky enough to land a position where you're in charge of simply "renewing" contracts every year or two you're in even *better* shape. This is because a high quality product has high retention and makes the follow up sale easier.

Now before we move to the value of equity it's important to understand the psychological reason why sales is avoided. The answer is quite simple: responsibility. It's not natural for humans to enjoy being told "no" over and over again. So most people are unwilling to go through the process of hearing negative feedback over and over until they figure it out. Also. It causes the individual to see significant *responsibility*. Responsibility is just a fancy way of saying "being forced to take care of yourself".

Getting Rich with Ownership and Leverage

If the sales person seemed attractive to you we have to remember that he works for a Company. That company must make money otherwise they wouldn't hire the sales person. If the sales person makes $100,000 a year or $5,000,000 a year… the company by definition needs to make more than this to justify his employment. So while it's exciting to see the numbers from a performance based perspective, if we look at an ownership model we'll see a bigger spread. In fact the spread doubles (at minimum) if someone can earn the exact same amount of money as the sales person.

Equity is everything. As you can see there is a substantial difference between the sales person and the Company even though they earn exactly the same amount of money. Even if the sales person is generating $700,000 per year, he's not worth as much as a company generating $700,000 per year. Why? You can click sell. If you click sell we assume you're going to make around 5x (maybe the is aggressive. But. The point stands). Even if the sale button was only 3x, you're looking at a $2.1 million dollar difference in value. Now it's certainly difficult to build a $1 million dollar business, the math says you're better off earning an extra $50,000 from a business than an extra ~$200,000 from any job. This is because of the "exit" multiple or equity value.

Now lets turn to leverage and ownership. A common move once you know a specific market well is to purchase businesses that can be turned around. If you have a business that you bought for say $400,000 net income and it generates $100,000 net income per year… You only need to increase the net income by approximately $40,000 in two years to see a 100% return. Why? Well if you generate $100,000 and then $140,000 you're at $240,000… Then you have to add $560,000 ($140,00*4) the new value of the Company and you're at $800,000… versus the original $400,000 paid out. There is certainly a discount here since money next year isn't worth as much as money today, however, the leverage is clear as day. If you're getting a 4x value for every dollar you bring in, this means each dollar for your company is worth 4x as much as a dollar made working for someone else.

But it gets even better. No one said you needed to use your own money to purchase the asset. If you're borrowing money you can actually see even greater returns. This is exactly why real estate investors are commonly self-made millionaires. Since you're able to force appreciate the asset, you can get well north of 100% returns in a short period of time by simply making repairs or bargaining at the right time. So we can take a look at that quick calculation as well.

If you purchase an asset for say 20% of the value (using homes as that's a common one to think of) and it's worth $100,000 that's $20,000. Now once we make repairs/forced appreciation we can say the cost of that was $20,000. If the total investment is now $40,000 and the Home is now worth $180,000 and you sell… that is $80,000 in profit off of a $40,000 investment. While this may feel far-fetched, returns like these are actually *common when you have niche knowledge.* There are quite a few people who own homes, take out money from the equity of the home to purchase a business they know well and do exactly this. Before, these types of arrangements were most commonly tied to Real Estate and Real Estate only. We're happy to say that is no longer the case (hint)!

Conclusion: In a time when there are few good investment choices (set it and forget it options) there is always an opportunity for forced appreciation. You're not supposed to say "always". But. We truly believe it. Markets are not perfectly efficient so if you look for the right property, business, or any asset that can be fixed, you can probably find it within the next month. This is essentially the plan we're going with in 2019 since the rest of our money is going into more boring stable investments (around 3% returns). If you can fix it, the returns are likely higher **and** we would argue that it is less risky as well. So that's our *"2019 Resolution"* a shift to forced appreciation purchases.

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Parasite Movie (Spoilers & Metaphors etc.)

Parasite Movie (Spoilers & Metaphors etc.)

As stated in the title, this has a ton of spoilers so don't read it unless you've seen the movie or plan to see it. In summary, we are not surprised that it was extremely popular as it should resonate with the masses. Unfortunately, our "take" on the movie is going to be quite different since we don't agree with the premise "getting rich is just a fantasy/dream if you grew up poor". Since we know that's not true, it's harder to relate to the movie. That said we'll go ahead and provide some highlights and attempt to do it in chronological order (difficult as many of the themes are connected later on in the movie). Time to crack open our "literature 101" skills from middle school.

The Set-Up: Unless you've seen it recently this is a quick reminder of the cast members. and how the movie starts. If you remember it well skip this subsection. *Names of Characters:*To keep it simple we'll refer to the cast members as follows to make it easier: *Kim Family – Poor:* Mr. Kim, Mrs. Kim, Daughter of Kim, Son of Kim; *Park Family – Wealthy:* Mr. Park, Mrs. Park, Daughter of Park, Son of Park; *Others – Supporting Cast:* Original Housekeeper, Original Housekeeper Husband, College Student Friend, Park Family Driver. By way of background, the Kim family lives in a basement style apartment with a bug problem and uses the gig economy to survive. The Park family lives in a mansion on top of a hill with a purely capitalist husband and a wife who has been insulated from hardship her entire life (due to wealth provided by husband). This is purposeful juxtaposition, both families also have an equal number of members wife, husband, daughter and son. In order to go to the Park family you have to climb up stairs then up a large hill, similarly, for the Kim family you go down hill and down stairs to an actual basement apartment that is below the street level (underground). This physical representation is for "upper and lower" class.

*Kick off of Movie:*The beginning is actually quite funny if you think it through to the end from a purely logical perspective. Son of Kim has a college student friend show up to his basement level apartment and offer him a great deal. College student is leaving to go study abroad and is romantically interested in Daughter of Kim (a girl has has been tutoring). The exchange is clear. He'll help his friend out (get him an easy tutoring job that pays well) as long as he doesn't get involved with Daughter of Kim. In the end, this doesn't work out so the message of the movie is to never help out poor people… It always ends in death and disaster (yes that sentence is a joke for those that are tone deaf!).

Back to setting up the movie: 1) college student helps Son of Kim with a tutoring job offer – he also gives the family a *"lucky rock" – more on this later*, 2) all he has to do is teach and avoid getting romantically involved with Daughter of Park, 3) Son of Kim has his sister Daughter of Kim forge some documents to say he went to Oxford, 4) before going off to interview for the position, Son of Kim tells his father "I don't feel like I'm cheating as I'm going to get this degree in the future", and 5) he goes off to interview and gets the job.

No One is Good or Bad: While the movie is set up to make it seem like Son of Kim is the protagonist, in the end, the viewer is not meant to favor either family. While the viewer feels bad for the poor family (since their living situation is terrible), they also take full advantage of the Park family acting as parasites.

Similarly, the Park family is not evil. They pay everyone on time, they are not abusive and don't purposefully insult anyone. Over time, without knowing it, Mr. Park does insult Mr. Kim's smell but did not know he was hearing the conversation. If anything, the average viewer is likely a bit jealous of the lives of the Park family and believes the poor family is "smart" for taking advantage of them. You can see the jealously consistently come out in the movie as Mr. Kim has the gall to ask Mr. Park "do you love your wife" on multiple occasions. This is a clear insult and is a way for Mr. Kim to try and find something (anything) that Mr. Park doesn't have.

The Beginning of the End: The first few minutes of the film has the crowd rooting for the poor family. Son of Kim finds a way to get Daughter of Kim a job as an art instructor. Now they have two forms of income coming from the Park family. One tutoring the Daughter of Park and another as an art instructor for Son of Park. At this point no one feels bad for either family, creating an extra form of income seems harmless. Until the scheming begins.

Daughter of Kim takes a ride in a car to the train station, utilizing the Park Family Driver. She leaves her underwear in the car and gets him fired. While the audience is still somewhat okay with this (the driver was making a pass at her), they are now ruining the lives of others for their benefit. This is a direct commentary on a common poor person complaint that "rich people take advantage of the lives of others". Meanwhile, the poor family is doing exactly that. This becomes more apparent when they also get the Original House Keeper fired by faking a disease (that she has tuberculosis). Since the audience does not know anything about the Original Housekeeper they are at best neutral on the Kim family at this point. Hard to root for someone who has gotten two people fired.

At this point you're wondering "what exactly are they going to do when college student comes back and sees this giant pyramid scheme". At no point does the Kim family have any sort of long-term strategy. They are optimizing for the present moment. Their entire livelihood is built underneath one man (Mr. Park) and they have stabbed three people in the back to get there: first with Daughter of Kim becoming physically involved with Daughter of Park, second with the Park Family Driver and third the Original Housekeeper (three strikes and you're out!).

The Event: The Park family goes out of town for a trip shortly after the Kim family gets the Original Housekeeper fired. The Kim family takes full advantage of this: drinking their alcohol, eating the food, laying on their beds and even reading the diary of Daughter of Park. During this time of festivities, Son of Kim makes the same remark as college student. College student planned on asking Daughter of Park to be his girlfriend when he got back and Son of Kim states the same thing while drinking with the Kim family. The Kim Family bursts into laughter as they know (and the audience knows) this makes little sense given their situation. On a quick sentimental note, the message from this is that you should always "tell someone you love them" and avoid waiting for the right time.

The event occurs when the Original Housekeeper shows up to the doorstep late at night. She forgot something in the "basement" before she left and needs to get into the home. The Kim family allows her to come in. Fast forwarding ahead, they find out that the Original housekeeper had a husband living in the basement the entire time. This horrifies the Kim family as they learn that there are people who are suffering much more than they are. Not only that but they got the original housekeeper fired.

A Failed Man as a Child: The scene is probably extremely painful for an unsuccessful man to watch. The husband of the original housekeeper is completely disheveled and his wife is quite literally feeding him out of a bottle. The choice of items was explicit as he is drinking milk out of a bottle and appears to be 50+ years old. Also. He has a practical shrine of Mr. Park and prays to him since he relies on his efforts to survive. The similarities between this man and Mr. Kim become clear when he later explains that he lost all of his money with a "cake shop". This is exactly how Mr. Kim lost a large amount of money as well. The viewer quickly realizes that original housekeeper and her husband don't have a "husband and wife" relationship, but more of a mother and child relationship.

The Battle: During this time, the housekeeper family and the Kim's begin a physical battle. The housekeeper family has video proof that the Park family is a large pyramid scheme leeching off the estate. Instead of finding a way to work together they physically fight and battle it out. At one point, the housekeeper family is winning since they have their finger on the "send button" for a video recording the entire ordeal. During this time period, the original housekeeper mimics the talking points of a North Korean newscaster while telling the Kim family to "keep their hands up!". It appears that this is meant to be a message as well, neither family is interested in cooperating and the poor people would rather fight each than come up with a clean strategy long-term. Give all the power to one person (the wrong one) and it ends with a horrible dictatorship

Use of Stairs Escalates/Emphasizing Class: At this point the movement going up and down the house and through the movie intensifies. The Kim family and the "housekeeper family" are moving up and down stairs frequently. To emphasize that they are poor, the movie has the characters moving up and down the stairs on all fours like animals/bugs. They are less likely to walk up and down the stairs on two feet. In fact, when the Kim family is hiding from Mr. Park and Mrs. Park at one point in the movie, they slide out from a table and move on all fours to escape *down* the stairs. Mr. Park is the last to go and isn't even on all fours, he physically slides like a snake to make it to exit.

Use of Water: The use of water is the classic "cleaning" symbol. As they go back to to their apartment, it is raining and they find that their entire apartment is flooded. A degenerate who would piss outside of their apartment was splashed with water by both Son of Kim and Mr. Kim himself to get him out of the alley. And. At the end of the movie, the "lucky rock" not only floats miraculously to the top during the flooding but it is also placed in a makeshift river during Son of Kim's "dream to do it the right way".

Poor Live in Constant Paranoia/Stress: This part is something that is relatable and true. Stress is likely the worst thing for your health and the Kim family is under consistent stress. They are constantly stressed about bills/money, they then trade this stress for a fear of being caught, they then trade this stress for planning out a murder of the original housekeeper and the original housekeeper husband. Meanwhile they also endure small amounts of stress from the Park family. When interviewing for the driver position (Mr. Kim's schemed job), he is forced to be extremely careful. Mr. Park stares at his coffee cup to see if he takes turns incorrectly and quickly ends conversations if Mr. Kim begins to cross "the line".

Consistent Reminder of Plans: This was quite interesting, somehow the movie was able to identify this common theme that translates to the USA as well. People with a belief system that creates poverty believe that "plans don't work". So the best plan is "no plan". Naturally, the viewer can quickly realize that they never had "good plans". What did they intend to do when college student came back? What did son of Kim gain by starting a relationship with the daughter of Mr. Park (expense is lost friend who actually helped him a lot)? While the flooding of their apartment was a bad event, the majority of the decisions were made to optimize near term profits at the expense of long-term results.

Economic Mobility Okay for Young Women: On a separate note, not chronological, the only person who seemed to integrate quickly in the house was the daughter of Kim. She is depicted as an attractive Korean girl and quickly manages the operation in the home. Perhaps as a way to tell the viewer "if you're a good looking girl you have a shot at integration!" This is the classic "marrying up" commentary that is made in societies in general.

Economic Immobility: Unsurprisingly, this was the overarching theme of the movie. Class warfare. One family has their house flooded the other family is trying to throw the "perfect birthday parties" have the "perfect food" and "have a perfectly maintained home". Rich people problems versus poor people problems. In the end son of Mr. Kim dreams about working hard and eventually becoming rich to afford the house. Since we're left with the knowledge that it is a dream, the audience receives an implied message "it's not going to happen". A feeling of hopelessness.

Naturally, we don't agree with this sentiment. Living in the USA? It's 100% possible to move up. Is it easy? No. Is it smart to backstab the first person who gives you a shot by sleeping with some girl he likes? No. Is it going to require more work than a person who was born on third base? Yes. Can you control that? No. So in the end, we didn't agree with the overarching theme and are 100% not surprised it was one of the most popular movies of the year (won a bunch of awards). These conclusions don't conflict as the average person is more likely to feel stuck (hint most people believe they deserve more than what they have). Despite all the facts (life is better for almost every economic class in the USA compared to 50 years ago).

Conclusion: For readers of this blog, the confusion is really two things: 1) avoid being flashy around people who are not in the same economic zone, you'll end up creating jealousy and resentment. We've said it before, but calculate the annual income of the people in the room and say you make 20% less than that (even if you make much more) and 2) don't go out of your way trying to bring someone else down. You're going to end up creating more problems for yourself down the line. The short term benefit is never worth it as your brain will remember what you did (forever).

Addendum: Some of the other stuff we left out as it didn't seem to have much meaning beyond theatrics. The stabbing and death scene where Mr. Kim kills Mr. Park and daughter of Mr. Kim dies (housekeeper husband stabs her) was complete chaos. Perhaps the point is that even if you're ultra rich you don't have complete control over your life and could die at any time (Mr. Park does in fact die).

The second one is pretty standard for movies like this: everyone is hiding something even the Daughter of Kim who apparently has a secret smoking addiction. Mrs. Park is also naive and child like as she has been insulated by the hardships of life while Mr. Park is overly fixated on making money while "outsourcing" a lot of parenting. The rest of the characters are faking that something (the boy is faking his artistic skills, the Kim family has fake jobs and the Daughter of Mr. Park is not doing much studying).

Newer Readers: On a somewhat related note, if you want to end up like Mr. Park without the murder scene you should probably check out our products: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

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How To Earn Passive Income

These days it seems that everyone is looking for set it and forget it ways to make income. The problem is that you either need 1) valuable information that is static or 2) a grip of cash. Every other income stream in the world is not static in the least bit. If you have to constantly update the item (this blog is a great example) then it is no longer passive as it requires time.

Our definition of passive income is this:

"Income that is generated without the use of your time"

Other forms of income are at best… location independent income.

Passive Business

This is the type of business everyone dreams of. A set it and forget it business that generates loads of money without being monitored.

1) Static Website: In the older days of online sales (before they created video sales pitches and continuity programs), there would be a simple sales page followed by a product offering… You have seen these before.

"Do YOU want the WOMAN of your DREAMS?"

Followed by a lot of emergency type language (red text of course) and a "Click to Buy" and check out at the bottom.

These are always accompanied by testimonials as well. The consumer reads the entire sales pitch (usually a good 5-10 pages long) and then makes his purchase decision. This is 100% passive as you have a **product** that is simply sitting there with a **sales pitch.** If there is no need to update the product, then it is simply passive income.

2) Recurring Service: The second form of primarily static information would be a service. For those that work on Wall Street… a great example would be FactSet or Capital IQ.

Before you jump in and say "but these products are updated!" the point is that the revenue is recurring. If we really want to get nitty gritty then we can simply use software as an example. You pay for the use of a specific program such as Microsoft and then you bill the client on a yearly basis for 1) services (not passive) and 2) use of the software (passive) since the software would never be updated.

Naturally, the software is updated to keep up with competition, but you should get the idea. It is simply access to a **value additive system** that does not need to be updated in a meaningful way.

3) Location Independent Income: While this is not passive income, we will add it for clarification. Location independent income can be summarized as follows – **"A task you can do on the internet".** That is all a person really means by "location independent income". Since you are making your money through the internet as a medium of communication this can include 1) online company, 2) blogging and 3) convincing your employer to allow remote access.

Overall, we believe everyone should at least attempt to create location independent income. Ideally, you can create a massive income from a static website, but the vast majority will end up creating some location independent income. If you are able to create large static income, we commend you and you have accomplished a difficult task.

Passive Investments

This is the second form of passive income. Having a grip of cash. In finance, when you interview you're asked for the most important financial statement. Generally speaking the best answer is "Cash Flow Statement" because… **Cash is King.** Managing cash flows is extremely important and a large sum of cash can help breed… **More cash.** With the importance of a high savings number let's take a look at multiple investment streams from a risk tolerance perspective. We will start with the highest risk, **highest capital growth and work down to lowest risk lowest capital growth.**

1) Qualified Dividends: This is the most common source of dividend income. Simply put, if you own the S&P 500 you pick up a ~2% dividend (as of this posting) on an annual basis. This means that if you own $100K of S&P 500, you will also receive $2,000 by the end of the year. For most individuals the $2,000 will be taxed at 15%, however if you have a personal income of ~$400K or ~$450K as a household, then you will be taxed at 20%. We are not going to go into a long winded post discussing taxes and their merits; instead this is simply how the system works.

The Rub: Post tax yield of low single digits (2-4%) with more hope of equity upside. The higher the dividend the less expected equity upside on the stock (generally).

2) Unqualified Dividends (REITS, MLPS and Special One Time Dividends): What is the difference between a qualified and an unqualified dividend? The unqualified dividend is taxed as regular income. That is the simple difference. Today, REITs pay a high dividend, however you should be cognizant that the income you receive may be taxed up to 35% and beyond if you are in a higher income tax bracket

The Rub: Post tax yield of mid single digits (4-7%) with a bit less hope for equity upside.

3) Junk Bonds: We won't go through a long winded explanation of how bonds are safer than equity. However. The simple explanation is that you're first in-line in case of bankruptcy and you're entitled to income "above the line" of the income statement (ie you represent the interest payment line. Junk bonds pay high yields however… This comes with additional risk… Tread carefully when seeing high single digit yields.

The Rub: Strong yield of mid single (5-7%) with very minimal hope for upside, unless the Company sees large changes to is investment grade (in which they will likely buy back the bonds and reissue new ones at a lower rate).

4) Investment Grade Bonds: These are significantly less risky (unless you owned some of those collateralized debt obligations back in 2008) but essentially you'll pick up a nice yield of ~3-5% and you can sit back, relax and collect those monthly coupons. Of course these bonds still have risk, but the debt ratings for these securities are quite tight.

The Rub: Medium Yield at 4% and we are approaching minimal risk territory.

5) Government Bonds: There are many types of bonds, 30 year bonds, 10 year bonds, 5 year bonds, 1 year bonds… we could go on and on. In addition to these durations, you also have different tax structures with municipal bonds, treasuries, treasury inflation protected securities (TIPS) etc. We could do a 70 page post on bonds and it still wouldn't cover everything. Instead think of these bonds as "risk free". Please note we are putting risk free in quotes because literally nothing in life is 100% risk free. If the government defaults, you will not get paid. However. We find this highly unlikely as we are not part of the doom and gloom, losing in life camp.

The Rub: Practically risk free and will likely outpace inflation by just a hair (excluding TIPS of course)

6) Certificate of Deposits: These are FDIC backed time deposit investments. They are essentially risk free and offer low rates. This is a poor tool for wealth creation, however a staggered long-term CD will allow you to keep pace with inflation (hopefully).

The Rub: Essentially a way to hedge inflation.

Securitizing Your Future

The big difference. How do you balance risk (higher risk at the stock level) and time (your age) to achieve the best balance for the future? In our view, the best balance is actually a bit less dependent on age and is more dependent on your life style and net savings.

Guideline according to us:

1) If you have less than 5x your annual spending in savings. You should have it primarily in stocks. Call it 90% stocks and 10% cash in case there is an emergency

2) As soon as you reach 5-8x in annual spending in savings you can make a shift. Here we recommend 70% exposure to stocks, 20% exposure to bonds and still a 10% cash position.

3) As soon as you reach 10-15x of annual spending in savings, you are now near "retirement" in terms of ability to live entirely off of cash flow. Here you can have a mix with 40% stocks, 30% bonds, 20% low risk government bonds and CDs, 10% cash.

4) As soon as you reach 15-25x of annual spending in savings. You are now free. If you can simply keep this cash in a mix of baskets of goods, you will unlikely have any money issues in your future. You can either take risk off the table (practically all of it) by leaving it entirely in low risk bonds and government backed securities. Or you can continue to grow your wealth (if you are young).

Please note that we assume you are near retirement at 10-15x annual income as savings… because many people will pick up a hobby or job they enjoy for minimal income. No need to retire and sit on the beach for the rest of your life.

Concluding Remarks

In our view, it is best to create a mixed bag as fast as possible. You work and have a solid career that pays well. You can create a small business on the side and create some location independent or even static business income. You then save cash by keeping your lifestyle in check and build up a nice nest egg that gives you momentum. You will see your portfolio gain momentum once you have ~ 8x annual spending in savings/investments.

At that point it is up to you. If you're young we suggest keeping a bit more in the stock market and if you're older then you dial back the risk and look at bonds/deposits.

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People Suffer from a Lack of Prioritization

People Suffer from a Lack of Prioritization

If you remember life before the pandemic (only a few short months ago), there were common excuses for being out of shape: 1) they have long commutes, 2) they don't have the time and 3) they are forced to eat bad food due to client meetings. Fast forward through the pandemic and what we learn is that people (in general) have gained a significant amount of weight. This weight gain is so common and talked about that you can visibly see it if you look at videos of the general population online (protests, COIVD-19 parties or otherwise).

No Excuse for Weight Gain: During the pandemic there is quite literally no excuse for gaining weight. This is the first crystal clear example of lacking prioritization. Even if you lived in an apartment and didn't move you could spend a significant amount of time doing pushups, lunges, jumping jacks, sit ups, pull-ups on the door, tricep dips and even lifting heavy furniture/items. *"Where there is a will there is a way"* is a classic saying for a reason. Instead what we've seen is that people drink more, do more drugs and generally decline in terms of physical fitness. The ones who are getting in better shape were the ones who didn't need the extra time to stay in shape in the first place! Crazy how that works.

The most interesting part about the weight gain? It appears to be related to alcohol and improper nutrition. Which is even crazier since you can simply drink water the whole day and eat healthy meals without leaving the apartment/home. In fact, it is much easier as you don't even need caffeine anymore. No one needs to be wired and on edge since there is no one else in the home/apartment.

Online Sales – Another Example: This is also the best time to learn copywriting. The chances that anyone is doing this? Slim. Instead the common excuse you'll hear is "this unprecedented times" or "in these difficult times", it isn't possible to get ahead. When in reality, this is the best time to get ahead. You know that the vast majority of the population is drinking.

They are getting lazier. You can work while they relax.

What happens when 6 months of effort meets 6 months of laziness? A wide separation in skills.The picture is not pretty for people who sat on their hands.

The conclusion here is also pretty clear. If you have a friend or colleague who has stated that he is interested in starting an online business, learning copy writing or any sort of online sales… You know he is full of it at this point. If a world wide global pandemic where businesses were being disrupted left right and center didn't cause a change in behavior… Nothing will. Again this is good news for you. It means that the vast majority of people won't try which also decreases the competition by definition.

Creating a Positive View of Any Situation Creates Correct Prioritization: When you look at any situation there is always a good and a bad side. Even if you win a million dollars in a local lottery, the bad side is that people will know who you are and hit you up for money (or worse). The key is to always look at any event and focus on the positive outcome and steer your actions in that direction. This is a extreme version of black and white where we analyze something and take a stance so the prior few sentences are likely "SHOCKING". And. The point stands. There is a good and bad to everything. It is up to the individual to decide which decision is superior.

While average people focus on the inability to go out and "rage with their friends"… You can't really change the laws. So instead of complaining about the laws it's time to take action and focus on the positives. You now have time to read, write, work on a project you've been neglecting, eat healthier, kick out bad habits and improve all intangible skills that were unimportant pre-pandemic. If none of these items apply to someone, what they are really saying is they don't want to improve their lives.

So think about it simplistically, if you try to look at the positive of any situation, you will naturally move in the correct direction. If the we remain locked down, you can focus on reading, fitness, copywriting and other indoor activities that are productive. If the world partially opens up a little and say restaurants are "good to go" then you can say "great, i can now skip out on cooking X days out of the week and free up time for project Y". The key is to look at the positive productive angle based on the environment. Productivity will drive your long-term individual value to society.

Don't Burn Your Time with People Who Lack Prioritization: After a certain age you realize that giving advice is largely meaningless. People have already made their decisions most of the time so you're better off creating a platform to voice your opinions. This allows you to reach the 1-2% of people who are actually interested in improving their lives and you can resort to the old *"Smile, Nod and Agree"* for your real life interactions.

You can gauge a person's character by simply seeing how dedicated they are to improving. If they tell you they are going to do XYZ, figure out what happens over the next month or so. The vast majority (again 98%) will give up on what they said they would do. In fact a good rule of thumb is to find out what someone "doesn't have time for". This will give you the answer. If they don't have time for XYZ it means they don't value it and they will not take action any time soon. If someone doesn't have time to create a second form of income, it means they don't care enough and are content with the risk they are currently taking.

This is an important concept to keep in mind. If you know the person doesn't prioritize correctly, it ***does not*** make them a bad person. It just means you shouldn't personally invest your time in their future. You can hang out at parties but you won't mix anything performance oriented.

Lack of Skills is a Lack of Prioritization: Since everyone has heard of someone who got lucky (won the lotto, got hooked up by someone with a stellar career/job), the human mind then wanders to looking for shortcuts. This is a death sentence as the person will spend the majority of his or her time looking for an escape versus building any sort of internal skill set that cannot be replicated.

How to see this in real life? Just look at the work place. For those that have been involved in the workplace, they will know that performance does not matter as much as politics. If the right person likes you, you're better off in that situation vs. being the best performer. The starry-eyed ideals die very quickly after college. After all, who is going to battle it out with the CEO's cousin? No one smart, that's who.

Want to figure out who the inefficient people are? Just look for the guys attempting to "help the winners". If you are in a large office environment and you notice someone is constantly trying to attach themselves to a particular person you have learned two things: 1) the person is trying to take credit for the work of the successful person and 2) the successful person is of political or business importance to the firm. It is much harder to become a winner and drive value as an individual, so the vast majority resort to fictional (sometimes real) support roles for the important revenue generators.

Newer Readers: For those that are unfamiliar with our blog we have three high quality products in order: 1) Efficiency, 2) Triangle Investing and 3) Spending for Maximum Return. In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life. **We hold Q&As 1x a month for purchasers only.**

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Permanent Portfolios and a Plan A vs. Plan B

Permanent Portfolios and a Plan A vs. Plan B

Lately, we've been considering a "permanent portfolio" which simply means a new way to invest that avoids large ups and downs. Since we started this blog about 7 years ago we suggested dollar cost averaging all of your money into the S&P 500 if you are not rich yet (after the basic cash buffer is made). That is still a good strategy if you're young but we recently stopped investing in the stock market (end of last year) and have simply been moving to cash/crypto since then. Why? Well if you haven't been working/selling items for your own company since 2008… it means you haven't seen a recession. Recessions are the best time to get rich since everything goes "on sale". Long story short, our 2021 recession expectation (rough range), is the last recession we're attempting to "time".

General Principles: Before jumping into what a permanent portfolio would look like, we have to explain why it's possible to create one. The reality is that anyone who is a millionaire by 30, will have high income/cash flow… otherwise they wouldn't have made it to a million dollars so quickly. This part is usually confusing to someone with a normal income since your monthly cash flows can quickly equal a year of savings for median wage earners. What does this all mean? It means you can *move* your allocation without actually selling any assets. As a simple example if you have a million dollars equally split between four asset classes ($250K each), but you are able to save $25K in a month… By simply putting it all into one asset class for two months you have "rebalanced" your portfolio by a few points (it would represent 28.5% instead of 25% in just 2 months).

This is a significant advantage for you (if you're in this situation). Said a different way, one part of the entire portfolio could go down a full 10% ($250K goes down to $225K)… But you could simply take all your earnings for a month and toss it into the basket to rebalance to 25% (all else equal). This example alone should explain why we think individuals should not waste time looking up "the next big thing" until they are officially rich. If you simply close your eyes and buy the major asset classes (stocks/bonds/real estate/crypto/gold), you're going to do fine and are better off making large amounts of money before attempting to time out your purchases more. Your monthly purchase will equal your old annual purchase if you focus on becoming rich the right way (sales, ownership or tech).

A Recession is Simply Opportunity: If you're successful the chances of being employed/making decent money during a recession is quite high. Why? Well this is how life works. Recessions are painful for most, yet the ultra successful stay insulated. They are able to find employment since they are actually delivering value (unlike most within the Company or Industry if you run your own business). This gives you a chance to buy talent at a discount (high quality people who were cut due to office politics vs. performance) and it gives you a chance to buy assets that are deemed "too risky" even if the business model is completely unchanged long-term. A good example of this is when the housing bubble crashed, that created a "cloud of worry" around rental income and people decided that homeownership was "not for them". Of course… this ended up being the best possible time to buy since people still need somewhere to live over the next 50 years. In short, watch the news closely during the down turn (seriously!) and if they say an industry is "forever changed and this time it is different" look into that industry because it usually isn't. Funny enough this even worked during the tech bust, when the view was that the values were forever going to be deflated, meanwhile the top companies that actually survived and thrived are worth significantly more than they were back in the 2000-2001 period.

A New Permanent Portfolio: The world continues to change rapidly, about 15 years ago smartphones were not pervasive and there was no such thing as crypto currency. So the way we think about a "permanent" portfolio is to have sub-segments along with a 'alternative class" where you buy small amounts of any emerging future company/asset class. Who knows, maybe the next best investment will be real estate on another planet (seriously, anything is possible over a 50-100 year frame). The chances of this happening are slim but being prepared for structural shifts is the whole point of a permanent portfolio. The second most important piece of a permanent portfolio is "no stress". You're creating a permanent portfolio to simply increase your net worth over time and no longer think about money in the future.

Pause for a Second: Before any confusion arises, everything outlined in Triangle Investing is till valid. If you're not rich yet, you're better off just dollar cost averaging into stocks, real estate and crypto. When we refer to "dollar cost averaging" into homes, it means you're just taking a portion of your net worth every year to buy some sort of rental property (or any other asset that is real estate focused). This post is meant for two different strategies we've been mulling on *once you've hit your financial independence hurdle.* We have to emphasize that point. This post is for people who are looking for new ideas once they are set and there are really two clear paths: 1) a permanent portfolio and 2) a strategy to get your plan A. We can't think of a third plan so it really turns into a permanent portfolio and a high risk plan A.

Permanent Portfolio

Since retirement makes no logical sense as your brain erodes from lack of use, we assume that you'll always be doing something for money. If you follow our plan for a million dollars within 10 years, the math suggests that you will eventually be worth ~$10M in the future due to compounding and continued effort (you didn't get to a million with a low income!). This is a great set up but does not answer the obvious question "what type of life do you want to live".

If you are not interested in driving lambos and traveling on private jets or first class at all times, the permanent portfolio is likely better for you. This is similar to what is known as an "equal weight" portfolio. There are many other names for it including the "Quattro" strategy. The basic premise is as follows: there are 4 clear asset groups for active management – 1) stocks, 2) bonds, 3) cash and 4) gold. Remember this is based on legacy portfolio management theory and does not include new markets like crypto currency.

How does it work? You simply put 25% of all of your income into each of the four groups. At the end of the year (or twice a year), you sell the winners and re-buy some of the losers to rebalance at 25%. Since gold goes up during recessions (historically) and stocks go up during upturns, this naturally allows your portfolio to grow over time. Will you get rich off of this? No. Will you go broke off of this? No. This is the point of the strategy as it reduces risk for you over long periods of time. Also. This strategy is also perfectly fine if someone does not want to think about investing while they grow their business.

Fast Forward to 2019: At this point the world has changed quite a bit. While the equal weight strategy will likely work, we think it makes more sense to have something that is much more "future friendly". This means you're going to have more assets to actively reduce the chances of missing out on the "next big thing". People who missed out on Bitcoin at prices below $1,000 for example are still trying to play catch up. So we've come up with a percentage that should work as a new "permanent portfolio" for the next 50 years or so and it looks something like this: *25% Stocks, 20% bonds, 20% Cash, 20% Gold, 10% Crypto and 5% alternative assets.* The emphasis here is that this balance refers to all of your invested assets and does not refer to real estate since we view that as a separate entity entirely (since you can have forced returns where you actively fix it to improve the performance). For those that want to nit-pick, what usually happens is that the person will own a couple of properties (one he lives in) and one or two rentals at minimum.

Rebalancing: Since our portfolio is a lot more complicated when compared to the standard portfolio, we would only rebalance once a year. When you think about it this will also allow you to "ride your winners" longer and also forces you to sell the big winners at higher levels. Selling and rebalancing is costly not just in fees but time as well (tax issues also occur due to1 year holding periods). The losers in the portfolio are unlikely going to impact you since the volatility is tied to the crypto, stock and alternative asset pieces which are a smaller chunk of the overall portfolio.

Final Note on Permanent Portfolio: The biggest downside of the permanent portfolio is that you're not actively learning about new things. You're creating a portfolio that will go up over time and makes sure that you will be able to slightly increase your spending for the rest of your life. The biggest upside is that you are free to do anything you like with your free time: spend hours on the beach, travel, sleep in, work less and read less. While this sounds like hell to people who are still trying to work their way to the top, a permanent portfolio allows you to sit back and decide on what you would like to do next. So. Remember this set up for the future since its a good way to put "time on hold" if you ever need to.

Aiming for a Big Plan A

The second idea we've been ruminating on is the "Plan A" portfolio with extra money. One of the main items from this blog is that we're recommending a basic strategy to get modestly rich that will work for anyone. It does't require immense talent it just requires a lot of work and reflection. What are you good at, find that skill, work long hours for the first 3-5 years of life and hit your basic financial independence number. Only people who absolutely "must" be worth $100M+ would not follow this plan. They would go down the full ownership route on day one as that is the only way to really get rich (starting and running a company).

Investing for Plan A: Making the numbers up we assume that you're worth $5 million. At this point you can generate around $250,000 pretty easily with just 5% returns. That's more than enough money for the vast majority of people but lets go ahead and say that you have bigger goals in mind. If you want to try and make another leap the only way to do so is through serious concentration. Mainstream financial advice always says to "diversify" but the people who get rich do so by selling their companies and owning a large chunk of it.

What does this mean? It means that your alternative strategy is to simply go all in and swing for the fences. If you already have $5 million and that is enough for you personally, then it is time to go ahead and take all your future income and put it into risky investments. This is not something "mainstream" advice will tell you since they always go with the lower risk answers.

Venture and Angel Investing: You guessed it. Getting in early is the only real way to get outsized returns. One of the most important changes over the past 10 years is that individuals can now invest in early stage companies rather seamlessly. You don't have to wait for the Company to go public and you don't have to wait for a major round. All you need to do is make contacts and offer a large investment in the first fund raising round. *The key here is that you need to be right at least once*. If you're right once with a large initial investment of say $100,000 (a large sum for a first round raise), you can get a return that is well in excess of 10x.

As you can imagine… This is the direction we're choosing. This is not a recommendation as there is nothing wrong with a permanent portfolio or a 10% annual return on all of your money. We've reached a point where working an extra year and saving it into index funds, or cash/bonds doesn't make any impact to daily life. What is the point in increasing your monthly spending by around $500-1,000 (again making the number up). You're only going to live a different life if you're able to double or triple your monthly spending and at some point you will hit scale issues. Adding 50% to multi-million dollar portfolio with work is much harder than adding 50% when you only have a couple of hundred thousand dollars to your name.

Unsurprisingly, this change in strategy is slowly bleeding into the content on this blog. Prior to 2016/2017 we focused a lot more on compounding investments to make sure there was enough buffer room to sustain a recession. We're past that now. A 50% drop in the stock market, bond market and real estate market would not impact our lives. In fact nothing would change except the numbers on the screen since a 50% decrease in cash flow still allows for financial independence. Many will say that is a brag which is fine but it's more of a "change in situation". Take a step back and ask yourself, if you knew that someone would hand you enough money to pay for all food, clothing, travel, housing and healthcare expenses for the next 200 years… Would you personally be interested in an extra few hundred dollars a month? The answer is probably no which is why our thought process and ideas are starting to move away from the original strategies on the blog.

Time for Change "Quitting": We recently wrote that one of the most important skills is learning to quit. Another person on Twitter used the phrase pivot but the concept is the same. We've realized that once you hit a certain net worth, the impact of making 5-10% gains is not interesting anymore. While we won't do anything crazy (touch the principal), there is no reason to take all future income and buy the same old stuff. So we're quitting the low-risk low-reward portfolios going forward. The strategy is to attempt to reach the "next level" which requires doubling or tripling net worth and the only way to do that is … you guessed it… by taking on more risk! Surprise surprise. As a fun note, as we've mentioned the last 8 months, we have stopped investing more money into stocks and our current cash flow has been going into only cash and crypto. By the end of the year we intend on putting a large investment into a high risk asset. Once this happens we'll likely explain the process on the blog. No. Most people won't like the articles. But. We can't really do anything about that as its the direction we're going.

On that note if you have deep knowledge on any high risk high return investments please leave them in the comments.

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Personal Finance Advice on the Internet is Bogus

[Personal Finance Advice on the Internet is Bogus]

After getting more and more comments about making money, breaking out of the middle class and generating passive income we decided to read a few popular personal finance blogs. The first step was realizing that most of these blogs encourage you to live a boring life by focusing on net worth instead of Adjusted Lifetime Spending.

A quick digression.

After an hour or so of reading personal finance blogs it became irritating. So irritating that we're going to go ahead and outline every single piece of terrible advice you are receiving. Lets begin.

Bogus Rule #1 Save 10% of Your Income: Anyone who gives out this sort of advice is making a cruel joke, is broke or is a liar. One of these. The 10% rule does not work because your income should increase over time. If you save 10% of your income for life and your income never increases, you will be able to "retire" (see die) at the ripe old age of 60+ with the exact same standard of living… if you want to call it living.

How is this a cruel joke? Easy. If you believe you're doing the right thing by saving "10% of your income" you're going to lose motivation immediately. In your head you will mentally believe that you're on the right "track" and instead of reinvesting in yourself you should ride the smooth wave to the same mediocre life at 60!

How is the person broke? Well if the person believes this, then there is absolutely no way he made it rich on his own. Why? If you actually want to get rich, you are busy generating a lot of income for many years of your life (usually in the beginning) so you are actually saving closer to 75%+ and hit closer to $1M by thirty or so. Why again? Simple, your life is extremely miserable if you try to live off of 25% of your income and have a salary of $100K a year… 25% on $400K is not difficult and the game works in your favor. The real question is… what is this person trying to sell you?

– If this advice is coming from internet blogs (subject of this post) then he/she is trying to build a connection with you to keep you on their site generating money for them**.** Ever notice they try to make it seem like they were "just like you" in the *past* what an outstanding coincidence! The standard move is "I was 25-35 years old up to my eyeballs in credit card debt… then…"

– If this advice is coming from a financial advisor (read broke guy who makes $80-100K a year). He is actually trying to get you to open accounts for his $50-100 sign on bonus! And…. If this advice is coming from your employer? They want you to save just enough to feel good about yourself but not enough to be independent and quit! It also helps because knowing you can never leave allows them to pay you a smaller bonus.

There you go. Bogus advice #1 busted. Try to save 25% of your income per year and you'll realize that the only way to do this, without stabbing yourself in the eye with a hot needle, is by generating significantly more income than average.

Bogus Rule #2 Focus on Day to Day Purchases: This is the second most useless piece of advice. It comes in many forms. You should spend your extremely valuable brain cells on… watching your $4 latte purchases, $4 bag lunch vs $7 take out lunch and you should be laser focused on $3 toilet paper versus $4 toilet paper. Before getting too annoyed by this, it actually follows the same outline as above! Anyone who actually believes this is the way to become wealthy/rich is playing a cruel joke on you, is broke or is a liar.

How is this a cruel joke? It is a cruel joke because you are going to develop a frugality belief system. In addition to this development you're not going to think about the extremely high cost of avoiding coffee. Want a solution? Every single time you get coffee… buy two. **One for you and one for the guy you're meeting for coffee.** Now you're down $8 instead of $4. How long does it take to make $8 with practically no skills? About 30 minutes. Go on fiverr and do a mundane job at your desk to make up the cost. Here's the rub. If you can continuously find someone useful to have coffee with, the return on investment in a year is probably going to be $10,000 or so. How does that coffee taste now?

Finally, how many rich people do you know that fret about a $4 coffee? That is correct. Zero. If you are able to meet a rich person for coffee there is a zero percent chance he is going to be interested in the coffee. None. In addition, notice the trick from the question above… Rich people don't pay a cent for coffee. Caffeine for thought.

How is the person a liar? Lets put the two points together. If someone is telling you that saving $4 on coffee and $2 on toilet paper and $3 on bag lunches made you rich… This is mathematically impossible. If you saved an extra $10 a day for the rest of your life you're putting away $3,650 a year. This is a rounding error.

Bogus advice #2 busted. The reason they are giving you this terrible life advice is so you feel better about your life when you read their blog. "If I just save $10 a day more I can be rich too!!!! (*completely ignore the person's $500K internet income!*)". If you feel better about your life after reading their blog, you are going to post their website links on Twitter, Facebook and Instagram… This generates more income for them and you've been sold mathematical snake oil. In short, they made you feel good so you could spread their gospel… see make them rich. The "family man" is really just the mob, you are part of "the family"… doing his dirty work.

Bogus Rule #3 Bond Exposure Should be Equal to Your Age: This makes no sense at all. If you have bond exposure equal to your age this implies that you should have 21% of your total assets earning 0% in inflation adjusted earnings power right after graduation. Too complicated? The reality is here: bond and CD exposure = $ you are unwilling to lose.

In a low interest rate environment, the net gains by a diversified bond fund is likely in the 3-4% range. This means the yield is roughly offsetting inflation. So? ***The only time you should have exposure to bonds is when you are financially independent.***

If you are not financially independent here is where you should invest your money. 1) In yourself. In anything that will actually generate real dollars for you over the next 2-3 years, 2) in a business you are starting where you can get cash on cash return within 1 year and 3) index fund/stocks since you have to take on risk in order to move towards financial independence in the first place.

Other than that? If you have a low net worth keep a few months of living expenses in the bank in case you hit a rough patch and get to work on how you should really invest as noted in the three points above. The implied message is obvious, you have to continuously take on risk and volatility until you hit your stride. It will pay off.

Bogus Rule #4 Spend 30% of your income on Housing Costs: This is laughable at best. Housing costs at 30 percent implies that you are going to be spending at least $2.5K per month on housing if you make $100K a year. This is insane! You don't make enough money to afford $2.5K per month if you're only generating $100K per year. Lose the ego and downsize.

Until you hit your stride financially, you should spend as close as possible to 10-15% of your income on housing. If you are fresh out of college working in a legitimate career then you're going to have roomates. Tough it out. You're not going to spend any time in the room anyway (if you're smart!) so there is no point in having a high end place. When can you spend 30% of your income on housing? When your passive income is more than 2x this metric.

Bogus Rule #5 – Get Rich Slowly: Complete and utter lie. No one who is actually rich gets to their level in a long period of time. There is not a single successful person on this planet who got rich over 40 years and the general public knows his name. Not one. The reality is that you get rich in a windfall or by grinding out a large amount money over a shorter period of time. Why? The laws of mathematics once again!

Lets say you are happy with your lifestyle but you're only saving 10% of your income… Now lets say one year you sell a business you were working on. It is sold for 10x your annual income. Boom an *event*. Assuming you do not spend the proceeds… you never have to worry about finances again. Why? Your savings just increased by a factor of 100x. Most people think their savings rate was only 92% versus 10% which doesn't sound like much… This is not how you do the math. If you were saving $5K off of $50K a year, you incur an event at $500K, *<u>you just saved $500K/$5K = 100 years of savings in a single day.</u>* Make no mistake, most people who actually become rich have an *event* that makes it rain so hard the Mojave Desert could be turned into a swamp land.

Second way to get rich? Re-read point number one. If you go through these personal finance gurus who really tout "saving slowly" as the way to get rich you will realize that they made 3-4 times the median national income. It is simply non-sense. Place any normal human being in a major western city, give them an ounce of self control, pay them 4 times the median income of that city and they can save 9x the median income in just three years. Look at how quickly the math works in their favor: Average income $50K, earned income $200K = 3 years at saving $150K = $450K…. $450K in three years = $450/$5K = *<u>90 times the median savings of the median household.</u>*

It had absolutely nothing to do with slowly saving money. It had absolutely everything to do with making money fast, fast, fast. The ETFs out there are going to return 7% – 10% a year… maybe. You ain't gonna get rich quickly that way.

Bogus Rule #6 – Focus on Entertainment Cost Cutting: This appears to be the "new age" personal finance advice. "Cut your cable! Just use Netflix!" or… "Go to XYZ cheap carrier and save $40 a month!". This type of advice should make you puke. If you are thrilled to find a way to cut your costs by $5 a month through internet research you've already lost. You are running head first into a brick wall at full speed. Why? You're not addressing the real issue. Which is consuming for pleasure (entertainment) vs. consuming to learn (reading)

Here is what you do instead. At the end of every single year you can review your budget by getting into an excel spread sheet or using mint.com or a similar software. Got it? Now for one full day you get to browse the internet and find all the fixed costs you can reduce. With us so far? Once you spend 8-10 hours doing this, make all the changes and you no longer get to review your costs for the rest of the year.

Congratulations. With this simple step above, you better make at least $10K more this coming year. Take all your free time that would have been wasted trying to save $5 and go earn money instead. If you don't make $10K by following this advice you're wasting your time consuming entertainment off of your "cheaper" television costs. The real cost of television is not the cable bill. The cost of television is the time you waste watching it.

Bogus Rule #7 – Buy a Home as Your First Major Investment: Simply put, no. A real estate asset should not be purchased as your first major investment because it will lock you into a specific location. This means you're forced to stay in one spot and will not be portable in terms of obtaining a new Career. In addition, if you work online you're locking yourself into one location (at least temporarily) which was the entire point of making money online in the first place.

<u>If you are a housing evangelist then here is the blueprint to buying your home:</u> 1) Be 100% certain you do not want to leave the area for the next 10 years; 2) Befriend a lot of people who can do housing construction for you on the cheap. This will take you 2-3 years to develop strong relationships so you receive a legitimate discount on renovations (yes you must add value to their lives); 3) Buy the home with minimal debt; 4) Buy a fixer upper; 5) Call your new friends to help you make changes; 6) Your only costs are now maintenance (use HOA costs for high end condos as a proxy – 1% hit per year); 7) Simply assume your home will grow at a rate of 1% maintenance + 2-3% inflation over the long run

There you go, now you know the truth about the personal finance space which is full of lies and bogus equations that will ensure you remain broke for 40+ years and wondering "where your life went". We have said this at least 100 times in the past, but if it is popular and mainstream you should probably do the opposite. Practically everything on here advocates the opposite: 1) Try to save the inverse of 10-20%… Try to save close to 80-90% of your income! The implied message is go out and make money so your life isn't miserable off 10-25%; 2) Double down on day to day purchases, buy TWO coffees, one for you and someone you want to build a relationship with; 3) Bond exposure is practically useless unless you're financially independent, no risk, no reward; 4) Housing costs should be a bare bones minimum since it eats too much of your income. You should be working extremely hard if you are broke which means you won't be hosting dinner parties with that granite counter-top anytime soon; 5) Getting rich slowly is a myth, getting rich happens fast, fast, fast, fast, fast!; 6) Forget fixed cost cutting. You get one day per year at maximum to plan all your cost cutting at once. After that 80/20 rule applies and its no longer worth your valuable time; 7) Unless you're not going to move and love the location/city, do not bother with buying a home since it will be an inflation adjusted neutral investment

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Personal Finance and Dating

Personal Finance and Dating

Four ways to attract girls: 1) looks, 2) social skills – "game", 3) relative status and 4) money. That breaks it down quite well. Instead of arguing about which one is "more important" we are going to focus on money in this post. You should always work towards maximizing all of your four categories. However. We assume you are at the *median* in the other three categories (no competitive advantage when it comes to status, looks or game. Simply the median).

1) Overview of Why Money Matters

2) Quick Calculations For Your Relative Dating Market Value

3) If She Can't Experience It, It Does Not Exist

4) Why Over 70% of People Are "Below Average"

5) "But I Know a Rich Guy Who Struggles"

Overview of Why Money Matters

Since our readership is full of intelligent people… you already know why money matters. You can use money to improve your looks (clothes, healthier food). You can use money to hire a social skills coach (extreme situation). You can use money to hire a personal trainer (fitness). You can use money to elevate your relative status (owning expensive assets). *Money simply makes life easier.*

Please take a look at the graph below and you'll understand why you should work hard in your 20s. The graph depicts her expectations of your income versus your age.

Untitled

As you get older and older, the amount of money you're *expected* to have will continue to increase! If you're young (college or just out of college), girls do not have high expectations. You're young, broke and hopefully cool/popular. Money doesn't matter much.

You simply do the following: 1) get in incredible shape and join a sports team, 2) learn how to dress and 3) improve your social skills. Since girls do not have high expectations when you're 18-22 years old, do not try to use money to get girls. You don't have enough money and they do not care. They are more concerned with you being a cool and attractive person.

At 23 the fun begins.

For those of you that made the right decisions… the amount of money you're making will help you *immensely*. If you are making ~$150K out of college as an investment banker, you're going to have a slight edge over your competition. However. When you start making ~$300K+ at age 26-28 you are now in the top ~10% in major cities and life will get significantly easier.

In Short: When you are young, girls care much less about how much money you make. They care much more about how cool you are (status). How attractive you are (looks). How funny and interesting you are ("game"). This changes at age ~23. Even if you're still trying to date younger girls they *expect* you to have some income. Living at home in your parents basement is simply not going to cut it. You should have a roommate for the first year or two, post college. But. You should go ahead and live on your own by the time you are ~25 years old.

Quick Calculations For Your Relative Dating Market Value

Unlike other places on the Internet, we are going to break down the income brackets for you in a simple graph.

income

As you can see by the graph, you need to make *at least* the median income in order to consistently date girls in the 6-7 range. If you are extremely good looking or have extremely high status (musician, DJ etc.) you can break these rules. But. Nothing else will help you if you're below the median. If you have incredible social skills but can't even afford to live in a major city, the girl is going to ditch you. A girl who is a solid 7 still has dating options.

Girls in the 5 and Below Range: As mentioned in the graph… Who cares. Don't bother "practicing game" on these girls. Simply avoid them and move on. One day you will black out from partying too much and make a mistake. But. Do not talk to these girls on purpose! Everyone has a loss somewhere on their dating resume.

Girls in the 6 Range: A six is simply your type but other people wouldn't be attracted to them. If you like XYZ type look and she's "okay" it usually means she's a 6 to you and a 5 to someone else. This shouldn't matter to you, so simply proceed as normal. She knows she's in the 7 range for most guys and will adjust her expectations accordingly (notice: girls automatically give themselves 1 extra point). This means you should *generate at least the median income*.

Girls in the 7 Range: Now you're solidly in "cute" territory. This means the girl knows she's relatively attractive and she will raise her expectations. You need to be in decent shape, have decent social skills and not be socially awkward. More importantly, since this is about money, you should *generate at least 1.0-1.5x the median income* to consistently get girls in the 7 range.

Girls in the 8 Range: Competition is heating up aggressively. Just like improvement, dating is not a linear curve. It is an exponential curve. Girls in the 8 range know they are attractive. They are approached all of the time and will raise their standards yet again. You need to be in shape, decent looking and have solid social skills. You also need to generate serious amounts of cash flow to stay in the 8 range consistently. This means you need to *generate at least 3.0-4.5x the* *median income.* It becomes much more complicated at these levels. If you're doing great on all of the other items (looks, status, social skills) you only need to generate about 3x the median income.

Girls in the 9+ Range: Now we are in the upper echelon. Congratulations! Anything in the "9-10" range is simply a girl everyone will say is gorgeous. In addition, she is likely your "type". Meaning if you're into Latin girls or if you're into white girls, the lowest they will be called is a "9". A 10 to you may be a Russian blonde, but if another person likes Asian girls she will be a "9". These girls have an incredible amount of options. For all you know, they are already high end escorts for wealthy men in the 9 figure range. If you want to consistently compete at this level you need to generate *5-10x the median income*. The range gets much wider depending on who you are. One thing is for sure. Extremely attractive women have a ton of options so they will not date men who are "average". Anyone who believes otherwise is simply full of it. Good luck splitting a $40 round of drinks with a girl in the 9 range. You'll get paved.

In Short: You can calculate your worth pretty easily. If you're doing fine in all of the three other categories and you can generate the median income… You can pick up girls in the 7 range consistently.

"As long as you have two commas in your bank account… You will always be a seven" – Wall Street Playboys

The quote above isn't really a joke. If you have $1M generating ~5-6% returns you are making the median household income (post-tax) and will have no problem dating 7s. If you're in the seven figure net worth range and cannot do this it means you either: 1) have serious social issues, 2) are out of shape and are in bad health or 3) are not spending any of it. The third piece is critical.

If She Can't Experience It, It Does Not Exist

Repeat that phrase over and over again. If a girl cannot experience the money you have, it does not exist in her mind. This is why we continue to hammer down the importance of building a company *and* building a career in your 20s. If you make $1.2M a year but live in an RV located in Alaska… She's not going to care about you.

*The income requirements are based on money being *used**. If you generate the median income and use all of it, you will be able to date 7s without much trouble.

Location: As you can imagine, the median income requirements are based on *your city*. In major cities such as New York, San Francisco, Los Angeles and Miami, this is roughly *$80-85K gross income***.** If you are living in a city where the median wage is only $1K a month and can spend $3K a month… You're well into the 8 range. Income depends on your location. Everything in life is relative.

Net Worth Can Be Meaningless: In the extreme case where you are worth $5M+. But. Live in an RV… Girls will not care at all. If you are generating $250K+ in disposable income but spend $1K a month, you're not going to get any girls. If you generate $250K+ in spendable income but you are *using it all* now you're getting somewhere.

Create The Experience: This is where being well rounded will help you immensely. You should have many hobbies. You leverage these hobbies into interesting experiences which can include the following: 1) front row tickets to a concert, 2) tables directly next to the DJ, 3) large sporting events such as the Mayweather Pacquiao fight, 4) high end art events, 5) charity events where you are seen literally giving money away, 6) nice apartment/condo in the center of the city, 7) using a black car service at all times, 8) drugs and 9) anything else you can think of. If you don't have a personality then you already know what to do… *Get out of your comfort zone.* No attractive girl is going to enjoy spending her time around a type A boring person. They want excitement and fun. Looking at a 10-year yield curve is no where on her list.

Boring City, Limited Upside: This is yet another topic we don't see discussed much. If you live in a city that is boring and does not have much to do… You're *limiting your ability to leverage your income.* This is absolutely critical. If you get into the 3x median income range and find that there is no way to leverage your income… It is time to leave! In addition, the cities with the least to do typically have the least attractive women! You can apply this across countries as well. If you live in the most popular city in country X you're going to find that there are a lot more forms of entertainment and the "high end" has high caliber women (PHD, Lebain, Catch, 1Oak). Sure there may be rare "exceptions to the rule" but we don't know many cities full of attractive women with nothing to do (you couldn't pay us enough to live in Nampa, Idaho).

In Short: If she can't experience it, it does not exist. If you are an 8 figure man and spend $1K a month you're not going to obtain any leverage out of your cash flow. Find interesting hobbies and use them to meet the girls you like. If you can spend 3x the median income in your city and are not able to meet women, this is a clear sign that 1) looks, 2) social skills or 3) status needs to be raised immediately. Something needs to be fixed.

Why Over 80% of People Are "Below Average"

This graph explains everything in life. It explains income, it explains dating and it even explains life experiences. There is a massive positively biased skew to life and over 80% of people will fall below the average. This is simply reality.

distribution

Knowing that ~80% of people are going to fall below average you know that the girls are going to flock to the top 20%. This is shown on numerous college campus studies where 1/5 of the men receive the majority of the sex (*Reiteration:* join a college sports team if you can! Full ride + immediate status).

This ratio doesn't change as you get older and likely gets worse! Particularly as you get into the 30+ range where many men have decided to marry and others simply gave up and settled for a life of mediocrity.

Staying Above Average on the Income Side: This one is easy. Read our post on careers and you will have a hard time being below average. If you put in your best effort based on what type of intelligence you have… You will make money at or above the average. This will give you enough income to spend *at least* the median level in your city and invest the rest. You'll gain momentum over time particularly as *your event and performance based income* increases over time. In the interim… You are spending at or slightly above the median to maintain a normal and fun social life.

Use Money to Improve Your Looks: You cannot do anything about your height. You cannot do anything about your race. You can do a lot with 1) your build, 2) your hair style, 3) the clothes you wear, 4) your body language and 5) your diet. Instead of wasting hours and hours talking about things you cannot control, focus on the 5 items listed in this paragraph. Do the opposite of your peers and get a basic understanding of how to improve your looks. Use your money to get a solid gym membership, purchase some nice fitting clothes, stretch daily to improve your posture and of course use that money to buy premium fuel for your body (fruits, vegetables, fish oil etc.).

Use Money to Improve Your Status: This is straight forward. In a club environment, the easiest way is to become friends with the bouncer and bartender. Alternatively. You can go straight for the jugular and obtain the table next to the DJ. It simply depends on where you are in life. If you're trying to compete with guys in the 8 figure range in the most expensive club in town on an investment banking associate budget… You're going to struggle. This is simply reality. Find a venue that has girls you'd like to meet and calculate your relative status in that environment. If you will be in the top ~1/5 in the venue… It's the correct venue to enter.

In Short: Life is a positively skewed bell curve. It is not a normal bell curve. The vast majority of people fall below average leaving an open field for those in the top 20%. This ratio only gets worse over time and if you can get into the top 2-3% you'll be swimming in options. Sooner than later… you'll be avoiding phone calls. If you have to go out of your way to meet girls and you are 30+… Something went wrong.

"But I Know a Rich Guy Who Struggles"

To wrap up this post, the most common rebuttal is someone saying "I know a rich guy who can't get girls! Therefore money doesn't matter!"

This is pure non-sense. We have provided a solid guideline to how much money you need to make…

For a 7: ~1.0-1.5x median income; **For an 8:** ~3-4.5x median income; **For a 9:** 5.0x+ median income.

The only way this equation *does not work* is if you violate the original premises laid out in the post. We simply have not seen anyone with normal social skills and an income of $250K+ complain about girls in NYC. If you are 1) overweight, 2) dress like a slob, 3) don't spend money on experiences and 4) have horrible social skills, then you have broken the rules in this post.

Boring Type A Personality: This is the most common. Many, many, many people with high incomes do not have an interesting personality. This is why we recommend going out 2x per week when you're young (Thursday & Saturday). This creates a baseline for your social skills. It forces you to improve. Under no circumstances do you live inside of a basement coding the next amazing app for 7 years straight. You deserve to go out at least two times a week. If you know someone who is a boring type A person but has money… You know what to do. Befriend them and try to see if you can create money together. If there is no business overlap and the guy is unwilling to learn basic social skills, stop returning his calls. Move on.

Simply Unattractive: You don't need to be a model. You don't need to be 6′ 3″ with blonde hair, blue eyes and a testosterone level of 1,000 at all times. You simply need to be the best *you* that you can be. If you are of average height but have a solid build, you're going to be well ahead of your peers. Guys who are shorter but are built like "Greek gods" are going to do just fine (Frank Zane is a great example). Again. You do not have to look like a professional body builder either. Simply get your body fat into the single digits and put on extra muscle weight. As a review, here are the general guidelines (get to within 85-90% of these numbers):

Wrist Measurement Multiplied by (Number) to Obtain Ideal Body Part Metric: *Chest:*6.57x, *Waist***:**4.57x, *Hip:*5.57x *Thigh:*3.43x *Bicep:*2.43x *Neck:*2.43x *Calves:*2.29x **Forearm:** 1.86x

Poor Style: This is honestly an epidemic. While obesity is certainly the number one epidemic in the USA, poor fit and poor style is second on the list. It does not take much to look nice! Simply find clothes that fit and put them on!

In addition, take the next step and also find what colors suit you best. We don't know if you are Black, White, Latino, Asian, Indian or Middle Eastern (we also don't care). But. Please find the colors that will match your skin tone best. Here is a quick and basic book on the topic.

In Short: The argument of knowing a "rich guy who struggles" is simply rationalization. The person is trying to find examples to prove he is correct. This way he does not have to take responsibility for his life or his decisions. The only group of people we see struggle with women (once they clear 3x the median wage) are… *Type A boring people and extremely lazy slobs.* If you go out 2x per week and stay in shape? You're not going to end up in this camp.

Use this to filter out your friends. Anyone who tries to tell you money doesn't matter… is rationalizing their failures. Take a mental note and slowly fade away from them.

Concluding Remarks:

This post focused primarily on income and dating. If you are extremely handsome "a male 10" or have extremely high status in an area (DJ, Musician, etc.) then you can certainly break these rules. The overall premise, however, is the same. If you can spend 1.5x the median wage in your city (not save but spend on experiences) then you will have no problems dating in the 7 range. If you can get into the 5x median range and are in shape with solid social skills, you're going to be sending girls into voice-mail consistently.

– **For a 7**: ~1.0-1.5x median wage ; **For an 8:** ~3-4.5x median wage; **For a 9:** 5.0x+ median wage

– If you cannot find a way to date attractive girls while spending 3x+ the median wage in your city, the problem is personal. You should be able to obtain dates easily by having better ideas, better venues (concerts, major events, private parties, charity events) and better logistics

– As you get older, girls expect you to make more money. When you're young take advantage of this and prepare for the future. By 30 you should be at or above the median in spending power (bare minimum).

– *"As long as you have two commas in your bank account you will always be a seven"*

– If she can't experience it, it does not exist. If your net worth is in the 8 figure range but you live in an RV and dress like a slob, no one will care.

– Location matters a lot for 1) determining median income, 2) potential upside in terms of experiences and 3) your ability to leverage your income to *your advantage*

– Money can improve your looks, it can improve your status (calculate the relative value of people at the venue) and it can even improve your social skills as you should feel much more confident in your personal value

– Dating and *life in general* is a positively skewed bell curve. Roughly 80% of people are below average. This is simply a harsh truth.

– Anyone who claims that money is irrelevant is simply rationalizing or is extremely young (has not seen the wealth impact yet). If they are in their 20s, they don't know whats going to happen when the inflection point hits (around 30) and the long-term pain will come (40+).

– Avoid people who attempt to rationalize their poor decisions.

– from the comments here is the "median" for the other three categories:

Looks: you are about 5'8″. You are roughly 13-15% body fat. You are not fat or skinny or ripped. You know how to wear appropriate fitting clothes. You look better with a shirt on than a shirt off at the beach.

Game: you don't have social anxiety issues. You can spark a convo at a bar with girls or at a coffee shop. You do not have cold hard calculated regimens. A guy with incredible game can teach you a trick or two but you don't *need* advice. You are socially normal.

Status: since you're at the median it doesn't hurt or help you. You are not a DJ, bartender, promoter, musician, gangster, or ball player. You are simply a typical guy in the environment. You are not able to push guys around with status symbols (tables, bottles, sports car).

Notably, we will not let the post degrade into a debate regarding "what is more important" (IE: Looks or game, money or looks, status or money etc.)

Why? It depends on who you are talking to.

If the girl is obsessed with music you are going to have a huge edge by being in a good band (status).

If the girl is a trust fund baby, you are going to have a huge edge by being attractive since she doesn't need the money (looks)

If the girl is upper middle class and lives a boring life, your edge is going to come from entertainment/fun (game)

If the girl is dead broke and is a gold digger, you're going to have a huge edge by being rich (money)

Just don't trust them!

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PHD? No One Cares.

PHD? No One Cares.

For one reason or another we receive a large amount of email regarding Doctorate degrees. The title of the post is direct, a bit mean and for better or worse absolutely correct. **If you have a PHD and want to work on Wall Street, no one cares.** Now that you're paying attention we'll go ahead and break down every division in finance and why you will never need a PHD in Wall Street. Unless this dinosaur industry changes entirely, you'll never need anything beyond an undergraduate degree, at most an MBA to work on Wall Street because Wall Street is a relationship business.

Investment Banking: In short terms investment banking is a real estate agent for companies. If you want to buy a house you hire a real estate agent and if you want to buy a company you hire bankers. That is plain and simple. Now why would you ever need a PHD for this? You don't. In fact if you have a PHD it will be **harder** for you to ever enter investment banking since you have spent 4 years acquiring a skill set that is not useful for investment banking. If you must get an MBA, which we suggest you avoid, that is the maximum education level you will need.

Again the reason is simple an MBA is a networking opportunity. Your job as an investment banker is to build relationships and help fund them (capital raises) or sell them (M&A). An MBA would give you an opportunity to build out this network and shows some dedication to building bonds. *Your PHD study in XYZ does not generate money for any investment bank.*

Sales and Trading: Here again a PHD does not matter and shows a fundamental misunderstanding of the work that is done on Wall Street. In a Sales role you are calling hundreds of clients, you are in charge of managing soft touch relationships on a very large scale. You're assigned a sector (space) or region (say Texas) to cover and you're now responsible for helping the firm maintain relationships in these regions to generate trading volume.

Again here, having a PHD will make it **harder** for you to get an interview because your skills *do not generate money for the investment bank.*

Hedge Funds: Long Short Equity? Merger Arbitration? Macro fund? None of these jobs require or have a need for a PHD. On paper they will see a person who is overly qualified from an educational stand point. What does this mean? Now they are now concerned that you have a boxed view of the world. For the most part they are likely correct as you're trained in the scientific method and have a structured thought process that they likely do not need.

Here again, *how does your PHD help the hedge fund make money? It doesn't.*

Equity Research: Here you're doing niche work covering specific sectors, Industrials, Technology, Medical, Financials etc. Perhaps here the value of a PHD would shine in terms of product differentiation? Unfortunately not. Research is essentially the marketing arm for an investment bank and is a liason between the buyside and C-level executives. There is no need for a PHD for this type of analysis and relationship building.

If you do not believe that Equity Research does not require a PHD then simply look up the financial analysts on TV. You will see again that the maximum education level is an MBA. *Your PHD does not help you develop relationships with C level executives and again does not help you generate money for the firm.*

(** Small caveat is for the Medical division, here there may be some use for specific PHD's but the point is that is not by any means necessary to move up on Wall Street and you'll likely get very few extra points for having a PHD since again the job is a sales role)

Corporate Development: Here you're working for the M&A division within a large company, lets call it Fortune 500 for simplicity. Your job is to find strategic acquisitions, as an example look at small $10-100M companies that a company such as Google could acquire. While you need to understand what products and services each niche company offers your job does not entail product testing. In that case, the product will be run by the R&D team not the finance team.

In this case what would be of most value? You guessed it, again the most valuable and easily transferable skill would be financial modeling which could be done in investment banking, equity research, hedge funds, private equity and otherwise. *Your PHD does not help the firm make money and you would likely be better suited for the R&D team.*

Private Equity: We have used an example, a fixer upper house, to explain the private equity model. Your job is to find companies that can be acquired with debt and subsequently be sold for a profit ~3-5 years down the road. A strong candidate for private equity would have a solid foundation in financial modeling, reading sales memorandums, creating debt structures and of course building relationships. This is exactly why an ex-banker is the best fit for the role, they spend their time building relationships and building financial models.

If you have a PHD, again this does not help the Private Equity fund make money.

Mutual Funds/Fund of Funds: This is the last major pillar within finance, as noted by our networking map and again a PHD is not necessary. Here you're taking (most likely) long-term views of an entire company and are calculating the associated risks to build out major portfolios. Perhaps you're more focused on running the consumer portfolio, or you are in charge of dividend only stocks, at the end of the day your job does not entail creating a product/service (products/services from a business perspective, not a financial services perspective).

Your PHD does not help any mutual fund make money.

Final Caveats and Thoughts: Notice we have italicized the main point of the article several times, finance and Wall Street is about generating revenue and subsequent profits. If your PHD is not going to help the firm make money they will have no use for your niche skills. With this in mind there is only one space where a PHD would be necessary – working as a high level quant. The rest of Wall Street, again 99% of the industry, would need at minimum a bachelors degree and at maximum an MBA.

Finally, if you do not believe any information within this post you can prove this thesis out by yourself 1) sign up for a premium linked in account and find all the Managing Directors in finance across Investment Banking, Private Equity, Equity Research and Sales and Trading, 2) search out Portfolio Managers in Hedge Funds and Mutual Funds, 3) search out Corporate Development Heads. Across the board you will see the same theme, the vast majority will have high level undergraduate degrees or MBAs from top tier schools.

To end this post, always ask the following questions before you decide to pursue a higher education or any degree. ***“Will a company value my acquired skill set? Will my degree help me generate long-term profits for the firm?”*** If the answer is a no, don’t be surprised if you don’t receive any interviews.

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For the long-term readers you’ll notice we get annoyed by all the PHD questions. The reason is as follows: 1) we have covered this topic numerous times on twitter, 2) our myths about Wall Street post explained that complex math is not needed, the most complex formula will be a DCF, CAGR, WACC or CAPM which is a dead giveaway that a PHD is not needed 3) Wall Street is a sales job, 4) the biggest reason – if you believe a PHD will make you more attractive to an employer on the Street you have not done your research and do not know what your job will entail (this topic has been covered numerous times on the blog).

Edit: if you absolutely want to get a PHD and work on Wall Street the most viable options are 1) become a quant and 2) work in bio-tech/medical niche fields that require a PHD or where a PHD is helpful. Notably, even in the second bucket, most don’t have anyhing beyond an MBA.

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Physical Commodity Trading – Guest Post

Physical Commodity Trading – Guest Post

*****This post is courtesy of frequent commenter Houston Natural Gas Analyst*****

Physical Commodity Trading 101

The physical commodities trading space is a particularly niche segment of the overall Wall Street variety of career paths. It is extremely different from the paper trading that banks largely stick to in that you actually take delivery of the product you are trading, thus logistics come into play and you own large parts of the value chain to increase trade margins.

My area of expertise is in the North American gas trading space and the international LNG markets. However, given the fact that these transactions aren’t as exciting as those that take place in speculative crude oil trading, the example I will provide below will follow the sale of oil to a utility in Taiwan by a commodity trading house.

As you will see, there are many moving parts to a deal, this is why commodity trading floors are large and have multiple units or ‘desks’ all working on the same trades as it takes many people specializing in many different fields in order to complete a single physical transaction. Physical transactions are not heavily ‘screen based’ and most deals are completed via instant messaging and over the phone. These types of trades are impossible to complete as a one man show.

Before we jump in I’ll attempt to pre-emptively answer what I believe will be the most common question…

Compensation: Small salary. The upside comes from annual bonuses, which is formulated from my team’s y/e P&L, which is paid part cash (and mostly not deferred unlike at the banks) and part stock. Last year (which was one of the most lucrative years yet… despite the drop in commodity prices) the typical gas trader at my firm made something to the tune of $1.1MM all in. A lot of times this can be substantially lower if there isn’t as many opportunities to exploit arbitrage windows and I’ll go ahead and peg the typical gas trader compensation at ~300k – 600k all in YoY on a long term basis.

Last year the volatility in commodity markets presented many opportunities to exploit time arbitrage windows and thus the compensation figures for traders were substantial.

And with that out of the way, let’s get into it:

The time separating the purchase of oil from its sale increases the price risk. The counterparty default risk and the specificity of each transaction introduce additional challenges to oil and freight hedging and make trade risk management complex.

To discuss the elements of oil and freight hedging, let’s have a look at the hedging components in the timeline of a typical crude oil transaction:

Day 1: TRADE AGREEMENT

– An oil trader at a commodity merchant has agreed to buy 1MM barrels of Saharan blend crude oil FOB (free on board) from an international oil company loading in 41 to 45 days at Skikda, Alegeria at a USD -1 per barrel negative differential from the Brent benchmark. (The Brent crude oil benchmark is used for pricing physical oil in the Atlantic Basin.)

– Simultaneously the trader has agreed to sell the oil CIF (cos, insurance and freight) to a refinery in Taiwan for delivery in 101 to 105 days at a +4 positive differential from the Dubai benchmark. (The Dubai crude oil benchmark is used for pricing crude oil exports to East Asia.)

– Immediately after the trader got his oil trade agreement confirmation the freight paper trading desk covers the risk exposure that the freight represents with a composite of long freight forward agreements (FFA)

– Typically, a commodity trading and shipping advisory tailors the composite to the specific needs of the transaction…. The correlation, volatility and the covariance of the instruments chosen are quantified to create a composite achieving decent liquidity while minimizing the basis risk

– The shipping desk at the merchant is now vetting candidates and negotiates a suitable vessel opened for the loading area with a laycan i.e. the period in which the vessel has to present herself at the port in question, in the next 41 to 45 days

– Immediately after the trader got the agreement, the oil paper trading desk buys 1000 Brent/Dubai swaps to cover the 1MM barrels under the trade agreement. They could also use a combination of Brent futures and forward month Dubai swaps to cover the Brent and East of Suez prices. But the Brent/Dubai swap enhances hedging due to how liquid it is

– Opening this position is to lock in differential values. A lot of math is involved here but at the end of the day what happens is that the hedge removes any market risk from the trade and the position is solely exposed to the spread between the price where the trade originated and where it will ultimately be discharged. (North Africa/Far East arbitrage)

Days 2 – 40: PRICING PERIOD

– Oil and the cost of freight are marked-to-market daily

– Tanker freight is volatile and needs to be marked-to-market just like the oil that they transport

– The sooner parties come to an agreement on a vessel the better. Typically the trader's hedge desk will then close the freight swaps and chase paper confirmations for the trader

– In our example a suezmax tanker voyage is locked in at USD 3.50 per barrel with a realized hedging gain

– On day 1 the Saharan oil was traded at +1, thereafter it will be marked-to-market daily

– As a result the market sets the price of the oil during the pricing period

– The final price settlement however is determined by the average when the loading is completed

– For the purchase the Saharan is fixed in the trade agreement as the Brent average during the loading period

– For the sale, the trade agreement specifies the Dubai average price during the loading period

Days 41 – 45: LOADING

– When tanker hoses are disconnected from the ship's manifold, the vessel has finished loading its cargo

– At this point, the merchant buys the Saharan blend crude oil at the average Brent price minus 1 (USD 100 per barrel in our example) and thereby defines its inventory cost (USD 100MM)

– When originating crude oil (day 1) the trader's analyst requested a letter of credit (LoC) from an investment bank's commodities desk

– Through this intermediation the company provides credit to this international clients in the form of offshore US dollars

– The oil company seller that the trader bought from draws on the LoC and the agreed amount becomes a secured loan of the trading company

– Thanks to the LoC the risk of the trader defaulting on the oil purchase is effectively transferred to the issuing institution

– Because the oil sales price with the refinery has been determined at an average Dubai loading +4 (USD 103 per barrel in our example) the trader has no price risk anymore

– Once the oil is priced, the oil paper traders sell their Brent/Dubai swaps with a realized hedging gain of USD 1MM

– If the average price was determined at the average Dubai discharge +4 the trade would still be exposed to price-risk and the would need to sell a forward month Dubai Swap matching the period when the refinery is finally pricing

Days 46 – 100: TRANSPORTATION

– The contract is for 1MM barrels, typically the loading is less than 98% of the volume capacity to allow for expansion

– The exact quantity of oil is determined at the loading port

– As a result the invoice quantity of oil is the quantity states in the bill of lading

– Ideally, the physical excess/deficit between the nominated quantity and the total barrels loaded would be zero but unfortunately this is never the case

– As such, the excess/deficit relative to the LoC is marked to market

Days 101 – 105: DELIVERY

– Once the tanker discharges in Taiwan, the merchant invoices the refinery the bill of lading quantity times the Dubai average +4 (USD 103 per barrel) as agreed in the trade agreement

– Until the trading company receives the payment for the cargo, the receivable is securitized by a bank's commodities structuring group in a "Special Purpose Vehicle" (SPV) sponsored by the trading companythereby providing a supplemental layer of cash flow

– This allows the company to manage credit risks via securitization i.e. transferring them to the capital markets instead of assuming the transaction's credit risk (that the refinery doesn't fulfill its obligations in a timely manner after the cargo delivery)

– The bank bundles this and other notes like it into a zero-coupon fixed income security and transfers the risks to the capital markets

Summary: There you have it. The day-to-day work of a Houston/London/Singapore/Geneva commodities trader. The above explanation demonstrates how the commodity risk management of a straightforward transaction can become rather complex. Oftentimes, additional transaction layers make it very tough for the company's internal hedge desk to audit the trading risks and as a result provide for an accurate hedging of the full transaction. This happens surprisingly often and forces guys like me to get trapped at the office pretty late. It's particularly bad when edits to the risk management of a transaction have to be correlated between London Houston and Singapore's trading desks.

I understand all of this is extremely hard to follow if you don't work in the space and have included an extremely simple version of a position model that has been annotated so that it's easier to follow along.

As mentioned above, any questions? Ask away.

Next, I'll go ahead and describe a typical day in the life of someone who works on a phys commodities desk. Every day is relatively different given the nature of the job, but given the fact that the business is a bit slower paced than traditional wall streetfinancial trading roles it's slightly more routine:

A Day in the Life

6:30 AM – Alarm goes off, check emails that came in overnightfrom our international desks, make sure there was no trouble when London and Singapore rolled their risk models on exposure for the group.

7:00 AM – Jump in car and drive to the office (Houston public transit system is awful and doesn't go anywhere except around the city core.)

7:30 AM – Arrive on the desk, swing by the coffee shop downstairs for a coffee and small pastry.

7:45 AM – Start firing up my terminal (Bloomberg, Outlook, Excel, ICE trading platform, Yahoo Messenger, AIM, Symphony) emails begin flooding into inbox, mostly research reports. Instant message buddies at other firms, brokers, and other traders to get their thoughts on how the day is going to pan out. By now most guys are at their desks and some enter into positions. If you're working at an oil & gas major this is the time that you'll be reaching out to your 'regulars' to take some of the production that came in overnight off your hands. Typically – you must sell all of the commodity length at an oil & gas producing company before you're allowed to take positions in the spec book. However there are a few oil & gas companies that differ in this regard and have dedicated desks which solely trade speculatively and don't have to be bothered to sell the equity production at the beginning of the day.

8:00 AM – Check in with market intelligence services regarding any plant maintenance, pipeline damage/closures, power outages etc. Instant message my schedulers and ops guys to see if there are any problems taking place in end markets regarding logistics as well. Make sure weather is not impairing the movement of any of our energy.

8:30 – CME opens. Brokers start blasting my IM with wiresshowing bid/ask spreads, market starts to light up and I jump on the phone with brokers and sales & trading guys at the banks to sniff out any valuable information which could potentially be exploited for a profitable trade. The market is usually most active in the first 30 min of the day and the last 30 min of the day.

9:00 – Market is a bit calmer might make a few scalp trades in financial products here and there based on run of the mill technical signals. Fire up regression model my analyst built to forecast the EIA gas storage numbers which will be released in the next 30 min. Flatten any exposure going into the news release because although EIA reports aren't particularly accurate they have the potential to cause massive movements in the market.

9:30 – EIA report drops, turns out there was an inventory build in gas with demand remaining flat. Gas futures drop 150 basis points; I analyze the movement and see the impact it has had on physical gas prices around the country. Try to find anomalies caused by the price action which can be exploited.

10:30 – Still on the phone/IMing counterparties, brokers, and buddies at other firms. Arb model lights up showing that gas at Chicago City Gates will perform stronger relative to the futures market. Buy 500,000 mmBtu July Natural Gas FOB Chicago City Gates @ $2.85 sell 50 Aug Natural Gas Futures @ $2.80. (I am no longer worried about where the price of gas goes because that risk has been offset by the position I took in the futures market, I am now strictly concerned with how gas in Chicago performs against the futures index.)

11:30 – Lunch time. Order food in via post-mates since I can't leave the desk while I'm in this position.

1:00 – Markets are closing, volatility begins to spike. Sell 500,000 mmBtu July Natrual Gas FOB Chicago City Gates @ $2.86 buy 50 Aug Natural Gas Futures @ $2.75. Result: profit of $30,000 (5k on phys 25k on futures.) Turns out my thesis based on the arb model and some fundamentals proved accurate.

2:00 – Meander around the trading floor, shoot the shit with counter-parties and the guys on my desk, read a couple Wall Street Journal and Bloomberg articles. Enter into intense discussion about the quality of the guy's suit that's talking on CNBC and how hot one of the chicks are.

3:00 – Discuss the daily market action with other traders, follow up with reporters regarding market commentary etc. swing into a 15 min position report meeting to review exposure of the book and prep game plan for tomorrow.

4:00 – Write up all the trades made during the day, review contracts negotiated during the day, return calls, emails, and IMs I missed while intently watching my trade. Follow up with junior traders on their projects relating to updating/building new arbitrage models etc.

5:00 – Finished for the day. Head out for drinks.

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Predicting When You'll Feel Rich and Ways To Guarantee That You'll Never Feel Rich

Predicting When You'll Feel Rich and Ways To Guarantee That You'll Never Feel Rich

You want to get rich. Everyone does. It's just taboo to say so. No one wakes up and says "Hey I want to be as average as possible". On this side of the web wanting to get rich and admitting so is encouraged (maybe you're rich already)! Now that we have people visiting from all over the USA, we think it's time to predict exactly when you'll wake up and say from a purely financial perspective.

"Well. Looks like I'm officially Rich!"

<u>Feeling Temporarily Rich</u>

Almost everyone will feel temporarily rich several times in their lives, we think this is primarily due to one-time windfalls of income. Maybe you got your very first investment banking analyst bonus check, maybe you just closed your first $1M+ property sale and maybe you were gambling for fun at Vegas and won $10,000. Either way… you're going to feel rich temporarily. From what we have seen, most people will feel temporarily rich when they receive a .

One Time Windfalls: <u>one-time windfall that pays for approximately one month worth of living expenses</u>

If you spend some time traveling at some point in your life you're going to visit a specific location that you enjoy. It could be Russia for the nightlife or it could be Brazil for the beaches and happy go lucky people. Either way, if you enjoy your first visit imagine what happens if you return to find that your currency has appreciated by some 20-100%! We're using a wide range but the numbers are not out of the realm of possibilities. Going back to a place you enjoyed and seeing the cost plummet will make you feel temporarily rich for the month or so you spend in that location. For those in the United States, the recent currency moves over the past 2-3 years should have everyone feeling a lot richer.

Large Currency Exchange Gain:

<u>Feeling Rich Based on Income and Passive Income</u>

At this point in time. If you're making $50K a year you're in the top 1% worldwide (top 0.31% to be exact according to the global rich list). So congratulations on being in the 1% already. The problem is that you won't feel rich because your environment is not Subsaharan Africa or Thailand, you're living in the greatest country on earth: the United States. Here? $50K is approximately equal to the median household income so you're smack dab in the middle. You're unlikely going to feel rich due to your environment… take a look at the chart below for more details (2013 data).

Basic Calculation – Relative Wealth:

Median Income

As you can see, the median income and average income varies across the country. This will be a major determinant in feeling "rich" or not. Importantly, we also raise the bar a bit more and say that you must look at the income. The reasoning is pretty clear, the median is going to be lower than the average. There is a floor to earning ($0) and there is no cap (if Warren Buffet walks into a room of 50 people, the average net worth is significantly higher than the median). In that scenario, the average should be to the right of the median on the bell curve.

AverageThe basic calculation to feel rich from what we have seen? **~2-3x Average Income**

It gets more complicated. Lets say you're living in a major city and absolutely loathe it. Well even if you make 3x the average income… you're not going to feel rich! There are a lot of unhappy people making a ton of money living in a place they absolutely hate. This is a big problem because it says that being rich could require more income if you're forced to live in a city you don't like at all. This is a bigger balancing act and from what we've seen it takes another full multiple to feel rich (locked into a city you don't like).

Location Scenario – Relative Location: *The calculation to feel rich in a place you dislike?* **~4x Average Income**

Now the plus side is that you may be able to reduce the necessary income to feel rich if you absolutely love the city you're in! Generally speaking, if you spent the last two years traveling the world and found a place you love, you'll need less money to feel rich. Psychologically it is quite difficult to give up money (any money addict will agree) so the multiple isn't quite a full turn but somewhere around half a turn. If you find a city you love you'll feel rich with

~1.5-2.5x average income.

The main premise in feeling rich forever is that it is relative to your passive income (not semi-passive income). A well run business or a high paying career could go away tomorrow. Sure this is less likely with a business. But. The potential for it to go to zero is still there. This is why "feeling rich forever" is relative to your inactive income. If you receive $10M tomorrow, you'll feel rich forever due to the passive income generated by the money.

Feeling Rich Forever – Passive Income: The simple calculation = 1.5x your annual spending in passive income.

Feeling Broke Forever

The calculations to feel rich are pretty straight forward. The problem is that life is complex and there are many "curveballs" that will prevent you from ever feeling rich. Most of these curveballs are psychological where people become addicted to status items or beating everyone else in the race to the "highest net worth" game.

No matter what, you're not going to be the richest person in the world. Constantly changing the people you "compare yourself with" will lead to nothing but unhappiness. If you live in a major city it is practically impossible to become the richest man there and if you do succeed in that… you're going to become famous which involves another whole host of problems. Importantly, getting relatively rich is the name of the game over here. Trying to become the richest man in the world usually leads to a life of constant work and stress. Figure out how much money you'll need to live a life you enjoy, multiply this number by ~30 and put the blinders on. Trying to beat the guy who owns 1,000 income producing is not going to make your life any easier!

The Constant Comparison Game: real estate assets

The second easiest way to feel broke forever is to ignore the fact that life is a mosaic. Would you take an extra $1M in order to be overweight for the rest of your life? Would you trade $1M for a personality that leans to pure risk aversion (See no fun life experiences). Would you hand someone half of your net worth to be five inches taller and more muscular (we sure hope not). In short, ignoring the full picture makes most people envious. They see one piece of a person's life and ignore the rest that they wouldn't touch with a 10 foot pole. Instead, recognize that a person can be successful in one category while unsuccessful in many other categories… ask for advice on the piece that they are good at (ignore the others).

Ignoring the Full Picture:

When you start with nothing, there is absolutely no way you're going to enjoy everything you do. You'll be forced to do dirty work to succeed even if you think it is "below you". There is no choice. However, once you have a large war chest of cash, you can become much more selective in your income streams. Working in a position you loathe just to earn more money does not make sense if you don't need the additional income. If your passive income already covers all of your living costs with a large buffer as well, doing things you hate will ensure that you'll never feel rich.

Earning Income You Hate:

This is a very common mistake. Once someone feels rich they load up on items that cause Huge recurring costs include stretch mortgages, car payments and addictions to status goods. Feel free to buy a few high end items just avoid that ones that kill your cash flow. Cash flow is significantly more valuable that one-time charges because the one-time costs can be avoided in year two but a recurring payment can last up to 30 years.

Giving Up Your Freedom: recurring costs.

This one catches a lot of people by surprise, if you're already well off financially ? It really does not make sense. Spending late nights working on a project you enjoy makes a lot of sense. Spending late nights working on a project you loathe when you could be attending a once in a decade event does not. If you have the means to do as you please, don't wake up in 3-5 years and say "I wish a did XYZ". There are no second chances when it comes to time (money can be made and lost rapidly).

Not Valuing Your Time: does it make sense to put off things that *can't* be done when your older

Everyone will feel temporarily rich at least a few times in their lives, in order to feel rich we estimate the following 1) you'll need 2-3x the average income in your city, 2) 4x if you're in a city you dislike, 3) 1.5-2.5x if you love the city you live in and 4) if your 100% passive income gets to 1.5x your annual expenses you'll feel rich *forever*. Now if you're interested in feeling broke forever we can recommend: 1) comparing yourself to everyone, 2) only looking at one trait of every single person, 3) continuing to work in positions you loathe, 4) giving up your freedom with heavy debt load items or recurring payments and 5) choosing money over life experiences when you no longer need it! Hopefully everyone got a good laugh out of the last five items, however, if you walk around this week see how many people fall victim to these psychological facts (there are many especially in high paying professions!).

Concluding Remarks:
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Predictions for the Future

Predictions for the Future

For fun we're going to do a prediction post. We'll include an estimated time frame as well. We're doing this to see how terribly wrong (perhaps right!) we are in terms of what is in store for the future. Our guess is that most of the predictions up front will be correct (timing off) while the ones toward the end are more extreme and less likely to occur. Feel free to leave your own predictions in the comment section (agree or disagree) and on top of that we can circle this post for a later date for review.

Higher Likelihood Predictions

We anticipate seeing a recession within 2-3 years of this post. It has now been ~10 years since the last pull back and it is unlikely the market continues on the tear through 2020. Perhaps we see a pull back in 2021 so we'll go ahead and include the third year to be safer on this less controversial topic. The good news is that recessions allow you to use excess cash to buy a lot of assets at a big discount. This is music to your ears since you only need about 1 year of solid savings to see outsized gains during the next pull back. For fun, we'll go ahead and estimate the trough at -40% for the equities market from peak to bottom. The last one was massive at closer to 50% so we'll be more optimistic and say 40%. While we're more confident in a recession occurring in the next 2-3 years, we're less confident in the magnitude since that is much harder to call. But. For fun there you have it.

: Recession Within 2-3 Years of this Post

More and more we are seeing openings for jobs (note not careers) that are location independent. It doesn't require much more than a computer and internet access to do a lot of work these days. This could include customer service, consulting, tech positions and anything journalistic in nature. These trends will impact the more expensive cities as we'll see the middle class leave. While the expensive cities will still be expensive, we anticipate seeing a "hollowing out" where the lower end employees eventually get some breathing room (again 2-3 years due to a pull back) and a natural competition for the top (no change for the 1% ever!). In some cases we would not be surprised to see an increase in housing prices outside of the main cities. Specifically, we'd expect prices to increase in the largest cities for tax free states (Texas, Nevada, Florida in particular). They won't sky rocket due to a large inventory but they should go up.

Expensive City Rental Softness:

Despite the news cycle nothing has changed. People who bought in at the highs were just trying to without knowing anything. This is exactly what is supposed to happen. It takes at least 6 months to a year before anyone can comprehend the basics, so anyone who bought during the 200% run within a month… Is gambling. This has been a fun roller coaster to watch because it has flushed out all the people who didn't know anything about the space. They are becoming much more jittery. Unfortunately, they haven't capitulated yet so there could be much more downside to come. The good news? in a few years it should pull through with another rally once again. Generally speaking, these declines last about 18 months. For fun we'll say the next rally will be 2020 with 2022 being the "big year" of upside. Less confidence on timing, tons of confidence in the eventual result. As a side note, people valuing this in terms of fiat are certainly missing the entire point.

Another Boost in Crypto: get rich

We're not here to say what is right and what is wrong. We're here to present a basic prediction and opinion. In about 10 years we anticipate that traditional sports will see slowing growth. If you look around, kids are not playing outside as much, they are spending their time staring at smart phones and computer screens. We all know what this means… eSports. To emphasize, we're not suggesting someone should play video games, we're suggesting that the market for eSports will become large and traditional sports will start to plateau. The market for sports have been on a tear for about 40 years and every single market eventually hits capacity. We'd expect a slow down and stabilization in sports in 10 years.

Slowdown in Traditional Sports:

Culture has changed quite a bit over the last 10 years. Hooking up, lots of cynicism, lots of angry people and very few with a way to afford a family. We're guessing it'll be a lot more similar to slow growth vs. the rampant growth we saw with the baby boomer generation. It is tough to justify having a kid when student loans are weighing down on your cash flow statement like 4,000 tons of bricks. We're not saying that people should or shouldn't have kids (people are going to do what they like) what we are saying is that the population growth should slow down. Once we figure out how to clean up the finances of the younger generation – set to fail by debt – we can reassess the future of population growth. We think the numbers will slow down within 5-7 years or so. People in the late 80s and early 90s made it out just barely but the latest numbers are gruesome.

Smaller Families:

In another 10 years we think the weight will finally break the camels back. 10 years ago we looked for any investment product that would go up in-line with school tuition. We failed and now we know why…. It was incredibly lucrative! We always found it funny that going to college was pumped into the brains of every child and yet there was no investment vehicle to match the dollar for dollar increase (helping prepare for the future burden). It would have been an amazing investment vehicle and way to secure a college education. Since that ship has sailed, we think the college scam will also sail in about 10 years. Learning how to code does to require a four year degree and many of those four year degrees are expiring worthless (many baristas have 4-year degrees). Combine all of this together and we see a looming student debt bubble that pops combined with an alternative to the status quo system.

Competition for Traditional Education and Student Debt:

Contrary to popular belief we do not believe low waged jobs will be the first ones targeted by AI. If the AI is actually good, why would they use it to replace a minimum wage worker? Instead they will go for the replaceable middle layer which ranges from accounting to excel sheets and paper work (lots of law as well). This will cause a shift in value from "processing" to "creative" work. This has been a theme here for a while where you don't want to have any skills that can be taught to someone else. If someone else can learn how to do it quickly, then a robot will easily learn it as well. If a robot can learn it… you can fill in the rest! Instead AI will help replace mundane jobs that require no creativity, giving more and more value to people who actually combine skills in a new way. This will occur over the next 5 years or so. In fact, AI is already being used for a TON of online advertising. It is so prevalent today that *not* having it would hurt conversion ratios in a meaningful way.

AI Job Replacement:

This one will be quite interesting to watch. There are many people who will inherit a large amount of money ($500K-$1M or so) with no background in financial literacy. This will either be a complete mess or it will save a lot of people who had very little to look forward to. Our guess is that this will spur on a lot of economic activity as inherited assets will likely be larger than the individual needs… leading to more consumption. The rough age range for this transfer is around 30-40 years old. In about 20 years they will see a large inflow of money and it will be interesting to see how they handle it. It will also be interesting to see if this trend continues where the wealth was created by a prior generation versus the current generation. How they manage the money will be interesting as well. And. We're on the side that says they overspend.

Generational Wealth Transfer Boost:

For better or worse we see this continuing. What technology allows people to do is maximize their value. While people complain that so and so is "overpaid" it is typically the middle layer that is overpaid for a position that could be automated. For proof of this look at the average corporation and take a good look at the middle layer. It's a lot of politics, lots of busy work and lots of wasted time browsing Facebook, YouTube and Netflix. While every industry has downtime (even investment banking) your typical corporate job has an insane amount of it. Look at any org chart and you can replace three middle people for a single high quality employee (not even a problem to be honest). Since technology gets rid of inefficiency, we see a lot more barbell set ups with high payed employees and low paid employees at the other end. The middle gets hollowed out. While this is seems "bad", this website isn't tailored to the middle so it should be good news to everyone at the high-end of the pay scale. You'll have a reason to work harder since you can monetize . We think this will be similar to AI and the wealth gap widens in about 5 years or so.

Lots More Inequality: your time much more efficiently

That is right. In about 5-10 years as well you won't need to leave your home. We're getting closer and closer with drones, 24 hour delivery and streaming content. In a few short years the latest technology will impact the largest cities and allow for near-instant delivery, incredibly fast internet and of course, consistent downloadable content. We're not entirely sure what this means for square footage of real estate (likely smaller) but the implication is both positive and negative. On the positive side, you don't have to wait and can simply order items when the timing is correct and have it delivered in 24 hours. The negative side? People will likely become less and less healthy as a result living most of their lives indoors in front of a computer screen. As all of these automated delivery services become scalable, the notion of owning a car would likely be erased as well. Who needs garages and parking lots if you're simply jumping into self driving vehicles that are both safer and cheaper? No one! So get ready to live a much safer life in the future since we'll get rid of one of the leading causes of death and reduce the need for "car insurance" in the future.

No Need to Leave Home and If so… It is Third Party:

Extreme and Less Likely Predictions

Assuming you are well off we think people that are 40 or younger today can live to 100+ if they have a heavy bank account. There are a lot of advances being made in anti-aging and being able to afford the best health care would allow someone to live past 100. We doubt the average person will see any benefits from advanced technology (since it is expensive) and think this will be reserved for the elite who take care of their bodies. Thinking about this logically, a top tier professional athlete easily spends six figures on his health and "body maintenance". This number should be similar for someone who is older (80+) looking to crack the century marker. As a quick hint, you'll want to be a bit thinner, eating tons of vegetables and live a low stress life past age 70. Essentially, living long will be a choice along with economic resources.

Ability to live Past 100:

Want to pick out your "best" DNA for your kid? Well that story is likely going to come true. In the near future, 20 – 30 years, you'll be able to pick out your best genes and pass those along to your child along with choosing the sex of the baby. We already have the skills to clone animals and we're only a few steps away from consistently choosing the best genetics. Sure there are no guarantees, but being able to avoid rare diseases and disorders would be a huge positive. We wouldn't want to pass along our own OCD personality to anyone in the future anyway!

Cloning and Gene Selection:

Forget about going outside to meet people, we already went through the online dating scene… now imagine a virtual world. It will be possible to meet people anywhere in the world and it will be possible for people to essentially create fake virtual lives for themselves. The cynical side wants to say that no one will have kids and they will live in this dopamine induced world. The more optimistic side says it'll be a lot easier to meet people with your interests without the awkward internet meet up since you'll have a visual presentation on day one.

Virtual World Take Over:

While family resources likely add up to a trillion dollars for the lucky few based on combined assets, we think there is potential to see the first "Trillionaire" in US dollar terms before the end of 2040 or so. We saw the computer age passed by the internet age and we'll see a "Sovereign individual" pass the internet age resulting in another 10x in wealth ($1 trillion dollars vs. Bezos at $100B or so). It is certainly a big stretch since we're talking about a 10 fold in total value but isn't out of the realm of possibilities if continued wealth transfer continues to the select few.

The First Official Trillionaire:

Another crazy one. We think governments will shift into a consumption tax model in the future. If there is inequality it is a lot easier to tax spending than it is to tax net worth. If someone simply has assets it is difficult to simply take them away. Alternatively. It is a lot easier to tax consumption. Increasing taxes on houses valued over a certain amount, fancy cars, fancy watches etc will all be targeted. This will help create a universal basic income in the future. Which leads us to the next big assumption of basic income!

Consumption Taxes:

With all of the major trends listed above we think there is potential for a universal basic income in the next 30 years or so. The people who will be retiring in 30 years will likely see the emergence of a new basic income and this will be funded by consumption (not wage or wealth taxes). By creating a universal basic income we can now worry a bit less about getting by and focus more on creative work that'll benefit society.

Universal Basic Income:

We'll go ahead and say it. People are sheep. People want to be led and very few have the ability to think for themselves. This is why people end up stealing ideas from other people and re-printing them in this endless echo chamber (hint hint we saw it during the election as well). There are people who are obsessed with power that will always go out there and run for a political position (the only type of people trying politics are naturally power hungry and believe they should have authority, otherwise they wouldn't run, we can't imagine boring with that!). Naturally, we don't see politics dying any time soon and as usual we don't care about them. We only care about them if we can make money off of it near-term. Then it goes back to being an irrelevant item (as all of you have noticed we don't bother talking about it anymore after the money was made). Long-story short, we're no where near the end of politics (unfortunately).

More Politics:

That about wraps it up! If you're interested in capitalizing on these trends we strongly suggest . In addition as a note,

looking at Triangle Investing**we'll hold a Q&A this Saturday at Noon EST for 24 hours (receipt for either book is needed) thank you.**
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Preparing for Bear Markets: Chaos = Opportunity

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It has been over a decade since the last bear market. Sure we've had some periods where over 52 weeks the S&P 500 is down. But. The trend has been up and to the right. Before anyone complains that we're "bearish all the time" and never changed our stance. This is public and can be confirmed (no we did not edit it as proved by archives as well). As of today's writing (December 13, 2018) we're now changing our tune a bit. While we don't think we go into full blown correction territory in the next 12 months, the upside of investing in to the S&P has started to wane. There is no such thing as "forever growth" and yields continue to increase (around 3% returns risk free are now available). So with that in mind we'll jump through the main things to know about down-markets and how to navigate them.

we have had a recommendation to simply buy the S&P 500 index since 2012

What We're Doing Today

We'll update the blog when we officially say we're out of the market. The reason for this post is that we're no longer investing in the market (okay 5%). If you read through all of our posts (takes time and not worth the effort) you'll notice we slowly moved from 100% of total excess cash flow into the market, to 20% this year and now that number is officially 5%. As a reminder, the definition of excess cash is 1) all business expenses, 2) all business investments, 3) 1 year of living expenses in cash and then finally 4) the rest is considered "excess cash flow". From today going forward, we'll be investing 95% of all excess into boring old risk free investments that are returning around 3% today. If this number goes to 4-5% we'll begin *selling* stocks and putting more and more money into risk free assets. As usual none of this is investment advice and we're simply highlighting our own opinions on what to do. While the market might go up for another ~2 years (some geopolitical issues get solved) we doubt it goes up more than 5-6% each year. If this is the case we're only missing out on a measly 2-3% of additional returns with the headache of potentially being down 20-25%. If you've been in the market this year, you've gotten a good preview of what it's like to watch your account go down double digits (equities) from the peak.

Think About Timing: cash flow

People didn't like our comment of "don't buy a home now". The point was pretty simple, if you believe assets are elevated right now… There is no reason to buy. Large purchases and bigger financial decisions should be made in recessions not bull markets. This is counter intuitive but makes a lot more sense when you think about it. If you're watching the markets tank and people are losing their jobs, then you're more likely to get a deal on any large item you buy. It has been over a decade and we really doubt a bull market lasts more than 15 years (already the longest bull market in history)… so a rich person can simply gather his chips and play the waiting game. Large purchases in this case would be homes, nice cars, moving to a nicer apartment etc. Anything that would be a large cash out flow should be avoided if markets appear to be elevated. As you can see the main issue with any of these purchases is that you're missing out on pretty good returns by simply investing in risk free assets, an extra $30,000 a year *Risk Free* is a lot better than any investment that could lose 20% in the next 3-5 year frame.

Avoid Large Purchases Now: There are always exceptions and we realize that.

While there are always ways to scale your projects with leverage, the math begins to get fuzzy. Assuming you have some debt at around 4%, there might be an opportunity to match this number very soon. You should be salivating at the free money. Imagine having a 4% rate on a mortgage you had several years ago, all you would have to do is begin putting your own money into risk free assets if it gets to 4%. It's a weird situation but is a likely scenario for you. Okay. More realistically you take on an extremely small amount of risk (return slightly better than risk free rate) and suddenly you're making a return on the outstanding mortgage. At this point you've de-risked all of your debt through a potential downturn. Over time inflation eats away at your debt load and you're sitting pretty.

No More Leverage:

Now before the negative comments come in, there are a billion ways to play this. There is no “correct” way. In a change of stance from our usual “just do this” and cut to the chase… debt is far too complicated. We don’t know the return profile of your projects. We don’t know if there is a way to get “forced returns” on a specific asset. We don’t know your industry as well as you do. All we’re saying is that a rising rates environment and an opportunity to reduce downside is extremely attractive if you’re up well over 100% on all of your levered investments. One of the good signs of a near peak or post peak market is a feeling of anxiety/denial (photo below). Our own ideas are looking less and less attractive every single month and we have no doubt this is occurring for many other people .If you find something that you’re next to certain will generate 10%+ returns, then go for that 4-5% loan.

(We think we’re somewhere around Thrill, Euphoria and Anxiety. If you group those three that’s probably about right. Essentially people who didn’t believe markets would be fine have started to take on notable risk, this is usually a bad sign for things to come particularly as we see a lot of nervousness around the most recent pullback. Like we said, we still think there is about 2-3 years left but we’ll update our blog as we go along since it’s a fun topic)

We’ve seen an increase in status items. Rolex’s, Gucci shoes, high-end hand bags etc. While they are great and definitely have use as we’ve mentioned in the past… we’re skeptical of the people we see purchasing the items at this point. We took a look at what it takes to stand out from a crowd of well off people and you’re seeing a bad trend (takes a lot more than before to stand out). This could be a byproduct of changing environments. Yet. We have gone to places we no longer attend and see the same thing. Guys who can’t make more than $250K a year “flexing” with $25,000 watches. Sure. All of our reads on this could be wrong as it’s hard to predict who is with 100% accuracy. But… As usual, we trust our own intuition.

Consumer Spending Freeze: really rich in a room

Consumer spending freeze for us means no more “upgrades” for a couple years. This isn’t a big deal as the last decade has been amazing and beyond comprehension. Being forced to hit the pause button on new toys/goodies is probably a good thing (flex the will power muscle a little bit). The entire point of these items isn’t to buy them to cover “insecurity” the point of material goods is that they work! Now that they don’t work as well… Time to hit the pause button. Just like the market, the same cycle will occur. When those nicer items start to become rare and everyone is using an “older version”, we can go back to buying a few nice items here and there.

At this point, you’re probably imaging a guy shoveling cash into a barrel which is being delivered to a bank to collect 3% every single day. Shovel in, bag filled, deposit, sleep. This isn’t far from the truth. The part that is missing is a shift in spending. If the environment is changing, a lot of the normally nice places begin to fade (Las Vegas is ground zero for seeing the culture change, gets worse during economic booms). Well. This means it’s time to change spending venues. Good ideas include: yoga, meditation, spas, sports (playing not watching) and reading. Since everyone is spending to consume… in typical fashion… we reverse positions. Drinking a bit less and going through a nice detox phase is a good idea any year. Even more so in times like this. We’re ramping up our spending here and luckily its a lot less expensive allowing more time to shovel into the barrel.

Change in Spending:

How This Sets Up for the Next 2-3 Years

While we’ll update the blog if our views change, we’re pretty convinced that by around 2020 markets will have largely peaked out. Peaked out doesn’t necessarily mean they go down, it simply means the risk/return profile isn’t favorable (see the earlier chart again). We have to remember that as rates go up the market needs to offer much better returns than the risk free rate, otherwise it’s just not worth the time. Yes. We realize we said that twice in this post but its extremely important to remember particularly if someone reading this hasn’t even seen a bear market (a decade worth of people have not, more alarming… that’s around 25% of the work force if we assume a 20-60 year old age range).

Assuming we’re right and there is a pull back sooner than later, if something half the size of 2008-2009 happens, we’ll be thrilled beyond belief. What you’re looking for is profitable companies with valuations below the cash on the balance sheet. This is a pretty standard approach and happens pretty frequently when there is a panic sale of an asset. Don’t get too greedy and be sure to check the fundamentals of any company. As long as you’re next to certain the Company will generate positive cash flows, you’re in a great position to scoop it up. For those in finance the basic term for this is “negative enterprise value”. We’re keeping it simple with that definition and if you see anything that looks like this, it’s time for us to swoop in. Being a vulture isn’t a bad thing.

Wait for Blood on the Streets – Cash Value:

No one times the exact bottom. Okay. Someone technically has to by definition. That said, you’re going to get the bottom in some shape or form if you unwind your cash balance into equities, real estate and any other asset on a monthly basis. It’s psychologically difficult to do this as you’ll try to time the bottom only to see the investment go down another 5-10%. Painful. The good news is that consistency allows you to “average out” near the bottom which is good enough. If the bottom is minus 25% and you have an average entry with it down -18%, that’s solid and good enough for the next 10 years. That’s right. It is enough to set you up for the next decade because no one dumps large amounts of money in at the bottom, otherwise they wouldn't complain about recessions so much. Crisis is another word for opportunity. (Side note: generally -20% is considered an official pull back.)

A Slow Unwind:

This is the brutal part of the post. Your biggest returns are going to be searching for painful situations. Real estate professionals don't like to talk about it but one of the best ways to get good deals is when a family member dies (not yours a different person) and they are forced to immediately sell the house for cash. There are going to be a lot of situations like this in the next recession. In fact if you search back in 2010 guys like Warren Buffet recommended this in a much nicer way "i'd love to buy a bunch of single family homes". What that really meant is all of these loans blew up and people were desperate for cash and he'd take advantage of it. That's really what the underlying message was in a more to the point way. People say that recessions and housing are not related (in some senses they are not) but we've found that there are a lot of cash strapped people in recessions which causes you to find some of these extremely undervalued opportunities.

Search for Pain:

You can tell how good the economy or sub-sector is doing based on your ability to negotiate for a change in price. If you find getting a good deal as a fun game, you're going to love the environment in a few years. Back in 2008-2009 you could honestly negotiate anything. Even basic items like clothing had sales people who would give you their employee discounts or other backdoor discounts just to try and make the store appear more profitable. It's quite interesting to watch how psychologies change from "we never do that" to "here are the 100 ways I can get you a lower price". As of today we're around the "we never do that stuff" phase and that's usually a sign for the future.

Negotiate:

Primary Items to Focus On

You'll notice that the primary item we care about is interest rates. That is because it determines your entire risk tolerance. If we could get 4-5% returns risk-free, there would be no reason to invest in other assets unless we were seeing hyper inflation. If we're experiencing hyper inflation then you'll want to own assets since they would also inflate. Putting the doomsday scenario aside, we just look at interest rates and it's becoming interesting as yield curves are getting close to an inversion. (the 10-yr and 2-yr are what we prefer to look at)

Interest Rates:

This isn't even a real one just one we use. You can find every single multiple on the planet for stock markets and you'll see that there is a median/average for each one. If you ever see this multiple go north of 30%, you want to check your investments again. Why? Well we know that the average is say 15x and then there must be a time period where it goes well above this to average (can't go to zero unless all equities die). So selling just because something is at the average doesn't make logical sense (more upside left). For a good list of multiples just check out www.multpl.com (no affiliation it's a common website that people use)

The 30% Rule:

This is going to be a lot harder to figure out on your own and is even harder if you've never seen a recession. We're not knocking on the people who haven't been through one, it's not their fault and we can't confuse stupidity with ignorance (not even close to the same). That said…. an extremely good tell is high leverage. While some people may have higher risk tolerance than you do, take a good look at the type of people taking on leverage. As soon as you see people who are extremely low risk deciding to take on leverage that seems a bit high… that's your cue. People who make bad financial decisions are always levered up so they don't say much. When the low risk guys start taking on risk that makes you do a double take… it may be time to look at the portfolio allocation again.

High Leverage:

Now that rates are no longer at zero (or practically zero). We'd recommend taking a look at this rough chart as a good proxy.

Bonus:

As usual good luck and make your own decisions (we hope you get rich if the market is up, down or flat). If you're young this post probably doesn't matter much since your own business + career will determine wealth not compounding of $20-40K. But. If you're older and haven't seen a recession in 10 years… At least take a look!

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Preventing Personal Financial Collapse – Worst Case Scenarios

Preventing Personal Financial Collapse – Worst Case Scenarios

The best way to avoid personal financial failure is by having as many income streams as possible. From our own experience you want to try and develop streams of income at the same time. We've seen that people who attempt to develop 4-5 streams of income at the same time are usually left with nothing. All of their ideas are only 20-30% good and that's just not enough to develop a meaningful income stream (we'll draw the line at ~$2,000 a month to represent a meaningful stream). Once you develop two streams of income the move is to develop a Trying to squeeze the last 0.005 ounces of toothpaste from the tube does not make sense when compared with your other option (getting a new tube).

twothird stream.

The Three Back Up Plans First

For those of you that are working a career to start, you're going to put all of your retirement money into the S&P 500 or a fund that mirrors the S&P 500 with low expense ratios (at least under 0.20%). Why? Well you can't touch the money for This is such a long period of time that timing the market is meaningless. The best strategy is to go through the potential investment vehicles available to you and find the lowest expense ratio fund that largely mirrors the S&P 500. Sit back and throw money into it up to your employers maximum match at minimum. Eventually, you'll stop contributing when you quit your career outright (free long term S&P market exposure!).

Backup #1 – 401K/Retirement Funds: some 40 years.

Knowing that your backup plan is already in place we have a simple calculation for how much money should be in your liquid cash account As you accumulate more and more money, you're not going to want to risk seeing it go away. This is why we can recommend S&P 500 indexing over the long-term but feel completely fine owning some bonds/cash as well. If you've been working and and something happens (market crash or business crash) you absolutely do not want to touch any principal. Besides you're in your 30s at that point and the best years of a man's life is in the 25-50 range, having to adjust your lifestyle would be horrible (1 year would get you through practically any recession).

Backup #2 – Cash Fund: 1 month per year worked.building a business for the last 12 years

Finally, the last backup plan is a basic staggered CD. Every 3 months you should receive a small chunk of money, that money is then reinvested into a CD another 3 months out. You're not doing this to get rich (it won't work), you're doing this to have a "one time charge" fund. Lets say everything is fine and then one day you break your collar bone in a skiing accident (we may or may not know someone who did this recently). Well that would be a one time charge of a few thousand dollars. You'll have this money accounted for at all times. You use the lump sum to pay for it and spend the next year rebuilding that part of the staggered CD. Charge it to the game but you were prepared! The below table should give an idea of how it works:

Backup #3 – Staggering CDs:

Multiple Revenue Streams

Now the numbers above look daunting if you're just starting out. The reality is that the first 5-6 years are horrible. You feel like you're going no where. You've got one income stream (typically a career) and your arms are flailing around trying to get a second one up and running. The good news is that your second and third income stream will likely hit around Why? Well check out the framework.

This is normal.the same time.

You've made all the right moves and found a good career, the problem is that you're smart and realize that it could go away tomorrow. The issue with a career is that the risk of being If you lose your career in year one or two, there are thousands of positions that will take you in. You're not making a ton of money so it's not hard to replenish. When you start making multiple six-figures… the Company is going to *search* for ways to replace this type of cost in their P&L (remember they are running a business). If this larger income stream goes away it becomes significantly harder to replace since there are not as many positions that pay in this range.

First Income Stream – Typically Career: structurally unemployedincreases over time.

Forget the saying that "the first million is the hardest" That is all the saying really means. If you're able to get a second income stream up you'll learn so much during the process that the third income stream will be easier to make. Once you're able to replicate what you have learned to a few different sectors you're all set because the cash flow model turns exponential.

Second Income Stream – the Hardest: the second income stream is the hardest!

The interesting part about the third income stream is that it typically comes at the same time as the second stream of income (~5-6 years of building a second stream). During this time you're making money in your career (pocketing a large chunk of it every year) so your bank account will open up the door for that third income stream already. The most common third income streams we have seen utilized are , Bonds, Dividend ETFs and REITs.

Third Income Stream: Real Estate

Worst Case Scenario Planning

No one is going to take the exact same path as laid out in the above chart (in fact we took a). Given that set up, we should think about where the "primary risks are". Meaning, what items in here would make it difficult to become financially well off?

mix of two plans from this older post

The primary risk to personal financial collapse is an active income. This is why we don't really believe in "retirement" where you sit around on the beach drinking Mai Tai's all day long. Since you'll build a ton of skills over the next 20 years it will be hard to walk away from thousands of dollars in income. In addition, by avoiding active income your pulse on the industry will decline. With the framework set up above, you'll dedicate to active income even if you're financially set (we also assume you're under 50 if you're reading this).

Primary Risk is Active Income: your ability to earnat minimum 20 hours per week

This is why you'll keep a large chunk of money in a checking account. If the economy goes into a recession and all the items to the right side of the chart (Real Estate, Bonds, Dividends, Reits) all get cut in half… Well you won't have to sell any of it! By preventing a draw down on any real passive income stream (where you invest ~5 hours a year monitoring), you'll never have to worry about cash flow again.

Second Risk is a Recession:

Lets say you've largely taken the path outlined in the chart. A recession hits at age 31. Conveniently right when you left your career! Well you can still take a lot of punches and survive: 1) assume your biggest active income stream goes away – extreme & unlikely scenario and 2) assume your passive income gets cut in half. Your cash flow now is $30K a year + 1,000 a month or ~$42,000 a year. Importantly, you don't need to spend any of this for a year because you've saved enough to survive this scenario. You'll build up a second income stream (again) over the next year and we know that recessions generally don't last longer than ~12 months. By the time you're through the worst part of it? You're back to ~$60,000 a year + $24,000 in passive income or

Worst Case Scenario Math: a 100% improvement in the worst possible situation.

What Are the Two Biggest Conclusions from This?

Your biggest risks actually have nothing to do with your current form of income. You can earn money with a career for now, a business or (God forbid) a job and be perfectly fine. Adaptive income is the key to success. Back when humans had no real "economy" we survived due to adaptation . In today's economy refers to skills learned to generate active income.

First Conclusion: *"adapt or die""adapt or die"*

We don't have time. There is no argument against working hard when you have the chance (18-30 year old time frame, unless you hit it big early). We have heard it all and it never adds up. The only thing you're left with if you don't work hard when you've got the chance is a lifetime of regret. Life is just a game of probabilities and there is .

The Second Conclusion: no amount of money that will allow you to get your time back

As you get older your body will slow down. We don't care if someone is on every drug known to mankind. There is no way to maintain peak performance from ages 30-60 as the body continues to atrophy. If it were possible, professional athletes would have much longer careers. Knowing that your "life energy" is going to decline over time (starting around late 20s), there is no physical way for you to invest your peak energy into earning money. The chart below summarizes it well:

note there is no age where it's "impossible" hence we deleted the x-axis, the point is that there is a finite number of years to live so by definition the number of chances at success declines.

Time

Finally, the probability of failure is not a good excuse. If you don't try… your chances are exactly 0. In addition, what do you lose by giving up your early years? You lose absolutely nothing by failing for ~12 years straight. Here is what you lose in summary: 1) you lose the chance to obtain permanent liver damage, 2) you lose the chance to hang out with people who will unquestionably drag you down and 3) you lose both money and women because the women are *largely* uninterested in some young dude out "seeing the world". Sure, you'll end up with a few cool stories. But. You'll wake up with the realization that you'll be working for the rest of your life (making someone else rich or barely scraping by!)

Nothing.

1) you will not have more energy than you have today so use it wisely, 2) create both recurring income streams and a worst case scenario cash fund, 3) work on at maximum two ideas at once, 4) if you go down the "career" route, realize the risk of it going to zero *increases* over time and 5) make the assumption that your primary income stream will go away one day and see how the worst case scenario looks.

Summary Points:
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Q&A – Closed

Q&A is closed! We apologize for this one being shorter (too much work), so we'll do another one relatively shortly thx! Also we'll be sure to provide longer answers for the next Q&A as well.

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Q&A Announcement and Introduction to Personal Finance Book

Q&A Announcement and Introduction to Personal Finance Book

This has been a banner year and unquestionably the best year in history. We're the sale of an asset by December 2017 that will come in just shy of 5x annual earnings (not bad considering 36 months to 48 months is the norm for the industry it serves). The real benefit is that it gave us time to put together a personal finance product and we can officially kill the questions tab since there is no need to run a forum (too much time and we prefer adding the most value in one shot). All of this is good news for everyone reading this page: first we can give out our entire portfolio management strategy, second we can host more for anyone who purchases either product and third there will be significantly less questions so we can focus on writing many more differentiated topics for free in 2018. To wrap it all up, on for those who purchased . Okay, okay bonus time… we're going to meet some people privately in 2018 (more than usual) since we'll unlikely launch any new product beyond the personal finance book in 2018 (we're going to buy another internet company and will be drowning in work).

completing*free* Q&As*November 25 we will open up a Q&A* **Efficiency**

At first, we assumed that we would create a forum. Then after the questions came in we assumed we would just have a questions tab. Then we realized 95% of the questions were around personal finance: Stocks, Real Estate and Crypto Currencies. Since we have invested a sizable amount in all three, we may as well create the product, sell it and kill the questions tab. This all came down to "demand testing" . Normally a demand test tells you if you should create the idea, in this case, it made a glaring opening for a brand new one. we think it's the least we can do and go back to free content and free Q&As. Everyone wins with this set up as we won't have to answer 20 emails a day.

Why We Created A Questions Tab:)*While we'll lose money on it (just as we did with Efficiency,* due to opportunity cost

We'll give away part of the punch line, our readership is in their 20s to around 40 years of age. They shouldn't bother with bonds at that age. If they get rich they will be smart enough to diversify (we'll include a brief page or two on that after the stock market section). So, we will focus on only those three topics. Our target audience will continue to circle people in their 20s and 30s, . We don't believe in trying to change people's opinions (past the age 35 or so) and we have already gotten multiple success stories from people who after following a lot of the advice on here.

Why Only Three Categories: they got burned the most and have the most potentialhit their first million

Introduction to Triangle Investing

We're still working on the title but we think it is appropriate. A triangle is the strongest shape given that force is evenly distributed along its sides. Look no further than architectural design and you'll see a lot of information about triangles. In addition, we're covering the three most important asset classes for wealth. Sure we will touch on cash and bonds… the problem is that cash and bonds are are rarely used for wealth preservation (they are used to protect your money once you have it!). So with that said if you have a better title let us know, below is the introduction:

Timing is really everything, we had no interest in writing an investing book but realized all of the questions coming in from our Questions tab (now discontinued) surrounded investing and personal finance. Luckily, right as we finished Q3 of 2017, we got an offer for a website that we couldn't refuse. When you suddenly free up 10 hours a week you have a lot more free time on your hands

Our opinions are heavily biased. We think most well off people end up living boring lives: 1) house, 2) a couple of cars, 3) no fun life experiences and 4) live to work when they are already rich. If we think about money as a tool the value begins to change tremendously. There are people who have ~$10M and are miserable because they missed out on life and are already 40-50 years old. Their pursuit of money was nothing more than a trap since they didn't get to experience life at all. Now of course… We're not saying money is meaningless. Far from it. There is a balance that needs to be struck and we'll outline our *opinions* on when the balance is reached. We think everyone should be able to get to ~$1M in net worth by the time they are ~30 if they would like (our baseline value) but in this book we'll disclose our own personal opinions. The numbers are higher, the timelines are faster and the long-term net-worth number is likely below what most people would expect. Besides. Who wants to die with a $50M net worth? It means you left $50M of fun on the table before the grim reaper hit.

The second item… we would like to highlight is that this is an opinion based product. The reality is that investing should be done entirely by yourself. In fact, we would wager that a lot of the things we're invested in . That is the entire point of diversification. If we invest in say 5 different asset classes and 3 out of five succeed long-term that's more than enough to live comfortably.

There are no guarantees in investing.**will fail**

The third item… None of the items here go against If your cash flow is not up to at least $10K a month there is no reason to bother with investing. You're better off following all of the ideas outlined in . If you are currently in a Career making $120K a year, this is not good enough. You should focus on following the rules outlined in efficiency, getting the second source of income to living wage… then think about investing. You'll need money to buy ads and scale your business.

*Efficiency.Efficiency*Your first course of action is to get two streams of cash flow and there will never be an exception to this rule.

The fourth item… Now that we've beaten the main points to death, the last item is coming to your own conclusions. While we are giving out what we're investing in as of January 1 2017, we would recommend checking back in every year or two to see if we've flipped the portfolio.

The fifth and final item…. Our numbers are not for everyone. Some people want $100M+, other people only need $500K so please keep this in mind when looking at our opinions. If you plan on having more or less money, that will make an enormous difference on your portfolio management strategy. Our numbers (rough approximations) are given out in the first chapter which will give you an idea of the risk tolerance we run with.

The three asset classes we will cover are: 1) Crypto Currencies, 2) Stocks and 3) Real Estate.

1) Financial Benchmarks and Overview; 2) Overview of Stocks; 3) Overview of Real Estate; 4) Overview of Crypto Currencies; 5) Overview of Bonds/CDs; 6) Portfolio Overview by Age; 7) Putting it All Together. The Table of contents is certainly shorter, that said the length of the product is likely going to exceed Efficiency (at least similar) by the time we are done with it. The best part, is all of it will essentially be original content since it is more of an opinion based book. When it comes to investing there is no "right" way to do anything so each reader is going to make their own adjustments. Will you use a 1031 exchange to build a small real estate portfolio that is gifted to your future kids? Will you skip real estate entirely and get exposure through REITs? Will you ignore crypto currencies which are likely the most important innovation we will see in our lifetime? (yes you can still be rich without them) Will you focus on nothing but small cap stocks? So on and so forth.

Table of Contents:

A List of Great Updates… For You

By organizing as such we can now do more frequent Q&As in 2018. All of the content will be out and you won't have to pay for any questions going forward. We won't have the time to create any new products unfortunately. Even if there was demand we already know (and see) that 2018 is going to be a lot of work. The good news is that Q&As will be frequent and free for all of the people who enjoy our work…. By creating an opinion based product, we think sales will be lower relative to Efficiency but it has been worth it as several people have already implemented a lot of the strategies successfully. No one will agree with everything in the product but at least our tools will be out there for a few bucks… With the structure set up if you've built a relationship with us, you can expect us to reach out if we're ever in your area. (you know who you are!) While we anticipate drinking out of a fire hose for all of 2018, this usually results in a want and need to go out more when a task is complete… We'll be able to post on differentiated topics going forward, while our post on wasn't popular we think it will be a *huge* topic in the future since it's where we're investing a lot of time (we are biased of course). We live in an era where you can personally reach millions of people and be paid for your efforts without being tied down by some signaling entity (a prestigious firm) that grants you the right to an "important opinion" We are becoming more interested in: 1) scaling and fixing internet companies, 2) crypto currencies and the broader impact it will make – a large business opportunity for anyone young out there and 3) . We dabbled in commercial real estate in the past as highlighted by some older posts but we should probably revisit them again. Probably the best update, is we'll allow the readership to drive more posts here and there by posting on twitter. It has been interesting to see the audience evolve and we're going to keep up with what our readers what to hear since it has changed quite a bit over the last five years. We can't think of a better way to help than to write on what people want to know more about.

1) More Frequent Interaction: 2) Release of All Tools3) More Meet Ups: 4) New Topics: selling an internet company**5) Ideas Include:**commercial real estate**6) More Ideas Driven by *You*:**
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CLOSED

Short Q&A is Closed thanks!

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Q&A Closed

Q&A is now closed!
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Closed

Q&A is closed, Questions are getting way better so thanks for the time!
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Q&A (Closed)

ClosedQ&A

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Q&A Is Here

Now closed, was a lot better and will leave it up. Thanks!

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Q&A Is Closed

Q&A is now

CLOSED
****

CLOSED Q&A

Way more than Usual so have to close it up will do another later on thanks!

Q&A CLOSED
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Q&A is Closed (High demand again)

Q&A is now closed thanks! High demand again.
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Q&A is CLOSED

CLOSED!

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Q&A is Here

Q&A is closed, much longer than usual so shutting it down at over 100+ comments. Thanks!!!
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Q&A Is Here

Q&A now closed!!!

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CLOSED

Q&A is now closed thanks!

****

Closed

Q&A is now closed thanks!

****

Q&A is Closed

Closed.

****

Closed

Q&A is closed.
****

Q&A is Closed

Q&A closed we have a new post idea based on the same general themes thx!
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Q&A is Closed

There was TOO much demand here we're already at nearly 200 comments so we'll have to do another one later. Thanks!

Clear message is that everyone is ramping on crypto.
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Q&A is Open and Why We Are More Aggressive With Portfolio Mangement

![Q&A is Open and Why We Are More Aggressive With Portfolio Mangement]

The Q&A section will be held right here on this post (). As usual it will work as follows: 1) leave your transaction ID *in* the comment 2) you are allowed one question on any topic excluding personal finance which will be covered on January 1, 2018, 3) since we will be done with selling a business and the book… Q&As will be available every single month during 2018 for all purchasers (only need to purchase one book either Efficiency or Triangle Investing to participate) and 4) . This should be good news for everyone reading this blog since we can now answer all the primary questions with two products and respond frequently to personal questions on a monthly basis. Everyone wins and we get to avoid taking a loss on the blog for 2 years in a row (thank god!). Now lets jump into the topic of the day, re-balancing a portfolio… or what we call, reinvesting in each asset class.

IT IS NOW CLOSEDwe will manually delete it before approving,the Q&A will only be open for 48 hours closing at midnight Sunday the 26th

Portfolio "Re-balancing"

We made a comment about "never reducing dollar exposure" and got immediate criticism. This was music to our ears since the opinion flew right in the face of *conventional* advice of portfolio re-balancing on an annual basis. Since our blog caters to more ambitious individuals, with enough knowledge of differentiated investment vehicles you can certainly increase exposure to almost all of your assets on an annual basis. Triangle Investing focuses on the three major categories in 2018: Stocks, Real Estate and Crypto Currencies. These are the three areas to focus on based on our current demographics (20-40 range). That said we'll also touch on cash and bonds at the end.

This is an uncorrelated asset class with high risk and high reward. The most valuable piece of this asset class is that the vast majority of people don't understand it. When a new security is mis-understood it means that price discovery has not taken place and the asset is not priced correctly. If you want proof of this you can simply buy a couple of the recent books on the topic… They are not very good! Suggesting that the value is only in sending money overseas or "digital gold" misses the point by a wide margin. Again. This is an opportunity for you as it acts as a high beta play. We find it odd that people who tout high risk at a young age tell people to avoid a high risk high reward assets that can be understood by reading a few thousand pages of white papers.

: Crypto Currencies

Since crypto currencies are here to stay (we'll explain in detail in our book) the value proposition is going to create a wide range of opportunities and risks. Look no further than the scam ICOs (90%+) that are being launched on a daily basis and the mis-pricing of legitimate software code (blockchains being used correctly).

Now… how do you make sure your exposure on a dollar basis continues to go up if an asset can correct by 50% overnight? The answer is in cash flow and allocation. For example, if you're a younger investor with $500K in assets, you can likely create an income stream of $40K or so per year (8% returns are doable for someone with niche knowledge). Since we know an asset such as crypto currencies can decline by 50% this means your exposure should be around $20-30K. Why? Well if it corrects and you're certain in the value of the crypto currencies you've purchased you can dollar cost average into the dip. This still leaves you with $25K+ in excess returns that can be reinvested into stocks/real estate or bonds.

This asset is used for your monthly cash flow. With that sentence alone we've probably given away the type of real estate we would recommend buying. Essentially, if you can take on some leverage () and generate monthly cash flow by collecting rent checks, you're able to dollar cost average into a multitude of projects. You can either save up for the next real estate property or you can invest in stocks, bonds or crypto currencies. The crypto currency exposure is not the same because it does *not* print money for you. The real estate asset does. Cash flow then allows you to re-balance aggressively.

: Real EstateUse Other People's Money

Lets say a young investor has done well and now has real estate exposure generating $2,000 a month. This number may not grow much, but the stable returns allows him to either 1) build equity in the home, 2) invest in a new asset with leverage and 3) take the money and "re-balance" by buying other assets. By doing this with your real estate returns you never have to sell any of your assets. Selling and re-balancing just triggers more and more fees which can range from 1-3% depending on what you're selling and re-buying.

No doubt in our minds that prices are elevated today. That said, having exposure to stocks is a near necessity to remain balanced and several boring ETFs offer good dividend yields such as Vanguard's High Dividend yield ETF (VYM). If you've got niche knowledge you can also invest in the trends that you believe are long-term in nature (artificial intelligence, move to social media from mainstream media, robotics, virtual reality and more). By investing in the companies that should grow over the next 10 years combined with a stable dividend portfolio… the long-term rate returns should be in the high single digits.

: Stocks

The last group we're putting together. As a person gets older they become more and more risk averse since they worked for many years to amass a large net worth. If you're truly in a category where your annual income (active money) cannot offset declines in your investments, then you're looking at a bigger and bigger cash/bond position. The problem today? The returns are simply horrifying. Making 4% and only seeing 3% or so on a post-tax basis is barely keeping up with inflation. Until you're unable to offset big corrections in the market we'd simply build a small balance that increases by a month of living expenses per year. As an example a person who has been working for 10 years should have 10 months of living expenses or so.

and Bonds: Cash

Why do we believe that you can increase exposure to all asset classes consistently? We assume you'll be making more and more money from ages 21-40 or so! Call us optimistic but it is definitely possible. Once you run the math you'll be surprised to see that it is possible to increase your exposure to all items assuming that your income is growing and you're diversified. Lets take a look at the math.

The Obvious Catch!

The first part is earning more money, we have you increasing your income from 100K to $280K over 6 years. This is not easy for your standard person but we're talking to YOU a person who is going to go into a high paying career start an online business as soon as possible. Not only that, but if you take the numbers down lower it doesn't change anything since its about diversification and the amount of money you can re-invest every year.

and

The second part is the Net income after tax (self explanatory and we keep it at 35%) and the more important idea is that you're saving about 50% of what you make. Every two years you're going to try to increase the savings rate by about 5% (you'll still be spending more money, but your savings rate goes up). This makes it possible for you to live a better life every two years (upgrade) while saving more money on a percentage basis. .

Your cost of living increases go up slower than your income

The next part shows your total portfolio amount each year (). The last and final part is the "worst case scenario" where you make an assumption on how badly the portfolio could decline. Since we assume zero gains, we think it is achievable to take your worst case scenario from a 50% loss (high risk when you start) down to a 30% total loss by year 6. Below you can see how there is always a positive "difference" number when you compare the Re-investment to the Worst Case (calculated by taking Investment minus Worst Case)

assumes zero gains, making the income part of the equation much more achievable

To put this all together, you already know what we're going to say… . You will save more naturally since you won't have time to burn the money and you will be able to *continuously* build your net worth. Now if you get to $20M+ we have no doubt it will be next to impossible to offset a 50% reduction in investments… Unfortunately we are not there yet! For fun, we'd say it is possible to get to ~$700K in annual income for anyone reading this blog (if they are serious). Using a 20% correction as a "worst case scenario reduction" for a diversified group of investments this means you can amass a portfolio of at least $1.5 million or so before you're even worried about big stock market corrections. If you want to get more conservative you can add to the bond/cash exposure and suddenly you can go up to $2M knowing that you'll increase exposure across the board! We have no doubt lots of people will hate this post but that's fine, we'd say it's better to focus on making more money than poking around doomsday scenarios where everything is down 75%+. With that we'll leave you with a favorite quote of ours That is why the rich get richer!

Earning more money is significantly better than trying to save more**And…** *"The more money you make, the more risk you can take".*

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality)

Efficiency, Get Rich Without Giving Up Your Life

Q&A is Now closed!!! Thank you everyone this was 1,000,000 times better and thank you to all the contributors who chipped in during the Q&A!
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Q&A Closed

Q&A now closed, due to redundant questions we have a lot of new readers and need a summary post to avoid a repeat. Thanks and will do another shortly!
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Q&A Is CLOSED

CLOSED

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Q&A Session

Q&A is now over. If a question was already answered in comments we don't approve them.
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Quality of Life and Time: 15 Things to Remember

Quality of Life and Time: 15 Things to Remember

At the end of the day (assuming no major leaps in technology) time is the one finite quality that we all have in common. We all die eventually. As you accumulate more and more "" also known as money, the time you have remains largely constant and the value of the time you have left goes no where but up. If you've wondered why money continues to flow into cities with good weather and beaches… Now you know! Quality of life becomes significantly more important since you're trying to that you have left over (the coming decades). Below we'll outline several items that will impact your quality of life which is essentially maximizing the utility of your time.

digitsmaximize the utility

Physical and Lifestyle Changes

Excluding the small number of oddballs, there are very few people who would prefer to live in a jungle or the mountains. The location is harder on your body and social interaction declines significantly as your neighbor could be several miles away. While many young people won't have the luxury to choose their location (at first!) as they accumulate a larger and larger net worth, they typically move to sunny areas with beautiful beaches. Having a core social group and being around other humans is a big part of happiness. Larger cities with warm temperatures will continue to attract people with wealth for the foreseeable future.

1) Location:

No way that we can tell you which "culture" is best. It is irrelevant. The key here is that the culture will drive the type of people you meet. If the culture in your city looks down upon stylish clothing, you're probably a person who does not like to dress up. If the culture is more nature driven, we doubt you'll constantly overhear conversations about the latest technology gadget. So on and so forth. This culture dynamic will impact your overall quality of life in a big way. If you're surrounded by people who are "not your type" it will be quite difficult to remain positive on a daily basis. This type of sacrifice is not worth it and you should leave as soon as you can (when it is financially viable).

2) Culture:

The next item on the list goes by mis-understood. As you accumulate a large financial nut, the chances that you use services go up in an exponential fashion. Your schedule might include a personal trainer to a specific massage therapist. Living in an area with minimal services can be a major headache if you're trying to leverage your time and do "less yourself". Services also expand your ability to generate a higher income. Once you reach this point, you'll realize that paying for services is actually a benefit to everyone. Someone else makes a living and you spend the free time generating more money. If you had to do your own laundry or apartment cleaning, it would lead to a major loss in revenue.

3) Services:

Another major issue when considering quality of life is healthcare. If you live in the middle of no where (went full rogue and moved to the mountains) a medical emergency could cost you your life. Sure you could have access to fast transportation and if you're a billionaire maybe you even have a doctor on call. At the end of the day? The top doctors are going to live in hubs since that is where the majority of the demand is. There is no reason to put your own life at risk by living in a city with poor healthcare and limited access to the latest and greatest technology.

4) Healthcare:

While this is becoming much more ubiquitous and major cities offer the full slate of produce, the ease of access should be taken into account. While Jeff Bezos is taking over the world with the purchase of Whole Foods, he's not going to open a Whole Foods in the middle of Mount Everest any time soon. The current offerings of a city should be taken into account and this is likely a 4th or maybe even a 5th reason why you'll live within spitting distance of a major city.If you're looking for high quality produce… living far away from the source will not help your cause.

5) Food/Nutrition:

At the end of the day we're all animals. If you live in a city that does not have people you find attractive a major part of your happiness (utility) will go away. You could always hop on a plane but the access is always limited relative to living in the city with people you want to be around. Imagine being a deca-millionaire and living in Alaska for example. Sure you may save on taxes but that's not going to offset the quality of life declines such as people, weather and services (side note if you love Alaska no worries, this was just an example!). As a final note, if a in general it also makes it much more likely that your current set of friends and colleagues will visit.

6) Dating: city has attractive people

Fame is something that cannot be reversed (very difficult). Once you're a public figure you're opening up both you and your family to immediate unwanted attention (lawsuits as well). This is why we choose to avoid fame. If you're well off in a small town, word will get around very quickly about your current "status" within the new environment. If you were to live in a city with many famous/rich people, it becomes a lot harder to pin point you as a whale (target). The vast majority of people will lie *up* to try and gather more attention… This is the wrong strategy. By lying down, you're much more likable and less likely to be seen as a threat as long as you never disclose your real income and net worth to anyone in the area. As a note, the other big benefit is spending goes under the radar (unless you buy that lambo!)

7) Attention:

The ability to move around should also be taken into account. If you can go from a nice restaurant to a museum to a beautiful park in a matter of 30 minutes… you're in a "fast" city. Notice, fast does not relate to the speed at which people are rushing around the city. It relates to your own personal portability. If you're able to move swiftly between items of importance to *you* the value of that city goes up. Going to the gym, the museum, a bar you like, the beach and a park within a few short minutes is an important perk. Your time is becoming more valuable by the minute.

8) Speed:

That is right! Even if you're already fabulously well off, taxes should be taken into account if you intend on having a family and passing along a greater and greater fortune. By living in an area with lower taxes, your ability to accumulate more wealth compounds by the tax savings. As a basic example, if your tax rate goes down by 10%, you'd double your money every ~7 years on this benefit alone! Sure we're making a simplistic example since the math isn't perfect, but the compounding effect remains. If you reach billionaire status we're guessing there are many more complex strategies… but you'll worry about that when you get there!

9) Taxes:

The final item to take into account for quality of life is a "hub" which refers to international travel. While it is likely a lot lower on this list, if you find an international hub with a significant number of flight options, your quality of life goes up. You're now free to take quick vacations to get a change of scenery with a few clicks on a computer and a short drive to the international airport. Ideally, you've found the place you call home and don't leave much. But. The option should be accounted for. Changing your schedule once and a while can drive a lot of value. You're able to experience something completely new without having multiple layovers to get to to your destination.

10) Value of a Hub:

Mental "Health" Adjustments

Being in an environment that likely mirrors urban life vs. suburban life, you'll find a lot of value in meditation. Adding just 20 minutes per day to clear your head and avoid the "noise" will allow you to stay focused and relaxed on a day to day basis. The best part about this practice is that it is not location dependent. You can do this while living in a pent house apartment or a three bedroom home 15 minutes away from the center of the city. Mental exercises are generally portable which is why (for the first time ever) we emphasized the physical portion first in this post.

11) Meditation:

As you move up in the "game" of life, you'll find that the triangle gets smaller and smaller. Practically everybody knows each other and there is *always someone better*. Always. You could be the third richest guy in the world… until the second richest guy in the world walks into the room (or the 4th richest guy gets a massive lift in his stock price)! Since the average person is spending their time "asking what so and so is up to" you know that this type of thinking guarantees failure. We would repeat this again. “There is always someone better”. There is no reason to compare yourself to the people around you because this does immense damage to your mental health. Instead, you focus on yourself and the qualitative metrics you would like to improve. We gave your our own qualitative metric which is…

12) Self Comparison: Efficiency.

Another major benefit of urban areas (or living near an urban area) is the consistent change. By putting yourself in an environment with consistent and constant change, the ability to learn new things will increase. Many of you are already there, but for those that are not, once you get to money you ask yourself… . There really isn’t much left from a financial accomplishment perspective once you are set for life but you don’t want to end up bored. Many people go down the drug and alcohol abuse route for a period of time and it is best to avoid this by learning new things instead. Sure you may be the best at selling SHOCKING diet pills online, but we doubt that makes you the best swimmer in the world or the best dancer in the world as well. Find something new to do every single year to avoid falling into the “boredom” trap.

13) Learning: *“F You” “What is left”*

Never help people for free. We’ve already proven that doesn’t work since people will assume the value you are bringing is worthless (or that your time is not of value). Instead, find a way to help people (who are worth your time) at a big discount. A discount allows you to filter out the people who wouldn’t listen in the first place and it allows you to earn a few dollars for sending the elevator back down. If you’re trying to help someone in their 20s you should charge less and if you’re helping someone in their 30s you should charge more. The irony of course is that the person in his 30s is less likely to listen even if he is paying more! By forcing the pricing up you’re making it *more* likely that he listens to you. After all, if he doesn’t listen he just wasted more and more money. This is human psychology at its finest.

14) Find a Way to Help: *Hint Hint: Now you know why we run this blog in the first place.*

That’s right! thinks you should quit entirely if you get rich and that’s exactly why you should never listen to average guy. By quitting you give up an immense amount of mental stability. Getting richer is probably the hardest “game” on earth and it is a lot of fun if you don’t need the money. It also allows you to see if you can become more efficient with your time. Everything we would encourage. Now if you’re in your 60s, maybe you can go ahead and retire to pursue other hobbies… But. We would wager the typical reader here will be rich by their 30s. This is far too early to hit the “escape” button and call it a life. If you really want to take time off, figure out exactly what you’re going to do first, then . During the transition period you can go ahead and travel the world only to realize you could have done that while running your online empire! (Duh!).

15) Keep Working: Average guySell the Company

We are putting an asterisk here because we assume you have a family and have a good relationship with them. If you grew up in a terrible environment where your family abused you and tried to keep you down… well you’re free to move on in your own direction. And. If your family was nothing but supportive, it feels good knowing that they don’t have anything to worry about. Your trust fund is set up for your kids and your parents are coasting in a comfortable life. Just remember. There is a thin line between giving your kids everything so they grow up spoiled and secretly creating a “just in case fund”. The just in case fund ensures they never have to worry about a place to live or putting food on the table.

***Bonus* Drag Your Family Up:**

For the newer readers… if you’re interested in learning more about making money, staying in shape and doing so without choking off your personality… You’ll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality

Efficiency, Get Rich Without Giving Up Your Life
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Quick Math to Keep You Focused On Your Side Hustle

Quick Math to Keep You Focused On Your Side Hustle

One of the consistent things we’ve noticed in our Q&As is that people are much more focused on trying to squeeze an extra 5-10% raise instead of trying to generate 5-10% by themselves in some sort of small business. We used to wonder why this was the case but now have an answer. . In the work force you’re forced to listen to what someone else says to do. Therefore, their brains are wired to take orders and they don’t know how to “start” from zero and hence… they never do. Here we outline some basic math to explain why this doesn’t make any logical sense.

People are afraid to start in the first place

We assume you’re pretty successful already, making around $200,000 a year in your current position (role is not important). The reality is that you’re likely living in a high tax state to generate this type of money and we estimate your tax rate to be around 33% (keeping it simple) so you’re really generating $133,333 or so after taxes.

: Business Income is Not the Same

Why is this important? Well if you do spend your entire year finding a way to get 10% more from a company switch, that’s going to be $20,000 gross which is $13,333 after taxes (likely a bit more due to escalating taxes). This is not going to be as much money as you thought. You’re making just over a thousand dollars a month in additional income.

Instead we assume you start a new basic business (consulting for example where you’re doing time for money exchanges) and you make $20,000. Well… There is a big change here. You can now deduct business expenses as having 100% operating margin is unlikely. You will be able to deduct expenses for your work related activity and this can include basic items such as your cell phone, your laptop etc. Showing a 50% operating margin is actually entirely fine and doesn’t raise any red flags. So you’re generating $20,000 in income, deducing $10,000 (likely items you would buy anyway) and now you’re paying tax of just $3,333. This means your net income was $16,666.

Now you may look at that number and say it is small. That is a big difference over the course of 10 years. Assuming you can add say $100,000 in business income or $100,000 in your career the answer is beyond clear. Also. Would you rather have your livelihood tied to one income stream of $300,000 or one income stream of $200,000 and the other at $100,000. Your risk drops dramatically with the second set up. It isn’t even close.

While true it is still 25% higher than your other option (finding a new career).

For fun if we assume that’s the case: one guy earns $100,000 from a new business and the other person earns $100,000 from his career, the difference is $16,666 after taxes (understated as taxes for the career would go up). In 10-years assuming a basic 7% compound interest rate, you’re looking at a difference of

$230,000… About a quarter million dollars by simply starting a basic side income. This is a huge amount of money for the vast majority of people and could purchase a basic home in many parts of the United States. Oh… And don't forget… So at most you can have a 15% tax rate at the end (long-term capital gains).

This is after tax gains.

From the chart above within just 3 years the difference is a luxury car about $50,000, in 10 years the difference is a normal house and in 17 years it is two homes or one home in a nice area.

Despite giving out a , we might have to start from the absolute bottom. Meaning? You're unwilling to even get up and try something. The good news is that you can start by the time you're done reading this post it is really this simple.

How to "Start": clear zero excuse way to start

Step 1: go to a university near you

Step 2: print out and hang up flyers offering the service you can offer

Step 3: wait

You'd think that this would be an easy task, and yet most people don't even bother. If you have any sort of high quality career, we can promise you that people will pay for your advice/attention/time. This works for the vast majority of our readers since they are largely in high-earning careers (at least that is what analytics tell us).

If you want an even easier version of this replace university with "any place with your target audience". This means you simply need to know what you can offer and where the people will be. This is incredibly easy. In fact, ticket scalpers make money with this strategy and they are definitely not the most competitive or smartest people in the world (but they make money doing it!) A long time ago it was actually quite easy to just go to Costco and buy a case of beers/water and sell them near the stadiums during games. This does work and it's always fun to hear how hard "business is" when all you have to do is take a high demand product to the customer.

With the small tangent aside, everyone reading this just needs to ask two questions: 1) what am I good at and 2) where is the demand for that service/product. If you cannot answer that question then ask yourself why you're employed in the first place. If you're really being paid to do nothing you're in deep trouble since you're first to be cut. After you can answer this question, you then take that skill and monetize it during your free time.

Even if you're not thrilled with the first year of performance and only make $10,000 or so, this is the only way to learn. Instead of wasting time looking for the "best opportunity" you should spend your time making a million mistakes and figuring it out as you go along. This surely beats doing nothing. If you make a ton of mistakes and learn the following: 1) correct pricing, 2) correct marketing, 3) scaling, 4) website design and 5) traffic… You're pretty much set for life.

Start Small:

You're set for life because you have the tools necessary to generate income regardless of what happens with your career. Relying on yourself instead of another person is significantly better than golden handcuffs. The longer you stay with the golden handcuffs… the worse it gets. You end up losing your freedom as you're on call more (the income is next to impossible to replace). Similar to the slow boiling frog analogy. By the time you realize what has happened… it's too late.

Take a look at the below table as a good example of how quickly things scale. We have an annual addition table based on the following markers: 1) $100 a month, 2) $500 a month, 3) $1,000 a month, 4) $3,000 a month and 5) $6,000 a month. "Likely FI" refers to being able to pay all your living expenses at this point.

It is hard to mentally picture compounding but the above chart is a pretty good example. If you're making $200,000 a year, finding a way to add $1,000 a month does not seem like a high hurdle. That said, in just 10 years you're either able to (your own money plus the side income). That's a substantial change to your life particularly if you're only 21 years old. Imagine being 31 years old and having your cost of living actually *decline* because you made a single smart decision 10 years ago. Oh wait… That's exactly how it works! In the more likely scenario (you find a way to generate $3,000 or so which is the lowest number we've received from readers of this blog), that means you'll have three quality homes in 20 years. That should almost be a saying, 3 thousand for 3 homes (about $1.5M dollars).

buy a house outright

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return
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Quick Post on Kobe Bryant – The Result of Incredible Work Ethic

Quick Post on Kobe Bryant – The Result of Incredible Work Ethic

What a wild day. For anyone over the age of 30 or so they know that Kobe Bryant was probably one of the most followed sports stars with a cult following: Lebron, Jordan and maybe Curry for a moment in time really compared. Even though there are super stars still in the league, Kobe was a worldwide spectacle and people in Asia, Europe etc. all knew who he was. It takes a lot to be shocked and for the first time since the presidential election people are shook.

If you're looking for clear proof that lives are not equal you can look at the reactions today. Despite over from a new virus, the entire world is focused on one man and his family. That is the definition of influence if we've ever seen it.

Lives Are Not Equal: 2,000 people infected and 56 dying

This is a general theme we've had here for years. A single ultra successful person generates more value than a larger number of unsuccessful people. Yes we realize that doesn't "read nice" but it's also true. If you reach a point of influence your choices/mannerisms impact the world a lot more. The average person does not have a ripple effect on the world and a super-star in any industry (even sports in this case) can cause a small ripple to occur. Your life-long objective is to become successful enough to have at least a small ripple on the world when you're gone

Unfortunately, we doubt this changes human behavior as most won't learn from it. Instead they will lash out at people who say anything remotely wrong about him. The real lesson should be immense respect for life itself. You can become a billionaire (Steve Jobs was an example) and die within the next few years. If you're wasting your time trying to tear other people down, you've spent a large amount of time wasting your own life (which could be cut off tomorrow).

Human Behavior Won't Change:

Human behavior is sadly predictable despite the answers being firmly placed in front of everyone. If you focus on yourself and improving your life (and anyone around you), you'll exceed your expectations. This is simply how it works. Put tons of effort in focused on improving yourself.

While the chances of a reader being a 6'6" athletic individual with a near 40" vertical leap is next to none, a lot of his mannerisms can be mimicked. As many of you know we bet quite a bit on basketball and boxing as they are the two sports we follow close enough to be educated on the topic. When you look at Kobe's life he actually spent insane amounts of hours in the gym and working out. You didn't see him mentioned in parties or benders like you have seen with other NBA stars. Quite similar to Lebron James in that manner, didn't show up drunk to games like a Charles Barkley or JR Smith.

Some Simple Lessons:

The main lesson you can take from someone with genetics completely unrelated to you? Find what you're good at and become obsessed with it. That's the real conclusion here. No one cares about people who are mediocre and no one cares about people who are lazy. You can be talented and lazy and you'll be absolutely curb stomped by people who are talented and grinding every day. Kobe Bryant was simply the latter. Videos would surface of him running up sand dunes and taking hundreds of shots before and after practice… This doesn't' even include their maintenance regimens to stay in tip top shape. Playing through broken fingers and other injuries were the norm when it was an important game.

If you are talented in something and have the slightest chance at making it big, you should stop everything and focus on that talent. This is not negotiable as the difference between being number 1 and number 10 is miniscule and changes your life by a wide margin.

Another important lesson here is that you're going to have a ton of haters on the way. Even though we are focused on Kobe here we can't help but think about the 2019 NBA finals when people quite literally cheered when Kevin Durant ruptured his Achilles. That was one of the grossest displays we've ever seen (from a sports event) and here we are in 2020 and suddenly Kobe's haters have nothing to say. It seems that people have some sort of interest in seeing people suffer and only go quiet when the person dies. Pretty sad state of affairs in the USA, but it's how it works now. Remember that all of your haters (while certainly smaller compared to Kobe), have horrible lives and will unlikely ever make it in life anyway. Best to ignore.

Health is by far the most important asset you have. Another interesting thing about Kobe is he never seemed to "let himself go" and was in shape despite retiring a few years ago. The vast majority of sports stars end up gaining tons of weight a losing their physique. He wasn't in this camp and had (what appeared to be) great respect for health. You definitely cannot do much about a helicopter crash.

There is no way anyone could have predicted this so we're keeping the post short. It is big enough for us to write on since we've followed the sport for quite some time. Kobe Bryant unlike a lot of pro athletes actually reached his potential (our opinion). Arguing about the best players of all time is less relevant and the more important item is that he didn't "squander" his talent like a lot of other professional athletes (overweight NBA stars or stories similar to Shawn Kemp… Many are probably too young to know who he was). Don't squander your talent, work as hard as you can on something you can become great at and remember that everything can be taken away from you tomorrow. Don't spend a single second worried about what other people think (vast majority are hoping you'll fail) and stay focused on your present and future.

Some Quick Final Thoughts:
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Quick Suggestions on Cash Flow and Q&A Announcement

Quick Suggestions on Cash Flow and Q&A Announcement

As you progress through life you're going to value cash flow as you can't really spend the money that is locked up in Angel Investments and other high risk ventures (such as private equity deals). This is probably one of the biggest mistakes we made, locking up too much money for longer periods of time and being forced to wait years (yes plural) to eventually exit the positions and turn them into cash generating machines. Since we've had some downtime we looked through about 10-years of income and made a few interesting observations that should be valuable to people who are still working up the ladder.

This is one we'll start with. You can only reach "financial independence" if you are generating enough cash flow to cover your cost of living + some emergency spend as well (cost of home, food, utilities, healthcare and a bit of money for emergencies). If your money is currently in higher risk assets such as FANG, angel investments or private deals with no cash flow… You're not really set yet. You have to liquidate those positions over time and eventually buy a cash flowing asset such as: 1) rental properties, 2) internet income producing websites, 3) stocks with dividends, 4) bonds and 5) high yield savings.

Cash Generating Net Worth:

While obvious when written out like that, it's actually quite easy to count too many eggs before they hatch. If you think it's not a big deal and you can "eventually get out of the position", just ask the employees at WeWork. Overnight, many employees went from "home shopping' to searching for an entirely new career. The major issue with appreciating assets with no cash flow is that you'd be forced to sell when you need cash on hand. So even if you believe the stock market will go up 7% or so per year (as it has done historically over long periods), it does not mean you'd be selling at the tops. It is quite easy for you to own Amazon stock, the company misses earnings (-10% on the day) and you're forced to sell to realize some cash. Take this seriously when building out your portfolio once you're over $1M or so in net worth.

A good rule of thumb we noticed when we looked at failed projects versus successful ones… The failed projects all saw income growth that was lower than your typical high quality career. In a good career, you can get double digit improvements on your total compensation fairly easily if you're an above average employee. So if your "side-hustle" is only growing at around 10%, you are probably better off selling it.

Mathematical Example on Other Income:

A great example is a re-selling business of sneakers. While this is a good market right now due to the popularity of certain shoes, it eventually hits a limit where the growth stalls out. Making more than $100K is pretty difficult unless you've found something special that helps you. We're not sure what that differentiating item is since most of the value is based on creating bots, email addresses and shipping to tax advantaged locations for re-sale. All that aside, we'll continue with this business model as a good example.

Once you've reached a point where you're making around $60,000 a year, you should consider selling it. Why? You want to make sure you're showing large amounts of "growth potential" despite knowing that it will fizzle out after improving a bit. By the time you actually sell it, you'll probably be making around $80,000 a year since the sales process takes time. After this you should sleep easy at night knowing you maxed out the income. And. If you're really nosey, you can track the business a couple of years down the line to see if you were correct and if the person was able to somehow ramp up the business.

To summarize the above, if you're seeing growth in the low double digit range (10-15%) and you're aware of potential scale limits… . We are sure there are exceptions but don't spend time "brainstorming" when it has become clear that the limit has been met. The only reason you shouldn't sell is if you're willing to run the business at 0% revenue growth since it isn't time consuming. Unfortunately (or fortunately) we have one of those on our hands right now.

You want to sell about 2 years before that limit is reached

Another fun way to see if you should take on a new venture is to calculate your total net worth change in a year. If your net worth is say $1 million and you're ending this year with $1.1M… Your net worth change was 10%. If this is you, it's time to start taking on more risk/task or projects since you're going to slowly downward spiral into nilhism thinking. You'll look at the year-end balance and say… What's the point of working since I didn't really move the needle.

Taking on More Risk:

A good metric to stand by is around 20% increases in net worth. If you're putting your best foot forward, it should be possible to move your net worth by around 20% per year. If you're in the $100M+ net worth camp, this is a completely different ball game. We're simply referring to people who are worth $0 to $5 million or so. While moving your net worth by $1M is not easy (when you're worth $5M), you're probably extremely talented otherwise you wouldn't have made it there so quickly.

We're getting a lot more private messages from people who have reached this hurdle and our answer is quite simple. You must start a new project or purchase a new fixable project to have something new to do. If you're really working long hours, say 60-80 hours a week and can only move your net worth by 5-10%… You have to hit the sell button on one of your time consuming income streams. If you don't have anything to sell, it means you have to work *less* at the position you're in since you've very clearly reached a wage/income ceiling for one reason or another. Don't sit on your hands as you'll become bored/disgruntled and lazy leading to the standard downward spiral.

Generally speaking, if you followed our plan in Efficiency, it should look something like this: 1) first cash flow item is around $100,000 a year with your career, 2) after 5-years or so your idea should be working and generating around $150,000 per year, 3) after 10 years, you should either be out of your career or you should have career income equal to your side income at around $200,000, 4) after a couple of years like this you should have a third cash flow – – generating about $30-50K per year. That's the extremely simplified snapshot and if you see your business income surpass your career income, you're free to quit at that point.

How the Cash Flow Should Look: [real estate for example]

The key item to be aware of is that you always have to discount at least one of your cash flow items to zero. That is $0.00. Why? You could lose it all. While we gave a WeWork example for the perils associated with "paper wealth" any high income earning position can be replaced. The more money you make the more likely the firm is searching for ways to replace you. If you're making $150,000 per year in a high cost city, you're not on the radar. .

[Start making $400,000-500,000 and you're 100% on the radar]

For what it is worth, from a psychological perspective, the two largest jumps are when you get your second and then third income stream up and running. As another rule of thumb it is only an "income stream" if it would cover your cost of living. Once you get a fourth stream, the novelty factor wears off as it's unlikely that you lose three different income streams at once, the fourth one was just icing on the cake. As a note, we don't use dollar amounts here as we have no idea where you live, an income stream of $2,000 a month in Thailand is a ton of money, in New York or Los Angeles it's not great (remember we're comparing this to the cost of living in the country/city).

As always, is by being "frugal". You can only cut your costs so far (can't cut food, water, housing and taxes… it Just isn't possible). That said, a good mathematical formula is to never spend more than 10-15% of your pre-tax income on rent/housing. This was probably the smartest cost decision that was made over the past decade. If you make a lot of money due to a or due to a successful career, there is no reason to ramp up the housing expense if you're in your 20s. Most guys in their 20s are forced to live with roommates so having a decent one bedroom or studio apartment is fine until you reach your 30s and can upgrade to a higher quality one bedroom. This is also one of the reasons why it's so important to start making money early. The earlier you do, the more you can take advantage of social expectations that work in your favor.

Cash Flow for Expenses: [the worst way to try and get richlucky break]

Q&A as usual we'll start next month with a Q&A, we'll open it up on Thursday the 5th.
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Quick Update Post the Riots and "Re-Opening"

Quick Update Post the Riots and "Re-Opening"

It's getting crazy out there. After a couple of months of quarantine we're now seeing riots break out across the United States. The protests seem to be a mix of both the Floyd incident and upheaval around economic inequality highlighted by chants of "Eat the Rich". As the economy opens back up we'll see what the real unemployment rate looks like (our guess is that double digits will remain, somewhere around 10%). Also. We'll see how many companies adopt work from home initiatives and reduce back office jobs.

This is one of the main beliefs we have. Having a programmer work in San Jose, London or a cabin in Colorado doesn't make a difference in the function of their job. In fact, the main reason people show up to offices is for "face time", ie. management is usually insecure/micro-managers. After this experiment the companies have realized employees just wanted more autonomy and are willing to work *harder* if they can work from home. So their initial assumptions were flawed. We stopped tracking it but Facebook, Coinbase, Twitter, etc have all become accepting of the work from home environment.

Technology Will Move:

Looking across other sectors of the economy… Anything that can be done with a phone call is likely going to move remote as well. In short? Knowledge workers. Anyone who earns with their information/insights can simply work from anywhere. Think about the blogging industry as it's the easiest to understand. If someone write a post in China or Australia or New York… Does it make a difference? No not really. Apply this to many white collar professionals and you'll find that many of them can quickly go remote as well. If you're simply being sent documents to review and load them up to a secure work area… Lawyers could easily do this from a home office as well. You're just reading, correcting and loading items to the cloud.

So while Tech will move first, the other white collar professions will move second. Sure. There are several positions where face to face interactions are critical. And. Those positions will still be reduced from a pure numbers perspective. Once you have an established relationship with a client a zoom meeting will suffice for a large number of interactions. Instead of assuming that businesses will operate the same (they won't) look at what areas will be impacted first and follow the bread crumbs from there.

After we're past the first phase or two of the re-opening, it would be wise to think about the "flow of people". Similar to the concept of fund flows. If we can agree that a lot of technology jobs will allow remote work, where will these employees move to? It seems likely that someone living in San Jose/San Francisco would move to a place like Los Angeles if they wanted to stay in California and live with better weather. It seems likely that someone in New York/Boston would want to move to Miami or perhaps the Carolinas for a similar reason. People who cannot afford the major cities would then move to "similar" cities with a "similar culture" – just think of political affiliation for this one.

Physical Migration:

This is probably the most important question for our readers. Forget about what major city you want to live in now, ask "which major city will have the better environment in 2023". This is not the same question anymore. With this much economic disruption, the amount of migration is going to be quite high. We wouldn't want to be living in a concrete jungle with high taxes and poor weather in 2023. As mentioned on Twitter, the weather is probably a good starting point for choosing your new city to live in (if you plan on moving).

This is another concerning issue. With high unemployment and billionaires becoming richer by the day… A wealth tax is likely going to become more and more popular. In fact we think this has a decent chance of going through. When you think about the ramifications here, it is a lot easier to follow the bread crumbs. What items are easiest to tax and track? Quite simple: 1) real estate, 2) bank accounts and 3) stock accounts.

Wealth Tax?

This has a lot of implications for all of our readers. It means the value of physical assets goes up 1) physical cash, 2) physical gold/silver, 3) crypto currencies and 4) rare collectables. Why is this a big deal? It's a big deal because the current environment seems to be pushing for inflation on necessary goods and deflation on aspirational goods. Right now, rich people are not able to spend on much. They are being forced to live pretty standard lives which means the price of basic items like food and drinks are going up while the price of "attention goods" such as a BMW/Porsche are going down.

As usual, we'll jump to the conclusion. Instead of worrying about a wealth tax, it's a good time to go ahead and set up a small home vault/security system. What does this mean? A way to hide physical assets at your home in a safe manner. At the low-end a high quality safe with a couple of cubic feet of space is going to cost anywhere from $200-350. This is nothing compared to the amount of money you can store in there (using a combination of gold and physical cash you're easily storing over a million dollars in value). If you throw a crypto currency wallet like a ledger or nano inside, the number is then infinite by definition.

If you're in the ultra-high net worth camp, call it $20M+, then looking into vaults/secret doorways is another viable option.

We realize the last two paragraphs make this post seem ultra paranoid… that said with interest rates at 0% and no return profile on cash anymore, at home banking solutions are now viable. For example, if you think the price of gold only goes up 1% per year for the next 10 years, then what's the downside of holding $250,000 worth in a completely hidden area? That's a lot better than a safe deposit at a bank since it can easily be seized. In short, we're fine with appearing crazy for this move as we see limited downside in creating a worst case scenario exit plan. If you've followed the advice on this blog for the last 8 years you're making more money now vs. pre-pandemic and on top of that your investments are up anyway. Taking 5% of current net worth and creating a "worst case scenario set up" is pretty reasonable. The real key is the "set up". Make sure you can quickly move more and more assets into your new security system if taxing the rich becomes popular. Again. Laugh if you like, billionaires build bunkers out in strange islands/places preparing for such scenarios so our solution is tame and cheap.

Look no further than Brazil. The country decided to ignore the pandemic and now they have a catastrophic health issue and the Brazilian Real has devalued to 5.33 per dollar from 3.92 per dollar in a single year. This is a substantial issue for them as their ability to import items just went down significantly. Hong Kong is also going through a lot of protests. Individuals are rapidly exchanging as much as they can from HK dollars to US dollars. If there is a decoupling of the Hong Kong dollar and the US dollar, the citizens do not want to suddenly lose purchasing power.

Currencies Are a Mess:

Who knows how this plays out. If we want to place a bet, it would result in more countries defaulting on their debt. Argentina defaulted already and there is a high chance of more to come. This means the carry trade is still alive and well (take debt out in foreign currency and convert immediately to more stable currency and pocket the spread when it collapses).

The chances of some sort of V-shape recovery are slim/next to none as restaurants, airlines, cruises, hotels etc. are all going to be under headcount restrictions. If people can't move around and spend, there is no way for GDP to grow. While the opening will allow for some return to normalcy (an improvement) believing we'll be back to 4Q19 levels any time soon is simply delusional.

The good news from all of this is that e-commerce is going to see structural increases in demand. This has happened for the last 10 years and the pandemic is just going to increase the market opportunity. If you are still on the fence about this we really can't help you anymore. You have riots on the streets a global pandemic and high unemployment. Online sales is going to flourish like never before and there is no reason for you to personally go outside to purchase goods either. What is the point in going to a retailer when you can order the exact same thing, avoid travel costs and decrease exposure to COVID-19 at the same time? It makes no sense to go out, simply order in and wait until the pandemic is officially over. The looting and rioting is just going to spread the virus faster.

Onto Some Action Steps:

In simple terms: Step 1) continue to order everything you can online, avoid going out to any area with serious looting/rioting. Step 2) take up some sports that are isolationist in nature – golf, rock climbing, etc.. Step 3) go ahead and cancel the gym membership and order all of your at home items now. It's clear that the gym will not be a great location for the foreseeable future. Step 4) build your at home banking system, no other way to describe it. Step 5) try to order everything in bulk, this refers to non-perishables, food that can be frozen etc. Step 6) Step 7) carefully package and store your luxury items, you don't want to stand out as rich during a potential riot in a major city. Step 8) set up alerts for housing in any major city with a nice beach or good weather. Step 9) continue to stack up physical assets if you can and Step 10) it is a very good time to lie down in front of friends and family, use the pandemic and riots as an excuse to . Don't be stupid and flex in public.

*begin testing various ad campaigns, when the economy opens up next month people will realize how inefficient retail shopping is; time to take more market share.tell people you're *losing* money*

Not much has changed in terms of preparations: get online business running and begin down playing your success by a wider margin – by an extra 20% or so. That said, we're much more concerned given the amount of riots we've see. The chances of full employment by year end is incredibly small. Too many companies have learned that a lot of fat can be trimmed due to software and the use of new technology. So. We'd recommend doubling down on your internet ventures and taking the more cautious tone to heart for the remainder of 2020. When we're past the COVID-19 situation (officially) it'll be time to get aggressive in buying/investing and riding out the next bull cycle.

Final Note:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1-2x a month for purchasers only.**
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Quitting is the New Winning

Quitting is the New Winning

In a world where money is going to constantly , learning how to quit is likely one of the most important skills in life. While the tone of our blog will not make people happy and they will believe that ego is a big reason for this… Quitting actually requires consistent ego destruction. Quitting means you're giving up on something you thought you'd be good at and being self aware enough to realize you're not going to be at the top of the field. This can range from basic things such as sports to major things such as writing, math, presentation skills etc. With that backdrop we can structure a way to quit before you waste valuable time learning a skill that won't get you anywhere.

flow to the hands of the few

There are a few things that are required for a successful life: decent social skills, decent sales skills and decent comprehension skills. These three are "unavoidable". Even if you struggle with one or two of the three major skills, it doesn't matter. You. Have. To. Learn. It. There are no exceptions to these three items. If you don't have decent social skills you'll fall behind in your personal life and you'll put a ceiling on your professional life as well. If you don't have decent sales skills, you'll lower your long-term earnings as an interview and an actual sales job are the same (Selling yourself vs. Selling a product). Finally, comprehension skills are significant (learning new things quickly). Oddly, the last one is largely ignored. School teaches you to nit-pick and find exceptions to the rule which forces you into poor comprehension skills. Not being able to comprehend is a guarantee that someone will fail. Searching for exceptions that break the framework makes it impossible to build a success framework… since there are always exceptions.

Skills That Must Be Learned:

Athleticism, multiple languages and musical skills. While these three items are all great and amazing to have, they actually aren't as necessary as they appear. If you're staying in shape and can communicate extremely well with the english language… you're perfectly fine. Spending time on these three items should be deemed a hobby not a priority. If you're lucky enough to be elite at athletics, musical skills or other things that can actually create monetary value (scholarships, legitimate chance at being a pro) then it's worth it. But. Please see rule skill number three above regarding comprehension. The vast majority do not fit into the top 1-0.1% in athleticism or musical skills so it's not a *necessity* it is a nice to have. Being healthy (working out consistently and staying in incredible shape are important) being an amazing musician? Not so much unless you are truly talented enough to earn significant amounts of money.

Skills That Are Not Necessary:

With the basic three items out of the way we have to create some guidelines. The first guideline is clear as day, if you try a new activity for the first time and are *not* above average… you should quit. Not kidding. If you try something for about a week or two and find that you're not above average relative to the peer group, you're not talented in that activity. The second guideline is that you should only try activities that will help you later on in life. Being talented at drinking games and bowling is not a good use of time (fun fact, professional bowlers make around $30,000 a year… not worth the time drain). The third and final guideline is to find similarities between your skills, if you're at math, software coding is probably a good idea. If you're good at sales, moving towards presentations is likely a good idea. If you're good at Ethnic Studies, you'll probably be broke forever so you've wasted four years of your life. So on and so forth.

Basic Structure:

With the most important overarching guidelines completed up front we can now go into a step by step process for quitting and moving onto the next thing. For this example we're going to go ahead and use businesses since we hope that's engrained in everyone's brain (no ownership, no equity, no riches for you).

The Quitting (Winning) Formula for Business:

The vast majority of people will never start. They will use 95% of their time reading and "thinking" about how to proceed and never actually begin. This is because we're taught from a young age that reading is "learning" when it isn't. You can learn how to swing a golf club from 100 books but the guy who spent 100 hours practicing will still win even if his swing isn't perfect (learning is 80-90% doing and 10-20% reading to fix problems).

Step 1 – StartIdea:

Once the business is started (does not matter what it is), you want to see immediate growth within the first month or two. This is just how it works. It even works with blogs that gain decent popularity. If this is not the case and you've marketed/bought traffic with no interest in the product/service… you can go ahead and quit now. It is *generally* a bad idea if there is no growth within ~2 months of any new idea. We're not saying it has to make millions, it just needs to grow in terms of viewers/customers.

We'll use this blog as an example. While we have steered away from people interested in getting to the first million (since we're far past that) we noticed a common complaint: people wanted these ideas back. This makes logical sense as the percentage of people who have a million dollars is likely in the single digit range (even in the USA) which made the new ideas un-relatable. For your idea (whatever it may be) you have to figure out what exact item/service they are looking for. Criticism from people on Twitter, your friends, your family do not count for anything. Again. None of those criticisms are worth a penny. The only people you should listen to are the people who purchase your products. If they have not spent any money with your business/service, delete all of their opinions entirely. Smile, nod, agree and ignore.

Step 2 – Find the Interest Point:

At this point you should be moving from "initial launch" to growth. This means you've pinpointed the exact product/service that people want and now you're looking for increased interest due to .This is very important. If you've done this correctly it means that you've found a small area to add value and people will then recommend your product consistently. The graph below does a great job of explaining how this looks in terms of growth… And. If you see no growth after pinpointing what was wanted… it's time to quit yet again.

product quality

Assuming that your first idea was successful (very unlikely so don't be surprised if you quit multiple ventures before succeeding), it's time to look for new ideas. Your first idea will give you a clear sense of the target audience you serve and if you want your business to grow you have to come up with new products/services/offerings. Either expand the total addressable market or expect declines in the future.

Step 3 – Find New Interest Points:

This is a virtuous cycle for a short period of time and usually leads to a big increase in ego. This is also usually the peak. When you see revenues decelerate (no longer going up every year) and begin to turn flattish, you're better off selling the asset. Our guess is you'll make the same mistake we made with our first idea. You'll try to look for other options to expand the market but it goes too far away from your core competency. This leads to no results and you end up having revenues come down (from peak) to a lower level but still heavily in the green. Since you missed your shot at selling for a high valuation, you have to keep it and let it generate money. In short, if you see revenues increase at a rate that is unsustainable relative to your target audience (be realistic!) it's time to quit (sell).

If you didn't sell at or near the top, you're stuck in a weird situation where you're not motivated and you're not willing to sell it anymore. The multiples for a declining business are so low that you're better off doing a mediocre job and collecting the income. If you've ever wondered why so many declining businesses exist… Now you know. They exist because the net income and cash flow is still positive so there is no incentive to shut them down even if margins are low.

Step 4 – The Slow Quit:

This results in what we all the "slow quit". You want to radically reduce the amount of time you spend on the project to the point that it's a bit annoying. You're annoyed (slightly) at the maintenance tasks but when the money clears at the end of the month you're reminded of why it is worth it. This is the right balance. Similar to a private equity firm gutting the OPEX to generate cash flows, you're slowly bleeding out the asset over time. The good news? If this was your first successful product, you're going to be amazed at how much is made over the next 5 years as the business goes flat. Your income generated relative to effort goes parabolic/vertical. Lesson learned, always sell when the knee in the curve is hit.

Many of you likely have office jobs, this isn't anything to be ashamed of. Everyone has to start somewhere and no matter how much we talk about ownership and *event* driven income, starting with an hourly wage or a career is likely. Very likely. Instead of focusing on the hourly positions (not our target audience) we'll outline the Quitting formula for your career. Before beginning, remember that we *assume* you do not have a side income. If you start a business on the side, as soon as it makes about 2x your work income, you're free to quit at any time. If your side income equals your work income, usually better to continue both.

The Quitting (Winning) Formula for the Office:

Before beginning, a large chunk of success in any major corporation comes down to politics not performance. While we've stopped playing these games a long time ago both of these posts are valid today, and . The long story cut short is that you have to get on the right side politically on day one. The two posts with the links tells you how to do this (finding the top performers and attaching yourself to them while decreasing interactions with weaker performers). In a nutshell, if you're not on the right side politically within a year… Time to Quit!

Step 1 – Politics:politics #1politics #2

You'd think that we'd fill this section up with craziness. Such as "try to get into the right group over time". But. It just doesn't work that way. Within corporations you get labeled and marked relatively quickly. So in the case of investment banking for example, you have a 2-year analyst stint so if you're not in the right section politically, be ready to leave when your time is coming to an end.

You know the rules. If you're ever passed up for a promotion it is also time to quit! This does not mean you suddenly walk out the door. It means you're going to look for a similar or better position at another firm. Do not fall for the lies they will feed you about "the next one being around the corner". If the next one is really around the corner, when you turn in your resignation, they will offer you the promotion (hint: 95% of the time they won't).

Step 2 – Up or Out:

Before moving on from this clear sign to leave, you'll be shocked at how many people do not take the hint. Successful companies have many procedures in place to make it seem like you still have a chance. This is by design as it allows them to squeeze more value without having to pay more money. No one wants to have a disgruntled worker on payroll as they are usually loss accumulators. Your new mantra is to do the minimum without raising red flags and fill your weeks with as many interviews as possible.

As an incredibly obvious add-on, if you're ever demoted it's also time to leave. This should be crystal clear but some people are delusional. Any time responsibility is taken away you have to leave.

Another fun one, when it comes to making money you're much better off being tied to a growth industry than a declining one. This is also quite obvious but the execution of the concept is difficult. If you know that your industry is declining and you're making say $200,000 a year (a high income for a good professional job) and you're offered say $180,000 a year at a high growth future Company… You should actually quit.

Step 3 – Dead Industries:

The tough part about this math is that you have to adjust for the *responsibility* of the role. If you are down grading responsibilities and taking a pay cut… you should stay in the declining industry for a bit longer. If you're getting high levels of responsibility and pay comes down a bit for a year, it's time to jump. Why? Getting responsibility and being higher up the chain is a lot harder since it requires a promotion to get back to your original "level". So. If you get a better position at another firm with significant growth, it is time to quit if your responsibilities go up or stay the same.

This is probably the most complicated quitting section. You're at a complete cross roads here as you're forced to either become a manager or remain in a revenue generating role. The easiest example is a sales position. When you are a top sales person and are offered a manager role, you're taken out of revenue generation and are now in "management" responsible for training the other sales people. Tough decision.

Step 4 – Delegator or Revenue Generator:

When we refer to quitting in this context you're "quitting" your future upside in your career if you decide to remain as a revenue generator. Unfortunately, in this situation it isn't easy to give a clear answer. Also, if you've been following the success framework from this blog you're likely going to have a business by this time frame.

For fun, we'll assume this is your situation. Our recommendation would be to go ahead and take the managerial role *assuming* you don't foresee big declines in the business for the next 12-24 months. This is important. If you anticipate a downturn in 12-24 months, turn the conversation to a "slot you're interested in within 12-24 months". Make up something (health issue, family issue, etc. doesn't matter, make it believable). The reason? If you expect a downturn in the division and it won't be due to your management skills.. we know who will get blamed. . So. Before taking that jump, map out the potential consequences.

You

Unsurprisingly, we've noticed that many people lose valuable amounts of time on hobbies. This can range from playing sports, video games, watching netflix and more. Funny enough we have so much free time we do some of these things (change from 7 years ago) since we've made it past our numbers. Back 7-10 years ago we never watched a single movie or watched a single meaningless netflix show. At this point we're beyond that and have enough free time for some mindless entertainment (natural progression of becoming wealthier). That said the framework is simples.

The Quitting Formula for Hobbies/Activities:

The following activities should be deleted: netflix, movies and TV. You get nothing out of any of these items. We're sure someone will jump in the comments about "learning" from ridiculous shows like Crime Scene Investigation. These guys are also notoriously poor. Anyway. This section is pretty clear, no change from our advice from 7 years ago, delete all of them unless already financially independent. We are sure there are obvious exceptions and those comments will be deleted as they highlight how unintelligent the comment is.

Step 1 – Not Rich Time to Quit:

Everyone should work out and have an activity that keeps them healthy. The issue? Taking it too seriously. If you're doing an activity and find yourself becoming increasingly competitive it's time to slow it down. Unless you're rich, you're losing too much time chasing old high school and college dreams. When you're rich you can go ahead and compete in serious events like the World Masters Games etc. Until then, you're working out and staying in shape to maintain a healthy body type without impacting your income generation. Not rich and trying to play 15 hours of sports a week? Time to quit.

Step 2 – Health Items:

This is going to increase a lot as you get richer. Rich people drink a lot. That said, we've got a good proxy of 2x a week as a maximum for a young person who isn't rich yet. If you're 30 and still not rich at all this drops all the way down to 1x a week of alcohol consumption for "partying/fun". If you're rich, delete this entire paragraph as you're likely doing the same thing all other rich people do: invite only rich people and attractive women out to house parties/clubs in expensive areas while kicking out anyone who does not offer one of those two items for attendance.

Step 3 – Partying:

This is pretty simple, you're going to leave a lot of people behind. It is a common theme for any successful person. It just isn't possible to "connect" to someone if they make 20% of what you're earning in a year. The way they think , the way they operate and the way they get emotionally rattled is not going to match with you. Simple rule, . They will cry and complain "You changed man" or "You're an [insert insult] now". This is because you're a reflection of what they couldn't become.

Step 4 – Friends and Relationships: *if they haven't made any progress in two years it's time to move on*

Side Note: Q&A will be on Thursday September 5.

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Random Musings and a Stream of Consciousness

Random Musings and a Stream of Consciousness

*****As noted in our section we are no longer answering any questions, only during sporadic Q&A's for subscribers and once every quarter or so on Twitter*****Start Here

We held a Twitter Q&A relatively recently and came up with roughly 10-15 topics to discuss. Instead of inefficiently talking about each one in separate blog posts we are going to address them all in one post so we can move on to more interesting topics in the future.

We have covered this already in a long post and people continue to pester us asking why we don't start selling products and why we don't recommend it as a source of income. In short? It is a colossal waste of time. We've contacted many top tier bloggers and have even met with a few personally (we draw the line at $150K+/year in net income as a good blog). Why is this a waste of time? Everyone seems to ignore the *time* it takes to get to $150K in income. In short, it takes roughly 3-5 years to get close to $150K in income. This is not worth it. We reiterate. This is not worth it at all.

1) : Don't Blog for Money

Digging deeper, once you get to a good income ($150K+ as the line) you end up being forced to do *exactly* what affiliate marketers do in the first place. Create content for the masses and click bait type posts. "Top X reasons for XX", "How this high schooler makes $100K+ year and you can too", "Two obvious reasons XYZ company will go bust!", "How this college campus janitor day traded to $XM net worth!".

Again. We have no problem with blogging for money or affiliate marketing for money, just make a decision on what you are doing it for. If you're actually blogging for fun and realize you'll be forced to address larger audiences in the future. Go for it! Making $150K+ for something you is absolutely a success. Making $150K+ doing something solely for the is an atrocious failure of a project. A good affiliate marketer will make $300K+ by year 2 if he's got a knack for sales.

*enjoy**money*

When the market "tanked" ~4% in a day, everyone believed this was the "end of the cycle". In short? Who cares. We've said over and over again we do not care what happens to the stock market. Even if our careers are put in jeopardy, we have multiple forms of income anyway so weNo one with a high net worth cares about the S&P 500 daily movements and yes a 3% move is just a basic anomaly that should be ignored.

2) Multiple Forms of Income: don't care one bit.

For those that are not following along, this is *not* talking out of two mouths. We have said this You take any extra income you have and you just dollar cost average into index funds, bond funds and continue focusing on 1) your business, 2) your career and ideally 3) another business. In our view, by the time you are 30 you need to have at least *three* forms of income. To put a definition around this… it means that all three forms of income could cover *all* of your living expenses. Simple math? If you live on $2,500 a month then you need to have $7,500 of income per month by the time you are 30ish. Therefore if your career goes away for a few months or a year… You don't care. If your business starts to go cash flow negative then you shut it down and move on. In short, you're not putting your livelihood solely in the hands of another person. Anyone who does this deserves to fail.

over a hundred times on the blog.

Here are two fun facts. Roughly 17% of Singapore's population has a net worth of over $1M USD and there are only ~10M millionaires in the USA or roughly 3% of the population. Insane.

3) A Million Dollars is *Easily Achievable*:

The United States has the best economy in the world, yet people spend their money trying to impress the masses (people who don't matter) and cannot see the 7 figure marker until they are well into their 60s (dead).

Knowing these two facts, there is literally no excuse for someone to not be a millionaire by the time they are roughly 35 years old. If they are not worth 7 figures by this time they made some bad life decisions or they didn't want to be well off in the first place. No other real explanation. If someone is middle aged and explains that they never had the chance you know they are lying to you and if they explain that they made some mistakes then they are telling you the truth. It really is that simple. The math doesn't lie. Assuming a person is smart enough to generate 6 figures per year for roughly 15 years, the investment returns will get them there very quickly.

Once you realize that people don't want the truth and they just want to feel better about themselves, you'll become . Many people will read the three paragraphs above and become upset because they think it is talking directly "about them". Being triggered by the truth is a tell-tale sign that someone has made bad decisions and is not willing to admit to them. Blaming anyone but ourselves for our problems is a coward's way out and that's why successful people are incredibly competitive… with themselves.

4) People Want Feelings Not the Truth: a much better sales person

When it comes to speaking with the masses be sure to massage their feelings and when you're looking to hire someone on your team become direct and to the point. There is no need for feelings when you're trying to get something done and it is only used as a tool during social events.

No question this is the only person we would ever vote for and ties very well with point number 4. People are politically correct because they are afraid of offending the lowest common denominator. The haters and losers in life that no one cares about.

5) Donald Trump for President:

The pitch for Donald Trump is really quite simple.

– Do we want a President who has self funded his campaign and has no ties to other entities?

– Do we want a President who is results oriented and doesn't care about being politically correct?

– Do we want a President who is willing to stand up to a notorious Mexican Drug Cartel?

– Do we want a President who has built a multi-billion dollar enterprise by negotiating multiple red-tape transactions?

– Do we want a President who doesn't apologize for his opinions if it hurts a person's feelings?

The answer to all of these questions is Yes.

We realize this recommendation made us lose 10-20 followers. Oh well. Here's an additional music video solely for the laughs.

A lot of mediocre people have a hard time understanding this concept and think that this website is about “screwing people over” and “burning people”. This is what you call an imbecile.

6) If You’re Associated with Them… Drag Them Up:

Instead the message is that you need to have an *extremely* hard filter when deciding who you link up with and after that it is on you to drag them to the top of the mountain with you.

A good example is hiring a person for a job. If you spend 2 months searching for the best candidate and you hire them it is *your* responsibility to make them look as good as possible. That is called being a good manager/leader or whatever word you so choose.

If you hire candidate A and you think he’s going to be an A+ person and find out he’s only a B+… Too bad. You signed off on it. You approved the hire. You are responsible. You have to find a way to turn that B+ person into an A+ person over time and you have absolutely no right to complain because you were the decision maker.

If you can understand the paragraph above you’re going to add a “turbo boost” to your career and your business. Why? You’re forcing everyone in your pool to gain responsibility as fast as humanly possible. If everyone you hire ends up going up the food chain or gaining responsibility faster than his or her peers… Guess who gets credit? You look like a fantastic leader and the junior hires all look like rock stars.

You both do.

A lot of people worry about *some* successful people not liking them. They should stop it right this instant. You’re not going to get along with everyone and as long as your rolodex is *improving* you’re doing it right.

7) People Aren’t Going to Like You:

Lets assume you have 10 people in a room. By default 5 of them are not going to like you too much and the other 5 will give you a shot (hint hint even presidents generally have ~50% approval ratings).

Of those 5 people who will give you a shot the *only* people who matter are the successful ones. The key to getting ahead in life is not keeping in contact with all 5 of the people but only keeping in contact with the one you think is going to be a winner (later) or is a winner (now). That is the only way you’re going to get better in life. No one gets better by keeping in contact with the same old people doing the same old stuff year after year after year.

This is a classic lesson learned in sales. Don’t bother trying to win people over who don’t like you! Move on! There are millions of people in the world and you’re better off going after that blank canvass than trying to clean off the mess that’s already in front of you.

8) Don’t Try to Win People Over:

We really should do a full post on this but it really would be boiled down to two sentences.

“Once someone does not like you it takes 3x as much effort to turn it around. That means you could have three more contacts instead of one fixed contact.”

A great example is our Twitter page, we’ll give people a chance once in a while even if we think they are idiots. But. Once they cross the line, we just block them and move on. Eventually when your life gets busy enough you’ll do the same and… what happens? You obtain even more friends!

Whenever you find out that someone doesn’t like you, simply remove them from their life. Even if you can “fix” the relationship it won’t be worth it. You could have built 3 new ones anyway.

The *only* time you should be concerned is if the relationships you’re winning are from average people while the relationships that are ending are from successful people. Other than that this is how you should operate. Remember the 3:1 rule and you won’t worry about a person disliking you.

If you care about your freedom of speech then you better get your finances together. You do not have free speech if your entire livelihood could be taken away from a Facebook post (hint: have zero personal ties to social media until financially independent).

9) Free Speech is Reserved for the Financially Independent:

In our current “politically correct environment” you’re better off keeping your mouth shut until you’re rocking and rolling. After that you’re free to say whatever you like because no one can touch you.

The key to happiness really lies at that sweet spot. Where you can work alone, live alone and say whatever you like without a care in the world. If you’re in this situation, you’re only going to work with people you enjoy and that will make the project or business operate even better.

We got a lot of questions here, and again it looks like the bonus pool will be flat to slightly up depending on your bank (assuming Q4 is not a debacle). All in compensation levels are around the same level as 2006.

10) : Wall Street Compensation Update

Analyst – Base $80-100K (100% targeted bonus) 160-200K (age 22-25)

Associate – Base $120-160K (100% targeted bonus minimum) $350-400K if you are promoted to VP (age 26-33, wide range due to young talent and MBAs)

VP – Base $175-225K (100%+, call it 125% targeted bonus due to revenue generation) (age 30+)

Director – Base $225-275K (Variable call it 1.5x base salary target due to revenue generation) (age 32+)

Managing Director – Base $300-400K (Variable, call it 2x base salary as a target due to revenue generation) (age 32+)

The only material difference over the past decade is that the mix of income has changed a bit. More and more banks are offering higher salaries and lower bonuses. But. Again. The all in number is roughly the same as it was back in 2005/2006.

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Re-Prioritizing Life By Stages

Re-Prioritizing Life By Stages

People don't lack time, they lack prioritization. When you talk to regular people, they are always "busy" but then never have any results… year after year after year after year. This is due to a lack of prioritization. If you ask people for investment advice however… they will quickly pitch some sort of investment. Completely ignoring the fact that they aren't even rich. Ask them for a good tax planner and they won't know the answer, they also won't try to BS because they know there is a "right answer" versus an opinion.

So we're going to address the most common excuse and "life debate" in a single post. Your regular guy will say "oh there is no guarantee of success so better to live it up now". Then you ask them …Now they get offended. It doesn't really make any sense so instead we should start with a general life philosophy and work backward to solve for the right answer. Very similar to math class, where the fastest way to learn was getting the answer from the back of the book, figuring out how it worked and ignoring what your teacher was saying (since he/she has to teach to the lowest common denominator in the group).

"Is Budweiser and pizza really living it up?"

Before you begin to prioritize, you have to come up with a general life philosophy. If you're reading this blog you're probably not interested in a lentils and rice diet with a blunt in your hand. Highly unlikely. It is more likely that your "philosophy" is *maximize full potential*. If this is true your priorities should be flipped when compared to the general public.

: Life Philosophy

If we can start there as a basic agreement point then the stages are pretty clear: stage one is wealth accumulation, stage two is protection of health and longevity and stage three is relaxing and paying it "forward" to a younger generation or if you decide to have kids, your kids in that case. As usual, we don't make any comments on your decision to have kids so stage three could be charity etc.

One of the funniest arguments we get on this blog is . Instead of debating the exact time frame, the philosophy is actually more extreme than that.

Stage 1 – Building a Foundation: *"you don't get to have a lot of fun from age 20-25""As long as you're broke "*how is it possible to actually have fun spending money?

That last part needs a lot of emphasis. If you're broke how is it even possible to have fun? Do people really enjoy eating fast food and getting high on the beach knowing that it might cause them to save $0 in the month? This doesn't sound like fun at all. This actually sounds very stressful. Why would spending everything you make be enjoyable when you know that it's going to put you into an unstable financial position. This is one where we still have a hard time understanding the other views from regular people. Working two jobs or working longer hours initially isn't stressful because you know it's pushing you into the right direction. Doing drugs and drinking to lose all productivity the next day when you've got nothing sounds incredibly stressful.

A good foundation is pretty simple, you have enough money to last you about 10 years (only covering your basic needs, food, housing, electricity and your cell phone bill – ie. any recurring costs). Until then how is it fundamentally possible to spend money on things that don't generate returns. Even worse are the people who have a good year then spend $40,000-60,000 on some new car, setting them back a year at minimum. It just doesn't make sense. Sure it's not physically possible to have zero social interactions while you're building a foundation, but the amount should be severely limited since you can't really enjoy the going out process in the first place.

What is a Good Foundation?

The first part of building a foundation is finding something you're good at. If someone has zero talent they won't be good at anything. But. That is highly unlikely. Simply take a list of the things that will make money: sales, tech etc. Find out which one you're best at and that's a starting point. Chasing your passions doesn't work. We know thousands of people who are passionate about dating beautiful women and drinking alcohol. Unfortunately neither of those make money unless you're doing something illegal or conned your way into being a trophy husband.

Find One Skill:

Before looking for a skill you have to ask "will this make money" if the answer is no, then it's not a skill worth pursuing Emphasis on today. When you're rich you can follow any passion you like even if it won't make you money. This is why rich people have weird habits/hobbies ranging from collectables to unnecessary things like a tennis court in their backyard.

***today*.**

Now you're ready for step two of building a foundation. Find a career that pays for your skill. In fact, the bar is so low we'd say you can even start with a job (time for money exchange). Everyone has to start somewhere. Assuming you start with a time for money exchange for your skill then you need to move from this into a career or business.

Turn the Skill Into Profits:

Example: you find out you're good at sales. You have two options a hourly position that doesn't pay you commissions but pays you per hour, the product has a high price point. Option two pays you commission but the product you're selling has a low price point. The answer is clear… Choose option one. Why? Selling high ticket items is a lot more transferable to future positions. Selling low ticket items will move you into the direction of business to consumer transactions versus business to business transactions. Follow the money!

So you've got one stream of income going. While you're at it, it's time to find another income stream. This is going to vary from person to person. For people who are sitting at desk jobs you're better off going into: 1) online sales, 2) design and 3) random tasks on Fiverr. Now, the last one gets a bad reputation because people do it completely wrong. You use Fiverr to figure out what tasks you're good at. Who knows what it is. The good thing about these low paying transactions is that you can get immediate feedback on the quality of the work. Once you figure out what you're good at you branch out and start a actual company. Most simply sit there and complete tasks then complain that they aren't making money.

Find Another Source:

In a secondary scenario, if your skills are more physical in nature, you worked in construction for example. Well in that case, the manual part will be painful but you can probably scale that into fixing houses, walls, sinks etc. This is then naturally going to lead to real estate flipping. Not a hard transition.

At this point you're ready to move into ownership. You get to take your skills (hopefully at least two) and turn it into something that generates . Whatever you do, do not start an informational website such as this blog as it'll tank during a recession and e-book products/seminars go to near zero during downturns. This is 5x as true for anything services oriented like personal training.

Create Ownership:recurring income for you

You take your skills and move them into recurring revenue. If you're selling product X, then you create product Y (similar to product X) and simply out compete them on the sales side. You have to compete with something and it usually comes down to your personal skills or an improved product. Trying to compete on "process" is dying due to the scale of Amazon. It really is that simple. You take what you're doing create a *product* and decide if you can . Ideally you can do both, but we're making it even easier than this.

make it better or simply sell it better

At this point you're pretty much good to go. You have a couple of sources of income, one main one (your primary skill) a second one (your secondary skill) and now you're on step three building something that attempts to combine the two. Please do not message us telling us this is impossible, the vast majority of people who work in office jobs spend more time reading worthless news articles and talking about the latest sports game than doing work.

How long does this all take, and you're going to be on the right path. We've stated here "give me three and you'll be free" because that's how long it usually takes for people who want to be successful. It's not all that fun, but you weren't going to have fun spending the small amount of money you had anyway. When you look back you laugh at the idea of spending money when you're on;y saving 10% of your income. And. As long as you didn't make a cardinal mistake: assuming income lasts forever, going into industries that will die before you get rich or trading your time for money forever… you're set for life.

Time Frame: around 3-5 years

Once you've gotten the money situation figured out, you can now transition into living a pretty balanced life. Don't get trapped into believing you "need" to be a billionaire. No one needs to be a billionaire unless they have severe insecurity issues. We call this stage "health and longevity". For those that are deeply curious, we're certainly in this stage. Making more money is fun but it's not worth chasing in the expense of health. Working 10 hours in a day once and a while is fine. Working 10 hours a day every week will never happen again (unless something extremely profitable comes up).

Stage #2 – Health and Longevity:

If you're rich why are you working, shouldn't you just sit on the beach all day? This is crazy logic from people who aren't rich. Making money becomes a video game where you're simply trying to "level up". Sitting around and drinking all day gets boring eventually and there are only so many rainforests and waterfalls you can see before that excitement dies out. You've hit maximum travel overload when you land into a brand new foreign city and are not excited/emotionally rattled at all. For fun this happens at around the 50-60 city marker.

*Mental Health:*You get bored.

Here is the art to the balance game. If you're going to sleep thinking about work every night, you're working far too much. If you're waking up excited to do something productive, you've got the right balance. It's a psychological game. When you're working too much you think about it all the time particularly when falling a sleep (you'll experience this for 3-5 years or so).

This will need some work after your first 5 years of pain or so. Something will happen. You'll gain a little too much weight. You might have some skin flare up. You might have knee problem. Who knows. Your goal is to get your body back into high quality shape. This is not a debatable topic to us. If you've already made enough money to be set for a decade or more, you want to create quality hours out of the next 20-30 years.

Physical Health:

In fact, you have to build in increasing time for physical work. This is going to to include stretching, more attention to your diet and having higher quality equipment for all of your activities (skiing, running shoes etc.). An extremely small price to pay for having a solid 20 years straight of fun as your peers become over weight and have injuries to deal with.

This ramps up quickly. Long gone are the days of cheap bars, going to "spring break" to party with other degenerates and *cheap* house parties. It slowly turns into private events from your network of successful people. We still get a good laugh when people think this doesn't exist and that all the women who show up are old. They don't realize that they are signaling to the world that they are unsuccessful.

Social Life:

Getting back to the point, you want to slowly merge "the triangle". The higher you go up in any field, the more likely that everyone knows each other. This then leads to a natural screen for successful people. This screen then allows you to figure out who has a balanced life (good social contacts) and then you throw private parties/events. It's just how the game goes.

The last item on the list is something you get to experience with larger amounts of money. Rich people will spend for comfort and saved time, since they know both are finite items. Comfort is a finite item since you can't "reverse" a particular experience. And. Time is naturally much more valuable than money as your quality of life degrades unless you want to make a wild bet on aging being reversed in the future.

Reducing Time Drains:

Here is a good list of time drains: doing laundry, washing dishes, cleaning the house/apartment, long distances to your favorite locations, long distances for flights and time spent in transit. This is actually quite a bit. If you can free up just 10 hours a week this results in around 433 days of life saved over 20 years. A huge number, you would have spent over a year of your valuable time doing tasks that are not fun or entertaining in anyway.

We're not here yet, there is too much fun to be had with money right now. Eventually though, you'll be forced to give it away. Again. Unless you believe we'll "solve" death fairly soon. Giving it away comes in two forms: some sort of charity or family/friends. We're definitely not going to give any advice on which path to take there since it's too emotional which leads to arguments day and night.

Stage #3 Giving it Away:

The steps are quite simple though, you find a way to make sure your assets are divided appropriately when you die. Before this if you're extremely rich you can begin giving some of it away before that happens. While it is fun to say that the ideal net worth to have when you die is "$0" it just isn't logical. You are always going to have money working for you until you die, so a large chunk will be there when the game ends.

One interesting way to begin the giving away process is to do small amounts to people you would consider for a larger donation. This lets you know if they would actually put it to use or not. Imagine giving someone a car only to find that they destroyed it within a year. This compares to another person who takes impeccable care of the car and it looks brand new. Doesn't take a lot of thinking to give more money to person two.

There are three real stages: getting money, stretching out your "prime" and then giving it away. Stretching out your prime is the best part of life (so far), as you're in good health and get a solid two decades or more to enjoy every aspect of life. If someone wants to "live it up" without going through the three stages (attempting to skip them by winning the lottery) we hope they enjoy their beer pong and cheap Tequila shots at age 40.

Conclusion:

Q&A Announcement – We'll hold a Q&A on Wednesday August 7

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**

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Real Estate Investing Continued: An Intro to REITs (Real Estate Investment Trusts)

Real Estate Investing Continued: An Intro to REITs (Real Estate Investment Trusts)

My name is and I'm a money addict.*"Nixon"* From close to 7 figures invested in equities, to multiple 7 figures invested in all types of real estate, if it makes money you have my attention. However, these and other investments are currently side hobbies as my day job entails being one of the primary executives at a Real Estate Investment Trust (REIT).

I've worked at a few different REITs in my career and have probably done some type of business with the WSPs or their peers. I've probably even rubbed elbows with the WSPs in Midtown and didn't even know it. Probably at a property that was owned by a REIT.

Let's get started.

Do you want to invest in a Manhattan skyscraper or maybe even a hotel in Beverly Hills? REITs are your best bet.

What is a REIT?

A REIT is a company that invests in real estate either through owning properties or through providing mortgages, while distributing at least 90% of their income to shareholders (You) in the form of dividends.

There are considered to be four main "food groups" in real estate investing and this is where most REITs invest: multifamily, office, retail, and industrial. Besides the four food groups, there are numerous other types of real estate that REITs invest in: storage units, hotels, single family houses, hospitals, golf courses, student housing, data centers, timber, etc. Most REITs like to specialize in a specific area of real estate, but some will invest in as many types as they can.

REITs are basically spread investors, investing at cap rates that are greater than their cost of capital. The lower their cost of capital, and the higher the return, the more money they are going to make. Note that REIT earnings are referred to as "Funds from Operations" (FFO) and not "Earnings Per Share" (EPS). FFO adds back depreciation (massive non-cash expense for REITs) in order to get closer to a true cash flow metric.***risk-adjusted***

Dividends are typically paid to shareholders (You) quarterly, although some, such as Realty Income (NYSE: O), pay dividends monthly. If you're gearing up for financial independence (), this is a fantastic way to get part of your income. Also, REITs typically increase their dividend payouts every year, and some REITs increase their dividend payouts multiple times a year.or generating passive income

Why Invest in REITs?

1) Income/Total Return: My favorite feature of REITs are the juicy dividends. The average dividend yield for REITs is in the 4% range (some even pay in the double digits!) while the average dividend for the S&P 500 is in the 2% range. REIT total returns have also typically exceeded the broader stock market over the long term when looking over various 20 and 30 year periods.

2) Ease: If you're still nervous about investing in real estate after reading , there is no easier way to get started than buying shares of a REIT. No repair calls, no chasing tenants for rent, no signing on the dotted line for mortgages, etc.OwnMyHood's excellent post

3) Liquidity: Maybe you need to sell your real estate quickly in order to take advantage of another opportunity, or maybe you're feeling bad about the real estate market and want to exit. You can sell REIT stocks in seconds with a couple clicks of a mouse and get your cash out quick and easy. If you're investing in physical real estate, you're probably talking a few weeks to a couple months (maybe more) to get liquid.

4) Diversification:REITs invest in hundreds or even thousands of different properties in various locations (including outside the U.S.), so if one of their properties goes bust, it's only a minor blip on the radar. As mentioned above, some REITs also invest in multiple asset classes, so if one asset class is underperforming, another is likely outperforming. Also, REITs are a great way to get some personal investment portfolio diversification when added to your bonds and other equities. Lastly, you'll get access to properties and areas you wouldn't otherwise have access to on your own.

How do I invest in REITs?

There are publicly-traded REITs and private/non-traded REITs. This post is focused more on publicly-traded REITs, because if you have access to purchase shares in non-traded REITs then you are probably accredited, which means you shouldn't be reading this post anyway (although I know for a fact there are accredited investors that frequent this site!).***numerous***

Nearly 200 REITs are listed on the NYSE and can be purchased through your brokerage just as you would any other stock. There are numerous resources out there to help you analyze a REIT, including if you want pinpoint a certain asset class. Google is your friend.

I personally invest in several individual REITs in which believe in the strategy and long term strength of their portfolio. No, I will not share which companies, as you've read numerous times already that you never give away all your money-making secrets.

. I also invest here due to the diversification benefit of investing in over 100 REITs (in addition to the other diversification benefits listed above), along with the tremendously low expense ratio of 12 bps. However, for the average investor I'd just recommend DCA investing in the Vanguard REIT Index (NYSE: VNQ)

Note: potential inefficiency from inflows has been on my radar and has also been mentioned several times by WSPs. If you don't understand that sentence, maybe WSPs will educate with a future post.towards ETF/passive investing

Taxes and Dividends for REITs

Because REITs distribute most of their profits through dividends, they are exempt from paying taxes to the IRS. Instead, the shareholders (You) pay taxes on that income through the dividends you receive from the REIT. These dividends are generally taxed at your ordinary income tax rate vs. the qualified dividend tax rate. This means the IRS takes a larger chunk in taxes of the dividends paid from REITs than dividends paid from other companies.

However, because REITs distribute most of their income, dividend yields are typically higher for REIT stocks, as are the net after-tax yields. For example, SPY (the S&P 500 index with mostly qualified dividends) currently has a yield around 1.9%, whereas VNQ currently has a yield around 4.4%. After tax yields for VNQ (depending on your tax rate) are roughly 3%, whereas SPY is closer to 1.5% even taking into consideration the lower qualified dividend tax rate.

Note that because of the higher tax rates on dividends, REITs may be an excellent option to invest in within a tax-advantaged account like an IRA or 401K.

REIT Investing vs. Do It Yourself Real Estate Investing?

The short answer is both, however DIY may not be an option depending on your situation. If you're looking for easier, or more liquid/diversified, real estate investing then REITs are probably for you. But if , you can build more long term wealth through DIY. If you're probably a normal person (looking for a magic pill) that stumbled onto this site by accident and won't last too long. you're willing to work hard***absolutely***you're willing to work hard*not*

That's the high-level overview of REITs according to Nixon. Thanks to the WSP for handing over the keys for another real estate post (terrible pun intended)!

As always, I've gotta run, the money's calling!

– Nixon

(Full disclosure: long VNQ)

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Similar to the prior guest post from ownmyhood, after vetting their credentials we're allowing to post on Real Estate if they feel like giving blogging a try here and there with their free time. We would love to highlight that Nixon sent us this article during the "Final Four" because as he's mentioned in the past he cares more about making $$ than watching dudes run around with a basketball. Since there is a recommendation by Nixon in the post regarding VNQ we are providing an overview of VNQ below.

WSPs Note: Nixon, RE Guy and Ownmyhood

The Vanguard REIT ETF is set up to 1) track the performance of the MSCI US REIT Index (which covers about 2/3 of the US REIT market, 2) build positions in REITS with a minimum requirement of $100M in market cap and 3) own and manage properties in retail, office, residential apartments & industrial spaces. From a market sub-segment perspective as of this writing the mix of investments is as follows: (Retail REITs 21.6%; Specialized REITs 16.5%; Residential REITs 15.7%; Office REITs 13.9%; Health Care REITs 12.3%; Diversified REITs 7.8%; Hotel & Resort REITs 6.1%; Industrial REITs 6.1%)

Vanguard REIT ETF (Ticker: VNQ):

1) Dividend Yield of 4.4% today, 2) 0.12% expense ratio, 3) ~$65B in net assets, 4) 158 holdings, 5) Turnover rate of 6.70%

From a ETf Overview Perspective:
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Real Lifestyle Inflation – A Guide to Expectations

Real Lifestyle Inflation – A Guide to Expectations

If you're young and broke, you've got a better chance of reaching $100M+ when compared to someone in his 40s with a million or two to his name. This is because the older person has much more to lose (likely has high expenses, Career to give up and many other ongoing costs). Oddly enough, we've noticed that many people don't get to even $1 million largely because they spend at the wrong times, ramping up their expenses when the ROI doesn't even show up. So we'll go ahead and highlight some milestones on when to do a lifestyle upgrade.

Someone in their early 20s shouldn't have high expenses. The expectations of you are low. You don't need to go to the club and drop $10K on bottle service. You don't even need to spend a lot of money for entertainment purposes. Using the classic example of a "date" you can easily get away with going to the beach and drinking wine/beers. This is entirely acceptable since no one expects a 21-24 year old to have a lot of money.

Basics:

Another interesting psychological note that we think goes unchecked. Even if you do make good money, there is no point in showing it. Generally speaking, people do not like it when you have "more money than you should". If you want to experience this first hand, it is quite common to get "bad looks" on your first couple of business class flights. They look at your face and assume that you have money from "mom and dad". Instead of being annoyed by this social taboo, use it to your advantage and simply upgrade when you realize

you can upgrade your entire lifestyle.

The underlined section is critical. If someone decides to upgrade their lifestyle in sections, something always appears off. If they buy Gucci shoes, but don't own their own apartment… this doesn't make sense. If they do buy an apartment but can't afford to go out to a decent dinner ($100 a person), this also doesn't add up. From what we've seen the people who end up with a lower net worth despite having high incomes try and upgrade in "bits and pieces" versus overhauls every 3-4 years or so.

For the sake of starting a debate here, this is a rough outline on how to increase spending and what we would consider the bare minimum (major city).

Our blog targets people in the 21-35 range for a reason, it's the easiest time to get rich. Most people will overspend because they are making a few bucks (~$100K/year) and think they are now "rich". This is when a smart person will realize that spending at such a young age is largely a waste of resources. If you're going to spend all of it then you're going to negatively impact your social life. It sounds counter intuitive. But. If you're trying to show how successful you are when you're young,

Age 21-25: all it does it damage your relationships with older successful people.

There are always exceptions to the rule but a good rule to follow is If you follow that basic rule you'll realize why people are so competitive. They truly believe if you're the same age as them you are somehow "equal" especially if you meet for the first time in a neutral setting.

"No one wants to see someone younger than them (or the same age) succeed".

This was a long introduction to say that "you should spend like you're a young graduate". This means you shouldn't even bother upgrading your life through your early 20s. Even if you hit it big (and many of you will) by age 23 or so… There is no reason to spend a bunch. Why? The ROI is just too low. For what it's worth we've found that age 27 or so is the inflection point and by 35 you can essentially do whatever you like.

With this backdrop we'd say a good framework is to live with roommates your first 3 years or so, 21 to 24 years of age. You can eat at basic healthy places and avoid going the bottle service route (bunch of college people chipping in to sit around a cheap bottle of vodka doesn't have a high return profile). Find some basic brands that fit your frame and spend more of your time .

building revenue streams

Treat the first 3-5 years after graduation (if you went to college), as a very difficult video game. You want to live as cheap as possible because it's socially acceptable (take advantage of it!) and you won't have much time to do anything else besides build revenue streams and go out a couple times a week. Finally, no girl you're interested in will care if you live with roommates under the age of 24/25. If she does care… not a good catch anyway.

Roughly speaking, in an expensive city, you're looking at rent of around $1,500-2,000. Your food costs and drink costs should run around $1,000. Then you're left with another $1,000 for transportation, a vacation/trip and miscellaneous costs. This will get you to around $70-90K in gross annual income being spent. If you're a banker you're essentially saving your bonus. Unless. You're a smart banker who created a second form of income adding a few thousand dollars a month and growing.

The Financials:

To reiterate, the chart is just a guideline. Some people may end up living alone a tad earlier but our point is that around this age bracket it starts to damage your social life. If you live alone at age 26-30 this is going to help your social life the most. You don't need to buy anything or upgrade to a massive high-end apartment, all you need to do is live in a good area of town alone. If you've taken your early 20s seriously, you should have two solid forms of cash flow (at least). You should also have a good amount of money invested which means

Age 26-30: the income you make from investing (stocks/real estate) should add another "0.25x".

Pausing here, a solid form of cash flow is something that covers all of your *necessary* expenses. This should be 1) rent, 2) food/drinks and 3) utilities (internet included). If you're in this situation it means that you're able to invest at least ~50% of your income into new ideas, stocks/bonds/real estate etc. Also. Our 0.25x assumes that you've already done this. You should have some investment income coming in that results in about 25% of your total living expenses being paid for. Ideally it is higher (closer to 50%) but 25% is a good minimum goal to hit by this age bracket.

From a social perspective, you can still get away with a relatively basic lifestyle. Instead of trying to "flex" on everyone at this age, go ahead and fly under the radar again. The reality is if you try and push hard into the spending category you'll run into big competition (guys in their 30s) with 2-3x the spending power. It just isn't a fun game to play. We'd recommend taking this time for a lot more traveling and simply upgrading the venues a tad.

If you travel in this age bracket you'll know what countries are enjoyable. You'll have a better feel for your own personality and you will get a lot more life experience. Some of them will be good (learning a language) some will be terrible like getting robbed or tricked the by locals in some form.

At this point, you should be putting significant distance between yourself and your peers. The chances your peer group took the time to build a second stream of income is under 1%. Seriously. Under 1%. Your lifestyle is going to upgrade at the same rate as everyone else. While they got income bumps of 20-30% like you did (Career), they will spend it all to upgrade to this next tier of living. You on the other hand, had a 100%+ bump since you created a second form of income.

The Financials:

The monthly spend goes up a bit but nothing crazy, the two biggest benefits to your social life will be 1) living alone and 2) the change in suits from basic off the rack clothing to made to measure (at minimum). Each month you'll spend about $2,000-3,000 on rent, $1,500 going out, $500 on traveling and $1,000 on the rest. This gets you into a range of about $5,000-6,000 a month or low six figures in spending per year (gross income basis).

This is where the "money hose" turns on. Compounding is an amazing mathematical phenomenon. If you've gone through and followed the rough 9-10 year guideline you should be set. You should be and more importantly your is now over 3x what you can spend in a year. If you were spending about $5,000 a month, you're likely making $15,000 a month net at this point (again could be much higher depending on how hard you worked).

Age 31-35: worth well over a million dollars**cash flow**

The best part about this age range? It becomes acceptable for you to be "well off". If you check into your business class flight, you no longer get a strange look from the passengers. No one believes you were a spoiled kid who inherited money and you can drive a nice car/wear a nice watch without any social repercussions. The only downside of this age bracket? You'll get a lot of questions about how you were able to "make it". Just deflect them and say it was luck since there is no point in having these conversations with people your own age (".

No one wants to see someone younger than them (or the same age) succeed"

Now the fun part begins, since you can cover 3x your old living expenses you can easily decrease your multiple to ~1.5-2x. This means you can increase your spending to at least $8,000-12,000 or so per month. We don't know about other people, but if you've got $10,000 a month to spend and you're a single person… you're doing well practically everywhere. This is 100x more true if you're location independent. Even if you decided to work a Career, major cities are quite easy to live on with five figures in monthly spending (~$200K gross a year).

Depending on how you want to change your life, essentially you move to the "ideal" part of the city for you. If you were there already? There is no reason to move. The next two biggest upgrades will be your flights (moving to business class at all times possible) and the change to services (freeing up hundreds of hours per year, cleaning/cooking/stretching etc.).

Each month you'll spend about $4,000 on rent, $2,000 going out, $1,000 on traveling and $2,000 on the rest. "The rest" is quite variable here. We don't know if the person decides to buy a home. They could rent and live a location independent life. They could also give up traveling because they love the city they are in. We just don't know. What we do know is that the flexibility is there and the gap between you and your original peers will become so wide it becomes uncomfortable. The good news is that the other people who made the correct life decisions will stand out like Ferraris parked in front of a 7-11 (obviously out of place!). These individuals will end up being your new normal contacts.

The Financials:

We're only putting this section in here as a bit of a warning sign. When you start getting closer to 40 or so the "assumption" is that you did make it. This is the exact opposite of the beginning of the article! When you're young people assume you're broke and give you a pass. At 40? People assume you're rich and don't give you a pass for anything.

Age 36-40+:

If you want to continue going out frequently it's much more likely that there is a "group" environment associated with it. While there are always exceptions to the rule, it's more likely that a rich guy will show up with a group of people versus solo. The times you'll see him going into a club alone are next to zero. You'll find these individuals go into cocktail bars, hotel bars and other nice venues alone but the clubs are now reserved for pre-planned events since the days of going out hard all night are slowing down.

Ideally there shouldn't be any checking of any spending at all. If you want something you get it and move on.

The Financials:

There are a few interesting conclusions here. Spending a lot of money can actually hurt your social life. Not only does it make it harder to get rich, it doesn't make your social life much better. If you make it financially it is smarter to build out that passive income flow from real estate and stocks before turning on the "money hose". You're going to be well off buy still relatively young so you can be a bit more cautious. All of the age brackets are certainly guidelines. If for some reason you make it to $10 million by age 30 for example… you can just jump the spending to the 40+ level since it's irrelevant. There is something odd about turning ~30 years old, where spending is no longer seen as taboo. your social life will change. This is not something that is preventable in our opinion. If you're not changing social groups over time it usually means poor decisions were made. Attrition alone will take your original group of colleagues and dwindle it down to 1-2 of them. The good news is the other people who made it will stand out. money is just a tool. Unless you make it to huge numbers of $20M+ it's hard to tell the difference between someone spending $15,000 a month and $20,000 a month. This is why your preferences will change quite a bit (working less) .

Key Conclusions: First:Second:Third:Fourth: Fifth:unless a large opportunity presents itself

Q&A Announcement: The next Q&A will be held on Monday the 13th. To participate please keep your purchase of either Efficiency or Triangle Investing.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality ()… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*essentially the point of this post!Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**
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Realizing Time Can Be Saved and Comments on December

Realizing Time Can Be Saved and Comments on December

We're witnessing a second wave of COVID-19 shut downs. This is something expected over six months ago. Instead of worrying about what is happening now, it's better to take a look at the positive side of this development. The positive? Everyone learned they were wasting incredible amounts of time. Commuting to work is a waste of time if your job requires a computer and telephone number. Ordering perishable basic items online is significantly faster and isn't worth a trip to a store. Sleeping during the day as a "lunch break" is more efficient and more effective. And. All your friends consolidate into a smaller pool.

As we've stated many times here, health and time are worth significantly more than money. Without health, your time on this planet is shorter, more painful and prevents you from making any forward progress. Also. Time is the only finite item in the world. Even a billion dollars cannot buy you more time.

New Time Saving Purchases:

This is a good time to take a look at the items we can throw out the window starting in 2021 (if the economy opens on January 1). 1) all consumable items with no shelf life should be ordered online. This saves time and money. There is no reason to go to a retail store in the future for items that are the same off the shelf vs. in person (things like fresh produce may require a trip to the store); 2) electronics. There is no reason to buy these items at a retail store. The new smartphone or computer is going to be better, simply measure out the screen size and click buy and ship to your home; 3) Basic clothing. Socks, shirts and even shoes are easy to order online. The one exception is custom clothing. This should reduce all of your shopping time to mere seconds from 30-45 minutes; 4) all cleaning and healthcare supplies. Another easy one, this includes everything from soap to medication and 5) digitized information. The days of saying "I prefer physical books" is dead at this point. Physical books are now physical maps, inefficient if you've spent a full year operating off of remote documents.

For fun, while unrelated to saving time, you can see that commercial real estate is going to be in a world of hurt for the next several years. There is no reason to bet on that industry for now. Retail is simply being shifted online at an incredible rate and it's smarter to avoid catching a falling knife for now. With businesses closing during the most profitable month of the year, online sales are going to balloon for the month of December.

Hopefully, you do not work for a firm that is stuck in the past. If you're in a knowledge based industry or work in technology you should be entirely set. There is no reason to return to long commutes ever again. Perhaps you need to live relatively close to an airport for important in person meetings, however, that should be about it. Also. You should go ahead and cancel that gym membership. The industry is going to be forced to raise prices or shut down entirely. While there are some exceptions for certain people/groups, generally if you can afford to buy a bench and have the space for weights… Go for it at this point. Painful to write but shutting down an industry like that for 12 months is not going to result in a "v-shape" recovery any time soon. Support your local gym if possible… it's just unlikely that most of them survive

New Time Saving Equipment/Adjustments:

While we've covered this topic a few times, we'd go ahead and expand everything. Your usual outsourced services should be done at home going forward. Adapt or die. The majority of service businesses (massage, facials, spas etc.) are going to be out of business quickly. No. We are not happy about this and have stated many times that the decisions made have crushed the middle/lower-middle class for a long period of time. Appalling. That said, you have to adapt to the situation. Look into the following: 1) at home skin care routine – spend more for quality, 2) at home massage items like electric pulse massages, massage chairs and bands to help you stretch at home and 3) brand new cooking equipment. These three items should improve your quality of life the most. If you're forced to "rely on yourself" you may as well have the best items to do so. Most younger people will end up eating a bunch of junk food (while simultaneously smoking a bunch of weed). Naturally, you should do the opposite and become efficient at cooking and maintaining your health.

Similar to the prior section, pausing to talk about investing, we're positive on the future of drug use/marijuana. Not because we recommend it but because that is what people will do (weed and other recreational drugs won't help you get ahead if used frequently). Think about it in two ways. What will people actually do? They will eat unhealthy foods like burgers and pizza while smoking a lot of weed. What should you do? You should *invest* in the companies selling burgers/weed/pizza and spend your *time* living a healthier, cleaner and more independent life.

To make sure this is phrased correctly, we're not thrilled about the results of the government intervention (shutting down business etc.), this is a statement related to the results of the actions. The result? Your social circle likely shrunk and depending on how your business was running your quality of life went up 2-3x or went down 3-4x. This movement of 2-3x increase or 3-4x decrease has caused a fast and severe bifurcation in your social circle. You're able to distinguish the beneficiaries from the pain takers based on their reaction to the COVID-19 situation. (Notice we don't use the word winner vs. loser here since this wasn't their fault, they were forced to shut down).

New Habits and Social Circles:

For those that are interested in keeping their social circle unchanged, the most you can do is avoid talking about money. We'll go ahead and bet that this won't work. But. It is your best shot. Once you eliminate discussions on income/expenses you can minimize the friction. In the end… There will be a split. This will lead to a smaller social circle (for better or worse).

Assuming you have an online income of some sort, you've had a great year. While work hours were longer, you were able to sleep during the day and you were able to increase your profit margins by at least 30-40% (IE. a dollar earned no longer led to 30c in profit but closer to 40c). Also. You learned that variable work hours reduced stress and led to similar productivity levels. These changes are structural at this point, meaning you'll never go back to the past even if your business slows down a bit in 2021. One thing is for sure, you've learned that sudden surges in demand need to be accounted for instantly. If you miss the boat on a sudden surge your potential annual income drops significantly.

In similar fashion to the prior sections, the final sentence also alludes to our belief in Q4 results (investing/generating revenue). Since the US is shutting down retail outlets during one of the busiest months of the year, the impact to them will be even more severe. Q4 results are usually significantly higher than any other quarter in the year (just look at the P&L of a Company like Apple and compare Dec-qtr revenue to Jun-qtr revenue). If you run an online business we *strongly* recommend sending out a promo/sales offering right now. This should last through Christmas as you can capture more sales than usual (all of your competitors are not allowed to compete). Before anyone jumps in and says the "prior sentence is too cut-throat"… Just look at your inbox over the next week. You'll be bombarded with new offerings from e-tail companies as they recognize this as well. Don't miss the boat.

Outside of the positive changes that COVID-19 is bringing *for a select group[* (ability to save tons of time and increase margins), we can look at the implications of the December shut down which are as follows: 1) more restaurants/retail will be shut down for good, 2) this will cause online sales to see a significant boost in December, 3) companies that were on the fence about remote working, will likely make it a permanent option, 4) major cities will continue to see outflows for example SF -> Nevada/Texas, Boston/NYC -> Miami/Carolinas, and preference for lower cost cities such as Nashville, 5) executives will be paid a *lot* since they know their workers won't be able to move easily and 6) additional loss of trust with the government will make a vaccine deployment harder as citizens will not trust the initial solution.

Separate Note – December:

Putting feelings aside, that appears to be the impact of the decision to shut down businesses in major cities. It is quite depressing to see companies that were alive for 20 years go out of business. That said, you (yes you the reader) has to adapt or die. Keep your costs at near zero (especially if you own anything related to brick and mortar) and continue to build an online business/presence. The big will get bigger, but at least e-tail/online sales is a growing market.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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Reminder Post: Rig the System in Your Favor

Reminder Post: Rig the System in Your Favor

Sometimes it is good to take a step back and realize who frequents this blog. It is primarily younger men in the band of 20-35 or so, the only reason the age band expanded is because of the long history we have here. That said, one of the key things we try to keep in mind is that the average reader is still "trying to make it". So. We can put up a brief summary of what we'd do if we were starting all over again. Luckily a lot of the things have not changed.

While education will be disrupted long-term (VR class rooms etc.), we're still several years away from full disruption based on what we're seeing. People still view degrees from Ivy League schools and other top universities as valuable (status signaling mechanism). Therefore, the same strategy applies. Get into the best university you can without incurring debt (or any real amount of debt). You can then start working part time jobs while at school and obtain internships.

Good Ole Career Stuff:

Most of you are past this stage so that leaves you with three options: M&A banking, Technology and Sales. At this point the clear winner is technology. If you can get any remote job in technology you're in a great position. Tech is most likely to be "ok" with remote employees and they pay quite well. The second best option is likely M&A banking. This is close to sales but the reasoning is as follows: no travel. If you can play the politics game and work efficiently, you don't need to work 80 to 100 hours a week. Better to work at a Tier 2 investment bank than a sweat shop like Moelis. The $30K difference doesn't matter because you're trying to start a second income stream. Finally, that leaves us with enterprise sales. This is practically equal in attractiveness in our opinion since the income is similar and work hours are much much lower.

So there you have it, which gives you a deeper explanation of how to choose your skills and what industry you should go into.

much hasn't changed from Efficiency,

One of the problems with high achievers is that they want to be the best. This is a death sentence for you in the corporate environment. The #1 performer gets slammed with extra work and makes maybe 5% more than the #2 guy at the junior level. Both guys end up getting promoted anyway so there is no need for this type of competitive craziness.

Bleeding the Career Dry:

Your goal: do the bare minimum to get the promotion. This means you have to pretend to care about the industry (politics, sucking up to the few people who matter) and you have to do good enough work. That's really it. If you know that 5/20 people get promoted you want to be #3/#4. If you're exceptionally good at playing this game you can target #5 but the first go around… #3/#4 is safe.

Broadly, when someone likes you they don't want to blow up your weekends as much. When someone likes you they will also give you a little bit more leeway when it comes to your work product as well. Again. The goal is to skate into the next slot without doing much work. The problem with being a bottom performer is that you will be forced to do even more work (they will treat you like garbage and make up things that don't occur – hence why politics are so important). So better off playing the game "good enough" and moving on. Politics > performance and don't let some boomer or 18 year old tell you differently. People have huge egos in these massive organizations with extreme amounts of bloat.

Once you've done this well, you can implement operational systems to appear busy. Good examples are time stamped emails that go out late at night. Automated products using software. Fake conference calls to free up time – point to headphone and say "sure 30-45 minutes". So on and so forth. This frees up time for you to move to project #2!

You don't need much, you just need validation. Again. Most high achievers are risk averse due to massive amounts of social pressure. So you can start small if you're really scared. Start reviewing resumes for people or doing some cheap consulting service. Once you realize that online income is possible you then move into affiliate marketing, consumer sales or otherwise. The goal is to build something that earns money 24/7/365. Even if it's only $10 overnight. That is still better than $0 overnight. Then it's just a scale game.

The Second Form of Income:

This sounds easy but it isn't. Anyone selling you $200 courses on getting rich is scamming you. It's not that easy. It is hard, difficult and grinding work. You have to figure it out and honestly some people never do. A bit of luck helps.

Once your second income is up and running you want to make sure it is stable. Stable by definition of this blog is around 2x what you make at your career/job (remember a career is where you're paid by performance, job is anything hourly wage). Once you've successfully reached 2x your income you can quit… Or see the bleed it out part below.

Everyone has a different "success arc". This means some people can make a killing in year one and make $1M online out of the gate. Other people struggle to make $5K a year and it takes them 10 years to figure it out. We're not here to discourage either person. Eventually you do figure out a way to make a secondary form of income and it pushes you along your road to financial independence. The key is "when".

Bleed the Career Out:

If you knock it out of the park on day one, you should just quit. It is clear that you're an anomaly. If you're in the second camp and it takes you 5-8 years to really figure things out, you should take a calmer approach to your decisions. If it took you 5-10 years to figure it out, there is no reason to leave your career if you haven't taken your foot off the gas. If you're a middle of the pack employee you're actually important to a company. Anyone who is generating operating profits for the firm is an asset. You just want to find a way to improve your operating margins while reducing your time.

The best way to do this is with a slow fade approach. For example, if you work in sales you want to simply maintain your best clients and give up as it relates to finding new ones. There is no reason to get new clients since your goal is to drop your working hours. Once your revenue is stabilized (ideally the same amount every year), you can play less politics and drop your take home pay by 10-15%. You won't get fired. You will be seen as someone who "hit a wall" and just stagnated. This is perfect for you since you only need to make the same amount of sales and spend the rest of your time on your own projects! Keep this in mind.

The only reason you should quit entirely is if you've knocked it out of the park or your career is hindering your side income. This is quite rare. If you've successfully built something over 5-10 years, is is much more likely that dedicating 2-3 more hours will lead to more income. So you're already increasing your exposure to your side income without giving up the steady pay check.

If you want to visualize this, imagine two business lines with revenue streams. If you invest more R&D in the second one you might be able to keep the first business line flattish for the next few years without any time spent!

If you work in tech you can also attempt to outsource work that you're supposed to do yourself. This is actually happening all over the place. Unfortunately, we were never able to do this.

Another Level of Optimization:

If you work in tech, you can take 2-3 jobs and simply outsource them for a lower amount of money. Then you review it and turn it in to the 2-3 people you work for. This sounds "shady and questionable" however, this is happening all over the place. We know of a few people working three "tech jobs" and no one has noticed. Since the majority of the work can be done in 15-20 hours per week, if they outsource it and simply check… they are done with 35 hours a week or so. It's insane that this much inefficiency exists in the market but COVID-19 and work from home really highlighted it.

For those that are not in tech you should continue to think like this. If you are able to get a second income stream up and running (even barely), you can then begin outsourcing your own work. If you're in the 23-29 age band, there is a zero shot that all of your work is "necessary". A lot of it is mindless which you can outsource. This frees up more time to scale your second income stream.

People in highly competitive fields focus far too much on "prestige" when they should be more focused on productivity. Since we have a banking background we'll give a concrete example. If you have the choice between a sweatshop like Moelis or a solid BB with less work, you should choose the solid BB. If you are in the industry for more than a year you will find which groups have easier hours and simply lateral over to that firm. Why? You're not there for an extra $20K. That's the dumb way to try to make it.

Pause and Zoom Out:

You're there to be top bucket, be around 10-15% of the highest paid people and work 20 hours less. Those 20 hours will build up a second income stream so you don't have to panic before your annual bonus hits. The standard move on wall street is to spend your base salary and save your bonus. This is why they end up becoming miserable as a 5 year career will have a terrible bonus year at least once given the secular decline of the industry.

Well we gave out highlights in our book It's effectively the same except for a much more bearish outlook on real estate due to 1) evictions starting in April/May and 2) the likely tax target aspect since it's easier to tax RE. There is no way we could have predicted a global pandemic and we certainly got lucky predicting a recession by 2021 in our book .

What to Do With Your Money: triangle investing Spending for Maximum return

That is neither here nor there. As usual we focus on the present. All that really happened is that triangle investing accelerated. Crypto is taking off, Tech is taking off, healthcare is taking off and we remain positive on the other markets we highlighted there. The only thing we would do is reduce real estate footprint if you have a lot of it. Since most of our readers are young we'd recommend the same: 1) rent to remain mobile or 2) if you found a place you love, it's best to only have one spot and keep underneath 18btc (also known as $1M USD token).

The rest of your money is going to be put into your online income ventures . While everyone is absolutely hyped about the future of tech, we would like to remind everyone that having multiple forms of income is most important. Hence why we created this post here. Remember to play the game intelligently and all your free time will then be tossed into the investment angle highlighted in Triangle Investing.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

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Resume Template

Resume Template

It's the beginning of the year and many people have the same goal, make more money. Not surprising. Since the vast majority of people have jobs and are looking to tier up platforms or up their position title. With that said, lets take a look at how your résumé will be screened.

Many firms will run your résumé through a word search filter looking for specifics such as "investment banking" "equities" "investor" "AUM (Assets Under Management)" and many more specific words. The more finance experience you have the more likely your résumé will pass an electronic filter. Once it goes through this scan your résumé content will be boiled down to the following (in order of importance)

Content:

– Location (switch with College if you are in school)

– Title of most recent position (switch to #1 for higher level jobs)

– Prestige of firm

– Results delivered/rank

– School/credentials/GPA etc.

We start with location for non-college grads because its usually faster to plug and play. Some firms are also trying to avoid relocation payments at the lower-level. Once your career is well on its way, firms will pay up for the right experience so this becomes less relevant. Notably, the higher you go the more likely you're being referred into positions rather than cold applying to positions in the first place. This of course is the best possible way to break in – direct referral.

Another notable takeaways is that your job experience increasingly determines if you will get an interview and yourThis is because the oldest secret of all time is this…

academic history becomes LESS relevant. **If you can make someone money they will hire you.**

Let's assume that you're cold applying. In that case the last three things that can ding you are Since typos are a no-brainer lets skip that step and focus in on format and unprofessional content.

Errors:1) poor format, 2) typos and 3) unprofessional content.

A correctly formatted finance résumé is one page long starting with your personal information followed by three main sections in order: 1) Relevant experience, 2) University information and 3) Miscellaneous interests. Flip number one and two if you are applying from school. In addition to these basics your résumé should be in bullet format and should not use a generic Microsoft office format. The reason why all of these things are key is as follows: 1) If you cannot format a word document we'll question your attention to detail and knowledge of finance, 2) We want to know if you are working or coming out of college immediately, 3) so we want to throw you in the yes or no pile quickly. Three common mistakes below:

Format:We look at your résumé for less than a minute

– Month or year format: No gaps should be shown off (months), gaps should be hidden (years)

– Not PDF'ing your résumé causing it to to have a poor format

– Not using left and right align functions in the document

Many candidates get burned here as they divulge too much information about their interests or personality. . If you competed in a college sport like swimming we will assume you are hard working. If you won a prize for playing the violin we will assume you're smarter/harder working than average. Some examples of bad things that have actually come across

Unprofessional Content:Saying you're hard working, smart, dedicated, and persistent is an immediate bad signIn short.. show do not tell.

Photos of the candidate… No interview. Not even if you're a dime piece.

– "Invented" something… We'll think you're a liar, prepare to be grilled.

– "Significant Interest in Nazi Germany"… scary and disturbing all in one

– "Favorite Sports Team is the Boston Red Sox"… Bad risk. Wall Street is in NYC

Instead, here are some acceptable interests: Fluent Mandarin (implies smarter), Conversational Spanish (implies smarter), Running marathons (implies hard working), Surfing (implies normal), Piano (implies smarter), Rugby (may imply hard working), Proficient in C++ (implies smart). Anything that shows you are "normal" hard working, dedicated, passionate. Notice, surfing gets a lower mark than say marathons. Why? The stereotype is an Iron Man/Marathon runner would be harder working. If you won a legitimate surfing contest, then do not worry about it.

Now we're getting to the home stretch. Lets take a look at how you can show skills versus having clutter:

Good Messages/Skills Shown:

Ranked Top Tier in Analyst/Associate class of 20XX

–

– Completed $XXX billion/million on M&A, Equity Raises, Debt Raises (Usually getting to VP level)

– Worked on Dual Source M&A and Financing deal which lead to Sale/IPO of XYZ company

– Initiated coverage on X companies and attended management meetings to the IPO of X company

– Managed $XXX billion/million in 20xx which grew to $XXX billion/million in 20xx…

– Fund returned X% over last 3 years, bench-marked against X Index

– Obtained coverage of XYZ region which lead to X% increase in marketing meeting requests

– Pitched XYZ Idea to PM which lead to third/full position generating X% returns over 12 months

– Ranked #X in Greenwich, Institutional Investor, StarMine… in XYZ coverage space

– Worked directly with CFO/CEO/CIO on Sales Deck/Financial Model/Board Presentation

– Managed team of X analysts or X associates as lead staffer for Consumer group

– Worked with XYZ sales team, contributing to an increase in monthly trading volume of XM shares

The main take away is this

1) Quantifiable items, 2) Results from your work or team work, 3) Individual responsibility

Weak Messages/Weak Skills Shown:

Worked for an analyst covering XYZ space. (Too vague and can be inferred from job title)

–

– Created pitchbooks and spread comps (Not acceptable for anything but an intern/1st year)

– Helped manage a fund of funds in the technology space (Does not show how much or results)

– Completed two M&A transactions in XYZ space (Does not show any details)

– Worked with 10 person team in XYZ sales and trading desk (Does not show responsibility)

– Managed relationships to generate road shows/meetings (Does now quantify)

Simply put, bad bullets are vague and do not show quantifiable results. Instead of loading up a sample of a good resume right now we will wait for the weekend as we hope you can take these basics and to see how well you did.

apply them today

Conclusion and the Template

ets see how everyone did. To keep this short lets go over the main ideas. As usual

keep it short, concise and helpful to the potential interviewer.

1) No template is perfect, you simply need to make it break into a few sections 1. Name Address, 2. Jobs and Titles, 3. School, 4. Interests

2) You want to show you can use MSFT word, this template screams competence (small caps, large caps, bold, italics, alligns) it can be simplified if necessary

3) As you move up the ranks your specifics become less important as your workload is large, you make sweeping accomplishments

4) At the low end you're proving you learned a lot, note this is the opposite of above where you're "showing" you can make the firm money

5) Even your interests and schooling should be moved in order of finance relevance, Case competition in finance is more important than knowing C++

6) Your resume will be looked at with a magnifying glass… by 10+ people who want nothing more than to find a mistake to joke about

7) Feel free to add awards to job experience as well (Deal of the year, Institutional Investor, Ranked #X in your analyst/associate class, etc.)

8) This is tailored more to the sell-side since the buy-side is less likely to need help in the resume department

9) If you are a college student, education should be above work experience, for people currently in finance work experience goes above education

10) If you are on the fence about an interest veer on the side of leaving it off, particularly if it is not applicable to Wall Street

Click here for the Template –> Resume Template
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Risk Management: Politics, Bitcoin, Basketball, and Stocks!

Risk Management: Politics, Bitcoin, Basketball, and Stocks!

You'd think that all of these items have little to do with one another but they do! They all follow the same pattern. Heavy emotions with strong conviction on both sides. This means you will be laughed at and ridiculed immensely for a strong opinion on any side of the market. This is great for you as it allows you to manage risk and ideally see significant outperformance over many years. While we realize many are upset about the election as it *looks* like Biden will win, the reality is that there are hundreds of opportunities even *if* he does. Notice we put emphasis on the word looks and if because people really get upset over politics (which we took 3:1 odds on over 3 years ago and are sleeping easily with the outcome even if he loses – ie. Good risk management and not debatable unless looking at it with 20:20 hindsight vision). Before we begin, there is still a 2-3% shot Trump comes back and we realize this but we're going to go ahead and continue under the assumption he has lost.

The only real thing we learned from this election is that there are a lot of swing trades during the election. If we decide to make a bet on the next one, we will *not* try to make an early bet. The reason is that neither candidate is strong. Why do we know this? Well Biden will be over 80 years old and the chances that he's the same guy running for re-election in 2024 is slim. We took trump in 2017 at 3:1 ($100 wins $300) because we knew he would be the person running for president. We had no idea we'd see the worst pandemic in history, but that is life.

Political Stuff:

Polls are useless. This shouldn't be debatable as no one can really believe this was a landslide by any means. Polls are astrology for men at this point. The quality of the information is more important than the information… "garbage in, garbage out". Therefore, we know going forward that the spreads will make *no* sense in future elections. The spreads went +/- 400 during the election! So emotions are flying extremely high.

What is the conclusion here? After this election, we've concluded that it actually makes sense to trade the lines based on which states are reporting. There was a time when people were worried Trump would lose Texas which was one of the craziest theories we had heard. This digression aside, instead of thinking "people are crazy" the real answer is "massive opportunity here". In conclusion, the main thing we learned from the election is the spreads are actually wider during the vote counting vs. needing to wait three years to get the 3:1 payout (or zero since it is likely he loses). It would have been wiser to close the bet when trump was at -400 during the "trading" of the election. Lesson learned!

Absolutely hilarious. When the election was getting close in October we received many many many emails saying how dumb we were and that Trump was going to lose and on top of that Bitcoin was going to zero. You'd think that the groups would be unrelated… But here we are.

Bitcoin/Crypto:

As you can see from the chart below, there are <20 days in the entire history of Bitcoin where you could have lost money. If you are actually down today, we recommend seeing a psychologist (joke) or simply dollar cost averaging. Dollar cost averaging is probably the best bet. If you simply bought a few bucks worth every single month, you're up massive no matter when you started.

(Pretty Tough to Lose Money Here…)

The other interesting thing you should notice is how the "negative" people believe that they were right. Not sure how this is possible but what they are really saying is an asset/stock/price *must* be at an all time high for anyone to be right. The same people believe that Tesla is a terrible investment because it is at $429 instead of $442 (yes seriously, the ones who were short since $40 split adjusted still believe they are right since the stock was down in 2019).

With the explanation out of the way, we can zoom out to our standard recommendation for Bitcoin only. We cover investing in our book but for fun we'll leave the simple math here again. If you believe in Bitcoin (you don't need to), then you can run the math on the necessary amount to hold. Starting with the total number millionaires. There are about 47 millionaires in the world. Of these 47 million, about 10% of them are considered ultra high net worth, this would represent 4.7 million people. Take the total number of BTC available at 21 million divide by 4.7 and you get 4.47 bitcoins.

There you have it, currently if you own about 4.47 bitcoins there is no way for you to own less than the top 10% richest people individuals in the world. Yes, we know this math isn't perfect as we suggested 4.2 before (number of millionaires has skyrocketed over the past year). If you're extremely worried, then you can move to 5 coins and you're guaranteeing that you're well into the top top top of the richest people in the world. As a final note, we also realize that institutions are now buying it and that is not an issue. If 100 coins represents "institutional level ownership" then your position will be enormous as you're 5% of an entire institution just sitting at home reading this on your computer screen.

For fun, while this article is extreme the numbers give you an idea of just Before you click the link, we are not saying we agree with him. The author states "When, not if". Like any good writer you have to make a bold stance and type in an aggressive way otherwise no one will read it.

how much money institutions have. They have a lot.

We also recommend checking out this website .

for interesting charts

As many of you know we've made tons of bets over the years, trump twice (one win, looks like one loss), 10+ boxing bets, 2 failed MMA bets and 5-8 basketball bets (Toronto, MVP bets were some highlights). In good news, sports are coming back and while we realize many of you have no interest, sports are similar to crypto and politics. Everyone has an opinion, another massive spread created every year.

Basketball:

What we've noticed over the past couple of years is that the boxing industry is seeing shrinking spreads while the basketball industry is seeing widening spreads in terms of the "correct" outcome. IE. since boxing is losing steam relative to basketball (this year an exception due to COVID-19 related ratings drops), it means you should probably shift your interest a bit to the mainstream sports. Why? The more mainstream something is… the more that average joe bets. If average joe bets you know he's a net loser 60-65% of the time and you will be a winner 60%+ of the time if you simply use stats and math instead of emotions. As these new online betting platforms ramp up and gambling grows significantly as an industry (as we suspect it will), we'd steer an emotionless/intelligent person to look at the major events for spreads.

The final item here is stocks. You never want to tell someone you dislike their stock (or like a stock they are short). As Voltaire has said "it is dangerous to be right in an area where established men are wrong". Since the stock market is primarily driven by institutional investors and accredited HNW individuals, if you tell them the opposite opinion they will attempt to rip your jugular out.

Stocks!

This has been a fun one as the tech trade has gone parabolic over the past few days. With contentious elections and all of the noise, it is becoming clear that nothing is getting done over the next four-years (is anyone really surprised? Life hasn't changed much the last four years outside of the forced pandemic/quarantine).

As we move forward, people have entirely forgotten about COVID-19 as the election has created a massive veil/distraction. Meanwhile, those who have no emotions tied to the election have made good money (tech, healthcare, crypto have gone straight up for clear reasons). The other thing we can conclude is that stimulus is practically guaranteed at this point. If Biden wins (as it looks likely) he may lock us down again and that just means more bills. In the *extremely* rare case that Trump wins, he has to send out checks and try to help the lower middle class again with direct stimulus. Tough to see how that won't be the case. Dollars will be printed.

It has been a great week (even if it doesn't feel like it for many Trump supporters). Looking across the spectrum of emotional topics, we can clearly see that there are many asymmetric bets/investments to make over the next 5-10 years. We're still quite bullish on the future even if we have to change physical locations (seriously we are). In the end, life is about winning and you deal with the circumstances you're given. As a final note, we will hold a Q&A once the elections are over. No one is going to be interested in the Q&A until that point anyway because… emotions are high! Good luck and have fun out there. Keep looking for asymmetric ideas/bets.

Concluding Remarks:
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Rotating Clown Ad – Times Square

The Project is a go and already paid for! How it works?

There will be:

– 400 fifteen second plays on Premium billboard locations within Times Square ( ). All Near NASDAQ and Reuters. They charge by every 15 second ad so currently There are 51 clowns currently ()

100 minutesof Trolling!*each clown will receive about 2 minutes.***CLOSED OFFICIALLY**

– Proof of purchase images are included to share on social media, we will handle with the Hashmasks team

– Press Release with notification Sponsor for selected day, hashmasks release

– Exact date and time to be announced shortly

Each Clown will be featured for an equal amount of time. We do not think it is fair to only show our clown (Goldman Sachs).

If your clown is not listed here you must email **(The Day is Now Closed!)**

1) Barclays, 2) Salomon Brothers, 3) Goldman Sachs, 4) HSBC, 5) Deutsche Bank, 6) JP Morgan, 7) Wells Fargo, 8) Bank of America, 9) Morgan Stanley, 10) Citigroup, 11) Credit Suisse, 12) BNY Mellon, 13) Lazard, 14) Bear Stearns, 15) UBS, 16) ICBC, 17) The Federal Reserve, 18) BNP Paribas, 19) Macquarie, 20) Citi, 21) Merrill Lynch, 22) Nomura, 23) ABN AMRO, 24) Charles Schwab, 25) Bank of England, 26) Royal Bank of Canada, 27) Fifth Third Bank, 28) Chase, 29) Charles Schwab, 30) Bank of England, 31) Santander, 32) BOJ, 33) Capital One, 34) TD Bank, 35) European Central Bank, 36) Credit Agricole, 37) US Bank, 38) PNC, 39) BBVA, 40) Raffeisen Bank, 41) Silicon Valley Bank, 42) BMO Harris Bank, 43) Commonwealth Bank, 44) DBS, 45) State Bank of India, 46) Standard Chartered, 47) Jefferies, 48) Moelis and Company, 49) Stratton Oakmont, 50) Edward Jones and 51) Bank of Cyprus

That's it! Many of you said you want to contribute so donation links are below. We'd also like to an extend a

big thank you to James who helped make this happen (you should all follow him on Twitter).

3MbzB2tajw6fpQQdGee6qHRYAmerAJMCiz

BTC:

0xD46353868907c55A98fD29EB99362Bb1b99062C1

ETH:

Finally, you can also friends and family transfer to PayPal (admin@wallstreetplayboys.com) but we are going to exit Fiat over the next 2 years (a goal). A better way to contribute for free is gifting and to a young person who you think has a chance at making it big. Thank you all and we are looking forward to this!

Triangle investingEfficiency
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Savings Rates Are Worthless and What Real Net Worth Is

Savings Rates Are Worthless and What Real Net Worth Is

All of our previous posts have focused entirely on earning. This is because there is no ceiling to the amount you can earn and there is a floor to the amount you can save. No matter what you do you're going to have to pay for food, shelter, utilities, taxes and other necessities. That said… We're going to outline our views on saving money in general since the topic has come up many many times. To reiterate. We don't care much for saving because all of your energy should be spent creating recurring income. If you're working 60-80 hours a week you wont have time to waste your money in the first place and by the time you make your money… well you won't need to worry about saving. Funny how that works.

Five Point Summary

The general rule of thumb is to save 10% of what you earn. What they don't tell you is this sets you up for a very long and dire path to mediocrity. The math doesn't help you because you're constantly increasing your annual spending in the 10% scenario. Lets look at the simple math.

1) Saving 10% is a Scam:

Joe makes $90K per year. To make the math simple lets say he sees a take home pay of $60K. This means he would save $6K a year. He is going to see a wage increase of 10% per year and he will continue to save 10% of his income. This sounds logical until you put the numbers into a spreadsheet.

In Year 1, he will save $6K… fast forward to year 10 and that

$6K is just 4.3% of his annual spending habits.

Our readers are smart so everyone can see the problem with a fixed percentage savings method. The fixed saving percentage because it accounts for a smaller and smaller percentage of your new standard of living.

makes every *prior* year less meaningful

If joe was making $60K and gets a 10% raise each year he is now making, ~$155K. If he is spending 90% of that income, his annual spending is now $140K… the original $6K is just 4.3% of his annual spending habits.

This is the fastest way to see an acceleration in your real net worth. Your real net worth is how many years you can live if you don't do anything. It does not matter if you're making $50K or $500K because your real net worth depends on your annual spend. To put some brackets around it, 20x annual spending is rich, 10x annual spending is comfortable and 1x annual spending is an abysmal disaster.

2) Focus on Annual Spending Multiples:

There are many families that have high incomes and practically no net worth. If you're in a major city with a $400K income. But. Are forced to send your kids to private school and have a $10K/month mortgage… You're going to be saving a dismal amount of money.

We get this question a lot. Our answer puts point 1 and point 2 together to come up with a general rule of thumb. You should find a way to increase your standard of living and you should never see a decrease in your savings (in terms of annual spending). A good and aggressive rule of thumb is this:

3) How Much Should I Save? <u>every year you work should result in a year you do not need to work.</u>

This usually means you don't get to spend a lot of money when you're young. Specifically, if you're out of college with a good income (lets call it $100K gross), then you're not allowed to spend more than 1/2 of your take home pay from day one. In about two years you should see income acceleration from the 60-80 hours a week you've been working and you'll be expanding your real net worth rapidly.

Assuming you start earning a living at age 21, you'll be rich at age 41. You'l have 20 years of living expenses. If you start a business and create multiple streams of income you'll reach this mark significantly earlier (it won't even be close to 41).

If you're following along and don't quite make it to becoming rich by age 31… it's all but guaranteed (just don't mess it up!). Sure there are no guarantees in life but it becomes quite difficult to fail. If you have 10x your annual spending in investment vehicles this means you're going to put another 0.5 years away if you do practically nothing. A 5% return, which is extremely reasonable in a basket of bonds and equities, will lead to 0.5x years of annual income for you. If you simply save your allotted 1 year of income you're at 11.5x already! Compounding becomes a rigged game… In your favor.

4) 10x Annual Income as the Inflection Point:

While everyone else enjoys blowing their paychecks at the bars and the clubs you'll be busy visiting the bank and your local brokerage for a couple of years. The funny thing about the math is you won't miss out on much because 22-24 year old kids partying in the club are not interesting to 1) the owners of the club and 2) the most attractive women at the event. So you're not missing out on much at all.

5) Pay the Price Upfront:

In addition, the amount you can spend will accelerate after you simply pay the toll up front. If you can put away 2 years of living expenses in your first two years out the gate, your discretionary spending can ratchet up without much impact to your future.

If you save $40K and spend $40K.. in 3 years you'll have roughly $150K and your income should rise 25% or more, meaning you're now spending ~$50K that year. In just 2-3 more years you'll be able to spend in the $80K range and the game is over.

While the above paragraph is rough math, it clearly shows the power of annual living expenses. You're going to be spending more and more each year. But. If you started with a high foundation or base amount put away, the compounding and wage increases (your career and your side business) will propel you into the 1% in short order.

Ramifications

We've really outlined a basic plan to get relatively rich. You simply work each year to never have to work another year again. That said there are a lot of underlying assumptions about how to make decisions with your personal life based on this philosophy or world view.

Everyone wants to live in the cool city. New York, Miami, etc. Does it make sense for everyone? Probably not.

1) High Cost of Living City:

If your main skills are not going to accelerate your earnings in a major city, it is best to avoid living in them. There is no right or wrong skillset. You've invested in XYZ skillset and cannot change the past. What you can do… is run the math.

If your line of work is going to cap out at $100K a year… We'd suggest living in a low tax state and decreasing the total cost of living. There is no point in living in a vibrant city if all of your income is going to taxes and rent.

Make some basic guidelines:

– Spending 33% or more of your income on rent is a catastrophe. You want to shoot for 10-15%.

– Commuting is also a fixed cost, add this number to your rent number

– Time spent commuting is also a fixed cost, you cannot do meaningful work on public transit or while you're driving so multiply each hour by your hourly income (approximate it)

– Take your rent and double it. That will estimate your actual monthly spending to account for necessities, leisure and one time negative events (life is a roller coaster and many things may go wrong)

We're told to always keep a broad skill set. This means being good at multiple items so you will always have income. The problem with this logic is very simple. If it is easy enough for anyone to learn why will there be openings? If anyone can learn it you could very well find yourself competing with many people for the exact same position (hint hint, if it's a rule based position that will be automated sooner than later).

2) Does a Broad Skillset Make Sense?

Lets put the pieces together, if we know savings rates are a myth and you'll be choosing your geography *carefully* you'd be a fool to have a broad skill set. Why? You're not creating a long-term edge over your competition and mathematically we only need to see ~20 years of income in a worst case scenario.

Make Basic Industry assumptions:

– Will my skill set be valuable in this geographic location for the next 20 years?

– Will this geography be the primary hub for the next 20 years?

– Can this skill set be automated in the next 20 years?

If you answer yes, yes, no to the above you're going to be safe. You're setting yourself up for a The future cannot be predicted perfectly but life is probabilities and you're making the right decision based on your skills.

***high probability*win.**

If you have done the two items above and ascribe to the general world view we outlined in terms of "savings" you're making it painfully difficult to reverse course after Year 1. If you decide to veer off course, every single cent you spend dilutes your .

3) Mental Investment: real net worth (annual living expenses saved)

It is really that impactful.

If you put away $200K and decide to start spending $200K instead of $50K… you just wasted three full years of your life.

Your net worth is simple a 1 instead of a four or a 75% reduction.

The mental pain will make it a lot easier for you to avoid making useless material purchases until you can officially afford it.

The only real skill if we read between the lines is consistency. If you've ascribed to becoming rich, you only need a modest amount of will power. "is this going to impact my ability to put away 1x of living expenses this year?" If the answer is yes, it goes into the garbage.

4) Consistency:

As your income rises, you're also consistently rewarding yourself because it gives you much more wiggle room. Your investments will allow the next egg to grow and this will make it easier to put away another year of expenses every single time.

We really didnt have a fifth point because we've become in describing complex topics into a few points. If forced to add a final comment it is simply to run the math. Compound interest is only a tool if it is *relative* to your annual spending. Otherwise it becomes meaningless in a hurry (broke NBA/NFL players as an example).

5) Math Doesn't Lie: extremely efficient

In summary, getting rich only has to do with multiples of living expenses and consistency. Choosing skills that cannot be automated and a geography that will maximize your skill set is really all that is needed. The rest is filler given that the multiples continue to expand rapidly over a short 5-10 year time frame.

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Short Post On Why it Is Good To Be Extreme

Short Post On Why it Is Good To Be Extreme

The only way to get anywhere in life is by taking things to the extreme. For some reason the average person believes they can have a "balance" at all times and somehow make it. This simply isn't true. When you look at successful people, they have all lived "extreme lives" by definition. How can you become a billionaire without taking massive risk? How can someone really make it to the top of the athletic pile without extremely lucky genes combined with an incredible work ethic? How do you generate various streams of income without trying anything and everything in sight until something stocks? The answer to all of this… it isn't possible without extremes.

This is probably one of the rare comments that regular people will make that is actually a complement. They think it's an insult but really it should be music to your ears. If people believe you're extreme, that means you're at least trying. That's more than 95% of the population can say. Being extreme means you're pushing the limits somewhere.

"You're Extreme":

On that note we'd actually avoid people who are not extreme. They don't need to be extreme in every aspect of their life. But. At least a few areas. How can someone really say they enjoy living life when they live it in "moderation". While moderation is good when you're set, it isn't all that good if you're trying to force your life to change. In short, if you're not living an "extreme life" it means you're disrespecting the short amount of time you have on this planet. You think you have another "shot" down the road. Unlikely.

Extremes *force* change into your life. We can use a ton of examples from those popular weight loss shows to fixer upper homes. Extremes allow for the most change since they put the most pressure on the situation. If you're struggling financially and try to work 16 hours a day, we can all but guarantee your income will go up that month. If you're struggling financially and try to find opportunities to resell products or start a time for money exchange business… we can all but guarantee some money will be made. If you're out of shape and decide to suddenly drink nothing but water and calorie free coffee while walking an extra 5 miles a day… we can all but guarantee weight will be lost. Finally, if you're not a stylish person and decide to spend 10 hours in a changing room taking photos of hundreds of different outfits… we can all but guarantee you'll learn something.

Before drowning on and on about the examples, if someone really wants to change part of their life they will be taking it to the extreme. If they are not taking it to an extreme they don't really want to improve that part of their life. If you're following the "dogma" of this blog, that means your twenties are spent working like crazy making money. Your late 20s to early 30s you're transitioning to social circles of other successful people and triple checking your health. And. By your mid-30s you're doing whatever you please (these are rough time frames).

Now an interesting part about extremes is that many people take the "wrong end of it". The easy way to tell if someone is taking the wrong end of an extreme is if it results in ego and attention instead of results. Some people hear "fake it till you make it" and spend their time blowing thousands of dollars in the clubs trying to "network". The chances of this succeeding is practically none but the average person will hear about the 1/1,000,000 success story and foolishly try to copy it. Why? Well partying in a club wasting thousands is a lot of fun so they can rationalize any excuse to make it a common occurrence.

The Right Type of Extreme:

An example of a good extreme is anything that results in significant near-term pain. Since the brain is hardwired to dislike pain and suffering it is generally the right answer if you're looking to build something sustainable. Good examples of this are 1) living well below your means, 2) working long hours trying to learn tasks that "could be outsourced". But. You don't have a lot of cash flow yet and 3) skipping lots of parties to have a better workout at the gym on Saturday and Sunday. Simplistically, things that make you uncomfortable are typically correct when it comes to choosing an extreme.

There are two ways to become financially independent: 1) the extreme frugality way and 2) the extreme income generation way. This is where our blog departs from the standard frugality movement we've seen over the past several years. Frugality teaches you to cut quite literally everything until you're in a monk like state of existence. This *will work* by mathematical definition. By living off something insanely low (say a couple of thousand per month), you will eventually be financially stable.

Two Different Extreme Financial Examples:

Now take the other side of the coin here, our approach, which is the work like crazy generating approach. Since you're actually generating money at all times, it means that your expenses are somewhat limited. You probably spend a bit more than the frugal crowd but not by much if you're really spinning up a lot of forms of revenue. First it's a basic online biz which is a "terrible failure" generating $4-600 a month. Then it's some time for money exchanges based on your profession generating $1,000 a month. Then its some fixer-upper real estate deal that is sub-par at best leading to $400 in additional income per month… then you finally get one real income stream to work that generates $3,000 a month… only to look back and realize you're now generating around $5,000 without including your career income. You've passed the frugality crowd's entire annual spending.

One group decides to jump into the latest fad of cross fit. This of course leads to immediate near-term results. Why? Well the average person does not really push their body to exhaustion. They have never competed serious in their lives so by going all out their body suddenly feels physical stress. Resulting in immediate results but strange body composition. Fast forward and this likely leads to an injury for the vast majority of people and a modestly improved body composition. That said we don't know many people who have *not* gotten injured with this type of extreme training (maxing out constantly).

Two Different Extreme Fitness Examples:

Compare this to the "correct" extreme which requires significant dieting and exercise routines. When you feel "good" you attempt to push the limits (maybe 1-2x a week). The rest of the training periods are done at 90% (not 100%) to continue building up the base foundation levels. This is combined with serious dieting where you're avoiding all poor nutrition items (sugar, boxed foods, pasta etc.). Funny enough if you do this you'll be labeled more "extreme" than the cross fitting person! The general population will call the cross fit guy extreme but when they see you're actually changing your daily habits you'll be "crazy". This is another good indicator that you're onto something.

One guy decides that he's not good with women and decides to go ahead and go out of his way to meet tons of women on his free time. This then eats into his actual production as he is both 1) hungover from nights out and 2) tired from going out to numerous events to meet people in the day. Combine this with a and you're looking at good near-term results (numbers game) with long-term loss of success (never asked himself "will i attract the right person given the person i am"). That last part is heart breaking for most as people really believe that they will date the same woman with a net worth of $100K + out of shape versus $2M + in great shape… It isn't true and it's comical to believe. No one would teach their own daughter to date a poor man so why would your options ever stay the same?

Two Different Extremes in Dating: lack of self-awareness

Compare this to person number two who has self-awareness. He is too busy making money and getting into shape and realizes he shouldn't "sell" now since he's still going up and to the right. What does this mean? It means he should simply get used to rejection by talking to people in his day to day life and the rare times he goes out at night. These individuals are also seen as "crazy" as they are not scared of talking to anyone. This is even shocking to the guy in the first example as he's unwilling to go for low percentage chances. Why? Someone doing it right doesn't have time to go out for more than a few hours so even low percentage chances are better than 0% chances. To conclude this logic, since it's a rare night out, the chances of anyone remembering (negative experience) is next to zero anyway.

The theme? Good forms of extremes are never fun. If it's fun it's probably not a good way to do the task. So lets go ahead and list them out: 1) Want to learn how to improve your wardrobe? Sit down and read five books, one on color combinations, one on suits, one on business attire, one on casual attire and one on how Hollywood productions choose outfits. Combine this with two hours a week of looking at color combinations online or in a store. 2) Want to make more money? If you're not rich you're forced to work a minimum of 60-80 hours a week if in your 20s and 50-60 hours a week if late 20s to early 30s, 3) want to get in shape? cut your entire diet to just water coffee fruits vegetables and meat/fish. Discard everything pre-made. Also spend an hour per day exercising – running or lifting heavy objects and 4) the one that requires the most self-awareness… If you want more friends/colleagues ask "what type of friends do I want?". If you know the type of people you wish to hang out with, you have to combine this with a painful question for most "why would someone hang out with me?". Until you can answer that question with a clear answer "people in X group should hang out with me because of Y and Z…." it's time to fix your life first. Take a list of qualities that fulfill Y and Z and get to work on those in an extreme manner.

Long List of Good Forms of Extremes:

Now for the fun part… is it possible to name anyone of note who *isn't* extreme? Probably not. In sports the top athletes are seen as extremely competitive (Michael Jordan, Lance Armstrong who even took doping to an extreme, Michael Phelps, John McEnroe, Tiger Woods…). In business the ultra rich are known for being extreme and "crazy" such as Steve Jobs, Elon Musk and our favorite . In the popularity contest world, Kanye West, Kardashians, Justin Beiber… All seen as extreme and crazy. So on and so forth. In short, it's good to be extreme it's your only shot at success anyway!

Fun Examples of "Extreme People": Felix Dennis
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Q&A is Closed

Q&A is closed, we will come up with a new format for the next one to avoid low quality questions going forward.

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Closed Q&A.

Q&A is closed.
****

CLOSED

Q&A is Closed.
****

Short Trading and Long Trading Your Life – Erik Finman

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Today we have a guest post from . Erik is a bit of a teenage prodigy and we thought it would be a good change of pace compared to our older guest posts on and other items. Erik became a millionaire at the ripe old age of 18 by investing in crypto currency back in 2011 and more importantly selling a company (which you hear less about). In fact he sold his first company Botangle in 2015 and that was reinvested into bitcoin. After this he started a virtual reality headset company, moved into robotics and is currently planning to launch a satellite (more on that below!). With that, below is Erik's post, unedited as usual! (note hyperlinks were added by us)

Erik Finmanreal estate

If you're reading this article, that probably means you're someone who desires a certain level of freedom and autonomy in your life. One of the surest means to achieve this level of freedom and autonomy is through financial independence. This concept of financial independence is best found through avoiding debt and building capital; but actually achieving both of those can be incredibly challenging for some. Our entire society seems structured around keeping people shackled to debt and distanced from capital.

However, and coming out on top isn't impossible. Most often it depends on you making the right investment decisions – which for some people can seem impossible. Nevertheless, we try to make sound investments every day, and not just with our money. We invest our time in certain tasks, while we avoid investing in others that don't seem profitable or desirable. We invest our money in certain products that seem like the best deal or what we want, while we avoid investing in others that seem like a poor value. Investing isn't hard, we do it every day.

beating the system

There are three things you should be investing in, or not investing in, to ensure you have the most freedom and autonomy in your life. To help explain these three ideas, I'll use the investment terms "Short" and "Long." Read to the end, and you'll see exactly why I've taken the stances I have, and how it has worked out for me so far.

1.) Go Short on Higher Education

This is controversial for a lot of people, but higher education system has proven to be highly detrimental to many young people. There are few things you can do at 18 years old (short of breaking the law) that will do more to harm your future self than taking on massive amounts of debt at high interest rates. Yet, this is precisely what so many high schoolers are encouraged to do. This is a hope-to-despair pipeline; students graduate high school full of hope for their future, and four years later graduate from college full of despair and desperation.

Those loan payments are due just a few months after you graduate, and the job prospects for someone with a 4-year degree are becoming increasingly thin. Faced with this grim outlook, many recent graduates decide that they have no other option than to pursue a graduate degree, in hopes of increasing their job prospects and overall pay. This works for many, but it also drastically adds on to their total amount of debt. The result is spending the remainder of their youthful years paying off high interest loans while working the first job that was available. Most people in this position have given up on that lifestyle they once dreamed of, settling instead for a sedentary lifestyle of being just comfortable enough to not complain too much.

college

pursue hands-on experience and independent education. Unless you're planning on pursuing a specific career field that requires a highly specialized degree (like becoming a doctor or lawyer), most career paths can actually be obtained without a college degree. It's counter-intuitive to everything you've probably been told, but it's becoming increasingly true every day. I've met a number of executives who have told me, flat out, that they prefer hiring someone without college degrees, and that college degrees are beginning to signal qualities that they may not want to hire.

The alternative:

: I've recognized that this is a systemic problem that has started from the middle school/high school level. To combat this, I'm working on creating a school that will give students full autonomy over their education. With no strict parameters, no politicians demanding a certain curriculum, and the complete freedom to pursue what they are most interested in, students at my schools will be able to gain hands-on experience in the field of their choice. Students will graduate from my schools with the technical skills, detailed know-how, and passion for their field that employers are looking for. You don't have to go into debt and spend 4+ years of your life at a college to be competitive, and my hope is that more students realize that.

My plan

All of the truly unique resources I learn from are too controversial to say publicly. Dark . That really says something about the world doesn't it. How many other people are hiding excellent resources that if shared they would be fired for but are actually useful and helpful. My resources are too controversial to say or not in public. So not including those I'll say this blog!

Resource: arts

2.) Go Long on Cryptocurrency

By this point you're probably well aware of the insane hype we saw last year around Bitcoin, culminating at an all-time high price of nearly $20,000 per Bitcoin, before dropping down to where it is now. This left a lot of people feeling jaded about the idea of cryptocurrency as a feasible idea, and many people who had just entered the market quickly left it just as suddenly.

But while the news cycle has moved on from talking about Bitcoin, many cryptocurrency projects are quietly making significant progress and setting themselves up for the next bull run. Big banks are trying to start or acquire their own cryptocurrency projects, some governments are considering moving to blockchain-based currencies, and the cost-per-transaction of most major cryptocurrencies are dropping fast. This means that the ingredients are all there for the next bull run to be one that lasts. The previous all-time highs seem premature, mostly due to a media blitz and people not wanting to miss out on profits. The next time it comes around, the projects being funded are more prepared to do what they promise to do.

ignore cryptocurrency. You likely won't directly lose money (at this point) by not investing in cryptocurrency, and your hard-earned money can stay safe in a bank account while inflation eats away at it. Investing in cryptocurrency may seem too high risk for some people, and you need to be honest with yourself if that sounds like you. But if you're at all hoping to earn your first million in the coming years, investing in cryptocurrency is probably one of your most direct routes.

The alternative:

I already have holdings in various cryptocurrencies, but my hope is to spread the wealth by spreading information. I've recognized that there seems to be a significant entry barrier to many people getting into cryptocurrency; the industry seems confusing, too many people are shouting contradicting opinions, and predators lurk for their next victim to rob and scam. To counteract this, I'm working on a basic crash-course on what cryptocurrency is, how to invest in it, and how to keep it safe. Cryptocurrency represents the largest transfer of wealth our generation has ever seen, and I hope to see more people move towards financial freedom through cryptocurrency.

My plan:

Simplicity and good design. We need an iPod to make MP3 players mainstream. We need an iPad to make tablets useable and mainstream.

Increasing Adoption:

3.) Go Long on Emerging Fields

In addition to cryptocurrency and blockchain technology, there are a variety of other emerging fields that hold great promise for the future. Developments in Artificial Intelligence (AI) are progressing rapidly, Augmented Reality and Virtual Reality (AR/VR) are quickly becoming profitable industries, and nanotechnology will likely be part of the building blocks of the near future.

These are all industries that may seem hard to enter if you're just in your late teens or early 20's, but you can start laying the groundwork now for a future in these industries. All of these technologies will require some level of coding proficiency, and a rudimentary understanding of electrical engineering and robotics will also be extremely advantageous. Most college majors aren't teaching the skills needed to thrive in these fields, so any learning you do on your own will make you hyper-competitive on the job market compared to your college-educated peers. These emerging fields will be where the high paying jobs of tomorrow are, and you'd be wise to start moving in this direction ahead of the crowd if you want to have gainful employment in the coming years.

stick with the fields that are in-season currently, like psychology, business, nursing, and education. Skills in these fields are adequate to get a job currently, but they also put you in jeopardy of being replaced through automation, or by a new worker who not only has the skills you have, but also the skills of an emerging field that is becoming more in-line with your field. Focusing on these fields will pay off today, but likely won't help you for too long down the line.

The alternative:

I'm working on launching a satellite that will incorporate AR/VR technology, allowing students around the globe to experience space in real-time and hopefully inspire them to think bigger for their futures. In addition to this, I've enjoyed creating a robotic suit that improves strength and coordination, and I can definitely see ways that this could help more people going forward. Circling back to earlier when I mentioned the new schools I'm planning to build, I intend to make emerging fields a centralized theme for students, with plenty of classes offered in formats that will help every student succeed and grow into talented professionals ready to build the future.

My plan:

There's a lot of noise out there, and it can be hard to figure out what's worth your investment and what isn't. I'm confident that if you invest your time, energy, and resources based on my three recommendations above, you'll be well-situated for what comes next. Good luck!

First of all we'd like to thank Erik on his guest post today! Lots of interesting items and unfortunately one that stands out is "the dark arts" comment where we think we know what he is referring to (but will never know for sure!). We agree with the majority of comments and do think it should be noted that Erik is at the top percentile in IQ. This means some of his decisions are not going to work for people in the top 10% or so. Hope you guys enjoyed it and we'll be back with our normal post soon along with another Q&A announcement.

WSPs Notes: Don't forget to follow him on Twitter by clicking here as well!
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Significantly Improving Personal Productivity

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With the economy practically shut down, we think it's the best time in history to get ahead. Most people are getting fat and watching television re-runs all day. If that is the decision making tree for the majority, you couldn't ask for a better set up. Sadly, we've found that most people enjoy memorizing random facts and asking redundant questions instead. So you've really got 98% of the population doing nothing productive either 1) pure laziness or 2) wasting time on things that don't increase personal productivity. Since the first group is a lost cause we're going to focus on the second group.

For the people who are well read, this does not mean you've learned anything. This won't come as a surprise to anyone who has created anything. If you read a ton of books and simply memorize a bunch of facts at best you can recite facts. This isn't useful at all. We're taught that this is "intelligence" based on how the school system operates. And. Unsurprisingly, this doesn't translate to real world wealth. Why? Comprehension is what matters not memorization.

Memorization is Not Intelligence:

The next time you decide to pick up a book to read, you have to ask yourself if you're going to apply anything. If you're not going to apply anything, you should immediately put it down and move on. There are millions of books that simply provide a laundry list of facts. This isn't useful unless it's a fact related to tax reduction strategies or supply chain management. Think about it like this. If you know something that can be googled, you're just a worse version of a free global service. There is a zero percent shot of you memorizing more facts than google, a massive super computing system designed to look up facts, so you shouldn't burn your time on these types of activities.

For fun take a look at professions that primarily rely on memorization: history, language teaching, biology, physics and even chemistry. Notice, we threw in some sciences because they have no application. If you decide to focus on something like math and physics but never learn to apply it, you're just a computer system! You'll never beat a professional computer system when it comes to calculating or memorizing anything. Sticking with the math example, you're better off learning advanced statistics so you can apply analytics to predict events (generating a profit for yourself)

Well the vast majority of learning requires effort and personal interest. So if you want to start an e-commerce business you should probably learn the following: how to set up a server/website, how to mimic the design of a brand that has been successful, how to build a social media profile – for profit and of course how to run and make advertisements. Most people just ask meaningless questions like "how do i start". This just means they don't want to succeed and are too lazy to do anything by themselves. This guarantees failure in two ways: 1) they require hand holding to get started or 2) they can't think for themselves to a point where it's not possible to figure out basic tasks. Failure is certain in this case.

What to "Learn"?

This is why it is easy to tell who is learning and who is looking for a handout. Even if it was a simple task, such as setting up a website, they might have questions about spam filters, ideal website design etc. Instead? The majority of questions are about "how to start a website" even though this can easily be googled.

So while the above sounds "rude" it is simply true. So we're going to write, once again, the easiest way to start. Don't try to start a consumer business on day one. Start a services business. This could be fixing iPhones, reviewing resumes etc. Once you have a basic service you can offer, you will break even on year one (likely make a decent profit). This won't be exciting and will be a painful learning experience (which is the point). The other reason for this? If you have a basic service that you can offer, the website design won't matter much. You'll have a decent number of customers through your own word of mouth. Promote your website on other forums on the internet after establishing yourself as a trusted source. This will lead to at least a few hundred customers, which leads to at least $10-15K a year. (Yes this is nothing but this is also an extremely low risk way to pay some basic living expenses)

If you want to improve your productivity, everything should be focused on earning more. You shouldn't focus on "learning" as you will end up going down the rabbit hole of meaningless factoids that are not applicable. The way to focus on earning is by aligning everything you do to either 1) building a reputation or 2) generating a profit. Most people ignore the first step and just want to make money "now now now". Well, in order for people to trust you… Value needs to be added and a reputation needs to be built. The "freemium" model is one of the best ones to follow if you're a newbie.

Try to Earn or Don't Bother:

Assuming you are a good golfer, you could go on golf forums and begin providing free advice on golf swings. We don't golf seriously but you get the idea here. If you were a Division 1 athlete (at minimum Division 2) then you are in a good position to teach/provide input to the general public. After doing this for a few months, people will respect your opinion and you should have a link to your website at the bottom. Congrats, you are now on your way to providing online coaching/teaching for golf. That is really all it takes. If you do well, this is actually a great long term business. You can sell golf products (affiliate), sell your own instructions/packages and even create camps as your audience grows. We are using golf as an example here because the people who play golf are rich which gives you a wider range of pricing (offer a low cost one to attract a new population or a premium one tailored to the wealthy).

Another good example of earning is what you do with your free time. If you're on social media and it is not making you money, it's time to shut it down. Unless you're already rich, why do you have the time to troll the internet with $0 of income associated with the activity? It makes no sense. This is a structural lack of priorities. By forcing social media to make you money, you will also follow different accounts. You're not going to follow celebrities or athletes. You will follow accounts related to your niche/sector which only makes you more informed on important changes in the industry. Use social media a tool to get ahead, not a tool for entertainment. Most choose the latter.

We're fine with trolls since they are entertaining from time to time. That said, eventually you have to give up the trolling if you've got no results. If you notice, we don't really engage much with people on twitter and only once in a blue moon troll someone hard to emphasize how ridiculous their rebuttals are. Why is this? It's not a good use of our time. You should think the same. Asking meaningless questions that can be googled are not a good use of your time. Our time is less relevant in this situation since we dedicate a certain amount no matter what. The issue is the user, why would he/she waste his time with this stuff? We have no idea. So below is a step by step on avoiding meaningless questions by various forms.

Meaningless Questions and Time Drains:

It is not a useful question if it can be googled. This is because you should have looked it up already. If someone cannot look up basic items by themselves without asking for help this is equivalent to asking someone to pick out the clothing for them to wear on a night out. After becoming self aware as a kid, you shouldn't need mom/dad to pick out clothing. This is quite literally how sad it is to see someone ask a basic question that can be found on google. Questions like "how to buy bitcoin" have been available online for just under a decade and there is no excuse for asking these questions.

Able to Google:

This is common amongst people in college. They sit around with their buddies and talk about "scenarios" that never occur. What if you get job offer A and B "what would you do" or if they got a million dollars "what would they do". The answer is you don't know because you've never been in that situation before so don't worry about it. You should be more worried about putting yourself into those positions. Unless there is an actual event, the scenario question is just a form of mental masturbation. This is also common among people who were "successful in high school" and never amounted to anything. " Avoid these individuals like the plague.

No Scenario Questions: Oh man if i did this i wonder what would happen, what that would look like".

This is another crazy and common one, if you are simply asking for a handout then you should seriously consider entering into an insane asylum. No one is going to give away their IP and no one is going to invite additional competition into their industry. Real questions are live situations that need a solution. Real situations should not directly compete with the person you are asking. It is comical to believe that a competitor would help you in any industry and we have no idea why it would be any different online.

No Handout Questions: "please give me your supplier all your materials and the formula… and your ads"

The above three are going to get rid of around 90% of the bad questions that we've gotten over the past couple of years. While we can't fault people for the second one as many readers are young, the people who fall into the first camp have a zero percent shot of making it in the future. We don't even have to guess. If you can't solve basic problems without hand holding, you're not going to solve real ones when it is actually a unique situation that less than 0.1% of the world has experienced.

The final comment we'd make here is that you should never ask the same question twice. That is a never. No exceptions. If you are serious about getting better, after you get an answer you should write it down so you never have to ask it again. It is an embarrassment to ask the same question over and over again. This is probably the #1 reason why we stopped giving any and all dating advice. We concluded that most people are never going to accept reality. Besides, if you can't even get dates in the easiest environment in the history of mankind, it just means you're not successful. Again. Not a group we want to attract or care about. Having endless conversations about "hypergamy" when the same guy would choose a better looking younger girl with a similar personality is a colossal waste of time. Humans all want the same thing, the best they can get.

We've written about this in the past and lots of people said we were joking. It was not a joke. Every single day write five sentences on what you did to actually improve your life. You don't need to ramble like a teenage girl in her personal diary. You write five sentences that state your exact actions. If you cannot come up with five sentences that means you wasted the day. Do this every day for 30-60 days and you'll see if you're on the right track or not. Don't write results. Write action items that make you more productive or move you in the right direction.

Create a Basic Journal:

The key part of a journal is that it does not include results. After the age of 14 or so you should came more about doing things correctly and improving the right way. If you're improving by short cutting things, this means you're unwilling to take a long-term view on your future. Not a good thing. So. Every single day you'll write five sentences, no more no less and see if you're actually maintaining accountability.

A good example could be as simple as this: 1) sent out daily newsletter to customers, 2) updated servers and back-end for next product launch, 3) lifted or 1 hour and biked 10 miles for fitness also did 20 minutes of yoga/stretching, 4) cooked own food to reduce sugar and salt intake and 5) read 50 pages on sales. As you can see, the productivity can address various items. Perhaps you're trying to learn how to play piano/guitar, that could also be an example of improvement.

If all of the above seems mean or intense, you're probably not going to make it in life. We're not here to lie to people. If you cannot keep yourself accountable it just means you're not interested in improving. While you don't need to follow everything here to the exact T, the framework is simple. Successful people don't day dream about scenarios that are unlikely. They don't need hand holding to get started. They don't ask questions that they can answer themselves in a few minutes. They don't burn tons of time with entertainment. When you're set for life you can increase the amount of entertainment (since you are no longer in the accumulation stage of life). Until then, best to focus on productivity. Oh and by the way… You'll end up enjoying the winning/work. This means the good habits formed above will unlikely change even after you make it. That's simply how life works. Winners continue to win for a reason.

Concluding Remarks:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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Simple Examples of Thinking Differently.

Simple Examples of Thinking Differently.

There is nothing wrong with thinking like the masses in a survival situation. In reality, most people follow the herd because it is a survival instinct. If we dropped a random reader into a remote area of the world with no contacts, no social media (God forbid) and no electricity or access to shelter… The correct move would be as follows: 1) observe other living animals eating/moving towards a source of water and 2) consume similar foods and ration out water to survive. Pretty simple right? Unfortunately, this tactic only works to survive and doesn't get you much further in life. Eventually, you'll be forced to think differently and avoid doing what everyone else does to get ahead. In this post, we'll go ahead and outline numerous examples since it is not possible to teach someone to think exactly as we do.

Throughout your life you've been told to "treat everyone equally". This is horrible advice. If you follow this motto in life, it will be nearly impossible for you to build relationships with the right people. Instead, your goal is to find the winners and link up with said winners. We've said it numerous , but at the end of the day, winners like winners and losers like losers. Never, under any circumstances do you work *with* or *for* a loser. You will get 100x further in life by working *with* winners (emphasis on the word with and not "for" as they are unrelated).

People are Not Equal. times on Twitter

If you do what everyone else is doing, you will end up like everyone else. This certainly prevents you from becoming homeless and living on the streets begging for change, but it also prevents you from living a better life

Utilize Probabilities. than the masses.

For our non-finance readers, unfortunately, the best example is Wall Street related.

If you deem yourself to be more intelligent than your peer group then there is no reason to follow the herd. You have to come up with a differentiated strategy. In the world of finance, most junior employees focus on "financial modeling". But. Less than 10% of junior employees (Analysts and Associates) will ever see a single day as Vice President at their firm. Let alone Director or Managing Director. This means you should probably be focusing on other tasks (not financial modeling) which would be… Every single position on Wall Street (excluding Quants) becomes a sales role at the end of the day. Even the buyside becomes a sales position as you need to raise funds. In short. Stop wasting time learning how to build a complex model (something that can be mastered in 6 months) and get busy getting connected.

Sales.

There is no point in playing defense. Staying on offense is actually the number 1 rule to financial independence. If you follow our advice on (*easily achievable for intelligent readers*) then you will realize this immediately. The path to becoming rich is paved in consistent *offense*. You're busying working a career and at the same time busy building a sales business. As you continue working on both your career and business, time becomes a leverage point for you and you can delegate tasks at a rapid rate freeing you up to do anything you like.

Stay on Offense. becoming a millionaire in 10 years

In short. The best way to save money is to spend your free time making money. You won't be able to spend and you're increasing your income.

Talk to a (disgusting) and you will find that their lives are extremely boring. They will also believe that your life is extremely boring as well! While making money is just a game for you once you have enough to be financially independent, they will not understand why you want to grow your company/career/(insert anything else that is difficult). Why? They are more interested in watching other people live interesting lives.

Fun for You Should be Boring to the Masses. regular person

The biggest joke is reality television where 20+ contestants compete for $1M while the host of the show If you want to go the fame route (), your goal is to become the creator of a show or host of the show. You do not want to be one of the contestants hoping to make less than the host… After embarrassing themselves on television for multiple weeks in a row.

makes $1M+ per season. not recommended

After creating multiple products that do not sell well (you will quickly realize that what you want is unrelated to what the masses want) you'll be forced to realize that perception and branding is just as important as the product itself. Laugh if you wish. But. Having a celebrity endorse your product will add more value than actually creating a product better than your competition.

Perception is Reality… For Most.

The previous sentence is not a joke.

Once you realize perceived value is equal to real value… You're going to immediately change your sales technique and your marketing technique. You will obtain superior traction from "quick fix" and "Celeb X recommends" than you will from creating a product that is 2x better than your peer group. As long as your product is roughly equivalent, spend your time selling the perception.

Most people have huge egos when it comes to living life. No one is willing to ask for help and the difference between being arrogant and simply having an ego is this: No one has time to be the #1 player in every single sport, the #1 banker, the #1 brand in clothing and the #1 doctor. It just isn't possible.

Pay for Help. realizing when help will accelerate the process.

Instead of wasting time choosing to become an expert in 10 topics, choose two or three and hire consultants for the other seven.

The power of 1% is on your side.

Find the winner (top tier professional) in the seven topics (piano and tennis as examples) and simply take lessons. You're going to learn more in 2 hours a week than you would through self learning anyway. Asking for help is perfectly fine. Pay the fee and save yourself the headache. Besides. The topics you focus on will generate a lot more cash flow than the hourly rate for an instructor.

This is the hard cut off. By thirty you should not work *for* anyone. The emphasis on the word ** cannot be strong enough. You may work "with" people. But. Under no circumstances will you be in a position where you're taking orders all day. You are either contributing to a project (working with) or you are running by yourself. Notice… If you're working with someone, you're essentially working for yourself and throw your contribution into the pool at a stated deadline.

Stop Working for People by Thirty. for

If someone does not know the difference between working “with” someone and working *for* someone, they should no longer read this blog.

They do not have any idea how revenue generating roles work. And. They have never generated a meaningful amount of money.

As many of you are aware, the typical person is an expert on everything. They know how to make money, get girls and lift more than professional body builders.

Ask Questions… When You Know the Answer.

All jokes aside, you can use this to your advantage. When you are meeting new people you should ask them questions you already *know* the answer to. If for example, you are an expert in three topics and the new person claims to know one of them… Ask them 2-3 questions and use the following phrase:

“I don’t know anything about XYZ can you explain the basics?”

Jackpot. Instead of being forced to waste time (IE: seeing if they are full of it) they will now be forced to show their cards. Most people will ask them about topics they do not know. This doesn’t work. Why? You won’t know if the person is legitimate or not and you’ll be forced to back track and research the topic yourself to confirm the statements.

People do not speak to each other equally. If you are speaking to a family member, friend of 10 years or a client… you will not use the same tone of voice, verbs or nouns. This is why you should never waste your time getting information from mainstream outlets. The targeted audience is too wide and the speaker is going to *change* the message to resonate with the people in front of him.

Focus on the Audience.

In addition, this works for advertising as well. Most people focus on if an ad would work on “them”. This doesn’t work! An ad working on you is irrelevant compared to an ad working on the masses.

Think differently and ask who is in the audience? Then find an advertisement that appears *repeatedly* for many days, weeks or months. The ad must be good because the space they are paying for is not cheap and if it is converting at a high rate… then you are certain it will be re-run until unprofitable. Take notes.

That’s right. We get a lot of questions on “how to make friends” and this section will solve every single one of your problems.

Let People Tell You How to Succeed!

In short. People are insecure and have a superiority complex.

Knowing this as a fact, here are the two rules to making a new friend (note this works for casual acquaintances and is not to be confused with business). Ask for advice and let them tell you exactly what to do (remember they know everything). Regardless of what they say to do, report back and say it “absolutely worked and that you appreciate their time immensely!”.

Rule #1: Rule #2:

Congratulations. This will work every single time as long as you avoid correcting them when they say something foolish in the future. Let someone believe they are better than you and you can bet everything you have that they will happily hang out and give you more of their advice.

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Simple Ways to Improve Your Life

Simple Ways to Improve Your Life

Instead of focusing on earning money we’re going to shift to saving time. This will not only improve your money making abilities long-term but will also improve your health and well-being. By saving time and improving your mood, success will be easier to come by since you’ll efficiently work through your day. It’s unlikely that all of these improvements will be made instantly, instead, we recommend referring to them any time a basic premise is broken.

<u>Social / Mental</u>

Yes we know the irony here. We’re writing an opinion related blog. That said, we’re . Unless a person specifically asks you for advice you’re essentially digging your own grave. When you meet a person they will generally think they know everything about: 1) health, 2) fitness, 3) money, 4) dating and of course 5) sports – since it’s all they watch. Instead of trying to help someone “move in the right direction” you’ll end up creating an enemy. As an example, we laugh when people try to help “strangers” in the gym (even if they are blatantly working our incorrectly) because they are not going to listen. Instead, operate similar to this blog and only write for people who are interested. Don’t bother seeking to change people.

#1 Don’t Try to Change People: referring to people who never asked for an opinion

The good news here is that you *can* help people if and only if you are asked. If you’re a good volley ball player that plays on weekends, it’s likely that other people on the team will ask for tips. This is 100% fine. Give legitimate and real advice. There is no reason to give them bad advice, give them legitimate information since only 1% of them will actually execute on it despite your advice. Notice how odd this is. ! For anyone in their 30s/40s they will confirm this fact and remember their 20s. At a younger age, if people asked for advice the assumption was that they would execute on it. This is clearly not the case.

<u>Even the people who explicitly ask you for advice won’t execute</u>

This is excruciatingly difficult to master. Arguing with strangers on any topic is not worth your time. If you argue with them all you are doing is making regular people trust you less. Remember that the president of the United States has a ~50% approval rating so there is no way that 50%+ of people will agree with you. If the most powerful people in the world have half the population fighting against them… this means the percentages are lower for everyone else.

#2 No Arguments With Strangers:

If you avoid arguments with strangers you’ll also protect your reputation. If someone attempts to attack your reputation you have two choices: 1) point to a proof point or 2) ignore. Ignore is usually the best option since the attacker unlikely has any influence. If a homeless man decides to call you a liar, no one would bother responding because they have no social weight. Similarly, if an average guy who makes $150K a year does the same, your best course of action is to ignore. The one time you can choose the flight response is if the person has weight. If they have more influence than you do, take the time to prove them wrong with facts and take the credibility away from them. This increases your influence and offers no downside since he’ll never like you in the future anyway.

This is applicable to business and friendships. If someone doesn't want to buy your product and says no two different times, don't bother. You're better off starting fresh with a new person since it is unlikely you'll take someone who said no twice into a yes. The only time you'll go back to the people who said no are if 1) they reach out, 2) it is a major account that you want to penetrate later and 3) if you have run out of new people to call for the day. This is a good way to avoid calling the same "no" person over and over again. This is also no different for dating. No sane male would go back to the same girl desperately looking for her affection if she wasn't interested the first time around. There are billions of people in the world and it shouldn't be worth your time.

#3 Go for Low Hanging Fruit:

This means you're going for low hanging fruit first. A basic economics terms which says you should grab the easiest items of value first. Notice, this does not mean you take the path of "least resistance" at all times. It means your first course of action is to go after the easiest targets before moving on. This is similar to a time-based test. If there are 100 questions on a test you want to answer the easiest ones first since they are weighted equally in value. So when you look at the ways to generate revenue for the day, go for the highest revenue vs. time items. Then you can work on the harder projects.

While consequences are real, the chances of a current worry is likely small. We realize this won't work for 99% of the population. But. Try to think of everything in logical terms. It is highly unlikely that you would die in an airplane crash which makes "flight fright" illogical. Similarly, even if you were to get laid off from your current position, the unemployment rate is just 4% and the chances of being unemployed for more than a year is closer to 1% assuming you're working hard to get another position (you will likely come out profitable!). While these are two extremely different fears, we can logically walk through them and realize the worry is not worth your brain power.

#4 Realize 99% of Worries Are Fake:

A good way to see if your worry has merit is to calculate the impact and percentage chances. Quick math is a savior. While it is true that you're likely to suffer some small physical injury at some point in time (break a leg or arm) and it is true that you'll likely lose a stream of income at least 1-2x in your life, this is par for the course. Look around and realize that if you're in the top 5% of the population there is just no way you'll be stuck in a bad situation for long. After all, average people offer mediocre performance across the board in every sub-segment of their life and yet they end up living till 85-87 with a comfortable living standard.

While we have used comparisons to help get through worries there is a clear line in the sand. There is no point in comparing yourself to other people. We use averages to figure out if something is likely or not (eliminates worry) and then use the rest of our time operating on the only metric that matters: personal happiness/. At the end of the day, it is unlikely that you'll be number one in any specific item. This could be a sport, making money or winning beauty competitions. The math just doesn't work. There is however a 100% chance that you can improve every year!

#5 Only Compare to Yourself: utility

This is where we focus. Each year you can choose a few items to focus on. Given the target audience we think focusing on money in your early 20s is the right choice (we are biased). After that you're essentially set for life and can move onto other items. If you disagree that's great, it worked for us and that's what we recommend. Going forward you then focus on specific items you hope to improve. If you're rich and unhappy it is likely that either 1) health or 2) relationships have failed. If both of these work then we're calling your bluff and saying you're not unhappy if you're rich, healthy and love your friends/dating life. The great thing about life is that all three of these things, money, health and relationships can improve every year. Choose one of them to focus on each year and make notes to see if you're progressing or not. In less than 5 years you'll laugh at all the problems you had in the past since we underestimate how quickly we can improve.

Health

If you're a night person you struggle here. Instead of trying to drink a ton of coffee in the morning which creates dependence we would recommend a concentration exercise. This can range from math problems to playing a complex game such as chess. We don't have a clean recommendation since we're unsure what you enjoy doing but we have a clear answer. The answer is to wake up with a high cognitive activity. Instead of trying to chug caffeine wake up and do a task that requires you to be alert. Ideas include: 1) cross word puzzles, 2) chess, 3) a phone video game, 4) an IQ test etc. Choose any activity that requires you to think and ideally requires faster reflexes (create time constraints for the games you are playing or the test you are taking).

#1 Waking Up:

The second rule here is to avoid looking at emails. If it does not require fast reflexes and cognitive effort it is not going to jump start your brain. This is also why it is common to wake up, flip through twitter and fall asleep again. The task did not require your brain to work so it never had to wake up from the morning fog. As an additional boost, we'd recommend a citrus drink such as lemons or limes.

Some people enjoy meditation in the morning. This causes many people to fall asleep and we think it is directed to morning people. Instead we think meditation in the middle of the day works the best. Since you'll wake up and get working on your first task, we would put time aside for meditation once your first task is officially complete. You'll be somewhat tired but alert. This is the perfect time to reset your brain for the next part of the day or next task at hand.

#2 Add Meditation:

The type of meditation is largely irrelevant. The tricky part is being able to hold zero thoughts. This is not easy particularly during the day when you're officially awake. This is also beneficial. If you're able to meditate when your brain is supposed to be alert, it'll give your mind a much needed quick break and you don't risk falling asleep (which likely occurs if you attempt this at night or in the morning).

Depending on your age you will eventually jump into a normal sleeping pattern that adjusts naturally for moderate jet lag. For what it is worth we think 6 hours of sleep is enough for someone who is 21-26 or so then it ratchets up to 7 hours for 27-31 and then stabilizes at around 7-8 hours after that. Surprisingly we don't think it's really necessary to sleep exactly 8 hours particularly if your life is in order. This is probably due to higher dopamine levels. If you are the road to success you're happy to wake up and have more energy (which is another reason why success is a self-fulfilling prophecy once you clear your first $1M or so).

#3 Sleep Consistency:

We're making this clear since younger readers tend to worry about "health" too much while people in their 30s worry about it too little. As usual do the opposite. People in their 20s who worry about 80 hour work weeks are largely soft people who won't succeed. There are millions of people who have done the exact same thing and the standard 99.99% see no health deterioration since they put the work in at a young age. Funny enough the same people who complain that working hard is bad for their health are found at terrible dive bars drinking low quality alcohol consuming Hamburgers and French fries. The rough numbers for sleep we gave are a good guideline and consistency is most important (falling asleep at the same time 6 days a week with a typical longer night out once a week).

We have no proof. All we have is experience. From what we have noticed some people will respond differently to specific types of vegetables. While Spinach and Kale may have similar properties, it can cause stomach issues for one person while the other person sees an increase in energy. This is important to us since your body is essentially telling you which ones are most impactful. Below we provide a quick strategy to figuring this out.

#4 Find the Right Foods:

The first step is always the hardest. Do a significant cleanse where you eat no manufactured sugar for about a month. This means nothing but veggies, fruit, fish and a ton of water. We doubt you'll get through a full month perfectly but once you your body adapts you then start focusing on each food group. Generally speaking: citrus is for alertness, greens are for your brain and carrots/tomatoes are for skin. Go through each food group and see if one works better than the other. One person may prefer Kale, Lemons and carrots while another will react better to spinach/broccoli, limes and beets. The only person who will know is you. This is not a debatable item, since your health is going to allow you to live longer and look younger. A major status symbol particularly past age 35-40.

Similar to sleep, if you're under 30 years old, working out too much is largely a myth. Anyone who has real experience at a high level athletically knows that top athletes at that age train for 6-8 hours a day. If you want evidence of this just look at the bios of some of the top athletes in the world .After age 30 you can then start looking into timing out workouts so that you're in the gym for about 4-5 days a week. A good rule of thumb is that three days will allow you to maintain your current physique while 4.5 days a week is needed to improve.

#5 Work Out Consistency:

The best way to create consistency is to find someone who is better than you. Find a single person who is stronger than you in a couple of areas so you can be pushed in that specific region. Then begin your normal stretching and massage routines (this is for older people). If you're consistently being pushed (at least 2x a week) while 2 days are for standard workouts, you'll develop knots that need to be worked out. There is a reason why every single professional athlete requires a lot of deep tissue massages. They don't do it for fun, they do it as "pre-habilitation" to make sure they are always at 100%. If someone thinks that muscles don't need work, ask them why trainers and pro athletes all use these types of services. If they didn't work they wouldn't burn their valuable time with them.

Time

Remember that money is just a tool. Given the name of the blog people expect this to be about materialism but it really isn't. It is about getting rich as fast as possible to then do exactly what you want to do. That part is none of our business. What is odd is seeing people who want to get rich and then have no reason why. If someone is incredibly boring and out of shape… what is the money for? Having a bank account with a high number doesn't do much so make sure your values are in-line with where you're spending your time.

#1 Changing Values:

If you need $XM to live your ideal life forever, spending your free time increasing this digit is simply illogical. As we mentioned it isn't possible to win the money game for 7+ billion people so let someone else dedicate their life to that game. Take a good look at your values and remember that when you build your farm you eventually need to consume to crops to live. Otherwise what was the point?

Every rich person will say they "worked hard" and got rich. The reality is that a lot of luck is still involved. If a tech expert was born in 1900, they would have a net worth of zero since none of their skills would be relevant. Similarly, a lot of ideas are great they just haven't hit the market at the right time. I.E. Lady Luck.

#2 Avoid Unhappy and Unlucky:

The good news is that luck favors the same people. We have no idea why. But. It seems to be the case. To surround yourself with lucky people. This is a common theme in a book called the 48 laws of power and we agree. Another thing to remember is that if you're a happy and low stress person you will likely attract these people. Why? Well if someone has a lot of good luck they are probably in a good mood and have little stress! So if you want to continue down this path just surround yourself with happy people and slowly fade away from the miserable ones.

create more luck

A standard approach to saving time is to fast forward. Always look 10 years down the line and ask what will you regret? This is what you should be doing now before it is too late. If you want to combine number two and three you easily can. Why? Well people who have little regrets are typically… you guessed it… happy and lucky people.

#3 Fast Forward:

Fast forwarding is done in two ways. First decide who you want to become. Second find someone who largely has what you have. We don't even know who is reading this but if you're working in an office we bet there is a 1% chance you want to be like anyone in the office. Remember. When you change places you have to live with all of their life choices and not "re-do" them. So it's up to you to find someone who is a decade or so older than you and figure out how to follow a similar life arc with your own personal twist.

If you are not rich yet, this doesn't apply. If you're close to "making it" it's time to transition. When you're still building and accumulating you can work some positions you never wanted to do because you're just not where you want to be yet. After that you have to look at how much time you use to generate money. As we tweeted out before it's a lot better to see an . Most are glass half empty type people and think that you can't work at all if you choose the $10K stream (which of course is illogical). Take a hard look at the "ROT" Return on Time. You'll make significant adjustments and probably make more money. When you turn down income streams you'll be surprised when people bid up the number when you didn't even try to negotiate.

#4 Focus on Return: income stream of $10K a year that only takes 1 hour a week than have an income stream of $100K that requires 40 hours a week

Ideally, once you make it your schedule will now be more flexible. You'll find yourself making some interesting economic decisions. While logically you should always choose the highest income stream this will no longer be the case if you're bright. Is it better to make $500/hour or $400/hour? The natural answer is $500. But. We would then ask "when does the time occur?" If you can make $500/hour but are forced to be somewhere every single day on Saturday night from 9pm -1am… we're going to say no. If the $400/hour can be completed at , that is a lot more attractive. Flexibility relative to the income is what matters and you should be on the look-out for these opportunities even if you can make a few more bucks doing something else. The key is time preference.

#5 Flexibility: *any time*

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality ()… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*essentially the point of this post!***Efficiency, Get Rich Without Giving Up Your LifeClicking Here**
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Simple Ways to Make Your Life Easier

Simple Ways to Make Your Life Easier

Since we're entering into the economic recovery phase (over the next 6-9 months), it's a good time to revisit decision making for your typical reader. For better or worse, the typical reader here is high income (over $200K per year) which is in the top 10% or so. The top 10% is always in a different zone as they are trying to leverage their time and don't view life in terms of dollar/hour trade offs. So with that we can make some general/broad statements. The nit pickers will be deleted instantly.

When it comes to headache avoidance, you want to avoid receiving favors from someone. This is not the same as a gift. If someone wants to give you a gift you simply provide a genuine thank you and move on. If you're going out of your way to ask for a favor we would recommend paying for the activity/service instead. There are exceptions but this is the ideal path.

No Favors to be Taken:

Why? Well if you ask for any favor (big or small) the person will respond by asking for*a bigger favor* in return. If you received a favor that saved you an hour, you'll be asked to help the other person for 3-4 hours (yes seriously). So you're better off paying for a service that is rendered by an organization.

*Hint: reading between the lines you can see that the major issue with working with friends (favors or money) is that you *assume* they are good at their jobs (they might not be to your standards).*

The exception to this rule is when you've known each other for at least 10-15 years. In those situations you have easy ways of re-paying each other and you know the character of the person.

For everyone else, assume that you have not received a favor you've received In fact, you don't want to work with friends in general as

***debt*.** !*payments might come back*

For example, if you give your friend a task to do and you pay him for it, later on he/she might come back and say he "did it at a discount" and deserves more money. Yes… This happens a lot. Given the state of the economy and split of haves and have-nots… You want to try to keep favors/asks to a minimum for the foreseeable future. Keep friends and money separate when possible.

If you give someone money during this crisis, assume it is gone forever. You will not receive a penny back and you should assume it has evaporated into thin air. This does *not* mean that you shouldn't give it away. It means that you should never expect the money to return.

Assume Cash is Gone:

In the rare case that the money is returned, take note as this individual is extremely organized and grateful (likely to become extremely successful in the near-future). This life rule will allow you to avoid headaches and help people that need it. If you break this rule, you'll be disappointed and likely over extend yourself in the process, creating more long-term headaches.

We give a lot of our recommendations out for free. What you learn is that people will rapidly change their opinions on everything: who's going to win the election, if they should buy or sell a stock and who is going to win the next big championship. Seriously. They will change their opinions based on a whim: a missed quarterly earnings report, a poll that says they are losing badly and a random statistic they saw on a popular website. Some people even change their opinions based on a single player having a bad game in a playoff series, refusing to look at statistics.

Avoid Arguments About Investments/Bets:

To no surprise to readers of this blog, we don't really change opinions. We have a high hit rate and don't waver. We don't "shift positions" three days before an earnings call. We don't change views on who wins the next election (we don't even vote) and we don't make emotional bets as it relates to sports. For fun, we still think Trump will win (for those that have followed the Q&A's closely, we bet immediately after the 2016 election since he was priced at 3:1 a good enough return. At 1.6 to 1.0 it's still worth a swing with some money you're willing to lose (incumbents usually win and Biden doesn't seem to have any real charisma).

People have too many emotions tied up in every single event so they think you will change your opinions as rapidly as they do. Why? They have zero emotional control. This is also why they will go broke over the long-term and will do everything in their power to point out when you're wrong (which is ideally less than 25% of the time, a high hit ratio is all you need).

One of the other major issues in 2020 is that people are developing bad gambling habits. This is currently underway. Gambling addiction has been around for a while but with people sitting at home all day, they are turning to crazy stock and crypto currency bets. To provide examples, look no further than Hertz and Dogecoin.

Avoid Developing a Gambling Mentality:

This is a sign of quitting. There are: 1) significant risk and responsibility through ownership and 2) consistent cash flows that are reinvested as you save more than half of your income per year (rough number). Both of those strategies lead to wealth over the long term and of course the ownership route can lead to billions while the second route will get you close to around $10M or so.

two simple ways to gain wealth

When someone veers off of these two paths you can see it in their gambling/addiction for highs. They will see a specific stock like and be visibility frustrated … despite owning zero shares. Meanwhile the people in camps 1 or 2 likely own a small-medium position and participated in at least some of the upside. You can take a guess who wins over the long term. One guy goes broke and the other two get rich over time.

Tesla go up 5x*"I knew about this stock i knew it would happen!"*

When two people have a "conversation" it usually revolves around both of them complaining about something to one another. Next time you meet someone new, see how quickly it devolves into 1) series of complaints or 2) a series of brags about prior accomplishments. At least the second one gives you an idea of what an accomplishment is (IE. if they brag about making $150K a year, they probably make closer to $125K and you know they think this is a large sum of money).

Get Used to Complaints:

There is no way you can change the complaints. In fact, if you don't complain about anything they will actually feel uncomfortable. So get used to that and steer most conversations into neutral territory. If you are looking for complaint fodder, just find any world activity that is in the news and say its "sad". For example "I'm sad that XYZ sport has been cancelled". This steers the conversation into a neutral territory about sports where their sport team is the best – allowing you to easily agree with them.

Since the majority of people are not successful, they do not know how to deal with people who talk directly. No frills, straight to the point. This is because they haven't had to manage large tasks. Managing tasks requires direct communication since it reduces errors and focuses entirely on solving a particular problem. You can guess where this is going… under no circumstances do you tell them "stop complaining". This is the biggest way to make a social enemy. The truth is that complaining about anything just puts you in a bad mood and doesn't solve the problem. You cannot say this publicly without making enemies so don't do it. You'll be tempted… but over time you'll see it's better to *say nothing*. Smile, nod and agree.

One of the common complaints we get here is that our views on high finance have not changed. M&A related positions (PE/M&A banking) are preferred to practically everything else. Guess why? It is the truth that is why.

Accept Reality – High Finance Example:

We're not going to go back in time. Companies are . So our opinion isn't going to change since it is the truth. The reality that no one wants to hear? Finance is largely a skill-less industry built on politics and relationships (like practically every other industry).

opting for more direct listings and alternative methods for funding

If this is bothersome that's great, it's also true. Collect as much money as you can if you're still in the industry since it is in secular decline. The real talents will end up making a large sum and they will primarily go into those three sub-sections (since they are performance based)

The good news is that there are still options in high finance. M&A, PE and successful hedge funds. If you attempt to go into wealth management, capital markets and other industries being attacked on all ends (robo-advisors, cheaper ways to raise money etc.) that's going to be a declining industry.

Yes you can still make a good living (today). And. That industry is in secular decline. Both statements are true. The guy making $800K a year will be making $400K a year 10-years out. Should he quit? Of course not! Keep the money flowing and focus on a side business instead.

Now that we've reiterated the same point… the good news? If you go into M&A you get to learn how each business is run. This should allow you to develop skills to start your own business! That is why M&A is still a great career path (along with PE/good hedge funds). The skills you learn are directly translated into real world application if you're smart enough to take advantage of the information you're given (learning about business models).

As a rule of thumb you want to scale as much as you can without any humans. Since you (an individual) should care the most, you can move the fastest by yourself. Use every single tool at your disposal to scale up without any hired help. Outsource, outsource, outsource until it's no longer feasible.

Headaches Always Have Two Legs:

At that point, you should be in a position to pay *above* market rates. Why would you do this? You want to create stickier employees and you want to make sure you can always hire the best person for the slot. This is easier said than done. Also. Every single direct report you get is a massive massive headache. You have to learn how to delegate, deal with varying personalities and work on your own teaching abilities. Just remember, when you pay for quality, you only cry once.

One of the main takeaways from the prior two paragraphs is that you should always be open to new technologies. It is your job to stay on top of new developments that can help you scale without additional overhead. Do not fall behind and allow your competitors to scale with less employees as you'll be driven out of business long term (they can cut prices and drive you into the red).

Some key items include the following: 1) the divide between the rich and poor is going to continue. Even in areas like finance with high wages… you will see a divergence between the winners and losers – easier to see which people are really outperforming the market and closing deals; 2) stay on top of technology. Even if you hate it, it's for survival; 3) remember that you want to scale as much as possible without people, adding people always adds headaches; 4) don't take favors particularly in this environment, people will ask for 4-5x more in return and 5) goes without saying, do not flash wealth. This does *not* mean you should be frugal. In fact you should spend a ton on marketing, ads etc and push your competitors out of your industry. We're only referring to public displays of wealth in an economy with double digit unemployment.

Some High Level Summary Comments:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.** **

Slight Update to Growth Industries and Ways to Be Employed in the Future (Q&A announcement as well)

Slight Update to Growth Industries and Ways to Be Employed in the Future (Q&A announcement as well)

Following up on our post of observations, we thought it would be good to figure out where the next big industries are. Some of the clear ones have been related to technology: blockchain, AI, Robotics, video games etc. However, if we take it a step further, we can take advantage of industries that will boom *due* to the impact of automation/decentralization. In simple terms, people will gain more autonomy, they will either be rich or poor and the same mistakes that were easy to recover from in the past won't be easy snap backs anymore.

Assuming someone has zero talent, it likely makes sense to enter the healthcare field at this point. Before we would have recommended going into housing or something similar where one could flip homes (repair them) for large amounts of money. When we originally suggested this, we didn't realize that many people won't be able to run the numbers correctly. House flipping "gone wrong" is just as bad as levering up into the wrong investment. So. With this new assumption in mind, we'd go straight into health related services.

Zero Talent Industries:

Home health type services will allow people to get paid with limited risk to automation/robotics. You're not going to send a robot to take care of an elderly woman (checking her blood pressure, taking her places etc.). You're going to send a human being with good social skills which can be learned over time. Also, by working in healthcare related industries, we'd bet that the individual would be less depressed. Seeing how hard life can be if your health is taken away and how grateful people are to be alive is going to prevent your average person from slipping into depression.

The most basic items we can think of here within health care are: X-ray technicians, phlebotomy, nursing and home health services. We're certain there are many more, we're just listing a few quick ones that require next to no education and pay a living wage. The goal here is to find a profession that allows someone to live a basic life without any special talents.

Scale this idea up and we think Psychologists will become more popular over time. Look around. People are starting to believe in stuff like numerology and astrology. They are starting to take their pets on planes more frequently for "emotional support". They are suffering from more and more panic attacks as they graduate from college and don't have the career they expected to have. All of this points to more psychological issues in the future. We're not trying to "make fun" of these people, we're simply pointing out the truth. A lot of people are entering adult life with very little to look forward to so they either get depressed and need support or they start believing in hope based items like astrology.

Psychologists:

If we can agree that people will struggle in early adult life, becoming a psychologist is likely a safe profession. We'll write that out again. Only do this if Unlike standard healthcare professions we listed above, this area only rewards the best people. If you're able to help someone break out of depression and get their life in order, you'll be doing them a huge favor while also being paid handsomely for it. You're not taking advantage of anyone if you're able to deliver results. Similarly, if you're not good at it, you won't get clients and they'll all go to the small handful of people who are actually talented (just like everything else in life).

Assuming you're good.you will be good.

summarizing the two above from the very basics of just x-rays and phlebotomy to scaling it up to psychological help and "life coaches". The ideal would be a life/psychological coach for people who were born rich but are not very talented. As a note, we actually expect this to be common as rich men become more shallow over time and their mothers are not that smart which leads to "normal" functioning children with a lot of money but not a ton of talent. (yes this is judgemental as we assume the extremely attractive woman isn't that smart… which is ***GENERALLY*** true. As they say, rich men and attractive women never have to deal with reality.)

Key examples:

Moving onto the second section, we think the world is moving into two economies. The well off and the not-so-well off. While people will always make excuses saying that you need to be born into money to get rich, hundreds of studies have already proven this false. Since your average person has zero talent but thinks he's a genius he'll ignore all of them and complain that he's not getting his fair share. . ()

Services for the Rich: For fun the math is about 70% off of families lose their wealth by the SECOND generation and 90% by the Third*Note this applies to the USA*

As usual debating with unsuccessful people isn't a good use of time… instead… time to sell services to the rich! The rich will pay for practically . Seriously. They will pay for dog walkers (even if they are overweight), laundry, cleaning and of course faster travel time (Clear and Pre-check are popular for a reason). If you're willing to grind out long hours before scaling up, anything that is "direct to consumer" and related to time saving will work in major cities (San Francisco, New York, Miami, Los Angeles etc.). The one downside here is that it won't scale past the major rich people centers of the world. That said. Successful D2C services for the rich is a large enough market.

anything that saves them time

Dog walking business, tax filing for the rich – if you worked for the IRS before you have an immediate edge, laundry/cleaning/cooking, direct to home tailoring, shoes, designed clothing… Rich people also get bored and you could even come up with a D2C alcohol product (rich people collect wine and "rare whiskey" is appreciating rapidly) could expand this.

Key Examples:

As mentioned in the prior post, since the average person is getting more insecure by the day, it means that we're seeing a rapid rise in drug abuse (steroids) and plastic surgery for men and women. If you've got good sales skills but don't have the ability to become a plastic surgeon (without incurring mountains of debt), then you could help create/sell ads for these services. If you've been on a plane lately you have all seen those ads for face lifts, grey hair etc. This is probably going to be one of the most profitable industries over the next 20-years. People really believe they are making a "more secure" decision by trading the lambo for the face lift and liposuction. Despite costing tons of money (both options) there is a new trend to not "flash wealth" so they are moving into body reconstruction.

Scale Up the Insecurity: *both*

The "looks" industry is still growing rapidly. While you want to avoid the whole personal trainer route as revenues fall off a cliff in a recession, anything related to making people appear youthful is on the rise. We're even seeing women in their early-mid 30s trying to go to the high-end night clubs (unsuccessful). Seriously, a few of them are doing tons of surgery to try and keep up as they are still single. (hint this is another reason to get rich and throw those classic house parties or bring your own group of people to the clubs where there is an unwritten rule of not showing up "empty handed").

If you're talented at sales, then we'd go ahead and enter the mens cosmetics/grooming industry. This is not a troll. If you're already good at selling womens cosmetics, selling to men in the future is certainly on the table. Instead of selling makeup/skin care you'll be selling grey hair remedies to insecure men along with facial/grooming products (can also be masks/trimmers etc.). There is a reason why "Hims" is growing rapidly and it has much less to do with the product and has 100x more to do with a shift in demand and marketing. Online dating is still popular according to all metrics, so you could also venture into photography for men as well. Yes. All of this sounds "kooky" but if you look around this appears to be a trend. Trends make money.

Wide range again but start with trying to help sell expensive items, creating ads for plastic surgery liposuction etc. The most popular upsell appears to be lip injections for women and botox/dysport. Second to this will be hairlines for men and liposuction. If you can help "normalize" more expensive procedures you'll make a killing.

Key examples:

This isn't something we're interested in as it requires a lot of start up costs (brick and mortar). That said, when men settle down (around earl 30s) their Instagram pages suddenly turn into photos of food constantly. Even the guys who are loving their personal lives tend to do this. We don't know why but it happens right around that age and doesn't slow down (well into 40s). This is also something that women do all of the time from age 20 and up. There are pages dedicated to "Food Porn" and other such catch phrases to make everything seem cooler than it is.

"Cute Food":

What does this mean? Well it means you can create a "cool experience" around food and charge an extra 100% for it. Does it really cost $14 to make "organic avocado toast"? No. Does it really cost $5 to make a latte with a foam heart on top? No. Does it really cost an extra $1-2 for toppings at your local desert spot? Nope. As you can see it's all about making it look cool.

Since budgets will be smaller (not rich category), the average person will spend more on something that looks cool and makes them feel special. On a somewhat related side note, this likely means we'll see more creative customer service in the future. Could be an opportunity as well. If you can pay your waitresses/servers a bit more but make them do something entertaining to improve the experience it'll probably pay off. Places like Benihana grew rapidly by offering a new experience and while it has plateaued for now, there are other options (fancy deserts, fancy millennial avocado toast etc.)

This can range from the most common items like ice cream and pizza to more expensive items like customized cocktails. You can also go the millennial route by offering trendy items like avocado toast and selling sushi. Come to think of it, since people will be a bit more depressed and men will be more upset ("rage"), marijuana is a great industry for the next several years as it will act as a "cure" been seen as "cool".

Key examples: **and**

We're leaving this for last since its still extremely popular. As mentioned the new status items are plastic surgery and high quality travel experiences. Since there are two groups here: rich and poor, we just don't see how anyone is going to start a private jet company from scratch. If you're balling that hard probably don't need to read anymore. That said, here are some ideas we've been thinking about.

Travel Bucket:

New variety of a travel pillow or lower back support. Since most travelers will be in economy, there has got to be a way to fix the experience. If you're traveling in economy, the way to sleep is by getting a window seat, placing a pillow on your lower back and angling with your head on the window and legs in a diagonal direction towards the middle seat. This maximizes the leg room you'll get if you're flying economy. Everyone has to fly economy at some point unless they're in the $100M+ camp.

So. Instead of complaining about this, we've been tinkering with a seat adjustment product that would be placed on the seat (low back). Currently, trying to test this with various pillows but there is certainly something there. The neck pillows don't work well since the headrest forces you to lean slightly forward at times (not sure who designed that thing to be so big). Essentially, the key is finding a way to create a "plank" that goes backward so you increase the angle of your body as much as possible. If we can figure this out we'll attempt to sell it since it would make flying 100x better.

we gave out one item we're trying to figure out, but anything that'll make the flight experience more enjoyable would be huge. Most flights are just terrible for the vast majority, at the end of the day unless it's an international flight, there are are not a lot of first/business class seats so the regular economy section needs significant improvement.

Key examples:

This is not related to making money. More general information. Since we know we've moved from "materialistic items" to "plastic surgery and grooming", you can imagine that the easiest way to stand out is by doing the reverse. If you're sporting a nice watch or expensive shoes you'll garner more attention than the person who paid for the improved hairline. This is just due to math as the trend is to get "cool tattoos" and focus on non-materialistic experiences. The funny thing is that if you make it to the real top of society (we'll draw the line at $5M+ net worth) all of those things do come back anyway (nice clothing, shoes, watches). So. You'll be sending a differentiated message.

General Unique Stand Outs:

We needed to make this clear as the trend does not necessarily mean you should "do them". Instead the trends are there to make you money while you spend said money on improving your personal life. The best example of this is people who sell $50-100 sports jerseys to super fans but don't even enjoy the sport. Or the statisticians who bet on sports without any interest in the game. Unsurprisingly those two people win the most.

Q&A will be available on Friday June 14 for purchasers only.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**
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Smile Nod and Agree It May Save Your Life Also Q&A Announcement

Smile Nod and Agree It May Save Your Life Also Q&A Announcement

For the next 18 months we'd strongly recommend that you begin mastering the art of "smiling, nodding and agreeing". At this point, many people have seen their net worth drop by 10-30%. While most just focus on the stock market, the cash flows for a lot of individuals went negative or to zero. Imagine paying $10K a month in rent for a local Bar owner, and suddenly you have to pay the rent while getting $0 in revenue for 2-4 months. That's a massive negative margin hit and has to be funded by cash you have on hand. You have to pay employees or fire them, pay the rent and utilities and pay your own bills while getting $0. This is a massive massive hit to any cash you have. The only solution here is to "smile, nod and agree" a lot more particularly if you're benefitting from the downturn.

If you want to get far in life without burning a lot of time, you're going to . Most are familiar with this concept (if they have followed us for a few years), but for the newer readers it means that you're not going to voice any opinion. You simply smile at the person, nod and agree with the point they are making.

Smile, Nod and Agree Basics: *"smile, nod and agree"*

Why would you do this? It saves you a lot of time. So when people bring up the main time wasters: politics, gossip about someone else and sex/religion you just agree. If you don't agree… you agree anyway. You've saved yourself from a long argument where no one will change their mind. No one gets into an argument about any major topic like that with the following conclusion: . Does not occur despite what people will tell you. They just go back and stew on the topic and solidify their current view.

"Great discussion you've really changed my mind"

You'd think that this is an easy skill to master. It isn't. It's a life long skill like sales. Even if you think you've got it down pat, there are some people that will prod and prod and prod trying to get info out of you. Do your best. You can usually avoid these types of conflicts for 5-6 hours or so (usually enough to avoid any debates). No need to take down their phone numbers and you're set.

With the main premise out of the way, it's time to apply this to finances. No matter what, you should no longer disclose how much you're making and you should *no longer guess* how well the other person is doing. This is a huge change from what we've said in the past.

Economic Impact of 2020:

In normal economic times, you are free to "lie down" and say you make about 80% of whatever the other person makes. It is fine to do this in normal economies because the chances of being wrong is quite low. When employment is high, you get an idea of what the person does, you can easily just lie to the downside. This creates no animosity and they feel like you're still in their "economic class".

This is out the window in 2020. You will now run into people who are actually up this year and you'll run into people who are at zero, went negative or worse. Better to avoid the topic all together at this point. When people try to prod just make blanket statements such as "This COVID thing really negatively impacted my life". Don't need to say anything else beyond that. They will fill in the blanks by themselves and you won't have to get into an uncomfortable conversation about making money. In fact, they will avoid that topic out of "courtesy".

The second one we're seeing is significant personal life changes. You do not want to ask questions about where a person is living, where they were living before etc. This is a standard topic of conversation when you meet new people at a particular social setting. Where you're from what you're doing now etc.

Personal Impact of 2020:

Why do you want to avoid this? Their personal lives may be uprooted entirely and you might hit a bad nerve. It's a big one to be aware of (very big). If someone gets laid off and decides to move abroad for a bit… when they come back it's unlikely the same. Life just doesn't work that way. Some people may have to go back home as their family members are getting crushed by the pandemic. The list of potential issues is long.

As a point of emphasis, this only applies to new people. No need to be a psychopath with no emotions for your friends/family. We're referring to new people you meet for the next 18 months. As you know, first impressions are incredibly impactful so you don't want to leave a negative feeling behind. The same rule of life applies:

_*People do not remember what you said they only remember the way you made them feel*

This is common knowledge yet it is frequently forgotten. If you think you might be steering the conversation in the wrong direction, always choose the smile, nod and agree approach… and cap it off with something positive for extra safety. You do not want to trip an emotional trigger in the current economic environment.

This one is going to get very very ugly. We usually don't type in that fashion "very very" and other wasted words/content. That said… it is going to get very, very, very, very ugly. This is because the haves and have nots have split quite dramatically over the last 3-4 months. Anyone who was able to maintain their income was able to get ahead, anyone who lost their income fell back dramatically (can't even interview to replace their old jobs/careers) and anyone who made more money just put a year long gap between them and their peers.

Socioeconomic Impact:

The math is simple. If you usually make $10K in a month and spend $5K (again keeping it easy), then you're saving $5K. Now if person A runs a small business that goes negative, his cash flows are -$20K for four months. Person B who somehow made more money, say $14K… Also saw spending go down (due to closures) and has saved $10K per month for four months. So one person is + $40K while the other is minus $20K creating a $60K spread… which is equal to $5K multiplied by 12 ()

a full year

There is no easy solution here. We've talked about a few: 1) variable consumption tax – tax rates on a Honda Civic should be way lower than a Ferrari, while taxes paid on a $250K home should be way less than a $10M mega mansion, 2) instead of using UBI – blank checks – we should have universal basic food and water to prevent the funneling of money into nefarious activities and 3) a change in executive incentives to avoid share price focus and instead drill down on head count growth, revenue growth and stable profits. This would cause spending to go from buybacks to R&D which creates jobs and also forces the Company to create value additive products at a faster rate.

While we love solutions, we stated up front that it's not going to end well. There is no way we can suddenly change from the current structure to UBI, luxury taxes (not wealth taxes) and a complete overhaul of executive compensation. So the road to a better future is going to be long and arduous, we'd wager that it won't be solved for at least 3-5 years. We're praying some good solutions do come up… if a socialist takes the helm over the next 5 years or so we're really out of luck as a Country.

Back to the point. You're going to see an even steeper divide in the haves and have nots. CEOs have learned that a lot of their employees really weren't adding anything and a lot of their employees were doing 2x their normal workload. This is the light bulb moment where income for the performers can go up and the non-performers can be removed… permanently. Since high-performers stay on the job, the remaining positions that open up (later) are going to be lower wage positions (need to prove value). So if you're liked politically at your Company and you have a good paying position, don't rock the boat. Keep collecting and working on your dreams at night since you're working from home anyway (no commuting excuses anymore!).

This is obvious from the past month or so. Lots of social unrest. It has reached a point where people believe that "silence is violence"… Which means "you're with us or against us". When massive issues like this occur there are usually three options: 1) agree, 2) say nothing and 3) disagree. The people promoting the phrase "silence is violence" are saying that you only have one option: agree or disagree… with their opinion.

General Social Unrest:

Now you see why you must smile and nod. If you find out someone is aggressively on one side or the other you *must* smile and nod. If you do not smile and nod, you're going to get into an argument even if you have no opinion on the particular social issue. Play it safe.

More and more issues will arise over the next 2-3 years as industries transform rapidly. Some because they have to and others because they are forced to. Imagine having no online presence (any company) over the past 3-4 months. You'd see zero revenue and have high fixed costs. An absolute nightmare. In addition, imagine not having an emergency fund for 3-6 months. You'd end up in credit card debt due to the expenses incurred once savings are depleted. So on and so forth. As these companies evolve and change, the work functions shift to knowledge and production. The days of repetitive tasks are dying at a rapid rate.

As these issues ramp up, remember to smile and nod in all new environments. Take the time to come to your own conclusions and contribute in a way that you see as productive. Don't let the masses decide for you. Simply agree with whoever you are talking to and contribute in a way you see fit. No reason to tell them what you are doing.

We will hold our next Q&A on Saturday June 20. This one will be shorter due to an extremely busy June. With things opening back up we expect to be back to normal on this blog by mid-July.

Q&A For Purchasers Only:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1-2x a month for purchasers only.**
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So You Just Got Hired… Revisited

But it looks like it needs to be revisited based on questions that have been coming in.

We already covered the topic.

Some people are extremely interested in moving up the ranks in finance so as soon as they get a job they decide the best thing to do is buy an expensive $2,000 modelling course and pay up for training.In fact, in the future we may load up actual LBO, M&A and Accretion Dilution models if the questions keep repeating themselves.

Unfortunately these people are just stealing your money.

Before we explain what you should do, lets sell you on why you shouldn't be learning foreign tax laws and complex merger models. With an example.

Lets say you're the Vice President of a prestigious Investment Bank, you have worked for well over half a decade to get where you are and you know what is important and what is not. A new class of Analysts and Associates roll in. You find out you just won an M&A deal, it was the first one you sourced and this is your new baby. Are you going to give this important work to a fresh face or at minimum a second year analyst who you've worked with before. That should pretty much answer the reason why you're not going to spend $2,000 on "modelling and training" courses. In addition, this applies to research, hedge funds and any other high finance job. Finally, we already have templates for M&A models so why would we ask a fresh face to create the document? At minimum you ask a more senior analyst or low level associate who has bandwidth.

With that all said and done what should you do. The answer is practice extreme excel speed.

1. Go to SEC.gov and choose a Company. Create an income statement, balance sheet and cash flow statement from scratch and update for the latest earnings call (8-k document)

2. Repeat step 1 with for 6-7 historical quarters, however by the end you must be able to update the document with ALL new quarterly numbers in 45 minutes.

3. Create a forward looking 3 statement model, out 11 quarters.

4. Google excel short keys, memorize 10 of them and practice using them, repeat this process up to 100 keys. Start with "alt e s" functions then move onto using F5 religiously and training your hands to use home and end keys as well. Finally, practice navigating the internet without a mouse as well, backspace runs you to previous pages, tab to change web address etc.

5. If you're extremely motivated go take an excel course.

6. Throw away all advanced accounting and advanced financial algorithm text books

7. Repeat steps 1-4 with graphs of Revenue, EPS, EBIT, EBITDA, EPS, incremental gross margins and any other metric you would like. Format these charts fast.

If you can do the above you'll likely avoidbecause you'll be fast and efficient.

rookie mistakes

Once your excel work is much better than usual, you are going to spend the next 6 months getting into the best possible shape of your life. This is not a laughing matter. Lift extremely heavy, eat healthy, be in 100% tip top physical shape. You want to be well rested so you can be productive and happy at work and avoid the The keys to politics will be introduced relatively soon.

30 lbs most people gain in year one. This is a key to being the most political person in the office which will net you more money than any course you have ever taken in your entire life.
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So… You Want To Be a Trader?

Dimes and Lines.

Suits. No, not your Hugo Boss, that's for consultants. I'm talking Pal Zileri, custom fitted and tailored straight from Italy. to Chicago, New York all paid for by your firm. Box seats to games and concerts… and working towards that F-you. Yes! Trips in party buses from your billionaire clients to go see his favourite band. Five star food on board. $1000 bottles. More … and the ladies, you don't even have to tell them what you do because you look so good.

Trips bonuscoke.

I loved it. I had enough.

I worked commodities. If you're not on your game EVERY. SINGLE. F***ING SECOND. You lose or clients lose. I'm talkin your net worth in 3 minutes for one client (happened) F***ing DAX.

Commodities is F1 racing beside equities Fast Five rice rockets.

You cant fake it in trading. Everything is taped. If its not the clients fault, (acknowledging and order repeated back even though he wanted something else done) it's your fault. And you pay for it. Your boss asked for a rundown on certain figures and asks you in the most vague way.

For a certain time I worked overnight, trading the Asia and Euro opens. During the crisis in 2009 and 2010, it was exciting to watch the world implode before your eyes while everyone was asleep. Figure that out. He doesn't care. To know what he's thinking.

That's why he pays you.

Back to that billionaire.

One night. He was trading AUS/YEN cross' (he sucked) and he didn't like that his stop hit. Typically I pretended to call the trader, then put them on hold and pretend to yell at the trader for the hit (or bad fill). This usually satisfied his ego and it made it look like I was going to bat for him. Not this time. I took a 3 hour berating that continued on to the morning guys.

My boss asked me why after he listened to the tapes. I was confused

I didn't quit

"For what?"

"For the way he was yelling at you"

"That's every night"

Every single rookie broker that I saw come in bright eyed thinking he's going to be playing golf everyday and have liquid lunches, while the money rolls in, is gone. of them were gone before their first 12 months.

Ninety Nine percent

One common theme with the vast majority of all of our clients is they all lost their money. . There weren't many smart ones.

The smart ones never let their emotions get in the way

The markets used to be orderly. It was either an up day, or down day. After 2008 it all changed. Gold can be down $40/oz and 15 minutes later be up $25. That's a lot of money per contract. Accounts wiped. I did a lot of hand holding. Some of the most successful businessmen ever… Got crushed.

Moving on to the present.

In the Olympics past, there was a controversy that the Chinese women's gymnastic team was underage. You have to be 16 to compete but they were forging their documents and 14 year olds were competing. They wanted this because the younger they are, the more risks they take. They fly higher, do bigger flips and spins, which wins them gold. To be a successful trader, you need to be a non-violent sociopath. Even

more competitive than A-type Navy Seals.

I eventually made it to where I wanted as an Institutional metals trader with the largest trading firm in the world. I declined. After so many years in this race, I wanted different things. Its a young mans game, just like the gymnasts. I know too many that are still in it wishing they were out.

The lure of money forces them back in if they cannot control their lifestyle.

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Solving Alcohol "Confidence"

Previously we wrote about the and more importantly, many men out there rely on the effects of alcohol. This is liquid courage. It's not real. While we can drown on and on about the "effects" of alcohol such as "lower inhibition, lower motor skills and smiles to the brain" its important to take a serious look at what alcohol does to the brain itself. First a quick look at our brain:

simple drinks you should keep in your home

To prevent delving into the physiological elements of the brain this will be a simple split. There are two functions. 1. Reptilian and 2. Cognitive.

The Brain:

This piece of the brain is for survival. Your heart is beating. You're breathing. You're blinking. This is the natural work of your Reptilian brain, you don't need to think of these signals, your body simply sends them.

1) Reptilian:

This piece of the brain is deep thought, logic and processing. You're reading these words, you can forcefully make your breaths larger and smaller, you can forcefully blink and close your eyes. Effectively it is the logical processing piece of the brain.

2) Cognitive:

Now for the important part, what happens when alcohol is introduced?

We're all human, and the reptilian brain will be chosen over the cognitive. Alcohol is introduced and suddenly you're "losing" inhibitions. What is really going on? Your reptilian brain is coming out. Alcohol is a type of poison, changing our blood circulation. Our brain is the most important part of our body and it knows, when there is limited oxygen flow?

Shut down the cognitive brain first and choose the reptilian brain for survival.

Given that this site is up to give actionable steps, what does this all mean for those that feel alcohol gives them an edge? It means you can mentally turn on your reptilian brain and much like everything else in life it takes a significant amount of work, below are the steps that should be taken to see how you "act and feel" when you're drunk.

- Get a video recorder flip it on
- Drink 2-3 strong drinks of your favorite alcohol with music blasting, walk around
- Call a few friends up listen to your tone, record it and limit the call to just a few minutes
- Practice a few dance moves (no one is looking but you anyway)
- Shut off the camera and feel free to head out, your body will want to anyway
- Repeat the above steps next week … dead sober at the exact same time

Here's the cognitive part, compare the videos side by side. Your voice. Your walk. Your arm positioning. Your smile. Your dance moves.

You now have the solution.

As previously mentioned, as they are unable to physically bring up their reptilian hind brains, their logical side is strong and must look for something concrete. This forces the cognitively intelligent to generally rely on booze to get them through, but it is in fact unnecessary. Instead we can build ourselves up by using our own cognitive brain to force body language, tone and positioning upon ourselves. Use your logical side to analyze every detail and replicate those details, it will feel extremely awkward but over time your entire body and mind will act as if… you're in a relaxed drunken state without any of the negative effects. Mind blowing.

cognitively intelligent people have a tough time learning "game"

Instead ofspending too much time trying to figure out exactly how the brain works, it makes more sense to accept the principles of your brain. In addition, if further proof is needed that all of the changes in tone, voice, body movement is needed look no further than actors and musicians. Put on metallic music you "feel different", watch a horror movie you "feel different", listen to XYZ… you "feel different". Notably, all of this is technically just noise and fake movements from characters on an electronic screen, neverthelessevery man must learn to control

Conclusion: his mind.
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Solving Some Rich People Problems

Solving Some Rich People Problems

The richer you get the more likely you are to suffer from these "problems". In fact many of you reading this, likely a larger portion than most assume, will find it entertaining. In standard fashion, instead of just listing out the issues we'll attempt to provide a few solutions as well. They aren't great but hopefully they will help. If you have a common rich person issue please feel free to comment as well as we're interested to find common threads and fix them. The more rich people problems that are fixed, the better the world will become (exact opposite of what most believe).

If you take a step back and think about the majority of conversations, they usually involve one person complaining/telling their life story and the other person listening and telling them what they want to hear. Once you make it financially, conversations are harder to have as you have no interest in hearing about another person's complaints. This then leads you to cleaning out your contact list as no one wants to listen to complaints all the time. This leads to a significant reduction in conversations in general. This is less of a problem and more of a "by product" of success and is something to be aware of as your net worth increases. It also prevents you from complaining unless there is something significant that has recently occurred. Even if this is the case you end up referring to it as an "annoyance" and move on quickly since it doesn't change your life either way.

Less to Talk About:

Since there is less to talk about you inevitably look for people who don't have problems. Unsurprisingly, rich people have less problems! So you're naturally drawn to richer people who then fill conversations with topical items like investing, golf and other successful people. One thing that doesn't change as you move up is the amount of gossip. Everyone wants to gossip and we'd suggest doing the opposite… Only gossip positively about other people. As soon as you join in on the gossip game (you'll invariably be asked about someone) always say positive things. There is no real upside in saying negative things unless you're 100% certain the person wants to hear negative feedback and will reward you for agreeing with him (99.9% of the time we've found being positive as the only real long-term solution). Either way, the solution to fill the void outside of investing, and casual talk is to partake in gossip in a positive manner. Only highlight the good qualities of everyone you know (except the competition of course!).

Once you reach your financial number, it's incredibly difficult to stay motivated. In fact, we're shocked at some people who are able to earn small amounts of money relative to their net worth (they somehow still do quality work and care quite a bit). As an example, if you reach $5 million in net worth but are still working for $200,000 a year after taxes… We're impressed. Not a joke. The person is somehow motivated despite his entire year of work being worth *less* than his investment income. It's insanity really as he can only increase his net worth by 4% and that is if he saved every single cent with $0 in living expenses (unrealistic).

Significant Change to Motivation:

The only solution we've come up with for people in this situation is to either 1) never sell your business or 2) build enough skills to do something you enjoy for money. These are the only two major items that seem to work consistently. If you sell your business with nothing left to do, you're going to be unmotivated by anything around you. By way of example again, if you were making $500K a year from the business and sell for $5 million… well now you have nothing to do and in order for you to be motivated you must find something that earns a minimum of ~$500,000-$750,000 after taxes. Hard to justify working for single digit net worth increases. In the second example you would build skills related to a fun activity. You click the sell button and move into a new position that doesn't pay well but is actually enjoyable (hint: unless you're extremely lucky, making large amounts of money is extremely stressful). The clear message here is to avoid being caught in the middle. Don't do something you "love" unless you're rich and don't need the money and don't sell a business unless you absolutely know what you're going to do next. Otherwise you'll just be an unmotivated guy with a heavy bank account (a lot more common than people think).

As you amass a larger and larger net worth, you're forced to think about death taxes, estate planning and minimizing your own tax burden. It is insanity. We strongly recommend hiring an accountant who has worked for the IRS and has strong knowledge of business structures. Asking rich people just isn't enough as you need a professional who does this for a living. They will know every single hack, trick and loophole if they are good. Taxes are up there with the most annoying things in life. You end up giving the government more money than you would personally spend in a year. By way of example, it's not uncommon to spend $300,000 in taxes and yet your total annual spending came in at $200,000 or so. This is crazy as you're spending less than you're giving away (to a wasteful government… where you use nothing except security/defense).

Taxes and Assets:

Assets begin to have real meaning as you get richer. Anything that is "tied up" becomes less valuable as you don't need to play the appreciation game as much anymore. While you preferred the 20% annual gains with no dividends before… Now you're annoyed at anything that doesn't generate positive cash flow for you on a quarterly or monthly basis. Why? Well the and having millions of dollars to spend today is a lot better than having hundreds of millions when you're 70-80 years old. Things like your old 401K plan and Roth accounts become meaningless since they can't be used until you're old and gray. The people who are still interested in locked up long-term investments (no cash flow and long holding periods) are generally looking for something to pass along to their kids (or additional tax avoidance). If you're single and trying to live it up, this is just not attractive anymore as you unwind your assets to invest into cash flow vehicles (with a low probability of future headaches).

value of life diminishes over time

For those that decided to go with no second source of income and made it… the one issue is this… what happens if that position goes away? There are countless stories, particularly on Wall Street, where someone could be earning $500K+ per year and then transition quickly into structural long-term unemployment. Why? Well there are not many positions that pay this much money. If the sector you're in falls out of favor or too many people enter the field, wages go down and it becomes difficult to tell other people "I'll work for less". If anyone thinks this cannot happen to them we suggest looking into any industry that has moved into declines, working at places like Blackberry used to be high paying high growth positions. The same could happen in any industry not just smartphones and computer equipment. Another example. As AI advances and machines can write better code than 99% of programmers… what will happen to their income? So on and so forth.

Difficult Income Replacement: all in on a Career

The one downside of being rich and having a high paying career is that you're going to have a difficult time replacing it. This also applies to any business you create. Luckily, we put this as a "rich person problem" since the typical rich person will realize this quickly and invest/save aggressively… Realizing the party/money train could stop at the drop of a hat. Generally speaking, anything high paying or high income generating could go sour… FAST. No risk no reward and at the high-end it means the risk is actually higher. Besides. If something pays a lot of money now you have two constant issues: 1) everyone wants to do it increasing competition/supply and 2) anyone who is writing that check wants to fire the person since they are a high cost line item. Before signing off here, we realize this does not apply to the ultra wealthy, CEO's of fortune 500 companies for example.

Another rich people problem is the loss of trust. You'll be asked for jobs, loans and many other forms of help. This is probably the second biggest reason to remain under the radar when possible. As soon as people know you're well off, suddenly everyone will be your best friend and ask for help since it is "no big deal to you". Only the ultra rich reach a point where everything is free as people pay them to show up. Trusting people who are not rich becomes difficult as you look for them to angle at something. As they say, rich people are friends since they don't need each other. Tough to create a one way relationship with people asking for things. The same dynamic is seen with famous movie stars/musicians as they typically date one another.

Loss of Trust:

A good way to deal with this problem is no different than hiring someone for any type of job. If and this is a huge *if* they could add value to your life, you simply give them a small project/opportunity. At the end of the day, if someone tries to burn you on meaningless items, they are going to burn you on the big items with *certainty*…. As a side note… this is also why . All of them try to "game' the receipt system in some way to offset a few dollars in cost per day (could be meals, travel expenses etc.). If they are willing to risk their employment for a $20 change in receipts, they will happily toss you under the bus for a $10,000 raise. In fact, most people like this get enjoyment out of other people failing.

[your co-workers are never your friends]

Unless you're aiming to have your obituary show up on the front page of the Wall Street Journal, one thing that changes over time is your interest in Prestige/Status. When you're starting out it's some sort of obsession, the special career at FAANG, Goldman, an Elite Boutique etc. The people who actually make it aren't even interested in the name of the place you work for or own. In fact, you'll find that they avoid the conversation entirely and give vague responses such as "Random stuff here and there" when asked about their work. This is because anyone with real money isn't interested in announcing to people that they have real money. It's only the people who have very little money that are itching to hand you a business card that says "XYZ company – low totem pole position".

No Interest in *Work* Status:

This change in demeanor usually happens around 30-35 years of age. If someone works at a name brand firm and is still excited to talk about it… They are unlikely rich. If they were, then they wouldn't want to add to the pile of emails/messages they receive every single day/week/month. Mathematically, this is also where you see the separation between the have and have nots. If the person only made an average of $250,000 ($160,000 after taxes!) a year the past 10 years… there is practically no chance he's even a millionaire unless he was able to spend less than $60,000 a year in a high cost city. The ones who made it will have a net worth closer to $3-5M or more. As you can see, the ones who make it earn more off of their investment income than the hard worker makes in a single year after taxes (5% on $4 million is $200,000). Before moving on… status in this case does not refer to material items, all of those things are still an obsession: "the best schools", "the best zip code", "the best brands" so on and so forth… That stuff is always around.

The richer you get the more responsibilities you will have. Even if you don't want them… it is going to happen. Since it's the only real way to earn more money. Employees, contractors you name it. At the end of the day as you move up the ladder more and more people rely on you to support themselves (you're delegating tasks to move onto something else more profitable). Unless you're a true psychopath, this is a large amount of pressure since you don't want to ruin someone else's life. Your failure isn't just on you… it is on multiple people at the same time. There is not a single person in the world that you want to be in contact with that would actually enjoy firing someone. This is probably the most legitimate rich person problem.

Significant Change in Responsibility:

Speaking of responsibility, even if you find a way to make many millions alone, you're going to have to hide your success to the best of your ability. People close to you will inevitably know you're well off but having more and more people know creates a compounding number of problems. If you want to sue someone who do you sue? A rich guy or a broke guy. Everyone knows the answer to this. Similarly, if you're going to try to scam someone who do you go after… so on and so forth. There is a delicate balance here as you're essentially being forced into cynical thinking which is also unhealthy (stressful as well)! So even if you don't want responsibility with other people (unlikely) you'll have significantly more personal responsibility. Solution here? None we're aware off. Just a tradeoff in life.

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Some Fun Social Tells and Q&A Announcement

Some Fun Social Tells and Q&A Announcement

We try to do these once or twice a year and its a good time for an update. Noticing these types of things can help you save time, meet the right people and avoid arguments. During the pandemic, people are forced to communicate remotely and the word choices that people make will highlight how they feel about certain topics. Keep these items in the back of your mind and you'll be "SHOCKED" at the results.

Any time a person says, you can be certain that this person is not successful. Why? Well the assumption there is that it is extremely easy to hire the right people, pay them enough to be motivated and simultaneously generate a profit. If you want to burst their ego you can snap back with the following . This will deliver a crushing blow to their ego as they won't be able to tell you who they would hire, for how much and what they would do.

"Backs of Others": *"So and so built his wealth off of the backs of others","I will give you $1M to hire anyone you want, the catch is if you lose money that's on you, deal?"*

This is a standard belief of unsuccessful people. If someone "makes it" they have to create some sort of excuse for them. They can't be successful alone, because that would mean the person is better than they are. And. As a reminder, everyone believes they are the best – even if the facts say that is false. AS a fun note, we've noticed that the people who say this phrase are typically overweight as well. Something like 80% of people who use this phrase are not even in good shape physically. That means they can't even build their own physical backs, arms and legs. A bit of an embarrassment to say the least.

This is another common one for unsuccessful people. If a person is unsuccessful they need to have "something" to protect their ego. So they assume rich people are unhappy or mean. The unhappy part makes little sense as no one would ever choose to be poor if given a choice. The "mean" part is due to direct communication. You'll find that rich people tell you "reality" a lot faster than poor people. Most people do not enjoy hearing about reality because that requires an increase in personal responsibility.

"Rich People are Unhappy":

As a fun note, how does anyone expect to get rich if they think it will make them "unhappy". Not only are they hating on people who are better than they are, they create a mental barrier as well. In the back of their mind they think it will make them unhappy so it is best not to try. Unclear how anyone can live like this as it makes no sense at all. Anyone who has succeeded in life knows that winning is the best feeling in the world. Only a loser would prefer to sit on the beach drinking alcohol vs. winning at something incredibly competitive. The high you get from winning can't be replicated by drugs and alcohol on the beach no matter what the DJs in the club tell you.

"If someone makes a comment about you being a smart guy then inserts his own belief/suggestion it really means he think he's smarter than you. You're just "smart enough" to understand that he's right. This is what passive aggressive people do particularly when they are in the $200-300K income range. Since the majority of people think he's the greatest success story in his town, everyone must believe that. In this situation you must resort to smile/nod/agree.

You're a Smart Guy (insert Opinion/Suggestion)":

If someone actually believes you're smart, they will ask you a specific question and then show you they took your advice. They will follow up with a text, email, photo proof etc. They won't waste your time with a convincing story to change your view on XYZ. If they really believe you're bright, they will try to use your intelligence to benefit them without wasting your valuable time. In this situation you should definitely help out, they are not wasting your time and they actually want to improve without hand holding. This is about as common as finding a $100 bill on the ground in Manhattan.

If you meet someone for the first time and he/she immediately announces his/her accomplishments it means the person is mediocre to upper middle class at best. No one elite needs to "sell" how important they are. It makes no sense. If you're elite and you go to an event related to your industry you don't need to announce who you are. Everyone would know if you're really successful. No need to "sell it"

Announces Accomplishments Guy:

Another example of this is trading/investing. If you're actually good, you don't need to post screen caps (easily edited) and you don't need to validate the decision making process with attention. If someone is building a big position in anything it is important to say *when* to get in. Not post a screen cap of the results after the stock already moved. Unfortunately, the average person is not intelligent so the screen cap idea works.

Unless your job is to generate noise for a political party (you work for the Biden/Trump Campaign), you shouldn't have a lot of emotions tied to politics. The reality is that you are just one person and while a large group of people can impact an election, a single guy trying to make millions by himself should have better things to do. Simply have your opinion, vote and move on.

Politics is Important Guy:

You'll notice, over time, that people who are most vocal about politics are always mediocre. The range is standard, lower middle to upper middle class. Instead of wasting your own valuable time arguing with these guys, you have to smile and nod yet again. There is no winning here. Even if they believe in crazy things like defunding the police in major cities that are homes to gangs/high crime. You won't change their mind. Smile nod and agree. You'll save a lot more time. This is important as you should have better things to do anyway.

If you meet someone new at a house party and they don't give a lot of details about their life, the chances that they are rich is high. Back in the day people used to "talk business" to strangers. "How's the biz going these days". In the new world environment, this is social suicide. So the people who are doing well hide their accomplishments (initially) with strangers. They recognize that there is little to be gained from the conversation in the first place.

Limited Information Provided:

Think about it like this, if things are going extremely well and you don't need anything what is the point in talking about it? You will only get questions and beggars at your door step asking for handouts. If you needed something then you should steer the conversation into something you're looking for. Otherwise best to keep quiet and talk about meaningless things like the latest baseball game or the latest world event that everyone can agree on "The wild fires in Australia were terrible, so glad they are fixing it!".

If you ask an expert an opinion on a specific item you purchased or created and the response is "It's ok, it's alright, it's decent" that really means it was extremely good. Why? Well if the person believes he is an expert on it and cannot even provide a single tangible item to upgrade/change it means you've successfully reached the same standards. Remember. This only applies to experts. This is because experts have big egos and love to correct other people. Just think about how much college professors love to tell people they got something wrong.

"It's Ok":

As an extra point of emphasis, this does not work with strangers. Strangers have no idea if a product is good or not. How would they? This is especially important if the product is complex (say enterprise grade items) as they would have no specialized knowledge in the industry to provide feedback. They will simply think it is strange and say it is "ok" or "alright".

The guy who constantly wants to "catch up" with you thinks you're going to somehow hire him. It took us a long time to figure this out. The strategy is to essentially talk to you all the time in hopes that you'll eventually give him a job/career position. This makes zero sense as being a friend has nothing to do with skills. In fact, hiring a friend is a terrible idea as you assume they are competent at something when they are likely not competent at all.

"Lets Chat":

If you find that someone is always looking to "catch up" with you and it results in a bunch of life ramblings you have to cut the person off as soon as possible. Delete the number, don't respond and simply move on. The only way to get them to give up is by not responding at all. Don't respond to a single email, text message or phone call. Slowly fade away and close the door.

Q&A will be held on Friday August 28

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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Some Interesting Notes on the Last Couple of Weeks

Some Interesting Notes on the Last Couple of Weeks

At this time, the USA is a complete mess. Hard to argue against that with the media calling the election for Biden, Trump stating that he won and hundreds of thousands of COVID-19 cases coming in by the week. Meanwhile, large parts of Asia are completely open and have minimal cases (50) or even zero per day. Europe is already back to lock down and no one knows when the vaccine is going to eventually work. Notice, we're not taking any side on any of these things and attempt to remain neutral.

Somehow, people that follow our twitter are upset that we are calling the election for Biden while we simultaneously say election fraud is possible. Why? It depends on what the *reader* believes. We've already stated we bet in 2017 at 3:1 odds ($100 gets you $300) back in 2017 on Trump. No matter how this election shakes out we will be happy with the outcome and for some reason it befuddles everyone. Again… Why? Because it depends on what the *reader* believes.

People Will Spin What You Say Related to Politics:

If the reader is Pro-Biden he'll say Trump has nothing and if the reader is Pro-Trump he'll say it is "for sure" election fraud. Neither is correct at this time since nothing has gone through the entire electoral college process. This is simply a fact. Nothing is "official" and that comment seems to upset both sides.

How does this help you? Well we don't have any interest in politics. You don't need to have any interest either. All you need to take from these events is that people will make strong assumptions about you if you even suggest things can move in the other direction. This means the nation is quite divided. Hence, our opening statement that the USA appears to be a mess.

Beyond that statement (which should sound reasonable to both sides), it means you should never ever talk about politics with someone who is strongly in favor of any candidate. Why? Well we just described it above. If you come off as neutral, you'll end up getting attacked from both sides. They will both "assume the worst" about you (IE. You're against them) and this will severely impact your relationship with them. Instead? You should use the following cheat phrase So far this seems to be the only way to obtain a neutral view of any major election. Also. If you can figure out their political stance in the very first sentence, you know that they are strong left or strong right. When in doubt, use the quote we provided to neutralize all political conversations and turn it to something you can both agree on.

"I wish i knew what was going on but unfortunately i cannot legally vote so i block all political debates from my search queries and social media accounts".

On both sides of the fence you can find many examples of conflicting beliefs. Just glancing through Twitter we see people on the left say that there was no voter fraud while simultaneously saying we should not do an audit/recount or something similar (a fun and hilarious example is the CEO of Twitter who is pro-Bitcoin but blocks and flags links/tweets relate to election fraud). On the right you find people who believe Trump has it for sure (with his tweets suggesting he won) while simultaneously saying he won't win officially on January 20, 2021 (instead he's setting up for 2024! So which one is it? Did he win or is he preparing? Can't be both). These are pretty interesting statements. Essentially both parties are actually saying they don't know how it will shake out but refuse to admit it! Interesting indeed.

People are Inconsistent:

We're not going to make any prediction since we already made our wager back in 2017, pre-covid at 3:1. instead we're going to go with the same old neutral stance. Since *both* parties believe they won, when you decide the winner you *need* to prove that this was done correctly. If that means delaying the official announcement, that is fine. If that means you have to recount, audit etc. That is also fine. Hard to see any disagreement with that logic.

The last thing you want? 49% of the country believing the election was stolen.

While the election craziness has continued, Bitcoin has made a pretty big comeback now somewhere in the mid $16,000 range. Who knows where it will be trading by the time you read this post since it has been moving quite a bit. That said, there are only ~11 days where you could have lost money investing in Bitcoin. Remember this when anyone on twitter, real life or in the virtual office say it's "dead/down". They were the only ones buying at the absolute peak (for now!)

Tulips and Crypto:

The crazy part? The negative people still haven't changed any of their arguments! Crypto has been around for over 12 years and people attempt to compare it to Tulips. This is beyond pathetic. There is no way that analogy holds any weight and it shows they did not do any research over the past four years. If you gave someone four years to look at something and they came back to you with the same conclusion, they are simply slow. Tulips never came back. You know what came back that was a bubble? Technology in 2001. Perhaps technology stocks also go through a bubble phase as well. But. We can all agree it will be a foolish bet to "short innovation" over the long-term.

If anything, the crypto currency community is exhibiting a lot more parallels to the dot-com evolution. Similar to the dot-com bubble, new ways of using the internet sent prices up *after* the bubble popped. Currently we have decentralized finance, new on ramps, new non-fungible tokens, new betting networks and more. Feel free to bet against it. That said, you don't even need a large position to hedge against being entirely incorrect in a big way. The decision should be clear!

When it comes to anything big, love, religion, politics etc. People already believe what they believe and expect you to validate their suspicions. Even extremely logical people have odd superstitions. When it comes to those big emotional topics, remember that everything you say is going to be "interpreted" in a different way. If you say something factual "elections can be rigged" you'll be labeled as a Trump supporter. If you say "I bet on Biden after COVID-19 hit" you will be labeled as a Biden supporter even if you really just thought it would swing the election his way. This happens time and time again in our day to day lives.

People Want You to Validate Their Suspicions:

This is why it is more important to know "what someone thinks about you" vs. "what you know you are". The second part is less relevant which is why self-awareness is important. If you can figure out what someone "thinks about you" then you know how all of your words will be interpreted even if there was no interpretation. No one is 100% certain. Meaning, even if you're extremely self aware and are good at predicting how someone perceives you… you won't always be right. That said, you should continue to look at it from that view point. It isn't about what you say (words) it is about how you make them feel and how they perceive you. This is probably 90% of the communication and the other 10% is what you actually said word for word.

Before moving on, the last item to remember is that it is difficult (extremely difficult) to pivot a perception. In general, it is 10x harder to increase your perception in a positive way for every 10% decline in your perception. Said another way, if you had 100 hours to spend with someone, you could at maximum increase your perception by 10% while you could potentially go to zero (they end up hating you). While we cannot prove this mathematical formula we hope the big picture comes through. It is easier to lose positive perception than gain positive perception. IE. Credibility is gained over long periods and lost rapidly in many cases.

One of the last items we'd like to note about the human experience is the step-function up in standards. If you are successful, every single year, you will have to remember that your standards are being raised. If someone is less successful than you, they expect you to act in a perfect manner. If you go higher and higher, your wiggle room only declines. This is why you end up giving away some of your money by default. Anyone who has helped you move up needs to be pulled up the ladder in some way.

The Bigger You Get The Higher the Standards:

This is best described with an example. If a person suddenly gets $10M and comes from a poor family, would you respect him if his parents were living in section 8 housing? Probably not. Unless they did something wrong to him (kicked him out and disowned) it would be a bad look. Rightfully so. Remember this as you make friends and move up the socio-economic ladder. If there are people who really helped you along the way, you should set aside a "reserve fund" to bring up these individuals.

This relates quite a bit to the USA today. If you look around, take a look at which people are attempting to keep their communities/groups afloat. If they are simply "running for the hills" this says quite a bit about who they are. Yes there are exceptions. We are not saying that recent college grads should stay in cramped apartments shelling out $5K a month. Instead, we're saying that it is wise to take note of the individuals who *care* about their communities. This is the way you can filter for the right type of people. The ones who are trying to support the community are the ones you want to be associated with. Not only are they well off, but they are clearly willing to send the elevator back down.

What should you do at this point. Well, if you learned nothing from this, it is that you should take copious notes on your *perception*. Perception is reality to the entire population. If someone thinks you're a smart guy, it doesn't matter if you have no experience related to something, they will likely listen. Seriously. People take health advice from overweight guys simply because they have degrees (no real life experience). Similarly, if someone thinks you're an idiot they will happily bet against anything you have to say. In that scenario, you know who to go to for your wagers =)

Back to You:

We don't live in a world where results matter for 99% of society. We live in a world where perception matters. Industries have been created where *prestige* must be present… which means they don't require any real skill. If an industry required real skill, it wouldn't matter if your degree said "Harvard" or "University of Nebraska"… The only thing that would matter is your performance/product.

This opens the door and you get so show your performance. Without the perception the door remains closed.

When it comes to getting ahead, focus on how you're perceived by the "right" people.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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Soo… We Were Right. No Surprise!

Soo… We Were Right. No Surprise!

We predicted that Donald Trump would win the presidency and here we are. Over a year ago we laid out large sums of money into online gambling websites and in addition, leading up to the election, shorted the hell out of the Mexican Stock market.

While we have nothing against Mexico or its people, in fact we love some of their cities,. This election cycle has proven once again that people are not rational creatures, emotion drives all decision making and you will incur a financial gain if you can remain unemotional when it comes to money. We'll highlight a few items. took the stance that people were rational creatures and we bet a dinner as seen from the below exchange. Our quick Twitter interaction summarizes the difference in opinion quite simply really (back in December):

the writing was on the wall (double entendre on purpose)

unnamed-3 unnamed-1 **1) Free Dinner from Financial Samurai:** Our friend Sam

Interaction

There should be no doubt in anyone's mind after this election that people are not rational. If there is, we suggest a review of the entire election and the turning points which were all based on emotion. We haven't collected our dinner yet but we will soon and he has graciously paid the $100 wagers to the individuals in our comments section.

Everyone who bet against the Donald is taking that L train for commuting purposes at this point.

For those that were following our Twitter handle, we sporadically made comments around the election and noted that Trump would take a large hit in October followed by a win in November. That is exactly what happened. The reason why? Elections are emotional. Each camp has their own special guns set up for the end and we know there would be a whopper coming. The problem was simply in the timing of the information, too early and too much time for Trump to recover (he did).

2) Unfolded as Expected:

The two parties (Trump and Clinton) both know that the election had nothing to do with rational thought. They had their game plan and bullets, however, Trump is simply too crafty.

As we stated in While this sounds like an oxy moron since we wagered a large sum of money on his election, we were talking in broader strokes. The presidency does not determine a person's ability to succeed. YOU determine YOUR ability to succeed.

3) We Let Others Do the Work: our original post,**from a financial perspective we did not care who wins.**

unnamed-2

We didn't bother getting too involved in the election, we sat back and let the heavily involved run the show. As long as we got our money that is all that really mattered.

Importantly, while this may feel like a "complete overhaul" of the system, we think that would be a stretch. Yes it will have an impact on our culture over the next 4 (we think 8) years, but the same winners will be the same winners. As the saying goes

"If we took all the money in the world and divided it equally, the same people would become rich over the next 100 year cycle".

To reiterate, if you believe you have a winner, you always let others do the work so you can focus on more important tasks. The stage has been set so its time to move on.

You heard it here first. Wall Street Playboys is saying that humility does not lead to money. Don't be humble when you're trying to *Market Yourself*. The only time you should be humble is when you are in the company of someone largely superior to yourself. You get no brownie points for insulting clients or a person with more weight than yourself.

4) Being Humble is for Idiots:

With that one caveat out of the way, being humble will cause you to *lose* money. If you want a good example look at professional sports. The ones who are louder and more exciting generate more attention, more endorsements and a higher percentage of people in the seats (filling the stadium). If you're attempting to get attention, being silent and nodding your head is not going to get you anywhere. You need to create noise, don't be shy. You can always temper it down when the situation changes.

Back in August we explained that people will not show up to vote for Hillary. That is exactly what happened and we have the proof of this prediction below.

5) We Even Predicted the Vote On Election Day:

unnamed

The problem with polls is enormous. You have selection bias as many people are not going to be watching much Cable anymore and you're asking about their opinion. Opinions are not action. Action is what leads to results. If we ask people about the value of their smartphones or their TV subscription they will say "it's over priced for the value"… Yet they renew every single year. Sometimes even paying more than they did before!

You could easily get a sense that people were emotionally fired up to vote for the Donald and the Clinton vote was more passive "better than the alternative" type of polling. It's just not enough to move the needle.

Instead of posting on Facebook and Twitter, one should spend the next 100 days and figure out exactly how to *profit* off of this change. It will be difficult to determine how far he will go with each policy… But… There is money to be made. We may announce a few predictions if people are interested, however, that is the first thing that everyone should be doing. Forget about the celebrations (we already had those) and get ready to put your nose down into some company filings. You'll have to track down the exact companies that will benefit and the ones that will not. It is not enough to say "XYZ" sector will benefit. This is herd mentality as all the companies will unlikely benefit. As with any policy changes, a select few will see outsized positive gains while other companies will see minimal benefits causing a correction in their value as expectations did not live up to reality.

6) Do Your Research:

Who cares who you voted for. Yep. We are telling you to put that aside. If you voted for Trump great, if you voted for Clinton great. *It does not matter*

7) Use the Election to Build Rapport:

What does matter? Who you "say" you voted for to each individual person. The saying is that you never talk about politics but this is simply foolish. The key is to figure out who the person voted for and once that is dialed in you just agree! It doesn't matter because if they are going to be a huge customer or client of yours it makes no sense to fight them. Re-read the first part and remember that people are entirely driven by feelings.

"Smile, Nod and Agree"

Once you find out who they are positive on, try to spin it. If they are positive on Clinton, then you try to talk about how the president has less control than everyone believes and that you can't believe the Electoral College exists. If they are positive Trump, explain that he is not a racist and he won't burn down the country like the rioters who are currently burning down the country.

Finally, if this is not business/money/client related, feel free to troll all the Clinton supporters if you were positive on Trump for the laughs. Just remember. If its related to something that matters (business) then you should find the candidate and agree.

You never win when fighting with a client. NEVER

This is extremely important so we'll add a second way to remember these rules. Don't talk or have a conversation with someone to change their mind, you're wasting your time. Even if it works, the amount of effort it takes is simply not worth it.

You will never change a person's opinion on politics.

Well we are not doing ourselves any favors since we're primarily anonymous although and Sam both know us in real life. That aside… It was clear that the Media was in the tank for Hillary Clinton.

8) Question the Source of Information: Mike Cernovich

If the entire mainstream media was in the tank for Clinton… What are some other items that they may be lying about. It is clear that they were not unbiased so there must be additional biases within those same walls.

Take stock of all the items you believe to be true. Back track. Where did this belief or information come from? Did it come from your college professor who has his entire paycheck come from the good old government? Did it come from consensus building from mainstream information? Did it come from a large corporation? Did it come from some anonymous douches on Wall Street Playboys? Question it all.

Instead of assuming that something is true, take action to find out if it is true and build your information data bases in this fashion. It is much smarter to go back to the well that didn't poison you than to assume someone will "change". They typically don't.

—

Anywho, this was a fun experiment and even more fun with all the parties and money. Most importantly the money. We are working on our book beginning December 1 and but we will hold a Q&A within the next couple of weeks and the Q&A will be on twitter so be

as usual no questions (email subscribers will be alerted)sure to follow us there!

Happy Trumpening.

IMG_3475

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S&P 500 Surpasses 1,700. The World Is Not Ending.

S&P 500 Surpasses 1,700. The World Is Not Ending.

This is an appropriate time to write an article on the impending doom of the economy. The tone is likely going to be a bit harsh as talking about this subject is beyond annoying for us if you have been doing this for 60-80+ hours a week for multiple years…. but it needs to be done.

Back in 2007 the market was roaring due to a real estate bubble and everyone expected the bull market run to continue. Fast forward to March 2009 and everyone you knew was ready to buy guns and write off the entire equities market as a sustainable investment prospect. Fast forward again… and the S&P 500 is at all time highs of 1,700+. Needless to say the herd is always wrong.

What is everyone else doing? It's probably a bad idea.

With that said lets go ahead and explain why you should always ignore the doomsday prophets, a handful of them are intelligent (Roubini for example) but the vast majority do not understand investing. This is going to be a rudimentary introduction to dollar cost averaging.

For this example lets use the 2007 to 2013 time frame (roughly six years – 5.833 years to be exact). To make the example difficult, we are going to assume that you started purchasing shares at the peak of the last bull market. On June 1, 2007 the market was at 1,536, in addition we will assume that you survived until the market roughly broke even on March 1, 2013 at 1,518. This is terrible market timing, you began investing at the peak of the market.With that said here are all of the assumptions laid out, again this is assuming your timing was terrible and you bought at the peak and quit at break even.

Buying the S&P 500 Monthly:

– You buy $1,000 of S&P 500 (Simply use the ticker SPY) on June 1, 2007

– You buy $1,000 worth of S&P 500 the first trading day of each month after you receive your paycheck

– You never sell

– You never reinvest dividends

With that here is the chart of SPY.

The chart doesn't look that great. However this does not take into account dollar cost averaging. Over the next 70 months you are purchasing $1,000 in shares so lets go ahead and see how that works out.

asd

Capital Appreciation:

– You spent $70K

– You obtain 583.5 shares of SPY over the course of 7 months

– 583.5 Shares * 151.82 = $88,585

Below is a chart of exactly why this works, the answer is relatively simple: consistent buying patterns allow you to lower the average cost per share.

You made money.

We’re not done yet. We haven’t accounted for the dividends you’ve accumulated over the past 5.833 years. Lets go ahead and include them. We don’t want you to spend your time running these numbers so here is the table for you.

S&P 500

Dividends:

There you have it over the last five years and we will go ahead and assume that you have not reinvested this money, it is sitting collecting dust in a savings account or under your mattress.

dividends **you have accumulated ~$4,250 from dividend payments**

Here is the final break down. You begin investing in the worst time possible, late 2007 and you purchased $1,000 worth of SPY for 70 months giving you a net investment of $70,000. In return if you decided to quit investing when the market was near break even you would have

Final Calculation: $92,837.

If we use a CAGR your total return was (($92,837/$70,000)^(1/5.8333))-1…. should no longer seem impossible particularly given this example.

5% annualized return. 7% returns

Now that the numbers are laid out, why exactly do people continue to lose money? They attempt to out trade algorithms (will never be successful), they live in fear of a possible world collapse (check their bank accounts they are likely broke) and they have never run the numbers.

Concluding Thoughts: They are unable to control their emotions.

While this post is much more blunt you'll be happy to know our next will be more upbeat. With that said, remember this, if someone believes the world is going to end, 9 times out of 10, their life has already ended. and refused to put in the work.

They chose to live in the moment

Update 2017: The S&P 500 is now at new record highs ~2,400.

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Spending

Spending for Maximum Return

Since many of our readers have made it financially. For that reason we've created a product that explains how to scale your spending the "right way". You're going to make a huge number of mistakes (just like us) but it will all be worth it in the end. We give opinions on Hormone Replacement Therapy, LSD, Mushrooms and a few other grey market drugs as well. Yes. We include our recommendations/routines in here where possible.

We also provide examples of how to use status goods. You can certainly live an amazing life without purchasing status goods. That said, they do work and we highlight the right ones that provide a leg up on the competition (so to speak).

The book is organized into three distinct sections

This breaks out spending into housing, food/dining, clothing/accessories, travel/vacations, services, events/dating and finally how we would rank the "utility" of each upgrade.

1) Segment on Spending Type:

This section breaks down the items we would be buying in a peak market cycle, bottom of the market cycle and middle of the market cycle. There is no way to know when we're at the top or bottom but we provide our framework in here as well

2) Segment on Economic Cycles:

Our products only cater to people who are already successful, on the path to success or those that will be successful in the future. So we try to highlight how your life will change as your income ramps up: 1) completely broke, 2) able to save 30%+, 3) millionaire, 4) financially set for life and 5) some income brackets we think most will fall into.

3) Segment on Ages:

Since spending is more of an art than science we also separate out dating/social life at the end. It's just not possible to understand until you've lived it and we continue to get the same comments on our blog . So. Just take a read and see if it lines up with your future.

"I didn't understand the message until 1-2 years later after I achieved XYZ"

We include the three most relevant posts in the appendix and write up some spending bullets to be aware of.

Appendix:

The book is 126 pages. Unlike other internet products, it is written in standard 12 point font (Garamond) on a standard 8.5″ x 11″ page. Exact same way as Efficiency and Triangle Investing, majority is new and we do need to revisit some concepts people already know.

Length: Key note: we also provide a clear direction of what we'll be researching in the near-future.

Click Below to Buy the E-Book (PDF) for $7.00

Notes: 1) please save down to your drive 2) we also take Crypto if there are payment issues, email Admin@wallstreetplayboys.com and 3) keep your email and receipt as we'll hold Q&A's for buyers only…

Email us for the address to send to (BTC, LTC, XMR, ETH are accepted).

To help prevent constant stealing, we're only going to host Q&A's in the future for people who have purchased the product (either one). If the product was not purchased 1) we're being forced to answer repetitive questions and 2) we don't want to burn time on people who didn't have a few bucks to invest into their future. We realize we can't prevent all theft, however, there is a ton of value in Q&As when specific questions come up in the future. By cutting this off, the thieves will be forced to struggle on their own.

Keep Your Receipt:

The writing style is practically identical to the blog. We write to the point and with some incorrect grammar (to get to a point faster). It should hurt to read, not designed to be a fun read and ideally we've added the most value we can on a book related to spending.

Writing Style:
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Spending for Maximum Return

Spending for Maximum Return

Two quick notes: First, thank all of you! It has been incredibly fun writing for all these years even if we've slowly adapted and changed the content as our interests have evolved. We still remember writing about getting into banking and now we're not even sure if that's worth it outside of M&A. We've considered quitting many times and events like this remind us it can be fun knowing your writing is actually worth something. Second, we apologize for the email issue. We haven't launched anything in 2-years as we don't spam people with the same stuff in 7 different formats for $25-50 each so it was dated.

That said the good news is that you can simply grab it now!

In the book we do giveaway our specific psychedelic routine. While some will see that the routine is basic and to the point… that is how anything successful works when it comes to routines. We optimized that exact set up and "zig zag" over the course of 5-years or so. We already regret giving it out since we've taken hundreds of hours of testing time out of the game and you can start with it and make small tweaks later on. The good news is that the vast majority of people won't figure it out and realistically most people don't even read books so we're in good shape.

Some Highlights:

We still can't believe how many people have successfully executed on . Here are some highlights to remain nameless: 1) first year out the gate made $82,000 in e-commerce while working in investment banking at a mid-tier shop, 2) a person 3-years out and is now making $20,000 per month, huge move for him, 3) a guy who failed *three* different times but kept iterating, now making $4K a month while working in enterprise sales clearing six figures on his day time career, 4) easily 100s of people who have successfully gotten into investment banking – many pushing into M&A and 5) two people who successfully sold their first 7-figure assets, one went on a massive bender blowing $75,000 in less than a week – don't laugh you'll end up doing this too! We highlight several of these people on Twitter since we don't' want to give away their private info.

Lots of Success Stories: Efficiency

Since we don't spam our readers with tons of offers and upgrades every year (at insanely high prices), we're still surprised at how effective email lists are. They are 10x more effective than social media and general traffic. This is a good reminder for anyone who is foolish enough to skip the email sign up for a real product based business. The key to any business (even a hobby blog) is that you need repeat customers. As a fun note, some people have been following for over 5-years and it has been fun to watch that 1) they are okay with us slowly changing the content and 2) their own success over time.

Basic Sales Type Comments:

On that note, there is nothing we can really do about evolving interests and content. Several years ago we used to be against psychedelics and here we are now using it as a performance booster. Several years ago we used to waste time with dating type advice and have now realized that was foolish and lost several hours on something that could be learned in a year at maximum. This is just how it works. The fun part about all of this is we know with certainty if people are actually taking our recommendations and doing them. Why? It works and we have too much proof. Sure it may not work for talentless or lazy people, but that percentage is small at probably under 5-10% of people.

Content and Change:

In a time of immense turmoil we're revisiting why we don't engage with negative people. We realize tons of people hate this blog and attempt to troll, we can't help but laugh since the chances of them being more successful is already incredibly low. Also. There is nothing gained by interacting with people who dislike you (much higher chance they are incels/future serial killers than future winners). So. Never waste time picking a fight because similar to the crazy story surrounding Aaron Hernandez. If you go out searching for drama don't be surprised when it finds you in a bad way.

Final Note: *"they might have nothing to lose",*

As a reminder, not everyone is going to like you. This is a good thing, you can go spend your time finding people who do. The worst is when someone is "indifferent" then you're losing time and don't know if you're getting any progress (classic sales issue!). So embrace the negativity, they are saving you time and sending more attention to you which also helps.

Here are the links to our three products. We attempt to do something never every 2 years or so. Best of luck in 2020! , , .

Three Books: EfficiencyTriangle InvestingSpending for Maximum Return
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Spending for Maximum Return – On Track for End of December

We were hesitant on creating a book on this topic but decided to do so (popular demand). The funny thing about this book is that we can't think of many products like it. If you're rich it is actually quite easy to go broke (look at professional athletes and lottery winners – emphasis on most to avoid the nit pickers). Maybe this is one of the reasons why no books are written on it. People simply assume that once they have the money, they will be "set"…. and of course… this ends in tears. The only competing products we can think of are related to frugality where people talk about maximizing every single cent. A terrible strategy for anyone who gets rich as they lose valuable amounts of time waiting to save a few dollars (waiting in line 30 minutes to save $20 should never be worth it).

most

In addition to the above paragraph we'll happily admit that this was painful to write. We couldn't think of a single way to organize it and there are no real viable competing products out there. Our three ideas were as follows: 1) organize by spending type – housing, food, entertainment etc. 2) organize by after tax income and 3) organize by economic cycles. All three would work but all three have repercussions (they miss the bigger picture). So what did we do? We decided to do all three and a bonus fourth where we tie it all together. This is the only valid way to do it (so we think!). If your business collapses or you lose your career, you have to adjust to a different lifestyle. If you end up getting a good chunk of money and suddenly have $3-5M to your name, your ability to spend goes up (essentially forever). Either way…. the point is clear… your ability to spend is entirely driven by cash flow visibility.

Cash flow visibility is knowing how much money you'll receive per month. That's not all. It also depends on how likely the cash flow will hit your account. By rank order the safest to riskiest is as follows : 1) risk free yields, 2) career or business income, 3) Real Estate and 4) Equities/Dividends. We're almost certain no one will agree with the rank order we just provided. That's a good thing as no one reading this book is interested in "normal" opinions. So that's how we'll rank the cash flow items. If you're looking for a trend, we value "forced" value creation the most – I.E if there are ways to use your own time and skills to generate money, it's the safer one in the group (only exception there is the risk free yield that starts the list).

in our opinion

Unless you're able to generate a living income off of risk free yields alone, there is always a discount applied to your earnings as things could go sour in a day, week, month or year. You never know. What you do know is that your principal should never be touched. Bonds, equities, real estate etc. The goal is to never sell to spend. You can sell to rebalance your book… But… You cannot sell to spend. That's essentially the punch line before we jump into the details.

This was the only reasonable way to organize the product. The reader gets to choose how they view spending. If you view spending in terms of net worth, the second section will be better for you. If you view spending based on product category, the first chapter will be better for you. The key here is to maximize utility. While utility is a boring economic term it is the most useful as it encapsulates cycles as well. Utility gained by spending on luxury items in a booming economy is *lower* than utility gained by spending on luxury items in a recession. Utility gained on housing decreases rapidly unless you're building a different lifestyle (house parties, family gatherings etc.). Utility gained on dining and produce actually changes based on your age and cash flow as well. So on and so forth.

Three Segments for the Book:

Before jumping in, this is probably a good time to remind the readers of our life framework. In general, we do not think you need to be worth $100M or even $20M to live an amazing life. We think the risk reward to get there is becoming difficult to justify. That said, we do believe that anyone can get into the $5-15M range without taking on significant "life risk"… I.E. missing out on many years of fun and potentially getting nothing out of it. Keeping it simple at $5-15M this means you're generating $250-$750K a year forever *regardless* of location at a 5% rate of return. Even if you decide to have kids, this is not going to lead to a stressful life as the location independence part kills the cost of living argument.

General Life Framework:

How You Get There in General Bullets (No Particular Order)

- When you're young you focus on making money as we assume you start with $0 to your name
- To avoid developing poor social skills you go out twice a week in cheaper venues (if you're broke and young, being in shape and going to dive bars is completely fine)
- You kill off the biggest cash drain item which is taxes and housing, if you need to live with roommates to save serious money… You live with roommates, no exceptions
- You kill off taxes by building any sort of small side income while at work, if you don't have two streams of income you don't get to have much fun
- Rough math is you should focus on income generation until you're able to save/invest half of everything you make (everything is calculated after taxes). Until then you're not earning enough or you're spending too much due to lifestyle inflation
- Take the amount you spend per year, multiply this by 25. If you're happy with the amount you're spending per year… Working harder and killing yourself for more money is a fools game
- When you get to $1M+ in net worth within 10 years… you're going to be able to make the decision "Do I want to be worth $20M+ or $10M"… Rich people problems. We have no view on the choice, people have different life objectives
- Health is the only thing that is more important than money when you're young. That said, working 60-80 hours a week between ages 21-27… Really doesn't do anything to your health despite what unsuccessful people tell you. Working 80 hours a week past age 30 is something you want to avoid
- As a framework you want to utilize your "competitive advantage" by age band. Not having much money is fine in your 20s, not so much in your 40s. Making a lot of mistakes in your 20s is fine (you're young) but making wild mistakes in your 40s, not so much. Think about what the world's "perception" and you is and you can find areas to exploit the biases
- Avoid comparative analysis. There is no point in being jealous of people who go up the stack faster than you. Also avoid all *unnecessary* conflict. I.E. no point in participating in gossip/drama as it just leads to negative attention and a large time drain. You should have better things to do. The standard "What do I gain from this?" should be asked before doing anything. .
If it's nothing positive and just an ego boost, better to skip
- You have to live an "extreme life" by definition. If you're going to get into the top 1% you're by definition an extreme outlier. It is not possible to get there by following the crowd
- To wrap it up, we avoid all family/life decision type conversations as those are personal in nature. As long as you're not risking everything you've worked for, there is no point in the debate.

We'll also talk about performance enhancing products. Under no circumstances are these comments meant to be recommendations, the entire product is opinion based. Your average person has limited will power and self-control which makes addiction higher. There is no such thing as a magic substance that makes you "better than average" in a single day. Instead performance boosters are for people who want to remain in top shape. Two extreme examples will help: 1) if you take a wide variety of steroids, the chances of competing with pro-athletes is less than 0.01%… the only people who could take them and potentially get close are people who were "on the line" before taking PEDs – typically D1 athletes who were extremely close and 2) if you take a bunch of psychedelics, you're unlikely going to become the next Steve Jobs. The typical person who takes psychedelics doesn't use them properly (similar theme for PEDs for guys at the gym)

A Quick Warning:

With the warning out of the way, our opinion is that you can use a lot of substances to make your life better. Yes we've started tinkering with some of them lately. It doesn't "change you as a person" if you use them correctly. It simply allows you to run at full speed for longer durations when you need to.

One last item of importance. While the phrase "you can't take it with you when you die" is true, that phrase is usually an excuse to spend everything… putting your health and well-being at risk later down the line. We take a different stance. You should earn aggressively which will cause you to save aggressively by default until you hit the "cross over point". If you can easily live off of ~$5,000 a month (this is just an and would include shelter, food and utilities), there is no real point in saving massive amounts of money beyond this level. At that point you can ratchet up the spending as you'll never touch the principal in the first place.

Final Note on Money: *example*

For those that think the above is risky, there is yet another catch. After being intelligent and saving for almost a decade, you won't spend all of the money you make anyway. Our guess is that you will still save around 30% of what you're bringing in and the principal will actually grow significantly over time. In short, once you are completely free, your stress levels will likely come down and your spending will go up without any issues.

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Spending Money To Maximize Life

Spending Money To Maximize Life

Most personal finance blogs talk about saving money and frugality, we're going to go to the opposite end of the spectrum and outline ways to spend your money… Maximizing the quality of your life. The main problem with frugality is that your life becomes too plain and boring and when you're older the things you wanted to do are unlikely available anymore. While life never really ends and you can always find things to do we think it makes a lot of sense to highlight ways to spend your money with minimal regrets. We'll also give some ideas based on age bracket since hardcore activities become more difficult as we age.

This is not only . Anything where you're exerting physical effort to learn a task gives a very high return on investment. This could be anything from basic weight lifting to more serious items such a high intensity sport. It also extends into lower impact activities such as musical instruments. Investing in this arena with at least three items offers the highest returns. We suggest a muscle building activity, a speed training activity, a coordination activity and finally a rhythm activity. Life is long so there is a good chance you can have high quality skills in at least four items. As an example it could be: standard weight lifting, swimming, yoga and the piano. Alternatively it could be: power lifting, sprinting, golf and dancing.

#1 Muscle Memory and Skills: low cost but also offers the highest reward

The natural issue here is you'll unlikely be good at all four of them. The reality is that your body will be designed more for one of the four activities. If this is the case, definitely focus on it if you can become elite. But. Once you're older… it is better to be balanced. If you're simply "very good" at four tasks instead of Great/amazing at one, it decreases the chance of injury and you end up having a very healthy physique. The most polarizing items would be a body builder and long distance swimming/running, these contradict each other so finding four different activities that make you look well rounded and balanced will be the sweet spot.

The last thing we would highlight here, is that you can absolutely spend as much as you would like becoming "good/great" at any of the four items. It does not matter if the cost is a bit higher (professional trainers). At the end of the day, This is a great way to maximize your life experience. You'll be healthy every single day (knock on wood) and you'll have muscle memory that allows you to be "solid" at a variety of tasks. This is probably the best place to start given all the major benefits and there is no need to "feel bad" when you spend more money on equipment, training and nutrition in this arena.

spending on these items will increase the length and quality of your life.

The second big item to spend on is "hormone optimization". As you get older you do not want to age like everyone else does. Find a doctor on the edge of health care and get all of your numbers maxed out. This is exactly what professional athletes and celebrities do and there is no reason to skimp out on healthcare. It is much better to have 50% more energy at age 40 than your competitors/peers. This takes a lot of work and we would suggest reading multiple endocrinology books in addition to finding a leading edge .

#2 Health Items: private doctor

Is this cheap? No. Ideally it is affordable for you and there are many options that are available. From what we have seen there are options in the range of $500-1,000 a month or so. Yes this isn't "cheap" for the vast majority of people but the good news is that it improves all of your metrics: ability to think, physical capabilities and of course appearance. The only downside is the cost but that was the point of this post! If you can afford it this is the next area to spend because it increases the quality of your life by many leaps and bounds. Ideally, by the time you're looking into this type of spending, you're already financially well off as most people jump on this train at around 35-40 years of age (yes this is a general comment and there are always exceptions).

The two biggest items were unsurprisingly related to health. Now we're moving onto a broader topic of "fun". Mainstream advice suggests spending more money on materialism… This is yet again the opposite of our strategy. While it is perfectly fine to have a few key items such as a few high quality suits or watches… Going down this route results in a lot of small hits of dopamine followed by crashes. The good news is that there is a solution, which is spending on life experiences that cannot be replicated.

#3 Experience:

The best way to explain the difference is by looking at two major expenses. Vacations and Car ownership. These days, owning a car can cost you hundreds of thousands of dollars and at minimum it could cost you $40,000 or so. The real issue is the cost of: 1) gasoline, 2) maintenance, 3) insurance and 4) depreciation. To really kill this, it almost guarantees that you'll have some sort of run in with law enforcement: speeding tickets, parking tickets, accidents etc. While it sounds logical to have a way to get around faster, if you can live in a major city you'll actually save thousands of dollars per month and decrease the chances you'll have a negative experience with law enforcement entities (lost time and money).

Now we can compare this cost to something like two or three vacations. For $40,000, even if you're on the expensive side, you can quite easily take a very good high-end vacation. If you're cheaper this would likely result in multiple vacations over the course of a year (maybe even two years depending on the destinations and how much you spend). Your life experience will go up a lot, learning about a new environment versus driving around in a vehicle where you're simply burning time and unable to learn anything (at best a podcast which could have been consumed during your plane flight anyway).

You can extend this same concept on a dollar for dollar basis when comparing multiple activities. Comparing expensive clothing to concerts/sports events/festivals (insert anything) and you'll see a much higher ROI. The problem with a ton of high end clothing is you'll unlikely use it all and just end up with a ton of clothes you never even use. So you're better off spending more on "events" that you may not want to go to later. A good example would be boxing fights and concerts where the typical shelf life of each artist/athlete is under a few years so if you don't go now it'll unlikely be the same quality in a few years.

There is absolutely nothing wrong with partying hard while your body can take it. This isn't a contradiction to the same idea of making your money first. You're not going to work 80 hours per week for more than a few years so there are many years where you can go out and (from mid-twenties through at least forty). While the scenery may change the ability to go out and party does diminish over time. Contrary to popular opinion having a "partying hard phase" is almost a pre-requisite to living a fun life. From what we have seen the people who are living the most enviable lives in their 30s/40s/50s have had a history of going "all out" at least for a duration of time. People settle into different life styles after this phase but it is rare to see someone who really understood the nightlife/party scene and ends up with a terrible personal life. The major upside to this hectic part of your life is that your social skills will go up in parabolic fashion.

#4 Partying Hard: have the time of your life

Additional good news. You'll learn the ropes quickly and realize that there are many ways to optimize the chaotic part of your life as well. Basic ways to spend more while maximizing output are as follows: 1) heavy tipping, 2) restaurants, 3) extremely good logistics to the areas you like and 4) avoiding bottle service like the plague unless you're throwing an event or are located in Las Vegas. When you spend with these four items in the back of your head, you can increase spending and see consistent improvements in your social life.

Another item to cover in partying hard is the groups of people you'll meet. This is probably the most misunderstood benefit. Very few (more likely none) of the relationships you develop here will be "significant" however, the soft touch skills will be of immense value to you in the future. Soft touch skills are used when trying to maintain a position with a client/customer (instead of selling more to them) and are easily transferable to many other dimensions in your life. Just remember to stick to the main four items we listed and you'll see significant "utility" when you go down this path. As a side note, many people who become successful also go through an addiction phase so we hope everyone is mentally prepared to battle that one when the time comes.

While partying can be done for a long period of time as long as you adjust your "go to places", outdoor activities are probably the toughest to continue over time. By outdoor activities we're not referring to basic "camping" trips, but higher intensity items like rock climbing or other extreme climate/weather activities. Many people are not interested in these types of activities but if it's something you wanted to do, it is significantly safer and smarter to do when you're younger. Who knows… going to space might even be on this list in the near-future and going when your body can take a lot of punishment will make a lot more sense.

#5 Heavy Outdoor Activities:

One good and underestimated benefit here is this makes you a lot more interesting. Generally, people who get "bored easily" ask questions about how to "be more interesting". They are like this because they are boring in general. By forcing yourself into the extremes it becomes impossible to be boring in the first place. Looking for someone who is extreme yet boring is like asking for a tall midget (doesn't exist!).

Our favorite spending item! Instead of those cars and clothes, focus on cooks and massage therapy. Anything on the services side not only saves you time but improves the quality of your life by leaps and bounds. Driving that 911 Carerra feels good for the ego boost (attention) but at the end of the day it just draws unwanted attention. Paying for high quality food, fixing back/muscle issues and remaining flexible will be worth many millions of dollars in the future. If you can extend the quality of your life by 5-6 years, that will be worth much more than attention from random people on the street. As usual if you're interested in material things go for it (you're rich!) but we're simply outlining our take on it. To wrap up the ideas here, we would include things such as hot tubs, saunas and steam rooms as examples of services (Spas generally have this as well).

#6 Services:

A good way to calculate if you're spending on the right items is to do a dollar per hour spent on the item. If you spend money on a chiropractor for example, figure out how much that improves your general quality of life relative to the cost. For other items like cars and clothes, you'll see an immediate decrease over time. If you enjoy having the latest and greatest vehicle, the returns come down pretty dramatically (you adapt to it, the car becomes less relevant over time and of course it does not extend the quality of your life). Continue with this calculation and you'll see your net worth slowly go up as you invest in the correct assets:

Calculating the Value: Triangle Investing.

If you've followed all of the spending patterns above (never went knee deep in materialism) and still have money to burn… Feel free to go "YOLO" and spend on anything you'd like. This can now include large houses and fancy cars. The same rule applies… As long as you never have to work again, feel free to buy it. If you're levering up to buy "too much house" like a mansion with large recurring costs or a super car thats costs many thousands of dollars to maintain… Then you may be in trouble. If you can cover the costs? Then enjoy the ride and go for these bigger items. The key is to spending appropriately is finding way to 1) buy long-term quality of life, 2) go through experiences, 3) go through activities that are easier when young, 4) buy time with services and 5) making the final switch to "YOLO" purchases. We have no doubt you'll make at least 3-4 of these and they will be worth it assuming you've spent correctly!

Going "YOLO":

For some reason we got a lot of questions about meeting successful friends after college. The easiest answer for everyone? . No unsuccessful person spends $200+ a month on a high-end gym membership. If you've made it financially, change your gym to a nicer one and you'll realize this is where well off men go to work out. It also typically has a large number of attractive women as well.

Side Note: Upgrade your gym membership
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Spotting the Fool in the Room

Spotting the Fool in the Room

In every situation (where money is involved), there is always a fool in the room. As you can see we're zeroed in on the fun fight we're going to watch on Saturday since the quote is derived from Poker: The most important part of this quote is the word "poker table" since the two words could be replaced with "boardroom" or "office" or "social setting". Since life is a game of status optimization (without developing inferiority complexes like many rich people) you'll want to avoid being the fool in the room.

"Look around the poker table; If you can't see the Sucker, you're it".

The Fool in the Room

Before we highlight many situations… we have to define "fool". The reality is that a bright person could be a fool in the room depending on *who else* is in the exact same room. Put a rich man with poor social skills into a room full of attractive women and he'll likely lose some money without obtaining much in return (hello strip clubs!). Put a brand new multi-millionaire athlete into a boardroom with "Sports Agents" vying to get him the best contract deal after his rookie season… Now you know why many of them end up broke. The list goes on and on. Overall, there is always someone taking the "L" for then day and this is just not avoidable.

Social settings are always the most interesting. A nightclub, bar or lounge can tell you a lot about a person. We're sure most of our readers can figure out who the "fools" are based solely on how they dress and where they place their hands. Once you recognize a handful of gestures it becomes clear as day… If the guy does three or four mis-steps consistently, you've spotted the bottom 10% in the room. For newer readers, you can google the phrase "closed body language" and that's all you'll need to see to recognize the sitting ducks in the room. Unfortunately, the fools are unlikely to learn because when it comes to dating everyone is an "expert". If you ask anyone (including one of the fools) they will jump all over the chance at giving you advice (despite having no skills at all). We're starting with this one since it's the easiest and least valuable, spotting the fool in the room comes down to just two items: 1) clothing fit and color and 2) body language that appears closed off. It's not important because these guys won't get in your way at all.

Social Setting the Fool:

Here we're getting into more important territory. You're going to go to conferences (trade shows, exhibitions, meet-ups, etc.) in the future and you'll want to spend your time wisely. The big problem? There are just too many people. Unless you want to rely , it will be difficult to connect to the key players in the room with no strategy. So we'll go ahead and give you ours. What you'll do is target the tier 2-3 players in a major event. Every single person wants to connect with the CEO of a major company so he'll be swarmed all day. Unless you're already up the chain and can command some weight, this won't help you too much. Instead you'll focus your attention into two areas: 1) tier 2-3 and 2) cocktail mixers. If you target tier 2-3 you'll have a chance at developing rapport with an individual . The underlined section is critical. If you find a ** individual at a company who is decently up the chain… Your connection can carry value in the future. You'll target the tier 2-3 people (those that work directly beneath the speakers – typically CEO/CFO etc.). Grab the corporate map which will be on their website, get onto linked-in and find the important individuals.

Information Settings: entirely on luck with weightpolitically well liked

The second strategy is cocktail mixers. At these major events and conferences you're trying to do two things: 1) make a contact and 2) get information. It is clear that the tier 2-3 targeting (we assume you're starting from zero), would fall into category 1. Unfortunately? This just isn't good enough. You'll need information as well. If you're looking for specific information, attend these meet-ups. If there is a cocktail mixer for say design, then go to that specific mixer instead of the advertising mixer if you need design help. Once you get into the setting, sit back and relax. Why? . The guys who are running around looking to meet people don't have a lot of value otherwise they wouldn't need to "mix it up"so aggressively. Take a quick mental note of the quick talkers and begin interacting with the quiet people after 10-20 minutes. So now you have two ways of spotting the fool in two different situations. The people B-lining it for the CEO are typically fools (or already connected) and the people talking immediately to "network" at a meet-up are also the fools.

The people who socialize the most aggressively after entering don't know anything

Exciting stuff. Your first negotiation happened and most people didn't even realize it… remember those interviews!? That's right, there is a fool in the room in that situation as well. While you'll likely work for less than you are worth for the first 1-3 years out of college, we hope that all of our readers recognize that the interviewee is getting the bad end of the deal. The problem? There isn't much of a difference between the guy who got the position and the guy next in-line since the number of seats is small (surprise, surprise, corporations run their business models intelligently by systemizing all of their employees!). The reality is that the interviewee becomes the fool in 90% of situations. The good news? As you build up your , the roles begin to even out because you have tangible value that is portable.

Your First Negotiation: actual career

How to avoid becoming the fool in a career? We're glad you asked. As expected, we think you should *always* find a way to work by yourself but have nothing against having a career for now. So we're going to assume you're happy working a career…. For now. In this situation, the key to avoid becoming the fool is to direct their attention elsewhere. What does that mean? It means the interviewer needs to be distracted by the carrot (the skills you offer) to allow you to. Most people focus on money, but we'll focus on time allocation. If you decide to join a new firm (negotiation) you're only going to move if you can free up *more* time. This is our own strategy. If you can't free up more time and really have no interest in ever having a business, then you'll of course just go for the money and future career options. The foolish people 1) jump around from company to company hurting their long-term market value, 2) are willing to kill all the political capital they built for a few thousand extra dollars and 3) they aggressively look for greener pastures. All three are not good for long-term earnings because Careers are actually a lot like poker… You're just trying to get to the final table because even if you fail, you'll end up with a heavy check anyway.

While this was more choppy (art than science) we'd summarize the strategy as 1) obtain a carrot – negotiation item before playing the game seriously and 2) remember that any jump or change needs to offset a lot of good will: politics, time and lifestyle. If you're making your decision with this paragraph in your mind you'll win out in the long-run. (Yes we know you guys will end up quitting in 5 years due to the purchase of … But just in case!)

obtain something you wouldn't be able to do in your current situationEfficiency

Now we've moved into more important matters (when money is on the line). While gambling, social settings and basic contact building is low risk (unless you're insane better the house on low probability events), earning money is a whole different ball game. While we realize there are several geniuses who just seem to win out the gate (see billionaires who started with nothing), our own experience suggests it's better to lose and . While it hurts to see someone else get the better end of the deal the first handful of times, it sure beats wasting valuable time. Think of "paying to be the fool" as a form of success payment. In order to be successful in the future you need to recognize where you can win (get the better end of the deal) in the future.

Paying to Be the Fool: lose early

We'll keep it simple with key points and examples: 1) try to make your own basic design, 2) try to hire a design team after, 3) try to sell someone else's product after reading a copywriting book, 4) now try to actually hire a copy writer, 5) interview for a new career and obtain the offer, 6) see if you can leverage the new knowledge to change your market rate, 7) hire your first contractor… you'll get taken for a ride, 8) try to buy a cheap website and fix it without knowing anything about website monetization, 9) learn how to gamble and go to Vegas – you'll likely lose at your first attempt "grinding" at the poker table and 10) try to scale a business without help – no advice. All of the items listed will likely result in lost money and failures. This will force you to be the "fool" in the situation but really… you're paying for your own education as we described in the prior post. Before becoming the "smart person in the room" you have to pay the tax of being the fool as well. You can do your best to learn from the mistakes of others… but it's just not that cut and dry.

Now we've reached the end: avoid being fooled. We've dropped several easy clues in this post and the next set will be items to add to your repertoire. Watch what other people say and you'll notice the following: 1) in an office… the person everyone believes is a "nice guy" is typically the snake… to get everyone to like him he'd have to be a snake because he's just tilting the political cards to himself – don't trust him. The only way the whole office or firm likes the guy is if he's playing to both sides of the fence. 2) don't give out financial information. If you're making money with your Company never give up the financials. You'll get 100 people trying to "help you" as soon as you do. Keeping track of accounting can be done by yourself anyway… no need to tell anyone a word and always lie down if you give out some basic info. 3) offer enough to be seen as intelligent but not enough to be seen as a threat. No one likes to see someone smarter than them (insecurity goes up in lock-step with your improvements financially) so you're better off fitting in until you figure everyone in the new group out. 4) don't give people your background information. If it's possible to remain low-key then you can consistently use the same old trick … Once they tell you the answer, if they said something factually incorrect, you know to move on; 5) create a clear brand so when you negotiate you can obtain better terms. Exclusivity in any form can allow you to change the pricing contracts which will likely save you more time than money… which is what you want to do if scaling is the goal (hint, hint, for those that know the industry well) and 6) create a consensus in the group. Any time its a bigger form negotiation you have to create a consensus around what you actually "want" this will make you appear to be less savvy than you are. You're creating group think this way when all of the other people agree.

How to Avoid Being Fooled: *"I don't know anything about XYZ why don't you tell me a little about it"*

From the list above if you're seeing a pattern… you should. The first is to never give out information that can hurt you later, the second is to never give out information unless you need to, the third is to create a false positive for why you have more weight in the contract and fourth creating group think makes it harder to reverse an opinion because they have to admit they were wrong (). There you have it… You're either playing the part of the fool (on purpose to learn) otherwise… we suggest learning how to appear harmless. Just remember, if you see someone else as harmless… the read is probably wrong.

note, no rich person ever thinks they are wrong, when they are they'll say it was "luck" or not as clear
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Spotting the Mediocre: Ten Common Types

Spotting the Mediocre: Ten Common Types

For the past couple of years we've had a lot of fun talking about . They are easy to spot as they are entirely driven by emotion, root for the "underdog", look to gain without adding any value and see everything through two dimensions. Generally speaking, they see the short term gain and lose over the long-term. This results in a constant negative feedback loop where they feel great for short moments in time that are fleeting as the decisions do not compound and don't give them any momentum. Now… Looking at the bigger issue… lets see if we can spot the mediocre. These guys are much more difficult to catch but once you see it… you can't "unsee" it.

regular people

Ten Common Mediocre People

There is noting wrong with mediocre people, they just don't have the risk tolerance or belief to really take full responsibility over their lives. Generally, they need more "hand holding" and try to do things through partnerships (never realizing that partnerships almost always fall apart). Instead of actually starting they look for some sort of "angle" in and think there is a class or school that will teach them everything (they've followed the rules to the T for the past 25+ years). Again. Nothing wrong with it, the only problem is you'll have to avoid them when it comes to your actual work. .

They'll eat a lot of your time

The first tell-tale sign is the angle. If you've started something successfully it always goes like this. "Hey i am starting something" the angle person… he says ok cool (thumbs up). Then… After you succeed… Suddenly he wants to know how he can help and obtain *Equity* in the business. Instead of doing the hard work he's trying to get a slice since he does know that ownership is better than a salary. But. He typically doesn't have the skills required to be in a position that deserves an equity stake. So the cycle continues for him, just don't make the mistake of saying ok and offering it to him. You're better off finding the best suited person. Hiring a bad team member is suicide.

1) The Angler:

Low scale hustlers are not the same as big ones. The big hustlers find ways to leverage every idea they have and run around like mad men scraping up every deal for their business. They make it. The low scale hustler is always onto these "gimmicks" that make a few hundred dollars here and there that add up to maybe $15,000 a year or so. Think of the guys who resell hot goods on the internet, or the guys who sign up for rebates for random lawsuits from major corporations. While they do find ways to get a few dollars they are never willing to take the time to build anything or take on any actual risk. These guys are some of the best soft contact people you'll run into here and there. Shoot them a message once every month or so and they're full of small ways to make $500-1000 without any effort. Just don't give them responsibility or else they will shy away from the idea.

2) The Low Scale Hustler:

This guy looks to make small arbitrages all of the time. You name it he'll be making the similar amount as the guy above. Around $25K a year in extra income. Scalping will range from sporting events to concerts to electronics and collectables (and god knows what else). Instead of creating a product with built in demand (the guy can already tell when things will have demand for crying out loud) he'll play the spread over and over again. This is not a scalable business since they rely on continuous mini events and if this was done on a bigger platform the inventory risk would run wild. The best part about the scalper is he'll know when solid products are coming out. If a new gadget is coming out and you want to know if it'll have a good reception give him a call.

3) The Scalper:

This guy is an amazing employee. We would say he isn't even mediocre, if he learned to take risk he would be rich within 5 years easily. The only reason we're including him in this list is because we'd avoid taking advice from him in terms of scaling an actual business. If you want to know how to move up in the rat race at a rapid pace… he's your guy. Again. We're only including him in the mediocre category because he lives a much more predictable and boring life: the bmw 3 series, fast promote to revenue generation and standard house with 2 kids. Nothing to say on the partying and reckless side of life since he's followed every instruction to the T. Another tell-tale sign for those in banking is the guy who always does everything correctly, he doesn't even cut corners during "fire drills" everything is somehow perfect triple checked and he has a cabinet of perfectly organized projects for reference. No errors. Just textbook execution. The positive? If you want to know how to succeed in the corporate world he's your guy. Do not bring up "grey area" topics with him, he'll point out the ways it "breaks the rules". One last note, he ends up becoming a millionaire at least.

4) The Rule Follower:

These guys end up being "well off" but never get much further than that. They value their time at nearly zero, however they will go above and beyond to save 3% on any item. This means they'll spend hours searching for ways to cut their cell phone bills, their grocery bills to their electrical bill (no joke). This constant focus on "guaranteed returns" and ignoring the fact that they are losing money (could be earning instead since they typically make ~$75 an hour or ~$150K a year) causes them to grow "slow and steady". They believe that all improvement is made in "tiny steps" over time and don't understand that the focus should be on *event* based income (where you see a one day windfall of say $500K+ due to an *event*). The reason why the penny pincher is so well liked is that anyone can do it. If you make slightly more money than the average person and find ways to cut your costs by 2-3% a year and invest in boring stocks and bonds (5-7% return)… you'll be well off in a decade or two.

5) The Penny Pincher:

This is probably . This individual has everything the above people do not have. He has risk tolerance, an ability to take action and he focuses on earning money. The problem is that he does too many things at once. He'll try to start three different websites at the same time. He'll jump from company to company (ignoring the loss of political capital). He'll invest in higher risk investments but never get concentrated on one he knows extremely well. This guy ends up becoming well off but never rich because he just never gets scale with any idea. Think about this person as a "mediocre" decathlete. While he ends up being good at 10 different things, he never makes it to the top because very few people are good at 10 events at the same time (most people are good at maybe 2-3 events). This is less to do with talent (he has that) and has more to do with building blocks and . The base/foundation was never built correctly so he has to redo the foundation for all of the different ideas over and over again. If you have a friend like this, help him because he has the highest chance of getting rich out of the all of the people on this list. Help him figure out where his real talent is, convince him to quit the ones that don't work and watch the exponential growth.

6) The Juggler: *the biggest trap of all of them*focus

Heavy spending is relative. If you are a billionaire and spend $5 million dollars every year, that is 100% meaningless. And. The real definition is tied to income relevance. The best way to spot the heavy spenders is to read between the lines and see if they are still earning a high income. The typical heavy spender gets a one time *event*… But. Then takes his foot entirely off the gas. While he can take some time off, going from 100 mph to zero for more than a few months leads to minimal long-term income. He lives a good life but it runs out over the next 10 years or so. The great thing about the heavy spender is he has a much higher risk tolerance. If you have decent ideas (ones he cannot steal) you should run high risk ideas by him and see what his thoughts are. This allows you to think a little bit more aggressively. Just don't fall into the spending trap ().

7) The Heavy Spender: sometimes even twothis is more of an art than a science

This guy actually gets really rich. In fact the extremely successful boring guys are typically tough to beat on the financial side of the equation. They are always on it. They don't party. They don't date attractive women (they are boring after all) and they don't enjoy anything but reading. If you're trying to compete with this guy on the money side of the game, best to call it a day because he's able to stare at a blank wall for 24 hours straight if you paid him enough. The issue with the boring guy is that he's typically out of shape (typically with a weak frame and body structure) or simply fat. He'll own tons of homes around the world… However… they will be rented out since vacation properties don't give him the best ROI. The boring guy wins on the financial side… let him win it's not worth the money in this case (death of your own personality). If you get the chance to work with him on a project for a short period of time… jump on it. It'll succeed.

8) The Boring Guy:

These guys are quite interesting, maybe they do have it right but we'd argue against it. They typically get a one time event, around 7 figures and then call it "a life". They spend the rest of their days doing random activities from low end traveling to outdoor activities. These are guys who almost seem like hippies but they have just enough to not worry about money. This is more of a lifestyle choice we disagree with (hence we include them in "mediocre"!). If you find a guy who lives "close to a beach" or out in cheaper areas with lots of outdoor activities… and he doesn't work… you may have touched on these guys. They also smoke quite a bit of weed.

9) The One Hit Wonder:

This is a new breed, the two problems with this person is 1) he never starts a company with his skills that can scale and 2) he typically spends too much time on his technology related tasks at the expense of his health and personality. This is becoming much more common, a specialist is called in for outsourced work and he charges them a fee for a project or based on an hourly rate. Overall, he is talented. He is talented enough to start his own company and teach others while scaling his own talents. The problem is he prefers being alone. Too much time alone means minimal ability to scale. This gives him a heavy wallet and a location independent income. It does come at a cost of scale and his personality since he typically takes on a ton of similar projects at once. The good news? If you need to contract out technology work, now you know how!

10)The Tech Contract Guy:

On a side note, we started has been phenomenal. The questions are significantly better and each person only has 1-2 questions and is set. What we've found is that the best questions come from people who read in full. After that they typically have 1-2 *specific* questions that we can help with. After that they move on. Some of the other decent questions have been more basic around 1) investing and 2) crypto currencies. What we've found is that the specific questions (a near-term decision coming up) adds the most value.

the questions tabEfficiency
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Stand Out As a Non-Target Recruiting Into Wall Street

Many of the questions that have come in surround recruiting for front office Wall Street careers from a Non-Target so we'll start with some ideas for recruiting, move on to interviewing, preparing for the job and finally long-term career management advice.

Before we begin, it has been beaten like a dead horse many times, but whatever you do, attempt to transfer to a target school if possible. Do anything and everything to get into a target school if you truly want to work in a FO Wall Street job as it is the best way to improve your chances. 1) Get a 4.0 and apply to a different major not offered at your current school, 2) get job experience, 3) write outstanding entrance letters. Everyone knows the basics laid out above and with the importance of attending a target school out of the way lets go ahead and run with the assumption that you are at a non-target and want to recruit.

<u>Recruiting</u>

Even if no banks recruit at your school one of your best options to at least speak with a bank is to go ahead and attend target school events. Many schools close these events off however, many firms also hold informational sessions and you can likely find the rooms and attend them. In fact when you recruit at target schools, you will likely see a few non-targets at the event floating around the room. So it is certainly a viable option, particularly if you have strong salesmanship.

Attend Wall Street Events:

Notably, your best bet to obtain interviews is to gain access to a banker's time and attention. What this means is you likely have a much lower chance of making a strong impression at a GS or MS event as hundreds of people will be in attendance and you may get lost in the pile. Instead find small to mid cap banks as well where a minimal number of students will attend (think 10-20). Here you will have more time to make a positive impression, make sure every person in the room you speak to remembers you – in a positive light.

Find Niche Banks:

After the above remarks this is an obvious next question which can be summarized in five key items: 1) Job Experience, 2) Knowledge of the Job, 3) Knowledge of the sector, 4) knowledge of the bank and 5) Coursework/Academia. An example of a decent greeting would run something like this.

Making a Positive Impression:

"Hi I'm [name] from [university] graduating in [date] and I am interested in working for [specific] group within [specific] sector because of [reason]. I think I'd be a good fit because of [reason – usually job experience related] and was wondering if you could provide more information on [specific question regarding the bank]."

(Caveat, if you are recruiting at truly small banks, not public/regional/unknown an elongated email may be of use, this would be equivalent to a cover letter)

By phrasing your intro in two quick sentences you can quickly convey that you know exactly what the bank does and why you want to work for them. If the Company is a boutique medical device M&A shop and you have a degree that is medical related and have worked in private wealth management, you could be a good fit for their internship program. Essentially your job is to shine the spotlight on your positive experiences, if you are asked why you did not go to a target school have a strong back story and do not apologize for it, good back stories include: 1) Financial reasons, 2) Family reasons, 3) Change of interest post college (example went into medical but then decided you wanted to do finance your junior year).

We already posted an email example of how to cold approach banks so use the template located below and tailor it for your personal experience internship/full time recruiting:

Cold Email:

"Hi my name is [name] and I previously worked at XYZ bank doing XYZ and YXZ tasks. Given my previous experience in XXX and XXX I believe I could be a good fit with your organization. In particular I am interested in your company because of XX, XX ,XX. If possible I would like to set up a quick phone conversation regarding any openings you may have at your earliest convenience."

You should again find niche banks in your area and use the same pitch 1) Who you are, 2) Why they should hire you, 3) What you can bring and 4) Exactly what position you hope to obtain. Again keep this short, 3 sentences or so and send them out on a Friday.

With the basics out of the way here are some key things to avoid when you are recruiting as a non-target (a lot of this can be applied to targets as well).

Pitfalls:

1) Do not ask questions that can be obtained via a simple internet search. As a simple example you should know at least 2-3 product groups or sectors within each firm for each city you are applying to so asking if a bank covers financials when you are speaking to a bulge bracket bank would be an immediate ding. Instead focus in on **specific** questions such as completed deals and offerings at the bank.

2) Do not have a single error on your resume, while verbage is debatable mis-spelling words and poor formatting is quite common, a simple example is using periods for bullet points on some line items and not including periods on other bullets (we recommend excluding all periods).

3) No bragging. This is the most common of all mistakes on resumes and during the recruiting process, achievements are vastly overstated. We already expect an exaggeration factor but writing down accomplishments that are over the top will prevent many interviews. Here are a few examples: 1) C-level of [insert] company, 2) CFA Level 1 Candidate, 3) Returned X% above market for X years straight (while still a college student).

The problem is if you are a true C-level executive you're not going to interview for an investment banking analyst or associate position so it is better to stick with the duties such as "helped design a website for X company".

CFA level 1 candidate means you nothing was accomplished (yet) and anyone with a CFA charter is going to immediately ding you for placing that on your resume, CFA level 2 Candidate is certainly acceptable.

Finally, the stock portfolio performance comes off as too confident so it is best to say "investing" and when you receive questions during the interview simply let them know you do invest in stocks and they will likely ask you to pitch one.

4) Veer on the side of professionalism/conservatism during any interaction. Better to give a correct response that can pass than an incorrect response that will ding you immediately. A good example would be your hobbies, unless you are certain you have made a friendly relationship with the person choose interests that won't get you dinged such as "played football for the college you are attending for the past 3 years".

TL;DR: 1) Be humble, 2) Show you've done your research by highlighting specific bank information, 3) Do not waste the time of a Wall Street Professional, 4) If you have not accomplished something, do not include it on your resume.

<u>Interview:</u>

In this piece we are going to do a quick walkthrough on how to stand out assuming you have landed the interview.

The first thing you need to know before you walk in the door is the type of personalities that are generally on Wall Street. In two words, Risk Averse. What this means is that in general, a Wall Street firm will choose the least risky candidate time and time again not all is lost as you'll see later in this post but we'll begin with some common myths.

The Setup:

You are not equal when you enter the interview room. This is going to rub some people the wrong way so here's the quick explanation: Knowing that you are interviewing with risk averse people if you have a Non-Target candidate and a Target candidate all else equal you are choosing the Target candidate. Why? Well if you and another candidate have the same answers to questions and the same work experience why should they take on additional risk by going with a non-target? They shouldn't. With that said it should also emphasize the point that you should always shoot for a high level when you are networking (IE: networking with an MD would give you a much better shot than networking into an interview through an Associate).

Myth 1:

Lazard/Quatalyst/Moelis/Evercore are boutique banks… This is simple mis-understanding of the space, boutique banks are small firms that people on WSO would unlikely recognize. That's how you should classify boutique. For one reason or another some people still believe they are boutiques when in reality you should consider them "Elite Boutiques" (term seen on WSO) which essentially means just as difficult to break into as a bulge bracket bank. The truth is a firm like Moelis/Evercore etc. may actually have tougher standards than a bulge bracket bank. Why? If a bulge bracket bank hires 100 analysts, an "Elite Boutique" hires much less maybe just a handful per office. So if a bulge bracket hires a few poor candidates they do not lose as much by training them and subsequently firing them on a relative basis. Again Wall Street is risk averse so "Elite Boutiques" have to carefully handpick the best they can find to make sure they don't have underperformers as each candidate is likely going to see a wide range of responsibilities where bulge bracket banks can manage a few poor hires.

Myth 2:

Many people on here get this last one, however getting all technical questions correct is not important. While you cannot miss easy ones such as how to calculate enterprise value or how to run a DCF, many interviewers simply push your technical knowledge to the edge until you admit you do not know more. This is for two reasons 1) they want to see if you are going to lie and 2) they want to see how much finance you know and of course the more the better.

Myth 3:

With the setup out of the way how exactly do you "stand out" when you answer questions? The answer to this is again two words: Make Connections. What this means is you should tie in all of your work experience, bank knowledge and Wall Street knowledge into all of your interview answers. To avoid beating around the bush here are three examples (feel free to adjust wording, the message is the same in bold).

Samples:

Your average target is going to have a cookie cutter answer such as XX internship, XX interest in banking, hard working because of XXX. So you'll have a similar answer but you need to spin it and avoid making any comment that suggests you are "smarter" than the other candidates as this will only highlight that you are at a Non-Target, instead highlight your positive points such as work experience and bank knowledge, something like this.

Why should we hire you?

"I'm sure there are a lot of highly qualified people interviewing today and I believe I would be a good fit because of (specific reasons linked to group you are interviewing for such as medical experience if interviewing with healthcare group). In addition, I am primarily interested in XXX space for XXX reason (reason is backed up by resume line items) and have a strong interest in expanding my knowledge in the space where (job position) will offer a steep learning curve. Overall I believe my experience/knowledge in XX will be helpful and am willing to put in the long hours necessary to add value as quick as possible."

Message: I have experience that is useful, I am humble, I know what I am signing up for and I have a passion for the job.

The answer to this question for most people will be the finance courses offered and other general target school answers. This is actually a set up for you to sell yourself if you went to a non-target. The worst thing you can do is say "I did not get into a Target" again you need to spin your reasoning. Some good examples are 1) financial, 2) location and 3) family.

Why Did You go to XYZ School?

"I went to Non-Target as I was fortunate enough to receive a XXX scholarship in XXX for XXX reasons. I saw that the school offered XXX finance courses and felt that I could take XXX courses and network into a Wall Street position. Given the cost savings and curriculum I felt that it was a good decision for me to make and I have enjoyed my time at Non-Target":

Message: I am not apologizing or complaining about the school that I went to, I do have an understanding of finance and I have a legitimate reason for making these decisions

Here you have a good chance at standing out. Generally speaking most candidates do not know much about investment banking deals/transactions so if you did your homework you can give a standout answer.

Why Our Bank?

"I want to work for XXX bank because I believe my experience in XXX, XXX and XXX fits into the Company's long history of XXX (type) transactions. As an example I am interested in XXX space and the Company has recently completed (transaction 1, transaction 2, transaction 3) in the last twelve months and this is the type of work that I am interested in."

Message: I know exactly what the bank does, I know deals that have been completed recently and I know how my experience can fit into the group.

TL;DR: As a Non-Target your goal is to 1) highlight your strong points on a resume, 2) connect with the highest possible person in the firm, 3) have strong answers that explain your decision making over the past 4 years and 4) stand out by knowing and understanding the bank/space better than the Target school students.

Give answers that would sell well to a Risk Averse person and be sure to Make Connections between all of your positive characteristics and those that will make you appear to be a strong fit for the firm.

<u>Job Performance:</u>

Below is your guide to standing out, not getting fired and diluting the importance of your alma matter.

When you begin on the Street you'll be sent off for a training session at your firm's head quarters (usually NYC). Here you will have to pass a series of tests, take accounting courses, Training the Street modeling courses and the classic excel formatting classes. When you begin training there will be two sets of groups 1) the extreme go getters, 2) the extreme partiers. Generally, you don't want to be a part of either of these groups, instead you want to strike a balance in-between with a slight lean towards being an above average go-getter.

Training.

Why do you want to do this? Here is the reasoning below:

Your training results matter. Your scores on all of the accounting tests, Training the Street material etc. will all be passed along to Senior Members of your group. What this means is when you return from training they will already have a perception of how good you are. If you come back from training and you had the lowest scores in the entire group and the company needs to lay off workers… You're gone. So as a Non-Target given that they already had slightly lower expectations of you, don't be at the bottom of the pack shoot for being in the 75-80% range (top quartile)

This leads to point two – the most important job advice you will ever get before joining – because you're likely wondering why don't I simply get ranked #1 in everything?

<u>"Never unnecessarily raise expectations, lower expectations, deliver higher results"</u>

Now that you know your MD's will have the results of all the tests you also do not want to be the Rock-star analyst/associate. The reason why is you'll enter on day one and you'll immediately get staffed and grinded. You've unnecessarily raised expectations too high. You want to leave some room for error so your MD/, Director/VP all see improvements from their criticism of you. This does many things for you 1) you have now set a bar that can easily be beat, 2) your bosses will now believe you take criticism well and are able to improve and 3) this lowers your hours slightly out of the gate. If you are getting ranked on the all time list for speed in the excel formatting exercises… You've gone too far.

Now that you've entered your first Wall Street gig with your light blue t-shirt and oversized suit, it's time to start taking notes regarding the hierarchy within the office. Being from a non-target you want to do everything possible to link up with the highest ranked MD. All MD's are not created equal. Instead of explaining in a long-winded fashion how you can flush out the bad MD's from the good ones here's your step by step guide.

Political Management.

1. Find an Analyst who is getting promoted to the associate level (3rd year)

2. Do not ask the third year analyst any questions, leave work related questions for year two analysts

3. Befriend the third year analyst by talking about non-work related items

4. Become proficient at the job by continuing to ask smart questions (that cannot be answered by Google searches) to the second year analysts

(Replace Analyst with Associate being promoted to VP if you are a first year [A1] Associate)

The four steps above will quickly give you an idea of how you get promoted because you will have a direct line of sight to success. Find out who he works for, these people were the ones who made sure he got the promotion and of course they are also ones who will help you get promoted in the future if they like you as well. If it isn't broke don't fix it so follow the path of successful people before you.

With the politics and general perception out of the way all that is left is correctly performing on the job. At this point people in the office should have the following impression of you 1) Hard working, 2) Not the star in the office but above average (both in work ethic and intelligence from you top quartile scores) and 3) easy to work with due to social skills. From your perspective at this point you should have a direct line of sight on who you want to work for and who you do not want to work for. This will also help you decide which projects you will prioritize during the 120+ hour work weeks.

Now that you've set the stage it is all about work performance. Here's your bulleted list on how to impress your higher ups.

Work Performance.

1. Don't ask dumb questions (notice a trend from the interview advice). If you did not google the question at least three times and have not at least attempted to solve the problem yourself you cannot ask a question

2. When you have questions write all of them down and ask them all at once, send a single email with them clearly laid out or knock on the door and have them answered. The key is to not waste their time.

3. Respond immediately to emails, "Will Do" is the classic response, so send this immediately when an item hits your inbox. Notably, you should have an email flash for new items that hit your inbox.

4. Write down mistakes. You will mess up several times on the job and make sure this does not reoccur and always admit fault when you mess up state the following "I am sorry and it won't happen again". Note when you say it won't happen again it should not, this will create trust.

5. Triple check work. Take a highlighter and highlight every item that has been completed. This way you never have to worry about missing a task. After you're certain all items have been completed now you can move onto mundane tasks such as triple checking formatting. The key is to check your work in order of priority 1) Tasks completed, 2) Numbers match, 3) Key Questions/issues with the model/book/project, 4) Formatting. If your first project has perfect numbers and the instructions were followed to the T they will not fret about formatting errors as you will learn this over time.

TL;DR. When you join the Street 1) Stay within the top quintile but avoid being the Star from the get go, 2) Lower expectations if possible, but out perform, 3) find the important people within the firm and 4) Prioritize appropriately, do not make the same mistake consistently and avoid asking questions you can answer yourself.

<u>Long-Term Career Management</u>

Here we'll address some opinions on long-term career management and how you'll be compared, on a line item basis to a Target entrant. Notably, a lot of this advice can also be applied to Target entrants as well.

We previously outlined how to perform on the job 1) lower expectations, 2) stay in the top quartile but avoiding being the "rock star" and 3) correctly prioritizing tasks. With that in mind, we would estimate that roughly into your job, you will be equal with all of the Target students.

On the Job:*6 months*

The reason why is after roughly 6 months, the firm has a strong understanding of how good/bad your work performance has been. Up until this point, banks will remain risk averse and likely still lean towards keeping a Target student. Once you clear this 6 month marker however, you will see a move toward more meritocratic upward mobility.

This is the biggest part of a Wall Street career, correctly navigating your moves on the Street and here is where many people make severe mistakes both as Targets and Non-Targets.

Job Mobility:

This one is going to garner a lot of negative feed back but it needs to be said: . Before all of the down votes come in, this also does not mean all buyside jobs are bad, what it does mean is that getting promoted to say an Associate or VP may be the better long-term move. If a person simply says "buyside is where one should go 100% of the time" you should be next to certain the person has never worked on Wall Street. Below is how you should really view switching firms, ask yourself the following:

"Always Go To the Buyside": *"Going to the buy-side is not always the right move"*

Do I have a chance of being promoted to an Associate/VP? If the answer is yes you should be careful when you consider a jump to the buyside for the following reasons 1) Your pay is about to increase in a meaningful way 33% at minimum, 2) you have built trust with your firm and they may be considering you as a long-term asset/banker meaning they will treat you better, 3) You will unlikely ever need an MBA, 4) Your pay is more stable.

If you have considered all four of the above and truly have an interest in the buyside then by all means jump. Notably, if you track candidates who blindly jump to the buyside many end up returning to the sell side, they catch a patchy year and see pay decline substantially or end up joining a group that is a bad fit for them.

To end this short rant on why leaving the sell-side isn't always the correct decision remember to write down the following: "If everyone else is blindly doing it, it is probably a bad idea". As a quick example, going from an Analyst to an Associate position at say an E-boutique will likely help you more (again long-term pay in mind) compared to simply jumping ship to a mediocre buyside shop.

For an intelligent reader, you can read between the lines and realize that if you are able to receive an associate promotion or VP promotion, the stigma of being from a Non-Target quickly goes away. The reason? Investment Banks and businesses in general are about driving profits and adding real value. If you are promoted this will trigger a large signaling effect as banks realize that you were outperforming within the firm. It is relatively rare to see Analyst to Associate promotions or Associate to VP promotions for Non-Targets so the change in title would quickly dispel any concerns regarding work productivity.

Non-Target Stigma is Relatively Short:

This is where many Wall Street Professionals slip. When you join an Investment Bank if you can develop a strong personal relationship with a Managing Director you'll unlikely ever be unemployed again. This is a bold claim however it is relatively true. If you have worked well with a Managing Director he will help you with your career in ways you never imagined. The Managing Director would 1) take you with him if he switches firms*******, 2) help you join a corporate finance job, 3) search for private equity slots for you and 4) alert you of hedge fund opportunities.

Develop an MD Relationship:

Notably, things are changing rapidly and less and less high end professions want to hire unproven candidates, making a Managing director relationship of utmost importance and why the phrase "don't burn bridges" is used profusely on Wall Street.

The TL;DR of the entire elongated post would be the following: 1) Get real finance experience, 2) Network appropriately and stand out in the interview by showing your expertise/research, 3) Stay in the top 25% of your class but don't be #1 to avoid raising expectations and 4) think long and hard about long-term career management as many professionals will make the mistake of following the herd.

Concluding Remarks:

******

One last caveat to relationships is a low end analyst/associate would unlikely move with the MD, however the point stands that a MD would help the analyst/associate switch into a new career if he has helped the MD make money in the past (IE: strong work within the bank).

****

* Start Here *

Welcome new readers! You're probably surprised by the name of the website. That is because we have been around for over a decade now. For some quick history, we started by focusing on investment banking… ditched that to make money using the magical powers of the internet and then… ditched that to go full into crypto with all free time.

Many will read the website name and think it makes no sense that people with Wall Street backgrounds could "understand crypto and tech". Well who is in a better position to understand that disruption is coming than the person who used to work in the industry (back in the mid 2010s).

That is neither here nor there. Our purpose here is to make YOU rich. We've already secured our bag and the purpose of this blog is to help people who want to succeed. Why you ask? If you start at the lower end of the economic spectrum it is almost impossible to find good information. Most people in the lower income bracket are only surrounded by people who didn't make it (otherwise they wouldn't be in the same region). This website attempts to level that playing field.

If someone wants rainbows and unicorns they can go to a Tony Robbins seminar. Michael Jordan did not got to a Tony Robbins seminar before he laced up for the NBA Finals. The point is clear. You have to be self motivated and we'll help provide all the tools you need to succeed because in the end….

"Well done is better than well said" – Benjamin Franklin

TOPICS COVERED

Generally speaking we've already made our money so the focus is much more on investing at this point. That said, we have ten years of posts and on top of this we still track the most lucrative careers and industries. You can find that by simply checking out the three books on our website. While strategies do change a bit over time, the vast majority of the content is evergreen (around 90%).

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**

In terms of the tone of the blog? The below sentence is a great summary.

"It is better to be punched in the face with the truth than kissed with a lie"

Welcome and good luck! If you grind it out, you won't need it!

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Start Talking To Yourself Today

Start Talking To Yourself Today

We received an interesting email this week which is summarized below:

"I notice a lot of your posts have repetitive sayings… Is it safe to assume that you encourage people to talk to themselves?"

In short the answer is yes we strongly recommend that everyone talk out loud to themselves. There are many benefits to and both word choice and tone can have dramatic long-term impacts on your consciousness.

rewiring your brain

The next time you wake up and walk to work start singing out loud. It sounds stupid. If you are afraid that people will look at you (they will) then you can also try this as you're getting ready in the morning. As much as we like to believe we are in control of our environment, your environment which includes sounds will tend to dramatically influence your mood. If you can wake up and sing a happy song, such as James Brown's "I Got You (I Feel Good)" we guarantee your day will start off better.

Waking Up:

When you spend a serious amount of time improving your body or becoming an elite athlete you quickly learn that talking to yourself changes your level of concentration. When you lift you should mentally focus on parts of your body, a great example is to say the word "load" three times as you come down on a one legged squat focusing on your glut and hamstrings. Subsequently saying "explode" as you come back up from the contraction.

Lifting and Sports:

This will also work if you've ever stepped up to the free throw line in basketball, prepared for a serve in tennis or practice penalty kicks in soccer. Focus in on the task by drowning out the noise with a useful repetitive saying… Just don't go overboard collecting violations like Karl Malone.

(Racking up 10 second violations)

(Racking up 10 second violations)

For those of you working on Wall Street this piece is probably the most important. You will get reamed out. A lot. Since you're more likely than not a highly educated and competitive person you'll likely react as follows: 1) you will state out loud "I know I messed up", 2) you will go silent and stir in your chair as you angrily replay what went wrong in your head, 3) you will say "I'm sorry and it won't happen again".

Receiving Criticism:

Option one will likely happen to you at least once and should not be said again. When you say you "know" this implies to the listener that you don't care. If you knew of the error it would have never occurred in the first place. Strike this response from your vocabulary.

Option two will happen when you either 1) hate the higher up or 2) got thrown under the bus for that – yes both will happen. This is better than part 1 as you can hide your emotions, but it will cause undue stress as you replay in your mind over and over how much you want to crack the person over their head with your keyboard. Instead if you're getting stir crazy repeat the following phrase: . There is a lot going on in this sentence but to summarize you need to 1) know you put your best effort in, 2) recognize you cannot control the actions of a sycophant VP/MD or otherwise and 3) you do not harbor hostility.

pitchbook error*"I know that XYZ happened and there is nothing that I can do to change the personality of XYZ. I did my best and I'll continue to do my best and watch out for XYZ in the future"*

Option three will happen when you're in the wrong, care about your job and take full responsibility for the action. Any time an error is made and you make the statement and mean it you will immediately diffuse the situation. So long as it does not occur again. Simply go back to work and add item X (the error that occurred) to your checklist of things to watch out for and do not stir reprimanding yourself over something that you can easily fix going forward.

"it won't happen again"

In short when it comes to work, taking responsibility and positive affirmations will help you avoid an eventual eruption of emotion as you bottle up negative feelings. We all know this person in the office and he never gets promoted once he is known for being unable to .

control his own emotions

We know you likely read the title and said "start talking to myself you mean like a crazy person!" Actually that is a great idea. If you ever find yourself in a sketchy party of town and don't want to be harmed, begin acting like a loony cartoon character. Not even criminals want to mess with the crazy people as they 1) could do something harmful to them and 2) likely do not have anything of value in their possession. We're certainly not suggesting you go looking for trouble, but we've all been there before and remember that no one wants to mess with a crazy person.

Safety:

This one goes without saying, constantly talk to yourself in the language you are learning. If you're walking to work and don't want to sing like a crazy person since you're already in a good mood from doing so in the morning, you should start naming objects on your way to work in French/Spanish/Russian etc. As much as we like to believe that we can simply memorize words and phrases speaking will accelerate your learning as you practice tone, accents and hear yourself repeat the vocabulary lesson for the day.

Learning a Language:

The longest conversation you will have in your life will occur alone. With this in mind you should practice having the correct conversations… starting yesterday.

Concluding Remarks:

"We are what we repeatedly do. Excellence, then, is not an act, but a habit." – Aristotle
****

Street Personalities

Seeing attrition in finance over multiple rounds of layoffs, firings and people leaving the industry all together, we believe there are really only two types of people who stay in finance beyond a couple of years. They are 1) type A personalities with huge insecurity issues and an obsession with perfection/hard work and 2) type B personality who . The end of that statement is huge as type B personalities have much less room for error as they will be perceived as "lazier and stupid", remember perception is reality. If you try to be type B, remember to maintain a tight rope around the items you send to clients and work you turn in.

do not make errors

The Insecure Wall Street Professional

This does not pertain to the work environment as they will adjust accordingly after being in the office for 70+ hours a week but if we take them out to a social scene with the general public they'll stand out like sore thumbs looking uncomfortable, sweating like a pedophile in a day care center. They cannot understand any conversation that does not revolve around the following: investing, recent transactions, items in their sector, personal finance and failure with women. Everything else is completely foreign. Goose bottle service anyone?

Terrible General People Skills:

The insecure people are not happy as they continue to work through the pain. They hold onto their need for that next bonus check or that next promotion or that next condominium. Think of this as an extreme version of delayed happiness, but since they are extremely insecure, never ask them if they are happy because they'll go on the defensive.

Unhappy:

If you are an attractive person, you're setting yourself up to get more interviews and possibly awkward conversations when you start to realize you're being checked out constantly. Truth. Disturbingly, the insecure professional will do anything and everything to fit in but you'll quickly notice they are uncomfortable in their own skin. No swag, just a drag. To win the game use something like the following when the lies of hooking up spew out "Wow you're crushing it! Keep the stories coming!". Hard sell. Any sarcasm and you'll be getting BCC'd within the hour.

Shallow to Fit In:

With a whole slew of stubborn people in one place it is no wonder that the competition heats up as people want to continually prove their opinion to be correct. Therefore, there is a passive aggressive environment in finance and examples will range from a bcc email sent to your boss to throw you under the bus to outright backhanded insults. The last one is the most common and you should be wary of anyone who points out your bad points in "a joking manner" this is the most commonly used tactic. A great example is after you hang up the phone someone will say something along the lines of "Woah someone doesn't sound too happy today! (fake smile)"

Stubborn:

If forced to spend a month with this employee with no other forms of communication, you'll likely be depressed. By now you've likely seen how this builds on itself, bad normal people skills 1) unhappy 2) explain beliefs based on failure 3) get high from bonus 4) blow money to make up for their lack of pussy and try to get it 5) unhappy due to lack of pussy 6) reiterate belief system… Secular decline.

Boring:

The Extrovert Wall Street Professional

By beingaroundmanytype A's you'll resort to your phone… for everything. An extra $100 a month to keep outside contacts is necessary for your sanity. You'll navigate towards other like minded people in your office and will be somewhat separated from the other type A's. This is great for your mental and physical health, but awful for your perception. Point two lets you slide.

Keeps a Social Network:

The absolute key here, with all the bcc emails and politics blah blah blah you must be error free. If you make no errors no one can get on your case for going out on weekends and generally being Type B. The real issue here is the Type A personalities aren't happy so they will feel the difference and leverage that perception to try and get a better bonus. They will try to drag you down, don't let them. Vocalize that you've "never met someone you didn't like".

Error Free:

Naturally, to maintain your balance you'll be going out with non-finance people and having fun with your free time. This means you'll spend the majority of your time networking and avoiding advanced

Less Money Saved:

This is the one bond that keeps the environment together, both have a love for making money for very different reasons. One group wants to save to retire, live it up when they are 50+… the other wants to leave a pretty corpse… Hopefully STD free.

Believes Money is Very Important:

The older people in the group will prefer having this type of worker in the office over the type A, assuming work is error free. People can sense happiness and will certainly move these individuals up the ladder over time. Strike hard during the right years, trying to be the rock star in year one is setting yourself up for disappointment. "Mature" at the right moments to please the Type A's and after that promote, start that cycle again.

Well Liked and Happy:

Overall you'd have no problem going out to drinks with this person, they can hold a conversation and are genuinely happy. The cycle looks like this: 1) great social network 2) perceived as unproductive 3) error free, wins more trust 4) party more and save less money 5) continues to be error free as money is important 6) continues to be happy and outgoing7) larger social network…

Fun:

While there are always exceptions to the rule and you may have some mixed qualities here, these are the two people who last a long time on the Street. This is the reason why you have two conflicting stereotypes of the unhappy Wall Street Professional and the other extreme of the partiers/womanizers.

Conclusion:

You know what to do. Get paid make it rain get on that night train.
****

Studying Advice

Studying Advice

One of our readers came up with and we're answering the question immediately. Many people are likely young and in college trying to learn the ropes as quickly as possible. The format will be best served for but you can certainly change it to focus on any topic you like. With that in mind lets get to work.

a great idea for a post people in college

While this can be an entire 3,000+ word topic alone, we're going to keep comments here at a minimum. Finding the right teacher simply means "find someone who walks the walk".

Find the Right Teacher:

This is best served in examples…

Are you going to take financial advice from someone who is s?

not even a millionaire in his 30*Of course not.*

Are you going to take fitness advice from someone who is out of shape?

Of course not.

Are you going to take pick up advice from someone who is significantly better looking than you?

Of course not.

Cut the garbage out and find the best teacher you can with the 80/20 rule in mind. Three steps.

1) Does he have what you want? Yes.

2) Did he have less resources than you? Yes.

3) Did he earn it himself? Yes.

Then you're good to go. If they do not pass this test, you know what to do "Smile, Nod, Agree… Delete contact and explain that you are a Manager at McDonalds… so he never contacts you again". With the teacher out of the way lets get to work.

The easiest way to improve your studying habits is to get rid of all distractions. This means you do not text on your cell phone, you do not rev up the instant messaging system on your laptop and you do not bring any entertainment objects (magazines, hand held games and otherwise). Instead you focus on absorbing the information at hand. If you had the opportunity to meet your idol (Warren Buffet, Wayne Gretzky, Muhammad Ali, etc.) the last thing you would do is get on your phone to text message your friends about the next party you're going to attend. Treat a meaningful class in the exact same manner.

No Distractions:

The no distractions rule applies to meeting someone you respect as well. If you're more interested in your phone than talking to the person in front of you, the implied message is that they are of lower value than you. Stop wasting your time *and* his, move on.

To avoid confusion, being locked in and focused for class only applies to the ones that matter. Ethnic studies? Sociology? Yep… you guessed it… they do not matter. Practically every single general education course is a waste of your time so the best bet is to do the minimum to maintain your 3.5+ GPA. Focus on what matters in obtaining an A- or better. All you need to do is agree with their main points, highlight a few touching sentences from the curriculum and walk out of there with a solid grade. If you want to ensure that you obtain an A-, find out who is grading the tests and be sure to show up to their office hours a couple of times. If you go to a large university, you no longer have to go to class (friend(s) will sign you in for attendance). You're welcome!

Does the Class Matter? Do the Minimum. *Their political affiliation.*

If you are forced to go to class (small university)? PDF the work from your more important classes and take notes, they will not know that you are studying for a different course.

Now that you're out of the classroom, only attending the courses that matter and doing the minimum in the ones that do not, you should develop habits to improve your memory. The best way to create a physical connection between the material and your memory is by 1) writing information down and 2) eating similar foods with each topic. While the first part seems quite easy the second one may seem tedious. The quickest way to trick your mind is by buying 2-3 different types of gum. Chose gum type 1 for class 1, etc. You won't take more than 4-5 courses in a quarter/semester and chances are only 2-3 of them will matter in the first place.

Create a Physical Connection: with an actual pencil/pen

If you want scientific studies on how eating similar food (or chewing gum) improves memory you can do the work yourself. Or even better, just do it and watch it work on your own mind and body. Yes, you should also chew the same gum type during your exams or even in class.

(Side note: yes drinking the same beverage works as well)

This is a solid ratio for studying. If you're a relatively fast reader the goal is to read/consume information for 15 minutes and spend the next 5 minutes writing the biggest takeaways. As mentioned above, typing does not count. Write down the main items (formulas, concepts, theories) onto a notepad and reflect for 2-3 minutes. Repeat this until you feel like you are no longer able to focus. Once you hit "the wall" or you feel that you understand the material, switch tasks entirely. Our recommendation is to .

Fifteen and Five: hit the gym

Do not waste your time with a highlighter. When you see a concept or item you wish to recall, underline it and flag the page with a written note. Having a 100 page document with highlighted items will not help. You will be forced to remember why you highlighted the sentence in the first place. Make it easier by picking up a few post its and naming the page "Duration Explanation" or "Game Theory Example" are going to be much easier to refer to when you go through the book.

Flags Not Highlights:

Ever wonder why it is hard to find a specific "section" even though you remember highlighting it before? Now you know.

If you are having a hard time remembering a concept you just learned, attempt to apply it to real life. Keep a simple note card in your pocket with items you continuously get wrong and remind yourself to try and find a connection in your day to day life. Unfortunately we cannot do this part for you as you need to come up with the connection yourself. Positively, a good example would be the application of economic or financial concepts. Simply pick up a business magazine (or WSJ etc.) and try to apply any new concept you learned to an article. In the worst case scenario, none apply and you simply learned more about the latest transactions.

Real Life Connections:

In our we explained that it is always significantly harder to Sell something than it is to Buy something. This is because it takes less information to understand something than it does to teach something. If the class is important and the topic is important for your future, find someone to teach. You will learn more about the topic by forcing yourself to teach the material. By helping the person learn the material, you're going to have a better understanding yourself.

Teach the Topic: article on sales

(Hint: now you know why this blog is alive)

At this point you should know the material pretty well, despite what they say, cramming certainly does work. If there are certain concepts you are having trouble internalizing and the test is around the corner, simply memorize the examples/formulas with no application. It is always better to get partial credit on any exam and have perfect examples lined up than to get a 0 on the question.

Cramming:

You can read between the lines here. You're going to do quite a bit of cramming for the classes that are irrelevant to your future. All you need to do in the meaningless classes is regurgitate the opinion of the grader. While it will take a lot of willpower to write down information you do not believe in… better to get high grades and

get rich than die poor.

There you have it, a quick list of items to follow in order to improve your studying habits. 1) find good teachers, 2) focus only on the topic at hand, 3) cut out material that is not applicable to improving your life, 4) make a physical connection with eating/drinking, 5) 15 mins consume/ 5 minutes write, 6) flags not highlights, 7) real life application, 8) teach the topic and 9) cramming is fine.

Recap:

To be clear here, we're not wavering from our initial opinion on college (only go if you can generate a return and only go if you can attend an elite university). The entire post assumes that you're going to a college ranked in the top 20 or so in the USA.

Some Final Thoughts:

Second, you can apply this same logic if you are already out of college. Play the same game as above. Make sure you're listening to someone of value. Take notes, avoid wasting their time and if you can help them out in any small way… Do it.

Finally, as we have warned many many times in the past… When you decide to study/learn from someone, make sure it flies a little bit against the grain/consensus. If the masses are impressed by it, you know it is a set up for a con. The masses are impressed by $100K (can't even live in a major city), quick fixes (diet pills that ruin their health) and of course entertainment (study for rate of return not for Snapple facts).

Good luck gentlemen! Hopefully, this answers the question!

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Take More Credit for Your Work Legitimately

Take More Credit for Your Work Legitimately

Being a team player is over rated. When you're being told to "do the right thing" it usually means do what is best for the person making that statement. You hear this all the time from poor managers in Companies and you also hear this from your parents. They mean well. The problem is that many times it ends up hurting you more than helping you. If you create a product for example and you quite literally did all of it, you should not allow other people to take credit for your work. This requires a lot of effort as everyone will want to associate with your product to the point that you'll be forced to shut people out. Emails stating people didn't contribute to full on face to face conversations making sure someone doesn't use your product on their website. Being a team player essentially means underselling yourself which will cost you millions of dollars.

5 Basic Pillars for Getting Credit

Before we jump deeper into this topic we're not saying to go and "hurt people" taking credit for their work. Most people think like this and that's the exact reason why they are not successful. When we say you shouldn't be a team player it means that you should take full credit for what you provided and contributed. No overselling, no underselling. The higher you go up the more you'll be asked to "take one for the team" and give credit to people who don't do anything. Even if you jump this step and start your own product, people will still attempt to take more credit (claiming for example that their design is the only reason the product is selling well… even if you have A/B testing proving that it wasn't a meaningful driver of revenue). So before we go further along we're going to say it twice. Do not go out of your way to screw people. Do not go out of your way to screw anyone. All this does is waste your time, decrease your trust and increase your competition. Nothing beneficial.

1) Performance, Not Sabotage:

For anyone in the work force it will resonate loud and clear. Since you want to associate with winners you want to make sure you're contributing (getting your fair share of credit) and that This is a good way of emphasizing the prior paragraph. It is pretty difficult to scale anything with a single person so the other people you add should be contributing a lot as well (and getting their fair share of credit). The nuance in how you are seen as a leader? You want to be the person who was in charge of making the hire. If you and the person you hire contributed 50/50 on a project… Well, you'll get the promotion since you figured out who to hire and correctly got him in the right role. He'll then hire someone to work for him and the scale game begins.

2) Associate with Winners: This is what office politics is all about.*anyone on your team also appears to be a winner.*

On the business front, assuming that you already moved on from being an employee… The game is associating with growth companies. You do not want to associate your company with a company that is considered "passé" and not up and coming. You want to be tied to the winners (surprise!). This then elevates your profile as people are more attracted to what is new and growing versus a sizable business with flat-lined revenue. We're not sure why this is the case psychologically as we'd rather have $1M guaranteed for 20 years, than have an asset growing at 100% but generating $50K a year. But. The game is the game.

If you have been following our blog for a long time, you notice that as soon as a prior fan turns negative on us (usually their life starts going down the drain) we ignore them. Why? We don't want to associate with that negative energy. There is a big difference between fans and employees since you should expect ups and downs in performance from an employee but when it comes to customers/viewers you want to have a hard stance of avoiding engagement. This blog is a great example since we do it visibly. As soon as someone gets upset with the blog or is socially inept to the point that they think the blog "changed"… we cut them off and ignore them.

3) Don't Fix People:

There is a basic psychological reason for this… Customers come and go. Unless you messed up an order (immediately offer something free), it is usually the customer who had their life go in the wrong direction. It's just a simple trend we've noticed. Maybe they are moving in a different direction in life (99.999% of the time it's down particularly if you're still going up in a massive way). So. You're better off searching for people who will like the direction you're currently going in. In fact… We'd apply this to your regular life as well. Don't try to make someone like you in general. If someone doesn't like you there are over 7 billion other people who haven't met you yet. We'll go ahead and wager you'll find too many people within that 7 billion.

One of the most important "business" or even "career" tricks is to avoid sending meaningless messages. Everyone remembers the long email chain that wasted an entire day for some issue that should have been solved in a single one sentence email. This is bad practice not just for your career but your future business as well. If you don't have anything meaningful to say or add… Don't say anything at all. This forces you to become a valuable asset as you *must* have something meaningful to contribute at all times. This is also why smart people don't talk much, they only talk when they have something to actually add.

4) If It Isn't Meaningful Don't Send a Message:

A good example is when you're working on a project and you're asked to "add to the discussion". Essentially you want to wait until you can add something that will allow the project to Unless your contribution is going to make your company (or the company you work for) more money or save them time… it won't be remembered. In addition, if you're creating a traceable history of value added performance. You can point to the emails you send and won't have to go through hundreds of useless emails to track down the ones that matter… Since you don't waste time.

make more money or save everyone time.

This is a quick last item for people who are still working in careers. We've really lost touch with reality in that aspect (having people to report to) but one of the main items to be aware of is consensus building. Even if you do all of the above you can still get killed by not building a "clear consensus". You don't waste time, you generate money, , you don't try to fix broken people and you focus on yourself. Still. You can get burned. Why? Well when you build your consensus of people who approve of you… You're always going to get a negative from someone. This person is simply someone who dislikes you as a person. If there are 12 people in your group who are important, we can all but guarantee at least 2 of them will never give you approval. So. What you need to do is build a consensus around 10 of the 12 and most importantly the final decision maker (whoever that is… i.e. the most important person). This way when the two people see that all 10 approve of you and the most important guy is signing off, they won't be able to say anything without looking foolish.

5) Clear Consensus Building: you associate with winners

5 Areas Where Things Go Wrong

This is the only piece that will reference the office environment (many readers still in this part of their career/life cycle). In short, if a person "two rungs" ahead of you dislikes you… You should leave the firm. This is because the credit you receive will be diluted. Why? Well once everyone in a particular group realize the top guy dislikes you, they will downplay all of your contributions. Most people get frustrated and wonder Well you have your answer. What happens is the rest of the group takes credit for your work and since the last guy in the line does not like you he will believe the consensus that is taking credit for your efforts. This is one of the rare situations where it is almost impossible to fix so you're better off leaving and putting 10x more effort into your side business.

1) Heavy Hitter Disapproval: *"Hey I did all this and made all this money for the firm why am I getting no credit?".*

This is where it gets real nasty. When you start making your own products and selling them you're going to get a lot of band-wagon people. Even if you're outsourcing most of the support work, the outsourcing people will attempt to charge you much more saying their additions represented the actual value. We can't stress this enough: take control of your ads. We've noticed that people attempt to skip the whole copywriting part and outsource it. This almost guarantees their company will be a long-term flop. Why? Well when your support team (outsourced) tries to charge you more… You won't actually know how much value they were adding. You're stuck.

2) Product Development:

The conclusion here? Do your own ad campaign. It doesn't mean that you need to do all of it, but you need to be in charge of the paid traffic. If you're in charge of the paid traffic you can test various ads and see if the person "helping you" is really generating a lot of value. If they try to claim that their additions are improving conversion rates by X%… You can test it yourself and see if that is true. 99.99% of the time you'll find out their full of it. As usual. When this happens you can then ask them to leave or work for the same rate you were paying them since you have proof that the value they add is not a game changer. In a sentence, .

if you lose control of your paid ads, you've lost control of your company

Eventually you'll have to hire someone. We know it's the worst possible process in the world. Would rather pull out your own teeth than work with someone since the chances of picking the correct winner is low. That said, if you're going to create multiple products the only way to maintain control is by running the ads for both products but having a person in charge of the lower selling SKU. For example, and the lower income producing product (25%). This way you're always in charge of the flow.

3) Multiple Products: you'll run the ads for both the cash cow product (75% of revs)

To incentivize the person in the lower selling product you can tie his income to revenue/profit growth of the SKU. He will be in charge of doing everything (including the ads) but you'll be This is an important distinction. If you can still test his ideas against your own ad ideas, you'll see if he's doing a good job with the product or not. Over time, you want to see the lower income producing product generate 30-35% of the total revenue before you can give him a new product line to run with more monetary opportunity. Again. To incentivize him on the next product you do the same thing and include a guaranteed kicker for the project he already completed ($X for the profit of SKU number 2).

in charge of the running of the ads.

Ah yes. The worst part of any business in the world. This is an area where you're . There is a reason why high-end restaurant servers are typically the most fun people to be around (outside of work). This is because customer service is absolutely awful and you need to have the patience of a monk to be "in the zone" every day. Now what's the issue here? Most people spend too little on customer service.

4) Customer Service: *hopefully taking no credit for the work*

Customer service is an area where most people spend little and hire mediocre talent. It's the reverse. Since you know how awful it is, this means there is usually a lot of value by having higher quality customer service. As a rule of thumb you should pay 2x industry rate for your customer service representatives. This makes your product stand out and the "experience" better for all of them. On top of that you don't have to worry about it ever again.

There is no real debate that customer service is better at a fancy restaurant than your local Taco Bell. This is due to pay and the experience level of the person. The same goes for any product be it on the internet or brick and mortar. Pay up, get good customer service and reduce those grey hairs (lower stress).

This is the last area where you want to be an expert. It unlikely matters for 99% of readers but if you end up going down the multiple SKU business route… you want to make sure there are no product holes. Part of your job in an industry (say clothing) where there are multiple products for the same "issue" is keeping up with the competition. In multiple SKU arenas, there is a solution for everything and you want to stay on top of potential trends where two products merge into one.

5) Identify Product Holes:

This sounds vague so we can point out a specific example here. If you offer computer products you have two options: one with very fast processing and one with slow processing. The most obvious example everyone can relate to is a hard disk drive and a solid state drive. When solid state drives became popular (macbooks) the hard disk drive started to die out. During this transition period, there was a time where hybrid offers were available. Technically this competed with both the slower computers and the faster computers. That said, it was a clear product hole that may impact sales on both sides. The important item? Without a hybrid offering you were not able to tell which product the user was most interested in. Fast forward a decade and practically no one is running around with hard disk drives in their laptops.

There are a few key items: 1) always make sure you're given full credit, 2) focus on what matters – being in charge of the revenue line, 3) pay up for things that cannot be scaled easily – customer service, 4) focus on product holes and 5) have an extremely clear trail of value addition via emails while associating with winners. We probably missed a few but you'd be surprised at how many people screw this all up. There are thousands (hundreds of thousands) of people who are more talented than people ahead of them "in the game of life" and we'd argue they break something within this post.

Concluding Remarks:

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**
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Ten Rules for Getting Started in Real Estate

Ten Rules for Getting Started in Real Estate

Thanks to the Wall Street Playboys for allowing to shed a little more light on the real estate game. I've gained quite a bit from their articles and am grateful for the chance to give a little back. Before we begin, I want to clarify that this is written from the perspective of an individual who started out in real estate the "old fashioned" way: working a job and saving up their first down payment. Some of these rules won't apply to institutional investors and those with billion dollar trust funds. If anyone reading is involved in RE investing on an institutional level I'd love to hear their perspective as well.

I've decided to put together a list of rules that you should follow when contemplating getting into RE to begin with and then a few guidelines for looking at your first investment. I don't delve much into actually doing deals and building an RE Investment biz in this post because it would take up too much room. If the WSPs ask me, I could potentially do a second post covering this.

Should You Invest In Real Estate?

1) You be a Jack of All Trades Must

Real estate investing requires a broad base of knowledge, so plan on spending quite a bit of time learning the following skill-sets: : You should be able to manage tenants, contractors, employees and create effective business systems. Most areas of RE investment require a good understanding of the following: property law, landlord-tenant law, contract law, tax law, zoning, codes compliance Etc. Real estate investment generally involves purchasing and maintaining some sort of structure, you should be able to understand, evaluate and to at least some extent repair the different components and systems that compromise a building. As the WSPs say, . RE investment involves quite a bit of selling, from convincing people to lend you money or sell their property, to knowing how to effectively market properties for sale or rent.

1) Managerial2) Legal:3) Technical:4) Sales/Marketing:*you don't want to sell? Too bad*

A lot of the bad advice you'll read online says something to the effect of "If you don't like something, you can just hire somebody to do it!"… Yeah, ok Skippy… In addition to this being wrong in many cases, the people who say this are missing the point. You don't learn how to fix a leaky faucet, write an effective ad or draft an eviction notice so that you're stuck doing it the rest of your life. If you think you can make real money in this business without having to acquire any skills you might as well stop reading now because clearly you've already got it all figured out.

You learn it so when you do reach the point that you can afford to hire someone, you can train them to do it or at least evaluate their work.

2) Choose Areas of Real Estate That Cater to Your Strengths

Though real estate requires a broad base of knowledge, we all have a . To increase your odds of succeeding, figure out which areas of the RE game best utilize yours. Are you "the guy" people call when their popcorn popper stops working? There's plenty of opportunity in fixer-uppers. Do you always read the "terms and conditions" in their entirety when purchasing a new product or service? After getting your head checked, you should consider some of the more legal oriented opportunities like judgement investing or buying properties with title issues.

certain type of intelligence

3) Go Big or Go Home

Learning the skills listed above takes time. A lot of time. It also takes experience and while some skills are transferable from other professions, you inevitably have to learn many things by actually doing them over and over again. With that in mind, though certain areas of real estate can be tackled as a side hustle (some of the more legal oriented strategies come to mind), the more commonly known strategies like flipping, managing income property or RE development are generally full time gigs.

This isn't to say you can't do them part time to start as you certainly can maintain a couple of small income properties while working a full-time job. It's just that there is so much learning and network building required to become a legit RE investor that it doesn't really make sense to put in all that effort just to cap your progress at a few apartment buildings or the occasional flip. If you want to get into one of the more time consuming aspects of the RE game, plan on dedicating a lot of time and scaling up to a point where you become financially independent from it.

Do people go to school for 8 years to become part-time doctors?

4) Everybody Has Advice When it Comes to Real Estate. Ignore it.

I have worked in a few fields, but none compare to real estate when it comes to regular people telling you how it's done. Every knucklehead either knows someone that has "made bank" in real estate, or has done so themselves. These stories take on a few variations from "this house was the best investment I've ever made" (Oh yeah? So you've compared your home's % increase in value to investments in other asset classes during the time you've owned it, making sure to subtract expenses…) to "I just bought a duplex and the rent pays my mortgage" (Don't Get Me Started). The truth is, the vast majority of the money made in real estate isn't due to shrewd investing, it's from boring old market appreciation. The buy high, sell higher crowd that make their money in these situations are the same sheep who get slaughtered as soon as the market turns south. Intelligent investors can hold their own in almost any market.

In short, the only people you should take advice from on RE investing should meet the following criteria: 1) They are financially independent from investing in real estate; 2) They did not inherit it; If you question the second point: There's a guy in my area who inherited hundreds of residential and commercial units from his father. The last time one of my friends saw him he was wearing a backwards, flat brimmed "Monster Energy" hat. Need I say more?..

When You're Ready to Buy

5) Cash is King

The get rich quick gurus that dominate the RE advice biz love to talk about "nothing down" deals. You know why? They know there are a lot of broke clowns out there who are willing to swipe their credit card because they think they can get something for nothing. In the real world, nothing down deals do exist, but they are rare and often aren't a bargain to begin with. Which gets me to my next point:

<u>Cash is king.</u>

Though different investment techniques require differing amounts of cash, the general rule is: the more cash you have on hand, the easier your life will be. If you have a significant down payment, it will not only be easier to get a loan (lower LTV), the seller will take you more seriously. Also, bargain purchases often require quick closings. Applying for a loan, waiting for an appraisal etc is rarely a speedy process… And don't forget to have some of those greenbacks left over after the closing as well, because bills need to be paid and stuff breaks.

<u>I know this first hand as I've lost a deal where a cash buyer paid significantly less than what I was offering with bank financing.</u>

6) Cut Out the Middle Man

I'd be lying if I said real estate agents haven't brought some good deals to my attention. They have. Also, since I'm on good terms with a couple of them (IE: referred them clients that made them $$$) if they are selling a property that they think I'll be interested in, they'll reach out to me before listing it publicly, which is nice (this benefits them as well, since if I buy they can now work both sides of the deal).

Those benefits aside, I think it's usually a good idea for buyers and sellers to deal with each other directly. This is due to: 1) Better communication between parties; 2) Lower transaction costs (don't have to pay agent commission); I can't stress enough how important #1 is. As I've mentioned in my comments on prior posts, real estate can be a very emotional arena and the less direct communication the two parties have the more potential there is for misunderstanding, which can kill deals. Having agents involved turns a real estate sale into a game of telephone which benefits no one (well no one except the agents!)

My actionable advice is: This will help you convince the other party to like you and ideally swing the deal more in your favor ("Aww shucks, he's a nice guy, I guess I can hold a $500k note for him"). Regardless of whether there's an agent involved in the deal, get in direct contact with the other party and get on good terms with them. Don't totally ignore or piss off RE agents as they can be useful, especially in the beginning when you're still learning how RE transactions work.

1) Learn to sell:2) Direct Contact:3) Be Nice to Agents:

7) The Real Money Often Lies in "The Borderlands"

Yeah, you might impress your date if you're walking down 5th Avenue, point out a building and say "Check dat out girl. Alllll mine." But the fact of the matter is, prime properties rarely offer the best returns and though many owners wouldn't admit it, . Ego is a powerful thing… The inverse is true as well. You could buy some beat-to-hell 20 cap on the corner of Skid Row and Mug Street, but then not only are you going to have to earn every cent of that rent money (and then some) managing your property, your prospects for adding value are limited as regardless of how nice you make your building you won't be able to increase rents or attract decent tenants.

<u>are often bought for status rather than pure profit</u>

So with that in mind, often the easiest places to realize a decent return (Double digit cap or close to it) without dodging bullets are The Borderlands. I'd describe these as areas that are generally run down, but show some signs of turnaround. They are usually located near the real bad neighborhoods, but within a reasonable commute to the more desirable areas of town.

Credit to commenter RE Guy for "The Borderlands" term, it articulates perfectly the type of area I'm trying to describe. See his excellent discussion of this concept in the

previous real estate post for more details.

8) Real Bargains Are Tough to Find and Are Rarely Pretty

When you hear words like "foreclosure," "OREO" or "short sale" do you automatically think "bargain?" If you answered "yes" then get your credit card out, because I have a bridge to sell you… What I'm getting at is: properties priced significantly below market value are rare. Just because a property for sale is owned by a bank doesn't mean it's a good deal. Oftentimes it just means it's a POS and this is already reflected in its price being lower than nicer properties for sale in the same area.

For a deal to truly be a bargain it usually has to meet one of the following criteria: 1) Nobody knows about it; 2) There is no market for it (in its current form) 3) There is something about it that scares most buyers away, Where do you find these types of properties? All I'll say is: don't bother asking me in the comments section. (Why give away a business, no one would!)

<u>which can be corrected for a significant amount less than the discount that it's currently selling at…</u>

9) The Numbers Don't Lie

In the RE game it's easy to get irrational, you may have just walked through a beautiful property that you would love to own or you could have heard a trendy new bar or coffee shop is opening up in a particular neighborhood. Maybe you just met a seller and he's willing to give you some sweet financing terms… Regardless of any of this, it's imperative that you run the numbers on a deal. And I don't mean "what the rents might look like once all the nanobrew swilling hipsters with their trust funds move in to live near that bar with the chalkboard drink list that may or may not open up down the street."

I mean what you can rent the place for currently. This doesn't mean you can't factor in increased return (along with the associated costs) due to improvements you plan to make in your hypothetical numbers, you certainly can and should. It's just that you need to stick with known variables, not bank on an uncertain future event to increase your property's value to a point where the numbers make sense. If you do that you're just a speculator, not an investor.

You may ask "how do I know what a property will rent for or what the utilities cost?"… Well, if you're a fool you could take the seller's word for it. But I'd recommend doing the research and learning independently (finding out what utilities cost in your area, how much energy it takes to heat/cool a given amount of sq ft, Etc). Again, these are hypothetical numbers, so you're just trying to get in the ballpark. This becomes far easier as you will have access to data from your existing properties.

once you've done a few deals

10) What's the Best Way to Learn RE? Doing Your First Deal.

Commenter Nixon brought this up when discussing Real Estate in a previous post and it couldn't be more true: The best education you can get is doing your first deal.

I've noticed that there is a loose pattern that most first time investors follow when searching for their first property:

-They figure out the geographic area they want to work with -They establish their ideal criteria for what they want to purchase -They look at a bunch of properties, making a few offers, none of which are accepted -They get frustrated "Why aren't any of these jokers signing on the dotted line?.." -The become fired up and look at a few more properties and make some more aggressive offers, oftentimes bending their initial criteria a bit -Someone finally bites and the have a property under contract -They haggle about small stuff "I need $1000 cash back to fix this AC condenser because the building inspector that I just paid $500 said so." -They may or may not have trouble getting financing "Whaddya mean I can't only put 5% down?" -They close.

Welcome to the Jungle.

Anyway, there is quite a bit to be learned during all of the above steps. So if you're interested in getting started this is generally what I would recommend: 1) Work at your current job until you have enough for a decent down payment all the while studying different RE related topics in your downtime (Law, finance, building trades Etc); 2) Figure out where you want to invest and the logistics surrounding it (if you have to move or not); 3) Do your first deal

Good luck, you'll need it.

-OwnMyHood

—

The outline above has had formatting edits made by us (Wall Street Playboys) with 99.99% of the content unchanged. We have confirmed OwnMyHood's background and he is financially independent off of real estate investments (well over the multi-millionaire level). We thank him for his contributions and hope to grow a community full of people similar to his caliber.

Note:
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The 20 Laws For Online Product Income Success

The 20 Laws For Online Product Income Success

This post is directed 95% towards product sales online (not content based). You can earn an income with content based websites (blogs etc.) and we only touch on it for a second to make sure we hit all the forms of income. To emphasize these laws primarily refer to product websites.

There are two distinct markets. The masses and the rich. If you're looking to make money you have to make a decision on which market you will cater to. The masses will focus on anything that does not require them to do any work and the rich will look for status symbols. This is overly simplistic but it's a good starting point. Trying to target both markets is extremely difficult as they have business models that are largely unrelated (an exception may be the shiny new iPhone). Products that sell to the masses typically have *lower* margins with high volumes while products that sell to the rich have *high* margins with lower volumes.

Law #1 – There Are Two Markets:

If you go down the masses route you're going to sell them with the following tactics: 1) external motivation like Tony Robbins – "Unleash Your Inner Beast with This Product" or "Fire your Boss!", 2) magic pills that will fix their life – "This solution has doctors hoping it will be banned!" (modafinil/provigil is one of the latest fads), 3) minimal work for sudden riches – "work from home and earn $100K tomorrow with no work!" and 4) celebrity endorsements – "XYZ celeb uses it!". The theme here is that they are not responsible for their own actions and there is always some "hack" to getting what they want (without building any skills). When you're selling to the masses do not put anything logical in the sales pitch. Keep it emotional and Sure you can get away with bad products but that just leads to non-recurring income.

Law #2 – Sell the Dream to the Masses: *make sure your product works.*

Get rich by selling them on the status of the item. The product can be largely the same but it needs to be *exclusive*. The best example is black and white balls and other such "filters" for rich people to go and meet. The cost is practically the same just sell those tickets for hundreds of dollars a piece! Another great example is the classic "bottle service" experience. No doubt about it that pricing alcohol 300% above its market value is going to be profitable. Notice, these can be done online, offer exclusive "packages" to people.

Law #3 – Sell the Prestige to the Rich:

There are three primary ways to earn money: Paid Traffic, Niche and Content. Paid traffic requires you to purchase traffic from Facebook/google and more importantly other sources (we can't give you more than that). Niche websites rely on a specific product that has enough "keywords" to generate ~30K views a month (you're selling a product). Content websites have an enormous number of ways to make money (selling books, ads, affiliate partnerships, consulting etc.).

Law #4 – Three Ways to Earn:

It's either on or it is off. There is no "time for money exchange" this is because you're either paying to target a specific group and sending them to a website.. or you're not. This is why you can go from $0 to suddenly making $10,000 in a day (or losing money!). Think of it as a faucet, you turn on the traffic and it converts or it doesn't. Assuming it is converting you must keep the faucet on until it loses money. No customer left behind.

Law #5 – Paid Traffic is a Faucet:

If you're selling a product (niche, not a content website) then you should be able to generate a living wage off of 30K organic visits a month. Assuming you convert at 2% that would be 600 sales. If you're doing 600 sales at just $5 in net income that is $3,000 a month. Sure it is debatable if this is a living wage in a place like New York but you can certainly live in many parts of the world off of a niche site doing $3,000 in net income a month.

Law #6 – ~30K Monthly Views is a Living Wage: *The key here is a 2% conversion rate.*

We don't do content websites (this blog is a hobby) however if you want to do it you must build a full platform. You must build a massive following and never lose their trust. You can then expand your website into multiple directions (consulting, products, affiliate sales, etc.). The only problem with this (and why we avoid it) is you must constantly be "on". Letting a website die will kill the returning visitors. If you go this route it is essentially for life since they are hoping to increase their interactions with you over the long-term. (others can chime in on the long-term strategies here since we don't focus on it).

Law #7 – If You Do Content Build a Brand:

There are millions of products out there that are largely the same. There is no reason to create a product that is vastly different. Take an existing product make a couple of tweaks to the product and kaboom you have a new item to sell. This eliminates the need for a "light bulb" moment. 100% unnecessary for generating income online today. Coke and Pepsi are not that different and the gym equipment you see (45lb plates) are not different (slight change in shape).

Law #8 – You Don't Need to Be New:

If you have a solid product there is no need to make it perfect. We'd take a product that is the 3rd best on the market with the best possible sales and marketing over the #1 product in the market with terrible sales techniques. Logic never sells. Stick with having a clear execution (sales) strategy. Once your product is good you're going to live and die from execution. The worst feeling is when you create the product and someone does it better than you later (after you give up). This has happened before and is a life lesson.

Law #9 – Execution is Everything:

Pretty simple for online sales. There is no reason to have a partner. You can pay someone (a major company) to help you with practically anything you need. without having a partner (ever). Partnerships are only good when you're not making any money and are awful when you start making money "Who's pulling the most weight?". This is human nature, so there is no point in doing partnerships for a basic online venture.

Law #10 – No Partnerships: You can make hundreds of thousands of dollars (even a million)

If you're serious about earning a living online, you cannot have multiple projects running at the same time. It is comparable to pouring water. If you pour water into 100 different swimming pools none of them will be full. The water will evaporate and you'll be stuck with nothing. If you constantly fill one (maybe 2) pools with all the water you have (every single day), you'll see progress and eventually it will be functional. Spreading yourself thin is death in online sales because someone else is going to be 100% focused on that market.

Law #11 – Singular Focus:

Debatable we know… But… We view debt as an . If you are going to take on debt for any venture you should see a positive return in the first month (immediate cash flow). If you borrow at 5% for a venture and don't see a positive return every single month you've made a big, big big mistake. You're going to be eating into your cash flow which will kill your long-term opportunities.

Law #12 – Debt Needs a Return: *immediate return profile*

The last thing you want is to be cash strapped. If you find out that market XYZ is giving you the best return… you want to buy as much traffic from that demographic (There is no exception to this rule (none). You must have cash on hand to throw at the right demographic otherwise you're going to miss out on an opportunity someone else will jump on. , this is like not having money for a deal that you absolutely would love to have. Someone else will find it and buy the asset before you get the chance.

Law #13 – You Need Liquidity: *buy every single one of those users!).*For the Real Estate guys

You need to have a system that tells you if something is going wrong. Lets say you're set up to constantly run traffic while you're sleeping because it is profitable. This is great… Until it goes negative. You do not want to be asleep for 8-10 hours while the traffic is giving you a negative return. Have an alert set up so you'll be immediately woken up if the returns are largely negative for an extended period of time (lets call it 2-4 hours).

Law #14 – Always Available:

There is a never ending supply of fools in the world. The saying is a fool is born every minute but after years of seeing terrible (shady) campaigns work… We're increasing that to every second. Those emails that say a "nigerian prince" is ready to send you money… They work! Yes people are still fooled by spam even in 2017. It's amazing but true and we should never underestimate the number of fools in the world.

Law #15 – A Fool is Born Every *Second*:

Keep a soft touch relationship with anyone who can help you. While we recommend going solo, you'll have questions and if you pay someone for the answer (and it works) you should keep that person in your phone forever. Continue to do this for years upon years. Never under any circumstances do you waste their time. A simple hey how is it going 1x a month is more than enough.

Law #16 – Always Build Contacts:

The vast majority of people are risk averse. As an example, people are "scared" to like our current Facebook page even though we get 2 million visitors a year. That is quite a lot for a hobby blog and we have no doubt every single reader is less than 2 handshakes away from someone else who has read or seen this blog. What does this mean? If someone is risk averse but has a bunch of skills you need, you just pay for his skills… There are many people who get rich that are not bright, they just hire people smarter than them to do what they cannot do.

Law #17 – You Don't Need to Be "Smart": It means if people have a risk tolerance that is extremely low, the number of people willing to become Entrepreneurs is extremely low as well!

The one thing that we've seen in common with people who earn a living online? They hate losing their freedom. Many people who make money online will say they would rather earn $40K alone online than earn $200K in a corporate job. This may be some sort of personality disorder but it is a personality trait we have noticed. People will walk away from a career that pays more in exchange for their freedom.

Law #18 – : You Will Hate Loss of FreedomThey are not lying.

It costs about $50K to start your own item. That's our own rule for keeping cash in a checking account at all times. We're not sure what industry you're looking to crack into, but… We've found around $50K is enough to go into a new direction. Under no circumstances do you put yourself into a position where $50K is not readily available in liquid cold hard cash (no revolver no nothing).

Law #19 – The $50K Rule:

No one will be happy for you. If you make $200K a year in a corporate position people will be jealous. If you make $200K a year working off your laptop? They will hate you. In the first position they can laugh behind your back and say "you're still being told what to do". In the second position… They will loathe you and hope you will fail. Live off that energy!

Law #20 – Everyone Will Hate You:

Concluding Remarks

If we were to outline the most important items here it would be as follows: 1) if you are earning money you buy all of the traffic from the demographic until you have tapped it out, no sleep for you if it's pouring in, 2) choose your demographic be it the masses or the rich, 3) niche sites are ideal for people looking to learn the basics, 4) do not work with anyone, partnerships end in tears, 5) you don't need to be smart and 6) always have $50K in cold hard cash to go into a new venture.

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The Best Forms of Passive and Semi-Passive Income

The Best Forms of Passive and Semi-Passive Income

To start, *pure* passive income simply means "you are rich". The only way to earn income without doing a thing (ever) is by having a large sum of money. The good news? There are hundreds of other ways to earn income in both a semi-passive or passive way. Specifically, you can create semi-passive streams that tail off, you can invest in higher risk passive income that *may* generate a return well in excess of inflation and you can always work part time to generate "semi passive" income. Below is an outline of streams of income (what we view as best to worst).

Semi-Passive Income

This is the best form of semi-passive income. It means you have a website that *does not need to be updated*! Now we have to repeat that phrase. You create and set up a website that sells a product and If it needs to be updated then it's not longer in the tier one semi-passive income segment.

A Landing Page with No Updates: *does not need to be updated*.

Any website that sells a product that does not require updating could include anything from: vapes, electronic cigarettes, retail clothing, protein powder, cosmetics, jewelry etc. Quite literally anything where you go to a website and the same products are being sold day in and day out. Importantly, the reason why this is the best form of passive income is because of the

return profile.

Roughly speaking say it takes about a year to get enough traffic to earn $2,000 a month. This may not seem like much, however, if it only took a year to get done correctly you're now getting $24,000 a year or the same value as having $600,000 (in a single year!). If you create two of these you can now focus on bigger ventures. This is the primary reason why we recommend online sales as a starting point. If you can just create two of them you're now free to build something more meaningful and have the money to both live on your own or reinvest the money into paid traffic to a more important venture (important ventures are not semi-passive income as you'll be grinding away to get past plateaus). In short, a landing page that converts is your best form of semi-passive income.

While we prefer having other people manage rental properties for us, there is money in this game as well. If you want to become a landlord you're going to be forced to commit time (interviewing new tenants, repairs etc.). This means it's not quite passive income but the time spent can be *leveraged*. This is a key part of this semi-passive income stream. If you own properties with a high cap rate (meaning annual rental income over value of asset) then you can obtain some leverage to boost the returns. This is secondary to landing pages for a key reason…

Management Income: *If you go down this route use the static income to cover the cost of the mortgage payments by 2x.*

Lets assume you have $4,000 a month in semi-passive/passive income. This means you can take on a mortgage payment of around $2,000 a month (we take a conservative stance and assume your $2,000 payment includes everything). To keep everything simple, this means you can put $80,000 down to obtain $400,000 in real estate value. Assuming your interest rate on the debt is around 4%, your payment is going to hit right around $2,000 a month (we include home owners insurance, taxes and some wiggle room for repairs in this $2,000 estimate). Now you can sleep well knowing your payments are protected and can look for the best possible tenant giving up a few bucks (slightly lower rental income) for a stable semi-passive stream of income.

Yes you can make some money from blogs, but the real money is in . We are including this as a form of semi-passive income because we're sure everyone visits at least one website with updated information not classified as a blog. Let use as an example. Now certainly, no one here is wasting their time clipping coupons. But. Remember that there is a LOT OF MONEY in selling to the masses (hence why motivational seminars always work! Never ending supply of always broke dudes looking to get "amped up!" or "fired up!" or "Hyped!!"). The masses are always looking for ways to cut costs, so you can offer a website that does just that (like the coupons website).

Updated Information Websites: *paid traffic product websites*Coupons.com

Another good example of information based websites is credit card offerings or something like million mile secrets. No one wants to actually do the work and they correctly advertise with the slogan "Big miles. ". This barely makes our semi-passive stream since there is a lot of updating here. It is possible to run a smaller scale website like this without working a 40 hours per week. (not easy but doable).

Small Money

Return Based Passive Income

Now we're moving onto pure passive income. All of these forms of passive income will not require you to do anything. We'll ignore you being forced to set it up (less than 4 hours) and assume that you do absolutely nothing going forward. There are many many ways to make money if you have money and that's a good thing. The reason why this segment is separated out is you should be willing to lose some money if things go south. This is called "higher risk return" passive income versus "risk free" passive income. There is an important distinction because the return profile is higher and you shouldn't bank on 100% of it being stable every single year.

Now the difference here is you're handing over the keys. Unlike the management income where you do it yourself you're going to outsource everything. You throw money at the property and hand the keys over to someone else to deal with it. This is not a risk-free situation given 1) potential debt load, 2) trust in property manager, 3) interest rate environment and 4) any one time hazard/maintenance issue that kills your yield for the year. We peg a solid return at . This includes a management company eating into your yield and of course the natural reserve fund for any maintenance issues.

Owning Properties, REITs and Private Equity Real Estate: *somewhere around 6-9%*

The second option is a REIT which certainly has risk associated to it. While they do offer high yields (distributing 90% of earnings to shareholders), the REIT is exposed to 1) tax rate changes – you're taxed based on your personal income bracket vs. dividend distribution rate, 2) reliance on debt, meaning more leverage is needed to boost returns, 3) real estate can be extremely location dependent and is prone to cycles just like we saw in 2008 and 4) since it's an equity product and as a shareholder, we have to realize they can only re-invest 10% of net income since the rest is being distributed. Take a look at REITs and you'll see they move around in ways un-related to the stock market.

The third option is working through a private equity firm such as a Blackstone, Lone Star or Brookfield. You're locking up your money for a longer period of time (typically) but the returns should be notably higher as well (double digits). Now there is certainly a wide range of private equity transactions from low to extremely high risk… But. Locking the money up for longer periods of time is generally the theme here. Unless you're in the Ultra Rich group, it's one of your best bets to get exposure to).

commercial real estate (apartment buildings, offices etc.

Overall, we'd say if you looked at this group in aggregate shooting for high single digit to low double digit returns is doable with the right background research. Many people make a handsome living in the real estate industry (there are even executives who read this blog and have emailed us!) and there is a clear reason for it.

If you know your industry extremely well, you can start dabbling into higher risk bonds. We wouldn't recommend going into the low end of junk bond territory unless you're extremely savvy but you can begin looking at items with a yield closer to the BB range. We'd emphasize that high yield bonds are for a special type of person 1) a person who is looking for additional yield given that they are or 2) a person with significant domain expertise that knows the industry's cash flow dynamics like the back of his hand. If you're in one of these two positions you can find yields that are around 6-8% or so (sometimes even 10% if you're extremely savvy and know the space well!). Importantly, our view is to wait on this one since rates are likely going up a few more times, but it is good to get your hands into the mix now to figure out which corporate bonds are good investment vehicles.

High Yield Bonds: *already financially independent*

This is another interesting one since the risk profile is not well understood today. You're essentially lending to other consumers or you're piling in your money with other smaller scale investors into specific projects. This is a hot topic today given the advancements in social networks and trust amongst strangers online. The key to this investment vehicle is you're making a call on the risk profile of the investment vehicle versus the printed sticker return. If the return is the same as a high quality corporate bond the only thing setting your idea apart is the assumed risk (a clear example would be Lending Club).

Crowd Sourcing and Peer to Peer Lending:

The basic items include: car loans, mortgages and credit card debt. You're essentially acting as the bank and again, we think the real differentiator is the spread on the assumed risk you're taking on. The yields are somewhere in the mid-high single digits.

The last bucket is another one for long-term investors that we have already spoken about in the past. Buying index funds that mirror the S&P 500 (ticker: VOO) or dividend yielding stocks (ticker VYM). You're taking a long-term view and are willing to take the sharp downturns during an equity market pull back. The main risk here isn't that the stock market will stop going up over the long-term… the real risk is emotional distortion when the selling begins. The vast majority do not understand what it means to invest in an index fund as you're assigning equal weight to the same old set of 500 companies. To explain this in extremely basic terms "The answer is of course not. Sure companies move in and out of the S&P 500 but everyone should see the point, with more money in this strategy the downturns will be more severe. Related:

Dividend Paying Stocks and the S&P 500: *If everyone decides to buy the same 500 companies every month is that an efficient market?"*. Explaining The Warren Buffet Passive vs Active Bet

Protection Based Passive Income

This is the most basic form of protection based Passive income. Specifically, protection based passive income means you're only protecting the principal values (more or less). If you generate a low single digit yield of 3-4% or so, you're essentially getting nothing back once the year is done. You're taxed at your normal tax rate and on top of that you have to strip out inflation of somewhere around 2% per year or so. We don't think inflation is that low (1-2%) so we'll go ahead and say all 3-4% of it just goes to stave off inflation. Boring stuff guys. This is to be used for asset protection. Instead of putting money into a savings or checking account where the value is being eaten up by inflation every year, you can throw that safety net amount into government bonds instead.

Government Bonds: *No we don't own these today.*

Now in theory, many of you read the prior paragraph and said "well buying TIPs will protect me the best from inflation" this is certainly fair in practice. The problem is the long-term view on allowing an instrument to be pegged to what the government says inflation will be! Since we don't even believe the current inflation estimates we wonder if the future adjustments to inflation numbers every single year will really make any sense. If you're interested in protecting assets and have a more positive view on the assumed rates of inflation on a year to year basis then these instruments may be useful for you (ticker: TIP).

Treasury Inflation Protected Securities (TIPs): *No we don't own these today.*

A whopping 2% return! Honestly that is where the higher end CD rates are and if you want to track them yourself then you can check out they have a solid overview of the interest rates. Notably, the of CDs is your ability to stagger. This means you set aside one chunk of money, lets say one 5-year CD at 2% and then every year you buy the same one. This way once you've done this four times, you're constantly getting back the investment and the return as a safety precaution. This means once you have a healthy financial portfolio you have about 2 years worth of income earning a small return but peace of mind that every single year you can take a 6-month living expense hit and not worry about it. We think this is an extreme safety precaution and it can be done with much less in a money market account.

Certificate of Deposit:bankrate.com*one benefitWe do stagger CDs at a rate of 4 months of annual income expenses.*

If you're not ready to set aside 2-years worth of income like a pack rat then you can also go down the money market angle. gives a solid overview of the money market options and also provides basic overviews of credit cards, mortgages, loans and insurance. We don't operate with a money market account but we'd use this as a “worst case scenario” area for safety. If you’re in this camp, 3-months of savings is likely good enough because you should be reinvesting thousands upon thousands of dollars into your real business.

Money Market Accounts: Nerdwallet.com

Concluding Remarks

Your entire net worth and income stream is no different than a sales funnel or building a pyramid. We’ll say it once and we’ll say it again. You’re either building someone else’s dreams or you’re building your own. With that you should be looking at the framework as follows:

1) You and put every cent into making it grow whenever you see a risk reward opportunity that favors you

build a business

2) During your free time you build a few landing pages to sell products that are known to be high quality and get them to generate a few thousand dollars a month

3) If you struggle to do step 2, move to a managerial or information based product where you’re constantly updating, it’s a grind but all the money is being invested in item 1 where you’re looking to buy traffic

4) With excess money flowing in, start building out a recurring income portfolio of “return based” passive income. We have no major preference at this time (we used to prefer dollar cost averaging) between the four items but we do recommend a mix of at least two of the ideas

5) Depending on your risk profile look at protecting a couple of years of income by investing into low risk passive income items.

There you have it every important as it relates to passive income into a single post.

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The Brutal Truth About Friends

The Brutal Truth About Friends

Everyone is trying to show the good side of their life. On Instagram people will take hundreds of photos in the exact same location and place the one out of 700 that match their “perfect life image”. It is a joke.

The truth about friends is really simple. If you have more than 5 tier one friends you are a very rich man/woman and should go to sleep with a smile on your face every single day. We repeat. Every single day. Why? A “real” friend is someone you have known for at least 5-10 years, does not waste your time and consistently looks to improve himself (also a millionaire or better). Good luck!

With the harsh backdrop out of the way here is how we look at friendships. Feel free to disagree.

Tier 1 – A “Real Friend”

No different than a ranking system in a Company, your friends should also have tiers. This is not sunshine and rainbows. If someone can be your “bestie” in less than 9 months we all know you’ve burned hundreds of bridges in the past. A smart person will take mental note and realize that you may not be the best person to spend time with.

It is called having high standards.

Anyone worth knowing is not going to spend every single weekend hanging out with the same person. In fact, a tier one friend will unlikely talk to you every single day and once a week is more than enough. We are being extremely loose with this definition and would say once every two weeks is probably more than enough as well.

1) A Tier 1 Friend is Busy:

Why? Simple. Anyone who is dedicated to being the best person they can be is not going to spend his time drinking with you at Starbucks everyday debating the meaning of “life”. This is what hippies do and if you’ve seen a hippie you sure as hell do not want to end up like them.

A real friend does not have time to console you every single day and is too busy to ever do such a thing. This is a positive. If you’re interested in becoming “the best you” (cliche we know) then you’re not going to have time for this either. Both of you are on the same page and realize Most will be severely disappointed.

In Short: *“when we all die we get to meet the best person we could have become.”*

A smart person knows his words should have weight. This does not mean your message should be “perfect”. We live in a world where nit-pickers will be looking for you to “slip” on 140 character tweets (no joke people do this!). However. A good friend is more than happy to have your back (you will have his as well) in any battle of *reputation*.

2) Doesn’t Force You to Bend Your Credibility:

A great example is when someone challenges your friend’s knowledge base. We’ve laughed extremely hard when we see people arguing over fitness and we are 100% certain that one of them is a top 5% athlete in the United States. It is a joke!

This is extremely similar to running a business. Your Company is your reputation. As they say you can replace the CEO with a man who has a stellar reputation and suddenly the Company’s image will change.

A tier one friend has enough personal information about you to have your back. In addition, you will *never* put *their* reputation at risk. The best way to do this is to prove your credentials to them through multiple sources before making claims. As they say

In Short: *“If you’re good at something, others will say it for you”.*

In order to be a tier one friend,No exceptions. Elitist? Yes. Reality? Yep. Pretty simple reason as well. If you are rich and your friend is rich…

3) Must Be Financially Successful: they must be a millionaire. You don’t need each other.

If a person is 1) financially independent, 2) does not work in the same industry as you and 3) consistently tries to improve his/her life… You’ve met a 0.5%er. You have read that correctly. Not 1% but less than one half of one percent or ~1.5 million out of the ~300M people in the United States [Yes we know the population is now about 330M you nit-pickers! We know you're reading!]

It is extremely difficult for someone to break into the tier one friend arena. It should be. If you are financially well off, physically in great shape and consistently improve your own life… You're well into the 0.5%.

In Short:

Why is the filter so harsh on finances? Simple, if you're rich …

You will not know if people are interested in you or if they are parasites.

That is the real reason why it is "lonely at the top". Fortunately, it is better to have a handful of friends and be at the top, than be at the bottom.

4) Will Shut You Down (Keeping You Honest):

Second chances are for people who have no options. If your girlfriend/boyfriend cheats on you and you do not leave immediately you're an idiot and have low self esteem.

A loser.

A friend is no different. If they make off color remarks and people are too brain-dead to see the point of the remarks, you step in and explain it. However. If your friend ever backstabs you or forces you to lie… You leave forever. It goes both ways. A real friend is not going to have your back when you are dead wrong. Differing opinions and deceit are certainly not the same and a bright person will know the difference.

we will butcher the quote, . See there's an example of a mistake (joke).

As a friend of ours says, *"You can look past a mistake, you can't look past a character flaw"– Mike Cernovich*

A friend is not willing to lie for you when you've shown material character flaws and second chances are for people who have no options. You should be rewarded for *not needing* a second chance in the first place. Don't surround yourself with "yes men" because they will be the first to ditch you when your company has a bad quarter.

In Short:

You can be a narcissist () and you can be a prima-donna but you absolutely cannot ask for other people to solve your problems. If that sentence appears to be contradictory the distinction is subtle. You can make noise, be boisterous, be aggressive but you cannot *ask for other people to solve your problems*. Some people are extremely extroverted at all times but the one thing they do? They solve their own problems.

5) No Complaining: we are admittedly narcissists!

If you want to to live life that fast lane life to the top… You better be prepared to change *a lot* of tires.

Notice. This is exactly why a good friend will *not* work in the same business line as you. If you end up competing with one another or being forced to work together the tension will rise since both of you are incredibly aggressive individuals.

The difference between a complaint and a hilarious loudmouth is simple. Follow their actions. If they talk on the phone all day about their frustrations and do nothing about it… Throw the phone number into the garbage. If the person goes off once and a while about the problems he's solving and tells you *how he solved it* about three months later… Save the number carefully into your rolodex.

In Short:

Summary of Tier 1:

Exhausted yet? This is the baseline for having a friend be anywhere near the tier one category. It is up to everyone reading this post to decide where their standards are but these are ours. We do not trust individuals who are not millionaires. We do not lie for our friends (vice versa). We do not talk to our close friends daily. We do not enlist "yes men". Finally, we do not have tolerance for complaints while we are more than happy to enlist prima-donnas.

Pro-Tip: You will find that average people will call extremely successful people "cocky or arrogant". This is because they have no idea what it takes to win and they go into battles thinking they are going to lose (loser belief system). As long as other successful people view you as extremely competitive (not arrogant) you have balanced the see-saw appropriately.

Tier 2 Friends

Many many people will end up living in this area for long periods of time. The real hurdles to overcome are 1) finances, 2) watching the ups and downs and 3) time. From a historical stand point, over the course of 10 years you will watch a Tier 2 friend go through both a terrible failure and an amazing success. If he/she is running on all cylinders for 10+ years straight he's going to both crash and burn and win one of those races no doubt. You'll see their responses and get ready for the fireworks!

A positive mindset is not going to make you rich. Sorry. If you think happy go lucky thoughts all of the time no one is going to pay you a dime.

1) The Financial Makings of a Winner:

A future financial winner is going to do two things: 1) Solve problems aggressively and 2) learn to sell.

If you can solve problems and sell there is practically no way you will be broke for a decade. The problem?

You will be extremely *inefficient*! (our favorite topic by FAR is efficiency).

If you or someone you know appears to have the makings of a winner then your only goal is to help improve their efficiency with your knowledge! After providing basic advice their skill-set should soar and they will clear the financial hurdle in a hurry. Oh. By the way? They will go through a binge drinking/drug/partying spout just like you did when you made your first million dollars. You did it as well so don't be a hater!

From a financial perspective, if a person is smart and knows how to sell and solve problems… he will eventually succeed. You can bet on it. The main difference is the person will lack efficiency wasting hundreds of hours of time. This is exactly why older men and women tend to work less but their time spent is extremely efficient.

In Short:

You will learn a lot. Both the good and bad about someone as they go through a full up cycle and a full down cycle. You will not know what type of person they are until you see a full cycle. Some individuals go completely silent in a down cycle and ignore the rest of their life until the problem is solved (business issue, career issue or an other personal issue). Others will start networking… So on and so forth.

2) Watching the Volatility:

The real key in watching a volatile "full cycle" is simple… Do they reveal any materially negative character flaws? If the answer is no then you've met a 0.5%er. We all have negative personality traits, but a character flaw is not fixable. Never has been and never will be.

A full cycle, something that feels like rock bottom and something that feels like being "king of the world" will give you a full glimpse of their personality. From bottom to top you'll find many good and bad personality traits but if there are no material walk-away character flaws… You're good to go.

In Short:

We strongly suggest you look for a handful of friends when you're young and in your 20s. Why? You've given yourself enough time to build a meaningful friendship. *And*. You will both be extremely busy since

3) Time: you've just graduated College.

Time is an important aspect of life. You don't get it back. Similar to health you cannot buy health and you cannot buy time. Yes you can buy the best *healthcare* but you cannot buy the time wasted getting said healthcare due to bad health! Health and Time always defeat money which is why 10 years is an enormous amount of time spent with a single person (albeit sporadic).

In Short:

Summary of Tier 2

There is not much of a difference between Tier 1 and Tier 2 to be honest. Finding people who can be added to tier two is really the most difficult part of the process. Notably, the people in tier 2 certainly do not need to be the same age as you. It is almost easier to find a younger person who has similar qualities as you, help them with their inefficiencies in navigating life and create a friend that way. Hence the whole reason to give back (to future successful people only of course).

Tier 3 – Search Process

Finding a good friend is about as likely as finding a good spouse. Now that you're done laughing you'll realize the dire odds of finding people who fit the bill.

We don't even have a solution here to be perfectly honest and if someone has a good way to filter we're all ears. Here's a high level suggestion (a terrible one at best)

– Hang out in the expensive part of town. While many people are certainly there to be *seen* you'll eventually learn how to spot people who live in the area and distinguish them from visitors

– Assume success for the first thirty minutes. Many successful people are not great with first impressions if they've had a long day running a company or selling xyz all day long. Once you've gotten a feel for their knowledge base hit them with the tried and true "Hey i know nothing about this can you tell me about it". Make sure you are a top 5% expert on the topic and you'll see if he's a liar. ().

typical hedge fund move we know!

– Ignore emotions and word choice. Easier said than done. You're much better off looking at the *actions* of the person than anything that is said. Why? Most people who stab you in the back will happily tell you to your face "This is why we get along so well! (smile)". Typically they are about to throw you under the bus. Hard.

– Act 5-10% dumber than the people that are around you.

Acting dumb to get ahead is real.

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The Declining Value of Money

The Declining Value of Money

One of the main items we attempt to portray here is that there is an actual decline in utility when it comes to money. We definitely don't agree with mainstream advice that "utility" ends at $70,000 a year. But. There is definitely a line. We'll walk through multiple ways to use money. Up front we'll give you our two benchmarks for being "set" and emphasize that this assumes you are single (no family). It also assumes that you can be in a relationship or you can be a perpetual bachelor, in either case, the numbers are roughly the same.

There is no hard answer here but in terms of 2018 dollars we'll throw out two metrics: 1) $15,000 a month and 2) $7,000 a month in disposable income (). Why is there a huge drop off in the second one? Well the second one assumes you are significantly younger and the first one assumes that you are in your mid 30s or later. You'd think that the numbers should be similar… Yet… they are not. . While going and partying in college bars is great when you're 21, doing the same thing at age 40 just isn't going to cut it (walking around on sticky floors isn't on the agenda). This also makes a lot of logical sense when you think about the transfer of status. Even if you're able to spend $20,000+ a month and are under age 25… the return still doesn't work out. The only place it would help is probably Las Vegas. Otherwise? You're better off just going to the young/hyped places instead of the upscale bars/lounges.

Where Does Utility Drop Off? excludes rentThis is because "utility" changes as you get older

The other alarming thing to notice is the amount of spending power you'll need in a short decade. We all know the guys who spent their 20s doing nothing but partying… they end up struggling by mid-to-late 30s or so. This is because they were unable to evolve and social Darwinism catches up. It is ugly to watch. The last thing we'll say on this topic is to remember that the numbers always reflect living in a high cost tier 1 city (, Miami, Los Angeles etc.). A common spending number for single guys living a great life in these cities is around $10,000, so if you're at $15,000 you're probably older and if you're at $7,000 or less you're generally younger.

New York

Why the big change in a decade? There is no real answer but we'll give a few explanations. From a dating perspective no half way intelligent attractive woman wants to date a guy trapped in the "good old college age". From a health perspective you're going to distain low quality beers, alcohol and food. From a living point of view you won't enjoy noisy places and commuting. And. Traveling on 8 hour flights in economy is going to give you nightmares. These are some big items that change over the course of a decade since your body can take immense amounts of punishment from 18-25. Doing the same at age 35-40 is just not going to make a lot of sense.

Overview

We'll start from the bottom and work our way up in terms of expenses. When you're 20-25 you can eat practically anything with no real impact to your body. We can remember eating instant ramen noodles, low quality burgers and fries along with high amounts of pasta. This was due to a high metabolism and lower quality taste buds (yes your taste buds changes over time!). If we tried to do any of that today it would result in a painful day of feeling awful and sleeping horribly. Long-story short, you're not going to be eating garbage past age 25 or so.

Food Costs:

What does this cost? It costs at least a few hundred dollars a month extra. If you're a busy person (you should be) you'll be buying juices in airports, ordering the salmon instead of the burger and drinking tons of water. It also impacts the type of alcohol you will be drinking. The days of drinking "jungle juice" and vodka out of a plastic bottle are long-gone (okay no one drinks the plastic vodka we hope). This quickly turns into: Champagne, wine and high end vodka. There is a range here depending on your tastes (could be whiskey for example) but the point stands. The major difference is going to be the quality of food/drinks.

Another major change over the course of a decade. Going to grab drinks at a local bar just isn't going to cut it anymore. When you're young you can get away with stuff such as drinking wine on the beach, a basic Italian restaurant and bars in general. When you're past 35 or so this is just not going to be congruent anymore. Nothing sadder than a guy who has to "think about" going to eat sushi for dinner when the total cost is only going to be $75 or so per person.

Venues and Dates:

A more standard expectation (your own expectation as well!) should be ~$100 a person for any sort of date/going out to eat set up. This is pretty standard as you'd expect to spend around $50-60 for food and another $20 for a drink + the tip (rough math). Since eating low quality food would make you sick anyway, there is no reason to cut corners when going out on a date or with friends. Roughly speaking, this should result in an increase of about $100 a night. When you're simply partying at college bars, the bill for food was coming in at around $50 a person since you didn't really worry about the high quality food.

This is surprisingly bigger than venues and dates. Traveling on red-eye flights are essentially impossible. Going in economy for flights over 5 hours or so is "questionable" at best. Staying at "cheap" hotels is not on the list either. This is going to add up quickly. Before, it was possible to drink a ton, get on a red eye flight and still feel completely fine. Something happens along the way and suddenly this just isn't going to work out. Luckily, when you sleep on a lay-flat bed, you feel rested so the additional cost is well worth gaining the extra day (it isn't even close to be honest).

Travel:

So how does this add up? It means your cost on long-distance flights goes up by around $800 at least. If you're doing extremely long distance flights (9 hours or so) the cost of that ticket is going to be up at least $4,000. Naturally this won't be a common occurrence but it still adds up anyway. For those that plan on travelling a lot we'll go ahead and give the main items out: 1) if there is no direct flight always make the first leg as long as possible, meaning the second leg should be short. Shorter flights typically have more daily flights so if there is a delay you'll still make it, 2) unless it is a lay flat bed there is no point in booking business/first class, the larger seat doesn't do much for you in terms of rest unless you can go horizontal or extremely close to horizontal and 3) unless it is for a vacation, you want to stick with direct flights. Direct flights allow you to save time and is worth the pain. Only avoid them if it is a red-eye.

Generally speaking, we think there is a large movement towards experiences/services over materialism. Now if you're in the $100M+ net worth territory all of these status goods come back in play. Either way. The point is the same. When you move up the socio-economic ladder you're going to find yourself spending a lot more disposable income on services and experiences which will range from massages/high-end gyms to better tickets at the next Knicks game (alright they are awful still but you get the point).

Services and Experiences:

Looking at the decade, "services" have no real meaning and then accelerate. Services in your early 20s consists of some ride sharing service, low end gym and maybe some laundry (that's about it). Fast forward and suddenly you're looking at some big changes: 1) blood work – anti aging protocol, 2) laundry consistently for dry cleaning, 3) some sort of cleaning/maid service, 4) massages – muscle protection protocol and 5) an upgraded gym. Adding the costs up, you're going to see an increase of around $1,000 or so (rough math). The good news is that most of these items will either improve your health (much more important than money) and save you a lot of time which will be used to generate more money than the cost of the service. A strange inflection point should occur here where you're making so much that your savings rate goes up without changing your life at all.

The final big item to be aware of, housing. You can get away with roommates until around age 25 (stretching it) and after that it becomes difficult. Must get your own place. We're not sure how each individual will make their choice but they have two options: 1) smaller pad with more amenities, 2) much larger pad where you're expected to host parties. We have a preference for option number one as it allow you to travel more. But. We also know several people who hate the airport and prefer throwing house parties more consistently (avoids the grind of going out consistently).

Housing:

This is the largest expense change by a country mile. This is also why we left it *out* of the total disposable income piece. It's going to determine how much you need since you don't want to have an unaffordable mortgage. We were going to put our own view on how much you should spend but decided to leave it out. There are too many moving parts: 1) if you live in a nice condo does your apartment come with a gym/sauna etc, 2) are you living further away from nightlife and intend on having a house with a large yard, 3) are you willing to pay up for monthly cleaning services on a house even if it costs more than the apartment, 4) will you be traveling a lot requiring a place closer to an airport (30 minutes away) and 5) how much noise can you tolerate changing the apartment floor level needed. Too many items to cover (we didn't even touch taxes) that will swing this number a lot.

Dollars

Now that we've covered all the major items that will change in a decade we're going to write out the dollar amount and utility level. This is entirely subjective. It's fun though as you can see a rough change in the "slope" of the utility. At the end of the day, money does increase utility even past $15,000/month, it just tails off.

Mapping Out the Changes:

At this point you're simply getting by. We give this utility value a 2.0. It should not feel like a good life since you're essentially paying the bills and doing your basic routine to essentially survive. A typical budget essentially has: 1) uber, 2) phone, 3) gym, 4) rare going out experiences and 5) one basic low level vacation a year. Sure beats living paycheck to paycheck, but it feels like treading water which isn't exciting.

$3,000 a Month:

There is a pretty big inflection here and we'd raise this all the way up to a 5.0. It means you can now plan for an international vacation easily, your gym can be upgraded and you're not worried about the bill when you go to a decent restaurant here and there. You can't close your eyes and buy everything but the feeling of "treading" water has left and you feel like you're moving in a positive direction. Mentally a good place knowing you can spend this every month with little worries.

$5,500 a Month:

The inflection continues and we'd raise this to 9.0. You'd think that the increase in utility would be weaker but there is a psychological benefit to being able to spend this much with no worries. We emphasize that this spending assumes your savings rate has not taken a hit, in fact, each time you jump up in utility the savings rate should go up if you're operating appropriately. In this general ball park you have everything you need in terms of spending and you only scratch your head on the big items like first class flights and other one-time expenses that are large. Many people would be thrilled at this level and don't feel a need to spend a penny more.

$8,000 a Month:

There is utility to gain but it is no longer a big move, we'll give this 11.0 points. The main thing that fades away is "one-time" charge concerns. This means those first class tickets are bought. The upgrades are not even a concern and you likely have a material possession that fits your personality (watch or car etc.)

$12,000 a Month:

This is the last significant move in utility and it only goes up a full point or under 10%! Here you essentially have everything you need. The additional increases are for chasing unnecessary items like a net-jets account or a Lamborghini. The odd thing about this spending range is that the only items out of reach are serious material items. Suits, watches, premium cars are all easily attainable but the "excess" or "super" version of each are out of reach. We're not sure what the ultra rich would think about this level but we're here to say that the move from ~$8,000 to $15,000 a month certainly sees lower increases in utility (unless you've got a drug problem). Essentially the curve looks a bit like an S as seen below.

$15,000+ a Month:

Now with that out of the way, where does the decline in utility occur for you guys?

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**

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The Definitive Guide to Doing the Opposite

The Definitive Guide to Doing the Opposite

In our year end blog review we explained that the best move on New Years Eve is to stay in. New Years Eve celebrations consist of nothing but the Junior Varsity crowd getting sloppy drunk at overpriced venues for $300 a head. It is a waste of time. This has been a consistent theme on this blog "do the opposite" and we're going to go through a large number of examples below. From small to large.

Small Examples

If you're new in town and want to find a good date venue then you should try a few restaurants… Solo. Most people are too insecure to do this and will unlikely read past the sentence we just wrote. If you've passed that piece and are willing to do so… Everyone sits around waiting for the check to come to throw in their "double the tax" tip and don't even think about trying to have an "image" at the restaurant. Do the opposite. Throw down a 40% tip before you even start eating and joke with the waiter () that you are making sure he doesn't blow you up when you bring dates in next time. He won't know if you're joking about this or if you're using self-deprecating humor. You'll show up with a date next time of course.

Example 1 – Tipping at Restaurants: Here's the trick. Tip before service.*note: not waitress since she will think you are hitting on her*

If you know of a few popular venues that have the type of women you like, then it makes sense to develop an "image" at the club (notice a trend?). This will range from the bouncers to the bartenders to the actual club/bar owner. Everyone else tries to grease the bouncer $20 just to get into the door with 2-3 other “bros” and ruin the club environment inside. Do not do this. If you are new in town, show up solo and have a good time. Develop rapport with the door guy a couple times during the night on small breaks chatting with him and other girls in the area. When the night is winding down tell him it was great to meet him (use his name of course) and slip him some cash on your way into a cab/uber.

Example 2 – Greasing the Bouncer: Here’s the trick. Grease the bouncer when you leave.

This is an obvious one to the long-term readers of this blog. If you’re running around trying to pay for bar/dinner tabs with credit cards to earn 1-2% reward dollar points you’re losing out big time. When you pay with credit cards you’re doing just that… stopping the flow. There is nothing worse than running your and watching the bartender/waiter fiddle around for 10-15 minutes trying to find your card mixed in with the masses. Not to mention… You can’t even establish that you’re a solid tipper. Waiting in the queue for the next round of drinks is a foolish move.

Example 3 – Paying Cash: *The biggest error when it comes to nighttime fun is losing momentum.*newly improved game

Most guys think that it is not manly to evaluate your looks. These are the same people you’ll see wearing crew neck T-shirts and Air Jordans out in public. Their loss. You don’t have to dress to kill 24/7/365 since you may be bogged down with work and staying in for the night. But. If you’re going to try and meet people you need to dress to impress. In addition, it would be smart to learn some basics around photography. Take a look at the video below:

Example 4 – Maximizing Your Looks:

Now you don’t have to watch four hundred videos like this but do some basic searches on YouTube and find a set of 10-15 tips to improve your looks. This can include basic photography like the video above (simply search for headshot photos for men) or it can include style of dress (just search for colors for men by skin tone). When people see photos of you it’s nice to know that you’re looking slightly better due to 30 minutes of basic research. Besides, any girl you date is going to show your photo to her girlfriends and say “do you think he’s cute?”. If you don’t believe this then why is Tinder such a popular dating app? Enough said.

Under no circumstances should you set up a meeting and show up late. This includes dates, interviews and meet-ups with friends. It is common advice that you should “make people wait” for your amazing presence. This is complete non-sense. If you show up early to any venue you’re going to have the first crack at impressing anyone in sight. Besides, if you’re willing to show up late to meet person X, you should just cancel the meeting. You don’t think they are important anyway.

Example 5 – Showing Up Early:

Notice that all the “small examples of doing the opposite” pertain to basic social skills and dating/acquaintances. This is because the lowest item on the priority list is acquaintances and random women at the club. That said, it is also the easiest to fix. So, if you don’t believe anything on here, try the tricks above and you’ll see they work. 1) leave a nice tip before service and the waiter will remember you, 2) tip after you leave the club, the bouncer won’t forget you, 3) pay cash to make friends with the staff – notice all three of these will cost money 4) evaluate your looks every year and 5) show up early or find someone else of value.

Small Example Conclusions:*but create valuable contacts,*

Intermediate Examples

Most people try to please everyone. That is a recipe for disaster because most people are not worth impressing in the first place. Before you bother trying to build a relationship… do some basic background work and find out if they are worth the time. If they are worth the time, .

Example 1 – Impress Only Those Who Matter: *go all in*

Twitter is a great example of this because we have weirdos and losers who @ message us to explain they are “un-following” the advice from both the main blog and Twitter micro blog.

If you want a clearer example of losers, just look at the garbage people who got upset by .

*Who cares.*Mike’s “offensive tweets”

In fact, every single time this happens our Twitter and blog followers grow because we lose the bad readers and obtain the good ones. A good problem to have. It is great to polarize people.

Part of the annual process of elimination is deleting useless contacts from your phone. This is done to prevent unnecessary emotional attachment to old friends. Just because someone has been your friend for 5-10 years does not mean they get a free pass to suddenly complain all day and waste your time. Most people believe that history is a good reason to keep a toxic friend. They are dead wrong.

Example 2 – Consistently Cut Your Contacts Down:

As you get older and your friends go through ups and downs the ones that stand the test of time always ask the right questions to get back on their feet.

Average people are going to read the paragraphs above and think it means .

*“When your friend is down you leave him!”***No.**

When your friend is down you give him access to all the *tools* you have to get his ducks in a row. If he continues to spam you to “borrow money” (see give him money) then you need to re-evaluate the friendship. The long-term friends you have (15+ years) will end up going through bad years. Your job is to find ways to help them based on their unique skill-set. Finally, when you hit a rough spot (and you will) it is your job to communicate what your skills are so your friends can help you find down the line.

a solid career

Most people buy items to impress other people. This is another recipe for disaster. Everyone has interests (sports, cars, clothes, drinking, traveling etc.) however these interests should be yours and *yours only*. Go out and try hundreds of activities and find out which ones you actually enjoy. You'll be surprised.

Example 3 – Buy Items for Yourself Only:

The vast majority of people *say* they don't care about the opinions of other people. But. Look at what they *do*. If they have to consistently announce to the world that they do not care about the opinions of others… Then of course they care… A lot.

So do the opposite, do the opposite, do the opposite. If you are going to spend some money on a material item? Great, buy it for yourself only. If you are going to buy something for a friend? Great, don't buy it because you are trying to coax them into something. Just give it to them and move on because it is what you wanted to do in the first place.

As we've stated numerous times in the past, money is to be spent on 1) making more money or 2) making you happier long-term. That is all.

For the first time in this post we had to put stars around a word in bold because it is extremely important. What is the difference between a legitimate and illegitimate mentor? Easy. He is investing in you. What does this mean? He invests real time into your success.

Example 4 – Find *Legitimate* Mentors:

This does not mean he should be holding your hand through every single step of a process, instead it means that the mentor is actively engaged in your life.

Someone you listen to every single step of the way is not a mentor. . That only has value if you have no working knowledge of the topic. It does not have value long-term.

Not a Mentor Example:*That is you following the directions of someone in front of you*

A person that is constantly trying to improve will eventually hit a decision point. Instead of running with his instinct he calls up a few trusted mentors to gather ideas on what direction to go in. That is extremely different from someone simply saying "do X".

Mentor Example:

In short? They want the answers in a "step-by-step" form at all times. You will never succeed this way. While it is great to have a general map or blueprint, no one is going to actually execute the steps for you.

Everyone else wants a hand holding experience through everything in life.

As you can see from the previous examples above, the intermediate examples surround friends and contacts. Generally, this is what most people are trying to improve upon.

Example 5 – Learn in Your 20s Earn in Your 30s: in their 20s

There is just one problem.

Most people believe that partying and chasing girls until 3 in the morning four nights a week is how you "meet new people". They even go out and try to run "game" in packs of dudes on the weekend.. during the day! This is wrong. Think about the people you meet in these environments and you'll realize that you're clearly violating rule number 1 by not having a solid screening system. If they are not worth your time go to the tried and tested move to get rid of them:

Smile, Nod and agree. After this, delete them from your contacts.

Finally, this does not mean that you should become a , it means that you need to learn to have balance. In our view this is going out *twice* per week. Thursday and Saturday since Thursday will have younger more attractive women and Saturday is by far the easiest night to meet women. Again, no need to simply believe this model. Try it yourself and report back.

boring frugal monk

On that note, if you are still running around getting black out drunk then this one is for you…

As you can see from above, doing the opposite is going to save you a lot of hassle in life. You're not going to respond to ridiculous drunk messages from that "one really cool guy" at 2 in the morning every Saturday. You are going to be "true to yourself" – as cheesy as that sounds and find activities you personally enjoy. 1) Only impress solid people – winners in life, 2) cut down your contacts if you make a bad choice – you will make several, 3) buy material items that make you happy – not in anyway used to impress the masses, 4) find a couple of high quality people that are willing to invest time in you and 5) build skills in your twenties, not damaged livers and childish hookup stories. You will have enough sex and fun if you strike a balance.

Intermediate Example Conclusions:

Advanced Examples:

That is right. The masses believe that you have to do something in particular (see win the lottery) to get rich. This is pure nonsense. The best way to improve your net worth is to do the exact opposite of this and focus on

Example 1 – Who You Are Determines Your Net Worth: You Inc.

We have mentioned You Inc. in the past and what this really means is. This is the only game you will play. How can improve where are, how fit are, knowledge base and ability to succeed? Notice that comparing to other people never comes into this equation. It never should.

you're going to compare and build upon what you had last year*you youyouyouryour yourself*

To reiterate. Everyone else believes that While it is true, this equation will only frustrate you. Why? You will end up complaining that no one is interested in adding you to their "special network". Here is what you can do instead. Re-read the underlined segment and compare yourself to last year. If you have more information on topics X, Y and Z… Then naturally… you're going to move up the food chain. Similarly, if your contact list from year 1 is not the same as year 2… You did something

"network = net worth". **right.**

Notice. Your network will expand in proportion to how valuable you are as a person.

This is not a typo because again… Do the opposite! Everyone else believes that time is money. They misinterpret the phrase to mean the following: That misses the point entirely!

Example 2 – Money is Time: *"if you do activity X you could have been doing activity Y which would make you money."*

Money is Time.

It means that you should use money to buy people's time. This can mean 1) hire someone and pay them an hourly wage or annual salary – no ownership!, 2) it can mean advertising since you are paying to capture the attention of people and 3) it can mean paying thousands of dollars to obtain face to face interaction with someone you need to meet.

Use money to buy people's time. This will make you money if you sell a product/service that is legitimate. Who cares if you spend $60K/month in advertising fees if it returns $120K in profit? Not you.

Pretty funny. Everyone that saw this blog over two years ago believed that it would turn into some "resume review service" or something to compete with . First we do not trade time for money and if we were going to build out a business like that the last thing you would want to do is build a reputation up on an established platform and stab them in the back. That is about the worst business decision to make.

Example 3 – Build Rich Alliances: Wall Street Oasis.Absolutely not and never will

Instead you build up a long-standing relationship and eventually you will both find a way to profit. That is a much smarter long-term model. Are we going to do anything now? Probably not, we are strapped for time. But. The point is that you should build alliances by delivering value to people you want to link up with later.

Funny that everyone "knew" it was going to be a Wall Street competitor. Of course they were wrong.

Everyone else tries to short cut the path to real money. No, real money is not "$250K per year" (something you can make) or some such non-sense. Real money is $1+ million per year or *at least * a one-time payout of $1M+.

Example 4 – Go For Real Money: at the age of 25 as a hedge fund associate

Real money is made when you develop many many many contacts (adding value to the bottom line of these contacts) over a long long long period of time and pull the trigger on an *event*… or by creating a recurring subscription revenue stream. That is the reality because is hilarious at best.

"getting rich slowly"

We have talked about the difference between minimalism and frugality in broad strokes (will have an updated version shortly) but the point is that . Lets assume that you are financially successful and have a liquid net worth of ~$1M by the time you are thirty. (As you know, this is our cutoff for giving any sort of financial advice, otherwise the person is not successful himself).

Example 5 – Live Well Below Your Means: living below your means will allow you to take risks in the future

That $1M in liquid cash is going to give you cash flow of about $50K per year. If you are smart (see doing the opposite), you will now use all of your extra cash flow to invest aggressively in businesses and higher risk assets (private equity, venture capital and others). Everyone else would go on a ridiculous spending spree, buying things they don't need to impress people who don't matter. If you don't believe this, why are people who win the lottery always broke? Now you know.

venture debt,

To conclude, the biggest tipping point is as follows. The catch 22 of this whole process is that by the time you are able to cover your cash flow with your investments, your entire income stream comes from work you love doing! Another one of those odd nuances in life.

"cover your living expenses with investments as fast as possible"

Clear as day, advanced levels of doing the opposite focus on money. 1) become someone instead of trying to "know someone", 2) use money to buy people's time, 3) build alliances, don't try to back stab people for a few bucks, 4) go for real money if you're going to build something and 5) live below your means to create options in the future.

Advanced Example Conclusions:

Elite Tip to Do the Opposite

Lets say you have succeeded at all of the items above. You are going to be in shape, financially well off, sharp socially and you will have a rolodex of successful people at your finger tips (Ideally sexy women as well!).

So what is left? The last item left on the list is to continue developing new interests. Yes that is the cheesiest way to end this post but it is the reality. Seriously. Look around. You will see that they have odd social manners and become even more rigid as they age! Make sure that you combat this tendency by continuing to get outside of your comfort zone. If you didn't do something new today, this week or this month. Go do it now. Do it today.

Many rich and financially successful people are boring.
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The Divide, Short Predictions and an Answer to The Inflation Question

The Divide, Short Predictions and an Answer to The Inflation Question

The divide is here. There is no real solution from a macro perspective since we're not politicians and we don't have much of a say on anything. One of the themes here is that you should focus on the "microeconomics" since big changes are unlikely to happen (waiting and hoping is not a sound strategy). While we recommend always taking the time to vote in favor of things you agree with, the reality is that the masses are going to decide the direction in the end. Instead of praying for a particular government official, boss or company to come save you… It's time to save yourself.

The divide between the people doing well and doing poorly is now on full display. We have no idea how this will be solved any time soon. What we do know is that the vast majority are going to suffer.

What is Happening:

Unless you work in an industry that is knowledge based, internet based or software based… You're in a lot of trouble. We cannot imagine having any business that is brick and mortar with no real revenue online. Nothing but carrying cost and expenses.

Thinking through this more, it is clear the the financial divide will widen even *within* industries like real estate and brick and mortar for a simple reason… survival rates. Take two examples: 1) a rent controlled building and 2) a restaurant that survives a massive 6-12 month drawdown. Realistically, the only people who can survive are the people with a lot of money.

If a person was running a building that had forced rent control, he's actually happy that people are leaving since they were going to stick around forever (money losing tenants). The restaurant on the other hand was already successful because it was able to survive 6 months of limited to no revenue.

While the obvious winners are there (internet, software, etc.) as people work from home, the less obvious one = the classic rich. The classic rich (through real estate or small businesses) will become extremely well off only if they were generating large margins. This is something that many people forget. You can run a small business of say 10 pizza shops, but if you were collecting 20-30% operating margins, your cash position is enormous and you survive… Only to take over the prime locations of your competitors. You're going to get bigger and better.

In a phrase: . If you were one of the "winners" in your arena, you just got bigger and better due to this pandemic. You didn't change your marketing, you didn't compete, you simply won through attrition.

consolidation of power

This is our new mantra. Every industry is going through consolidation as inventory risk is high. Maintain every single relationship you have, put on those $5 t-shirts… $25 jeans and continue working. Why? Even if you're flat you're getting *way* ahead. The reality is that attrition is going to accelerate across the board in every single industry. Do what you can to stay as close to flat as possible (up is of course better).

Thrive Through Twenty Five:

Do not take your foot off the gas. When you see banks trying to encourage personal loans, credit cards, refinancing etc at rapid rates… you know things are starting to get bad. This means your competitors are dying off.

Within your industry (if you're in a career), you'll see more cuts around Q3/Q4. So you just need to survive. Do not complain about being flat as you're actually gaining ground against everyone on a relative basis. From now until 2025, you need to push as hard as you can as economic downturns create the most wealth dispersion. If you're in a career, do not complain about pay unless you have a job offer in your hand. Period. Having zero income is not a wise decision in the current economy.

With the main concepts out of the way, it's time to focus on the most important person *you*. That's the reality. If you want to help your family, friends etc. You need to be in a position to do so. Using all of your time to produce is the fastest way to provide. Using your time to provide limits your abilities as you have no scale. If you can produce at or above what you were doing last year, you can leverage your earnings (therefore trading money for time, most people attempt to do the reverse).

Micro Personal Choices:

This is an extreme situation. Unless you're in a private setting you do not want to flash money. You will be targeted (burglary, robbery, etc.). This seems obvious but we'd even avoid wearing custom/high quality suits. There is no reason for it as meetings are now virtual. You can wear them for the zoom meetings but don't be foolish. You don't want to wear it in public. If you're looking for deals on flashy products (watches, high-end cars etc.) this is the time to shop. That said, we'd strongly recommend items that hold value. IE. better to get a deal on a Rolex vs. a 2020 Porsche. Why? Well, this economic unrest is not going to go away any time soon. Our posts on the virus (received laughs) and yet it is playing out as expected as we enter a second wave (a bit earlier than expected but that's noise as predicting exact months is next to impossible).

Avoid Flash:

People are "over it". This is the common phrase you'll hear. They are okay with getting sick and infecting other people at this point. The good news? If your friends are intelligent they won't yell at you for staying at home. Keep your contact points at or near zero as you don't want to infect anyone else. Save the first world problems for a different year. Men and Women have lost their kids in wars. Men and Women have suffered heart attacks. Men and women have battled with cancer. We're pretty sure everyone reading this can avoid bars/clubs and massive group settings for six months.

Limit Contact Points:

If you are bored in this environment you're probably just a boring person to begin with. You still have a lot of options… so here we go: 1) new instrument, 2) isolated sports like golf, 3) gardening/home repair items, 4) purchase a pet dog and 5) outdoor hiking in less popular areas to avoid crowds. For fun if you want a recommendation and you are 25-35 we will go with golf. Is it fast paced? No. Will it cause you to meet other rich people? Yes.

Add Individual Items:

If you were looking to learn a skill that you can leverage in the future, becoming a decent golfer will help. Lots of people never learn and this is a great excuse. Take all your fun/travel/partying expense and learn to enjoy a sport like golf that will stay with you until you're in your 70s. If you really cannot stand the game, go ahead and look at the other items we mentioned.

This has been an interesting one. Practically everyone is learning to cook their own food so you may as well follow the masses on this one. You don't need to go against the crowd in everything. Learning to cook is healthy and it's a skill that will also stay with you for 30-40 years. As a note, the more expensive items are actually on sale and the cheaper items are actually going up in price. That is how bad the economy is doing. Many families cannot afford expensive items like scallops and lobster, so you're seeing lower prices on high-end steak cuts and seafood. The price of pork and chicken appear to be going up (general comment).

Add Cooking:

Yes we are serious. We're not going to get into a battle over home security systems, guns etc. All of these topics are far too emotional. That said, the world is getting pretty chaotic so it would be wise to research a wide range of security features. We talked about safes/vaults in the past but we continued to go down the rabbit hole and are looking at every single security item from cameras to wall types (for homes) and more. You just don't want to leave a single stone unturned. This is one of the best times to get the research done.

Revisit Security:

For those with no income, we'd strongly recommend learning a trade that can earn a livable wage over the next 5-10 years. Our blog has grown quite a bit which creates a wider range of income distribution (previously only focused on high earning individuals with $250K+ as we focused on the big three money making careers). So. For those that are simply trying to get started, we would go into any trade (medical – you can learn to draw blood for testing; standard trades – plumber, auto mechanic; any heavy equipment installation – generators, HVAC systems etc.). If you can learn any of these basic items you'll buy your self at least 5-10 years as they are difficult to automate with a robot near-term (again, this is a temporary solution and something you can easily learn in a short period of time).

Learn a Trade:

If you had trouble making money in the 12 year bull market and are struggling to make money in a recession as well… the reality is that you probably haven't tried hard enough to succeed. This is not something people want to admit as they never take responsibility for their own actions. So…

Ads are Back:

Why? This is a rare opportunity where big players have paused/cancelled their ad spending. What does this mean? With major companies cutting their budgets for "political reasons" or "social reasons", the cost of ads has gone down (cost of bids is now artificially low). This is *THE* opportunity to figure it out. If you were close in 2019, you should be able to make it work right now (as we speak). Not sure if we can be clearer than that. You're unlikely going to get another opportunity like this where spending is down among major players… opening up lower bids for at least a quarter (ability to test every single ad idea you have).

The time to figure out the ad game is now.

<u>A Macro Question – Inflation</u>

On a separate note we noticed that a lot of people don't understand this topic: inflation. When people talk about inflation and the declining value of the dollar, at this time they are referring to *money printing*. So we need to be clear here. Most people think of inflation as "price of products going up". However, this shouldn't be confused with *inflation of the money supply*.

Keeping it in simple terms. Lets say there is $1T USD floating around (no this isn't even close, Google search M0 money supply, we're making an example so it is easy to understand). If you have $1T in physical cash floating around and suddenly print another $1T and spread this around evenly, you've now caused the money supply to double. This would be *inflation of the money supply*. Even if people do not buy goods (they sit at home on the money), the number of dollars floating around has factually doubled.

This should explain the issue clearly. Right now the government has to "guess" and fill the void of lost demand by printing money (at least that is their strategy). Since people cannot spend their money right now, it's difficult (if not impossible) to guess the exact amount of money needed to keep the dollar value flat. If they print too much and the economy opens up in full force, you might have massive price inflation of goods. Why? Well, if your net worth doubled you're willing to spend more than $100 for those Nike shoes and more than $100 for your favorite dinner spot.

Hopefully this clears it up, monetary inflation, price deflation and price inflation are three different items. So we can move onto the next step.

In an ideal situation they do not want deflation and would prefer to have *slight* inflation. Slight inflation is "okay" since we are a debt burdened country. Think about it like this. If your average citizen owns a $100K house ($20K downpayment, $80K debt) and makes $50K per year… If his income goes down to $40K and the price of the home declines to $80K, he's in big trouble. Why? Well he still *owes* $80K in debt (assumes 80% was purchased with debt) and the asset is only worth $80K. Meanwhile his income also got cut by 20% so he can't make payments. Not good. Leads to tons of defaults and a cascading disaster.

What Does the USA Want?

What does this mean for you? It means the government is going to try and veer on the side of inflation. This is all you (the reader) needs to understand at this point. If they are going to veer on the side of inflation it means they will more likely *over print* versus under print. If they over print a bit and the example above sees his income go to $55K and his property go to $110K, he's in a lot better shape compared to the $80K home and $40K income. While they are simply numbers on a screen, the debt part is significant as he has the option to sell his home at $110K (making a small profit). This is a *huge* deal as it allows him to downsize if his wife loses her job or he has sudden expenses to take care of. IE. optionality is there.

Now that the utopian answer is here: exact printing given to individuals who need it… we need to shift gears and focus on reality. The reality is that businesses are blowing up left and right and the money is not exactly going into the correct hands. Having the government buy bonds of individual companies (many of whom don't need government help) is not going to flow to the middle class. The only thing that helped a bit was a $1,200 check to the middle class.

Fast Forward to Now:

Since the money will not go out effectively we're looking at a dispersion of wealth (outlined above already in this post).

In summary, since we enjoy flow charts. this is what we should expect to see: 1) people sell assets to pay bills, 2) price of assets goes down, 3) value of dollar goes up since there is high demand for it, 4) government prints money to try and prop up asset prices since those assets are being sold for cash, 5) this happens yet again as people are forced to sell, 6) government print more to offset the selling pressure… repeat repeat repeat. So the "money printer go brrrr" meme is alive and well.

This is why we've continued to say the same thing: just buy gold, crypto and hold enough cash (different number for everyone). Why? Well the one thing in common is the *number of dollars being printed keeps going up*. Again. They will print to offset people selling assets for cash to pay bills. The common denominator is printing which means you want to own items with limited supply (gold is a good example). No need to get fancy.

For a better explanation of the driving forces we'd check out the video below.

In order of importance: 1) do not flash any money in public settings. Yes we're serious. This is an actual safety hazard at this point in major cities, 2) it will likely get worse, yes we think the pandemic will continue through year end. You want to keep yourself as safe as possible by maintaining social distancing measures, 3) this is the best time to learn a skill/trade. Does not matter what it is. Make sure it is usable over the next 5-10 years and worry about the details later. Delete the news and focus on learning something (anything) that can pay the bills in a worst case scenario, 4) Flat is the new up – don't complain unless you have job offers in hand. If you do, feel free to ramp up the pressure, politics will remain important so don't mess it up and 5) focus your efforts on scarce assets and cash. This will give you the opportunity to buy time while simultaneously avoiding a massive pile of cash earning 0% over the long-term.

Concluding with a Focus on You:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1-2x a month for purchasers only.**
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The Downside to Blogging

The Downside to Blogging

Blogging is great. Anyone who has succeeded in the life should start a blog as a simple way of paying information back (to those that will listen of course!), yet blogging does have its downsides. Lets take a look at them.

This has to be the most annoying one. For anyone with Wall Street experience, you know that asking the same question twice is the fastest way to guarantee you will be at the bottom of the ranking pool. You will be bottom bucket, 4th quartile, faster than Usain Bolt can run a 100 meter dash. Yet. It still occurs.

1) Repeat Questions:

The most common ones we get are listed here, and they generally revolve around the same topics:

If you're not a multi-millionaire the chances of you being smart enough to outdo professionals is pretty much zero percent. If you're a multi-millionaire, you likely started a business, therefore you know the actual products and industry inside out and *may* have an extremely slight edge. Everyone else trading for money is going to get emotional about meaningless 10% declines in the market.

*How to *beat the market*.*

and create . You will be significantly better off having 3-5 streams of income, than you will spending any time generating 5% extra returns on a meaningless 6 figure portfolio.

Dollar cost, work you a** offmultiple passive income streams

There is no blueprint and people who sell you on line for line, rhyme for rhyme words that will get you laid… The people who request these types of posts have not even tried to get laid.

Blueprint to Getting Girls: are wasting your time.

This is not mean at all. It is simply the truth.

If they were to go out and approach 100 women (less than a month of effort if someone cares to do so) then they would find their own specific sticking points. If you do your best to look sharp, be in a positive mood and approach… You'll likely get laid. In rare instances, people with severe social skill issues, you may go zero for 100.

But even then? You will have specific issues, see sticking points, where the pick up falls apart.

If a person asks you for a blueprint tell him to go approach women. If he comes back with specific parts in the interaction where he falls flat on his face… He actually tried and you can now help him. Until then, don't bother.

Once the rubber meets the road and your who wasted 4 years of their life chasing girls start to fall off the radar, you'll learn that they don't like to hear the truth. They would rather read feel good information about how they can "make it too" than recognize they made terrible decisions that will take at least a decade to overcome. Instead of learning harsh truths they would rather be entertained. Unfortunately this will continue to get worse as you age, maybe 1/10 of your buddies will turn it around, the rest will become jealous of you and expect you to give them a handout because you are their "friend".

2) People Don't Like the Truth: friends from college

What does this have to do with blogging? In short, if you tell people the truth via a blog, they will get angry at you because they see their own mistakes in the writing. If what you're writing was truthful, you should anticipate some serious venom.

As your blog grows you're going to receive a lot more email. First it starts with 1-5 emails a week and you're excited to see you have some fan mail. Then… It grows to 10-15 per week. Still manageable but you're getting lower quality emails from people demanding you help them… as if your time is free and grows on trees. Finally, you start to get into the 10 per day range and begin ignoring large amounts of emails – 1) you don't want to use your time to respond to them and 2) most of them offer no compelling reason to read them.

3) Emails:

but that's the name of the game if you have no serious intention of becoming a full time blogger.

The worst part of this email trend is you likely miss out on some good ones,

We have a solution for this but it's not going to be put into action until 2015.

Traffic flow is practically impossible to control. One day you can be at your regular X thousand views per day, then out of nowhere, it jumps 5-10 fold or more. This creates a problem since a casual blogger does not have time to respond to questions/comments/emails and again many of the items get dropped to the wayside.

4) Traffic Flows:

On the flip side, if you're a serious blogger, you should plan for ways to monetize a spike in traffic outside of simple ads that help you track page views. Think of how each post would help sell a specific product. This way, you avoid the hassle of missing lost revenue.

Even if you're having a good time helping people improve their lives, you have no way of helping everyone. You're going to get busy, you're not going to prioritize them and a potential success story will slip through the cracks. It's simply how it works.

5) You Can't Help Everyone:

The best way to combat this is to have an allocated number of people you will allow yourself to exchange emails with and work with privately. Our number is a It is a low number because 1) we would rather help someone to the fullest than give 50% effort and 2) the number of people that are significantly underperforming relative to their abilities is low.

maximum of ten people.

As soon as you start gaining traction, you're going to get emails/requests on the weekend. While you can avoid tweeting and posting on Facebook during the weekend, you certainly cannot do anything about people searching the internet for the truth.

6) It's a 7 Day Per Week Process:

In addition, if you blog is new and *different* then people are more likely going to read it at home versus at work. They are afraid of being caught reading obscure websites at work because… you know… Human Resources.

At the end of the day, you're going to primarily speak to 20% of your readers. Just like everything else in life, where all good things flow to a small subsection of people, your writing will only reach about 20% of the readerbase.

7) 80/20 Rule:

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With the bad out of the way, there are a lot of reasons we're continuing to blog.

We've made a few friends through blogging and have also helped connect people who would have a mutually beneficial relationship by meeting. Win win.

1) Friends:

To say that the writing in the past was poor is an understatement. Writing for a blog is nothing like writing professionally or at the collegiate level. Completely different skill sets.

2) Improved Writing:

We thought we were going to have our first miss but the candidate eventually came through. We have helped a select few people with Wall street advice and a total of zero people have failed. The number of success stories is getting close to 100. Not bad. More impressed by the 100% success ratio. (no we still won't do any sort of resume review service since we do not trade our time for money).

3) 100% Investment Banking Placement Rate:

This blog is still a hobby. If we wanted to increase the traffic it would likely take 2-3 months of actual effort instead of the 3 hours per week we put into the blog at this point. Oddly enough it's still growing!

4) A New Hobby:

As you know, If you can learn to teach/inform via a blog it's going to improve your salesmanship. Not in a material way, but it will certainly help.

5) Learning to Sell is Harder than Learning to Buy: everything is sales.

The grammar police will always be watching! In addition to the spelling police! Continue to free form write and you'll find that your spelling errors will naturally decrease. This will help your more important emails that are unrelated to your blogging hobby.

6) Improved Quick form Typing:

With that out of the way… Expect some Wall Street effort shortly…

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The End of Centralization

The End of Centralization

It is going to take several years but the end of centralization or the top was likely 2020. We don't even follow politics as many know but you can see the slow and steady move to control: 1) you can start a competing app, 2) removing apps they don't agree with and now 3) coordinated de-platform and loss of servers.

While the same old idiotic logic will show up “it’s a company they can do what they want”, this always misses the point: it means the firms have more control than the government at this point. Why? Well if you can remove the current president from being relevant you are the actual king of the jungle. As usual, this is not important. All that matters is what you should do and how to prepare.

If you haven’t figured it out by now, we’re sorry to say you’re behind the times. Crypto is going to balloon at this point and we will see innovation unlike any other industry (including the internet). The reason is simple: people can now create privacy and payment forms over the internet in small digital packets. This is simply the end of centralization as we know it.

Crypto and Decentralization:

Again. Feel free to laugh. Doesn’t matter to us, if you are laughing or think it won’t work then the comment is simple: “Have Fun Staying Poor”.

Right now the average individual operates his/her life at a loss. This means when you make $100 and put it into a bank account or in your mattress, that $100 no longer buys $100 worth of goods in a year. It can only buy $98. In addition, if you wanted to pay for college, a home, or stocks it would only buy $90 worth of goods. This means the system is designed to inflate away your hard work. Those days are now over and you’ll be able to hold your purchasing power flat through the use of crypto currencies. The $100 you save will likely be worth $100 in 10, 20, 50, 100 years in the future. A real savings account.

Decentralization doesn’t just impact money, it impacts every single industry with a middle man. Since the middle man can control the flow of content: facebook, twitter, etc. They will now have to face competition from decentralized servers that run with censorship resistant platforms. This is admittedly several years away, but the changes we saw over the past week have accelerated the move in this direction by a minimum of five years.

Even if you don’t believe the above apply to you because you’re rich, the wealth taxes and UBI are coming. Some believe that the US and other governments can simply print money forever. That is not the case. You can look at history and find that to be true. People in general believe in “American exceptionalism” where the USA always “finds a way”. This is also unlikely at the current printing levels.

UBI and Wealth Tax:

Again. Even if you think the above is crazy conspiracy it doesn’t matter, you still have to hedge. So think through the consequences of massive printing. The answer is the same, you need a way to store your wealth so it cannot be confiscated and in addition to this, you do not want to be “illiquid rich”. Illiquid rich means large foot prints in expensive real estate or large sums of money in a single brokerage account. So on and so forth.

Our best guess is that a wealth tax (in some way shape or form) will come in the future as the rich have gotten insanely rich, while the middle class was thrown into poverty in less than 12 months. The only way to really fix that is by 1) taxing the rich aggressively based on income, 2) implementing a wealth tax or 3) implementing a bigger inheritance tax. Since we’ll get the question anyway, our best solution is likely an inheritance tax. To be clear, none of these solutions are great, but there is likely more room to fund deficits if you take a billionaire and say he can’t hand off more than $XM to his kids/family. Income tax changes kill off the potential for new entrepreneurs and a wealth tax ends up being a lot more complicated. Therefore? If you’re well off you do not want to have an obvious tax footprint. Make sure you appear to be “upper middle class” and hide in plain sight as these new rules come out in the future.

Which then leads us to UBI! Guess what, UBI is coming. Old boomers who are behind the times will say “this has been a theory for years”… unfortunately the same boomers just passed on insurmountable amounts of debt to the millennials and generation Z. UBI is one of the easiest ways to prevent people from slipping into poverty in droves. During this time frame, the decentralized internet will be built out and new economies will be built out in the virtual world (NFTs, Crypto assets, etc. see the book “Ready Player One” if you want a serious look at opportunities in the future even though it is meant to be fictional).

It has been over 12 months now of lock down. People have adjusted the way they live in a permanent manner. While some cities will boom (Miami for example), this is due to improved weather and tax treatment. It is unlikely that this trends slows down any time soon. The idea of sitting in a small apartment to go to an office is simply crazy. Front office workers will eventually go back to traveling but when you have “prestigious” companies such as Moelis going remote, you should be certain that this is structural (not temporary).

No Need for Concentrated Cities and Even Establishments:

Lack of concentration has a lot of other implications beyond real estate. It also impacts the way that public goods need to be built out. If you used to have huge chunks of the population in certain cities and they are suddenly spread out across the state, the deployment of public goods will be different as well. The best example here is likely schools. If the USA wants to compete on a global scale in the future we have to move to a virtual environment which allows for both the rich and the poor to learn from the smartest people in the world. As we remove this massive barrier to entry (rich kids who were given massive head starts due to their parents), it should unlock value for millions of people who could have succeeded with the right resources. There is no reason to send kids to prisons where the teachers are unsuccessful with limited life skills to pass along.

Of course the other big one is banking. As we’ve been saying for quite some time… if you’re going into finance only go into M&A. The long-term outlook is bleak to say the least. With interest rates going to zero and the growth of financial technology (Square, PayPal, etc.) the usefulness of the legacy banking system is in secular decline. Money is nothing more than digits on a screen and the future is the digitization of all payments. The payment rails will be built out by new technology and eventually the dollar and other currencies made by countries will be digitized (just look at the talking points from the IMF for more information on this)

The one benefit here is that a smart individual can now scale a business into the millions and even billions of dollars without a single hire. Think we’re kidding? We’re not. In the future with software scaling at the rate it is today, you’re going to watch as all processes become automated. This leaves the following for work: creativity/becoming a producer. If you cannot produce or create, the world is going to speed past you.

Acceleration of the Digital World:

Take an e-commerce business for example. All you really need in the future: 1) manufacturing and 2) distribution. That’s really it. Sales can be done by you (ads online), customer service can be outsourced and you are left with accounting which will of course be automated by software. What do you actually have to do? There is no need for a CFO anymore, there is no need for hoards of accountants, there is no need for massive teams or “headcount” which is a product of the industrial age where man power meant production. All of that is simply gone.

Long, Long, Long term, meaning 15 years or so, since digital items are now scarce the value will sky rocket. This is because people will be forced to earn all of their income online over the very long term. Sure there is is going to be some of the legacy stuff around (same reason why printers still exist despite DocuSign and PDFs) but the picture is the same… move to digitization. In the digital world you can then find scarce pieces of art/video that will likely go up in value, for a sports example (since this is what average joe understands), NBA Top Shot is a great example

https://www.nbatopshot.com/

For fun we’ll do a sci-fi example, feel free to laugh. You put on your VR headset and enter virtual reality. Since all economic activity is now done via VR since everyone is connected and you can build anything you like, there are rare assets such as NFTs (non-fungible tokens) such as digital art. You can go up to the piece of art and walk around it and see it but it is not yours. Just like a physical museum, in fact you likely pay to view the rare exhibit. You also own digital coins/tokens for payments and digital homes/vehicles. Meanwhile in the “real world” you’re sitting in a small area with a simple bathroom and kitchen (think studio sized living). This means your quality of life is significantly higher at the expense of being in a bit of a smaller area. But hey, unlike the year 2000-2040, you get to keep what you make. There is no barrier to entry in terms of competition. While Ready Player One and Ready Player Two are incredible books for entertainment, they should be read with a bit of seriousness as a lot of the things are possible when VR takes off (next to no chance it evolves exactly like the books).

We've been incredibly busy to start the year but we are seriously considering an explainer for decentralization. This is probably the only thing you need to understand to be rich in the future. If you don't get it by now you're at least 5 years behind the times now. People who believe it's going to zero are simply morons. As our long-term readers know we rarely go out of our way to make a statement like that on the blog (we do it often on twitter to troll), but we're saying it now. If you don't get how important decentralization is going to be in the future, you will miss out on the biggest opportunity in your lifetime.

Side Note:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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The Five Rigged Games in Life

The Five Rigged Games in Life

There are several things you cannot control in life and most of them occur before you're even born: 1) who your parents are, 2) your nationality, 3) your genetics and 4) the education you start with. Naturally, all four of these things have a large starting impact on your life. Being born with a billionaire parent vs. under the poverty line, dramatically changes your life. There are always ways to get out of these situations but there is no denying the truth. Being born with the "right" items out of the gate makes life significantly easier. There is good news however. Life is a rigged game so if you play the cards correctly and "hack the system" you'll get out quite easily.

Since information is a commodity anyone can get rich even if they have bad results from the big "four". You can still get access to the internet, read for free and get rich without stepping into a classroom. In fact, we have a clear outline for and this is written in less than 10 pages. In the past, information was not equal and it was possible to lie about the truth (the truth about how making money is done) and that is largely left to the foolish. In 2018, anyone who falls for get rich quick schemes is well below the bottom quartile of the intelligence spectrum. Even if someone falls into the bottom quartile, the logic and reasoning is publicly available to be seen and proven over and over again. Maybe the hot stove is touched once… But it is unlikely to continue unless there really is a sucker born every second (based on our experience, this is still true. A sucker is born every second, likely faster!). Jokes aside, the same sucker can learn from his mistakes if he really takes the time to read.

$1 million dollars in 10 years

Money is the First Rigged Game

The first rigged game is certainly money and there is one big trap here. The trap? The personality destruction that comes with it. You'll find that "most" rich people are boring as rocks. They are and simply worked hard all day long slaving away to make money. They are so conservative they don't even think the 4% rule works and likely live at 35% of annual passive income "just in case". These are the same people that exhibit large amounts of passive aggressive behavior, live with quiet desperation and just don't see money as a tool (instead they view it as their actual worth).

extremely conservative

If you avoid this trap, you can win the "money game" by simply feeding these individuals what they want to hear "that they are right". If you have no talents at all, simply put yourself in a position to tell rich people they are smart. This will make you rich. If you do have talents, you can simply sell products that target insecurity. This is exactly why Ferrari's and name brands exist. Since money is the *identity* of your typical rich person (he has little beyond this) selling to that identity will make you even richer than the most basic strategy of "telling them what they want to hear". For those that are uninitiated: the typical answer for getting rich is to give people something they need. We just take it further. We already know the highest profitability lies with the rich and we also know they are insecure. So all you need to do is find a product that makes their life easier and make it seem prestigious. An obvious example would be Fiji Water. It is simply expensive water but is branded as prestigious. This is why you see them in all those high end hotels. Absolute non-sense, but a great business.

The difference between a want and a need is that the "need" part cannot be ignored. Frugal people have low "need" levels because they are laser focused on cutting costs. A rich person is the exact reverse. He doesn't to cut costs. This leaves you with only one option, which is targeting his or her *need* for approval. Rich people are just regular people on steroids. They believe they are better than everyone else (they believe this deeply) and simply hide the fact. There is no denying the truth though. They have an absolute *need* to be seen as better than other people. Sometimes it is materialism but for the most part it is attention.

have

Now that you know how the money game works we have given out the two most obvious ways to get rich: 1) You feed the need for attention or 2) you sell them a product that gives them more attention. That is really all there is to it. The second option takes a *LOT* more work and offers a *LOT* more financial gain. The first option is for people who really have minimal skills and just want to benefit off the hierarchy of life. Afterall, if the CEO of a multi-billion dollar company loves you, it is unlikely you'll be fired within his firm even if you're simply working in Human Resources handing out the paychecks.

Happiness is the Second Rigged Game

The second rigged game is being happy in general. From the first section you can see that there is a clear way to get rich without having any talents. Once you have this money, it does not guarantee you will be happy. Being happy is more inclusive: personal relationships, self-esteem etc. Fortunately, just like money there is a basic formula to being happy which is as follows: Don't bother comparing yourself to anyone else and put all your effort into each day. That is really all there is.

You'd think the formula would be more complex but it isn't. The problem is that most people can't do either one. Comparing yourself to others is encouraged by practically everyone. You'll get passive aggressive comments suggesting someone who is your age or younger is already more successful. You'll get passive aggressive comments about being less important or "inferior" to older people as well. It is interesting because people who exhibit this behavior are not happy otherwise they wouldn't waste their time with the comments in the first place! If someone is both happy and rich they don't even bother, they are more interested in having a good day.

The second one is more psychological. Once you're set financially, you may go through the classic drug and alcohol addiction cycle as becoming financially independent is the hardest hurdle to jump through in the game of life. After this you'll find a balance in the stress spectrum. At the lowest end, if you do nothing, you'll get bored. Flat out bored. On the other end, if you try to do too much, you'll be stressed out again and defeat the purpose of beating the "money game" in the first place. We'll leave it up to the reader on how to adjust when they get there, but we've found that working until "tired" and calling it a day is just enough. No more long nights, no more stress. The only time the far end of the stress spectrum is acceptable is when you know it is temporary in nature. Then you balance this out with an equal amount of time of relaxation. Remember, just because those digits go up doesn't really mean much. Sure you may upgrade from a three bedroom to a four bedroom… but it's definitely not going to compare to the original dopamine rush of being "done".

Relationships is the Third Rigged Game

Eventually, you learn human psychology. If the general framework is learned, you'll never have a problem with relationships. Well… Never is a strong word, but you can reduce the probability by a large amount (probably 90%). Relationships are no longer a topic of this blog, it hasn't been for a couple of years since it should be figured out by late 20s (at minimum). Continuing to talk about "strategies" to meet people becomes ridiculous since you'll end up attracting the people who like your personality if you move up the value chain enough. We haven't met a single rich and lonely person who didn't have some sort of personality disorder. Learning how to strategize is essentially a Bandaid on a gun shot wound. It will bleed out eventually so don't bother.

How to win this rigged game? Quite simple. Never enter into a single relationship that you don't think will last a lifetime. That is right. As soon as you see a single character flaw you have to leave. You're essentially front-running the inevitable (which would be a parting of ways). It may take one day to figure this out or it may take three years. It does not matter. Once you realize the relationship isn't going to work you should leave. We're using the word relationship broadly because you can apply it to anything: people you hire, people you date, people you are friends with etc. This makes your real relationships extremely clear cut and dry when compared to your "acquaintances".

How to manage acquaintances? Yet again change the expectations here. If you have an acquaintance for swimming, don't expect them to be interested in your businesses or other hobbies if they are completely unrelated to his field of work. Generally, an acquaintance is someone who you have a single item in common with. There is no reason to expect more out of someone who only have one overlapping interest. This also allows acquaintances to come and go throughout your life without doing any sort of damage to your personal life. Yes it is terrible when your golf buddy leaves and you're forced to find someone else but it's not the end of the world. Sure beats hiring the same guy to your company for a role he wouldn't succeed in and leaving on a negative note.

The last item: . No matter what, people are animals. If they are incentivized to do something and it increases over time… Don't be surprised when it happens. This means you should not be surprised to see your closest relationships (not acquaintances) turn sour if they are put into a situation where they are incentivized to act poorly. People are capable of accomplishing practically anything. That said, it would be wise to incentivize them to align with your interests. Before asking for something, make sure everything is aligned otherwise you'll be sorely disappointed long-term. This is naturally since everyone does favors here and there. The "tit-for-tat" is mentally noted no matter how close the person is.

believe in incentivesmore of an art than science

Momentum is the Fourth Rigged Game

Physics applies to everything: Objects in motion stay in motion. Once you've established yourself, the key is simply moving in the "right direction". We constantly laugh when people believe they will "officially retire". Anyone who makes it to a few million dollars early in life, is ideally smart enough to realize he will get bored doing nothing. The key is simply maintaining "momentum". This is a massively rigged game. If you have $5 million dollars, with just 4% return you're looking at $200,000. This means your "money momentum" only requires you to spend under $200,000. Many people assume this means you should spend $200,000… That couldn't be more wrong.

What this means is that your is what determines what you spend in a year. We've said this many times but it continues to get mis-interpreted. Cash flow is more important than net worth because it determines your long-term net worth. Your net worth is going to go up and down a ton every single day. Anyone who is actually rich knows this and does not worry about the fluctuating digits in the air. If you have $5M and the portfolio tanks 10%… There is practically no way to offset this since that is a $500,000 decline in a single day. Instead you should look at your quarterly cash flows and decide if it was net positive or net negative. That is all that matters. If your cash flow coming in is always well above your cash spend you're not going to go broke. Once this capital machine is up and running you'll realize why rich people don't "know" what they are worth. But they certainly know exactly how much cash flow came in last month or last quarter. … It still isn't a big deal. You simply hold onto those investments, spend under the total annual income for the year. No change. (Total annual income would be $100K + cash flow from your business). It bears repeating. Once the nest egg is made, the momentum game is yours to screw up! Practically impossible for any intelligent individual.

CASH FLOWIf the passive income drops to say $100,000 for a year

Importance is the Fifth Rigged Game

The final rigged game is this desire to be seen as important. Once we realize we're just a spec on the earth and no one cares if we stay or leave, the ego takes a big step back. Attention is natural as humans do want interactions. That said, keep this level as low as possible. Much better to let people believe they are smarter than you and better than you unless there is a clear reason to show your cards. We've seen nothing but negative ramifications from being an attention monkey. Attention is certainly a way to make money… that said you don't need the money anyway… so why bother? Just an ego stroke. Once basic way to avoid this pitfall is by avoiding brand names for as long as humanly possible. Since it is all but guaranteed you purchase a few fancy items in the future, limiting these items is key. There is a line between "doing this for me" and "doing this to impress others". The second item in quotes always ends in tears.

These are the five rigged games. We've been blogging for about 6 years and yet we still get mis-interpretations of all of them. This is likely because there is too much marketing out there. While this is a publicly available article… We're still going to invest heavily in brands (targeting insecurity), fast food (terrible for health) and insurances (related to fear, similar to those stock market going to zero articles). While we don't believe in them ourselves, it doesn't mean that they will fail. In fact, it means they will succeed since 99% won't get through the first step! This is all good news for anyone reading this, they know exactly how to play the game… They know that people won't change and therefore… they know how to take advantage of this rigged game.

Conclusion:

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

Efficiency, Get Rich Without Giving Up Your LifeClicking Here.
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The Five Stages Of Earning Income

The Five Stages Of Earning Income

Many people get stuck in a specific stage in life and never seem to make it out. The problem is typically due to cash flow issues or major life mistakes. In rare cases, the situation is uncontrollable (we'd wager below 1% of the cases). Since the goal is to get rich we'll go ahead and walk through the stages of income. We'd also be interested to hear where most of the readership is in terms of the life stages. We have no doubt that several of you are already in stage five reaping the benefits of a long and fun journey to the top.

Stage 1: Time for Money Exchange

The first stage in earning income is trading your time for money. In this stage, people are searching for a way to maximize their hourly wage. Almost everyone will work an hourly wage job at some point in their lives, especially the smart ones who work minimum wage jobs in high school to learn the value of money. It is important to note that the value in working for an hourly wage is not in the income produced. The income is meaningless if you're only earning $10 an hour doing a repetitive task. The real value comes from the *light bulb* that goes off in your mind. You find yourself doing the math and realizing that even if you were to work for 20 years it would be extremely difficult to save anything: $20K a year * 20 years is just $400K (pre-tax assuming 2,000 hours of work per year).

Who works in these positions? It is typically one of three people: 1) people living paycheck-to-paycheck, 2) older individuals who got bored (don't want to retire) and 3) young men and women. Of these groups the worst group to be in is group number one. . We are placing people who live paycheck to paycheck in the same group as those who earn minimum wage. The reason? They are running on a treadmill going nowhere and it's a difficult downward spiral to get out of.

This group should immediately run to obtain niche skills to increase their income and avoid living paycheck to paycheck

The second and third group are in good shape (ideally). The second group realizes that retirement is a sham and no one enjoys doing absolutely nothing all day. The third group has the immense value of time. They can take the small amount of money they have put away by working a remedial job and invest it into themselves to exponentially improve their earnings. One group gets to keep their mental health and the second group gets to learn about the value of time for money exchanges at an early age. Both win.

Stage 2: Performance Based Income

The second stage of earning money comes in the form of performance based income. For the vast majority of people this means sales. For others it will be Wall Street and Silicon Valley where your performance is ruthlessly compared to those around you (if you perform poorly your income *will* drop). While the pressure is certainly higher you are obtaining leverage for the first time in your life. The ticking clock does not determine your income. Your own value, will, determination (enter any motivational mumbo jumbo word) is what determines your income and overall success rate.

In this stage, most are beginning to see a meaningful savings rate. Instead of investing it, most will throw it into a checking or savings account since they are too stressed out learning how to succeed with their performance based career. There is nothing wrong with this for the first year, since the stress of being "on" all of the time will be a large shift for most people. The good news is that the first year or two of income will be significantly more than they were making in the past and they see the "light at the end of the tunnel" to growing their net worth.

The second stage also offers another revelation, the Company is profiting handsomely off of your revenue generation. The rough math is that you'll get paid for approximately 10% of what you bring in (this is the Wall Street side and numbers may vary). Even if you were to get paid a higher commission rate, at the end of the day there is a large gap between what you see in income and what the Company sees in profit. If the Company did not make anything, then they would be out of business very soon.

The final realization while working for a performance based position is the value of the platform you are on. A company like Facebook is a great example of this. If someone were to turn on a single banner ad onto all WhatsApp messaging interactions, the revenue line would go up $100M+. Turning on the banner ad is not hard and the person who decides to do this should not be paid $10M for it. Instead the value is in owning the actual messaging platform with millions upon millions of users. This final realization prevents you from demanding pay hikes incessantly. You'll have to build your own walking business and create an *ownership* structure for yourself.

Stage 3: Income Streams Without Leverage

The performance stage lasts anywhere from 2-8 years on average (this is pure guesswork/estimation). After a couple of years of work you're likely investing in assets, those can range from stocks to bonds to CDs. The type of investment is not of importance, the new income stream is. When each income stream comes in, the mind begins to see how each income stream can cover a specific "cost". For example, if one were to put away $100,000 into an index fund with a 5% dividend, they would say the $5,000 a year covers a month of rent for the rest of their lives.

Generally speaking, the first investment is typically not a leveraged position. Instead it's a lower risk investment that gives off a small return. Within a year or two, they realize that returns of 4% are not going to help them get rich. Especially when they have another 30 years to , taking a risk-off position does not make a lot of sense. Instead of continuing down the boring path they look for positions of leverage.

[become a multi-millionaire]

All of this said, the vast majority of people get stuck in this third region. It is possible to become financially independent with no leverage and no change in career by cutting costs to the absolute bare bones. Knowing that they can cut down to practically nothing and avoid taking additional risk (burn out from constantly grinding to get to this point) they usually settle into a routine. This routine results in cost cutting (more cost cutting) and did we mention cost cutting? Since the majority of career employees take this path we now know why frugality is a popular topic at this time. While it's certainly great to go down this route for many people, if you view life as short then risk needs to come on since you have 30+ years to make it.

Stage 4: Three Common Income Streams With Leverage

After stage three a fork typically occurs: the three people who make it either: 1) go into leveraged positions (, 2) go into building another income stream by hand or 3) take more concentrated skill risk – think technology. These three paths have very different skill sets. People who take position number two will rarely interact with people in position 1 (except for of the comments section of this blog!). People in position 1 will also rarely interact with heavier risk exposed people in position three, think of technology positions interacting with home builders… rarely happens except when the technology person is buying an asset.

[mortgage/debt positions in real estate are a good example)]

As you're all well aware, we chose step two which is why we're massively biased. And… Many of you have already realized we obtain all the Wall Street information from prior contacts at this point. That said there is no "right way" we're just outlining three high probability avenues that have worked consistently.

This one is easy to understand, you're taking on leverage in the form of bank loans or other types of debt to purchase properties that generate an income stream for you. The key is actually keeping your leverage higher since that's where the returns are. If you're generating $24,000 a year on a $240,000 property your return is 10%… If that position is leveraged (it should be if this is your path) then your cash return is closer to 20-30% ($48K invested while the take home pay $9,600 a year after taxes, interest payments, etc.).

Real Estate Route:

This is probably a confusing route for those uninvolved with marketing or online product sales… and an obvious one for those in it! In this route, you're building an income stream based on paid traffic. This is separate from what we do here on this fun blog since it's all organic and yields a zero return (content is not a good business model). Positively, this is probably the route that most will take that read this website as they are likely reading this post from their work computers where they could be building online income streams from wherever they are sitting at this moment in time.

Spending Route:

This is where the biggest pot of money is today. There is a reason why technology pays so much and it is because a good employee in technology can outperform 10, 20, 50 or even 100 mediocre ones.

Concentrated Skill Risk:

FullSizeRender

Technology has reached a point where it is comparable to sports, the money can flow aggressively into a few hands ("the elite amongst the elite"). We have not gone down this route given that we're no where near that field. The value of creating high quality recurring software revenue is incredible at this time (90% margins!).

The main reason these three streams of income have leverage? The first one is clear with financial leverage being debt. The second one is clear with a machine that sends the *right* type of traffic at all times into the same sales funnel and you're continuing to do so until the target market is tapped out. The third option is unbelievable scale since it's a set and forget recurring income stream so long as the product produces results. Leverage is typically confused with *only* being financial .

instruments when it can be as wellapplied to time

Stage 5: Mastery of Spending or Scale

The ones who make it this far will now reach the last stage which is mastery of financial leverage, spending or scale (recurring income). Yes there are a few other ways to get rich, however these are the most common if interested in doing research on how millionaires made their money. The vast majority are 1) business owners, 2) real estate or 3) a scalable skill/position (heavy skew to business owners). Naturally, the last two typically translate to item number one over time.

It's tough to say when someone has mastered the skill of spending or scale. We'd say the skill has been mastered once you're excited to do your work and any "set back" is seen as fun. Lets say a project didn't work. Instead of getting emotionally rattled a new lesson is learned and you're *excited* about learning the new lesson. If you've made it to a high net worth already, this is a rare occurrence. It is a rare occurrence since most of the big mistakes were learned a long time ago. You'll take the lesson in stride and happily go onto the next project with slightly more skill than you had before.

It is no wonder that frugality is popular nowadays. There is a huge difference in pay scale in America. Many people are living paycheck to paycheck while those with skills have moved into Career type positions and are working hard to move into stages 4 and 5…. Or they're hanging out on frugality blogs in stage 3. Frugality has gained popularity as those with Careers likely interact quite a bit with those on the paycheck-to-paycheck system and they see the upside if they were able to correctly obtain the right skills.

Concluding Thoughts:

All of that said if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like our upcoming book Efficiency. The benefits include: 1) How to get into the top 10% physically with 1 hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career the *right* company: Wall Street, Technology or Sales; 5) How to start an online business (the basics); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). , subscribe to receive discounts or follow us on Twitter for the launch. Remember we can give the tools, but no one can execute on the plan but you.

and**Efficiency will be available in July**
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The Five Ways to Evaluate a City

The Five Ways to Evaluate a City

This is going to be a bit of a mixed post. Essentially, when you choose a city to live in, it is going to depend entirely on where you are in life. If you're at the younger age of the spectrum (target audience here) you're likely going to focus much more on economic opportunities since you prefer access to cash flow. While it would be awesome to simply move to the Bahamas and live a relaxing life forever, it doesn't make a lot of sense economically. As you get older, your priorities change similar to this blog where we're significantly less interested in chasing a few bucks at the expense of valuable time. So lets begin.

For young people, this is the first thing to look. Take a look at the industries in the city, both where is it today and where will it be in about 3-5 years. For the most part, cities don't change much in a few short years and there is no point in evaluating a city for 10+ years. This is because you'll be able to move if things don't work out. The key is making sure you choose the city that'll generate the highest income. While we are near certain that every smart reader will end up generating online income as outlined in we have to be realistic. A lot of smart people begin by taking a career position.

#1 Economics: Efficiency,

After a decade … This should no longer be the top criteria. It likely falls to the bottom (or near bottom). In a decade you should be focused on improving your quality of life. As we've said many times, money is just a tool. If you're stuck in a city you dislike with friends you loathe and a dating life that is boring… that is not considered successful to us. In a decade or so you'll be financially set to take more geographic risk (living in cities with less robust economies) while offsetting this with quality of life and lower stress (high net worth).

generating passive income

Now we get into a more interesting territory "later life". This is where a big fork occurs. If you're interested in having kids then your cities will change for a third time. If you're uninterested in having kids, you'll remain in the second paragraph. At this point, economic activity becomes more important since economic growth is typically associated with higher IQ individuals. In any case, a city that is fun for a bachelor is not going to line up well with raising a family (Las Vegas comes to mind as an example).

Putting this together we'd say your evaluation of a city based on the economy should look something like this: 1) it should take up 80-90% of the value if you're worth under $1M, 2) it should take less than 20% of the value if you're a millionaire and 3) it should take up about 33% of the value if you're having a family.

A good rule of thumb is to avoid cities that have male dominated industries. This would be technology, finance and construction. While New York is a rare exception given that media, fashion and many other industries are prevalent there, this basic filter will help you. The downside? You're only going to be able to take advantage of this later in life if you're going to work in Technology/Finance/construction for your first position.

#2 Demographics:

For young people, when you decide on the demographics… Do not rely on people your own age. This doesn't add much value to you since your peer group will unlikely succeed. People can complain and say if they "change the way they think they'll make it!" But. It just isn't true. Talent is real and the reality is that the majority of people are not going to make it. Under 1% of the population under 35 is worth over $1,000,000 (numbers don't lie). Solution: go and find people in your field and find out what they suggest in terms of a starting place. Take their opinion seriously since cost of living adjustments will impact the city you choose in a dramatic way.

After a decade passes, demographics matter quite a bit. Figure out the type of people you want to be around and get ready to make a few trips. Being rich and forced to hang out with boring people is not on the" to-do-list". Demographics determine your future rolodex. When you have made it financially you'll have contacts in the major cities so continuing to build a book isn't as necessary as it was before (unless you have a bigger number to hit). As an example of demographics, you want to search for 1) average age, 2) male/female ratio, 3) race/ethnicity mix, 4) number of universities in the region , 4) percentage of city that is married and 6) political affiliation. All of these will paint a good picture of the type of people you'll meet. A good resource for information on the population is worldpopulationreview. This is not good enough but it gives you an idea for your beginning research. If the numbers are largely the same as a city you like it's probably worth a visit. If it is similar to cities you dislike… cross them off the research list.

Moving to the next decade, demographics will be more important than economic activity if you're having a family. Why? Well you're essentially choosing the peer group for your kids. If you're not going to go down this route, this is typically why successful people live in two cities! If you remain single, you can live in two cities that address two different demographics you enjoy. This could also be driven by weather and outdoor activities as outlined in the next section.

This is essentially worth nothing for the younger people. If you have no money, fun shouldn't be prioritized. Every major city has enough to do for a couple of days a week since you'll be working the rest of the time anyway! Weather won't be an important quality in the beginning. But. Fast forward and that changes quickly.

#3 Weather and Outdoor Activities:

A decade later… weather and outdoor activities will become the second most important item on the city living test. If the city has the demographics (people you want to be around) the only other big swing factor is the weather and activities. While it would be interesting to *visit* a city that is freezing all the time with beautiful people… it won't be enjoyable to stay there long-term. For fun our personal preference is a beach city and an active city. This is a preference as there are some people who enjoy skiing more than the beach and others who simply enjoy living in the country with vast amount of acres (we couldn't do this). A simple example of a dual city set up here would be Miami and New York. Alternatively it could be Los Angeles and Chicago. We are sure there are millions of other examples but this is a good way to think about a dual city living situation.

Moving again to the later years or next decade or so, the activities are actually quite important if you're going to have kids. Again, not for us but for many people. This will determine the number of "attempts" they get at finding a talent. If you're in a city with limited activities, you're going to be limited in your guesses as well. The ideal city in that situation would be any major city that has a driving culture. Why? Well in a driving culture city you likely have more space which typically means more quality facilities. There is a reason why Texas and Southern California product quality athletes across multiple sports while congested cities produce athletes in more indoor activities. Activities determine the number of talent tests. To cap it off, if you're going to remain single this is still important as it gives you more options for fun. But. It isn't a deal breaker because you can always hop on a plane.

Similar to weather and outdoor activities, taxes will unlikely be relevant. People will say that "the 8% saved makes a difference". But. This isn't really true. The goal for young people is to scale up responsibility as fast as possible since a $10-20K difference in year 1, 2 and 3 isn't going mean anything. It barely gets you a single Bitcoin these days anyway. Unless there is an equal amount of upward mobility (the Company is headquartered in a tax free state for example) this shouldn't be taken as a big part of your decision making.

#4 Taxes:

Once you reach the next stage, taxes become unbearably important. A change in tax rate makes a huge dent into investment income (bonds, REITs, Real Estate, boring savings accounts etc.). That said, the city you live in determines a lot of the tax consequences creating an opportunity for you. From our experience, this is a big factor for the first 5-6 years of "new living" where you value your time over making a few extra bucks. After that it fades and you may find yourself changing cities for a third time. A high quality signal that someone is well off? Their level of hatred for the amount of taxes they pay. Unquestionably the worst day of the year.

<u>Side note:</u>

As you move forward, taxes become less important in theory. If you're interested in maximizing *net worth* they matter. But. If you've played your cards right you have more than enough money. We realize this may sound like a contradiction to the side note, but it isn't. If you're just over financial independence, a 10% difference is a big change. If you're 3-5x over financial independence it is much less relevant (you'll hate paying them even more though!).

This is a big one for the younger generation. When you move to a new city, doing everything "right" offers a large return on a percentage basis. Look into: 1) rental laws, 2) public transportation and 3) the services of the city. Rental laws allow you to decide if there are ways to game the city, from rent control to elongating leases for lower monthly payments. Public transportation is self-explanatory as a major city should allow you to move without a car (won't be using uber black daily like you will in the future). Services determine nightlife and culture, with shorter nightlife you're looking at day time activities and with a *low-cost* services industry you're looking at a lower stress city.

#5 Infrastructure and Laws:

In the future, this changes from rental laws to property tax/rental laws in the eyes of the owner. Public transportation drops off the list as it won't make a change to your budget and you'll rarely use it (only to save time). Services become more important as you ramp up the quality of your life and you look to free up valuable time. After all, if services can save you 5-6 hours a week and you can't make more money to offset the cost… something isn't working properly (it implies you're making less than the cost of services!).

Capping it off, in the later years, your focus then shifts to public education and safety for your kids if you go down that route. If you're more likely to remain a bachelor you're sticking with the same items in the second paragraph with a heavy emphasis on services since you're looking to maximize your free time. Keeping a pulse on the demographics and laws are constant (every month or so try to see if there are any big changes).

Can't really have this post without recommendations. Remember, this is for people who enjoy cities (and want to remain single). Good cities for this type of person include: Miami, Las Vegas, Dallas/Austin Texas (although Austin is seeing a demographic shift), Los Angeles for those that want to live in California, New York City and Chicago. There is a relatively wide range here since we assume you'll be less money hungry after succeeding over the first decade. While money motivation used to be high, it dies quite a bit once you make it (assuming your personality is wired for freedom and not materialism). That said everyone has a different lifestyle and those cities offer a wide range. Miami is better for lower stress offset by lower economic opportunities. Vegas is essentially a city similar to LA without the weather (desert version of LA) and lower taxes. Chicago/NYC are good for economics and bad for taxes. To cap it off Texas is essentially Miami with much lower costs and no beach/worse weather.

Fun Recommendations (Assumes second stage):

Q&A announcement: the Next Q&A will take place Monday May 14 for 24 hours.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality ()… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

essentially the point of this post!*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here**
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The Future is Bright – NFTs (and Q&A Announcement)

The Future is Bright – NFTs (and Q&A Announcement)

At this point, the ship has sailed. People commenting on our blog about how crypto won't work are simply behind the times. The networks are growing fast and it is practically impossible to keep up with each sub-segment of the market. If you look at coinmarketcap they have already been forced to talk about different ecosystems, NFTs, DeFi etc. Meanwhile the people who do not "get it" are busy still trying to understand if Bitcoin is going to zero (Hint it isn't). This post is not meant for the majority. Even intelligent people will unlikely understand the ramifications of what is in here (not because we are geniuses but because many simply haven't looked into these items yet). So with that we can take a serious look at the big picture.

A good way to sell a product is through fear. Fear instills great motivation, much more than love (for better or worse). The joke is as follows "would you rather jump off a burning coal pit of flames, or eat a free ice cream". Clearly, jumping off of a disaster of pain and suffering is more motivational. So for the majority of products/industries fear is the primary motivator. The beautiful part here is that both insecurity and fear will drive digital ownership adoption.

Fear, Love and Insecurity:

What, What, Why? Well if someone has missed the run-up in BTC they certainly feel a lot of "FOMO" (fear of missing out) and over time the people who own the most digital assets will be able to prove it. This is immensely powerful. If you look at the convergence of art and crypto you'll be forced to jump down a deep rabbit hole. Why do people buy expensive art? Why do people buy Lambos? Why do people buy Richard Mille watches? Why do people buy $10M homes? The answer is to prove and show off their value. No one buys a Lambo to drive to the super market, they buy it to be seen and feel powerful.

valuable

How this relates to digital ownership and art is beyond clear. It is so clear that there was a book/movie that should open the eyes of anyone who has doubts: Ready Player One. In this movie (summarized), a new virtual world is created through VR and you can own land, skins (different outfits), weapons etc. In the virtual world, since it is larger and more connective, the world network moves online. This is extremely clear.

So why are people buying digital art and other scarce assets online? In the long term, proof of ownership will go online. You cannot simply re-create the Mona Lisa with an AI robot and command the same price (even if it an exact replica). You cannot simply recreate a Richard Mille without proof of its authenticity. In fact, digital ownership is *better* than physical ownership. If you walk into a club with your Richard Mille, most will believe it is fake (yes many haters live life like this). In the digital realm, you've created verifiable undeniable proof of ownership. People can take screen caps of your NFTs, they can try to recreate your NBA moment (top shots) and they can try to make the exact same item. The problem? In a single click everyone will know that you don't really own it. You're a liar and a fake with zero ability to prove that it is the original. It is time stamped and engraved.

The hash won't match.

Note: for those interested in NFTs check out Gmoney on Twitter

What does this mean for you, what does this mean for your future? It means everything will become authenticated long-term using decentralized protocols. We're not going into the technical jargon for now as most people have not even bothered to read the Sovereign Individual or Ready Player One. Instead we'll jump straight to the conclusion which is that your real estate will no longer sit in a dusty cabinet full of other paper deeds, it will be a token on the decentralized web (which is why they call it Web 3.0).

Hit the Ole' Fast Forward:

Why would you do this? It is faster, cheaper and more secure. Last we checked, technology usually wins when it is faster and more secure. While the infrastructure right now is "expensive" this is the exact same meaningless argument made by early critics of the internet. The argument was that the internet could not scale and that didn't turn out to be correct at all. Similarly, while we can use ETH gas fees as an example, this will be solved long-term. Expensive transactions will slowly come down and become seamless. We didn't go from cable connectivity to 5G wifi in a week, so don't expect decentralized blockchains to scale within a week either. The message is that it will be solved and you will either participate in the future (very bright future) of decentralized protocols and blockchains… or you won't. (Which funny enough goes back to the same circular argument of this being a fear and insecurity based industry as individuals panic about missing the boat… even if the boat has already left the dock and is slowly but surely going further away).

Therefore if we click on fast forward we can imagine how disruptive this will be to the legacy banking system. You'll be forced to compete with decentralized systems that are faster and more secure without needing an intermediary to confirm transactions. An interesting/amazing set up for the future. Over time? Governments begin to compete for the best citizens and you've seen an extremely miniature version of this with Miami being the first really crypto forward city (outside the USA, Asia is certainly far ahead of the curve).

At current levels, we're now playing an institutional game. Bitcoin is valued at nearly a trillion dollars (more or less) and moving the needle will no longer come from a typical millionaire with $2-3M in total value. It will be moved by people with $1B+ in assets under management. Take Blackrock as a fun example. They manage in economic value. This is an absurd amount of money as 1% would represent $88B USD. The firm has already stated that they are "dabbling in Bitcoin" and if any major firm of this scale commits to crypto, the rest will be forced to follow (or lose clients that want at least a minuscule amount of exposure to the growing industry).

The Institutions Are Here: *$8.8 trillion*

Now we also have to look at fixed income. While people use gold as the most obvious example for a store of value, you really want to look at Fixed Income. There are trillions of dollars in yielding bonds. Meaning people are willing to hold large amounts of money somewhere in return for a slight cost. This is insanity. In no world would we ever put money into anything that locks in a loss long-term. However, this is the world we live in.

negative

So now you have to look at the bigger picture, as more and more institutions move in, this de-risks the asset class. If Elon Musk bought $1.5B in bitcoin and he's seen as a visionary will anyone bat an eye if an institution with $2T+ in AUM buys $10B? No one will care. It will be a drop in the bucket and be seen as yet another selling point for the asset being "institutional grade"

To wrap it up we can then look at corporate treasuries. While we don't think people will go down the MSTR move of being all in on BTC with a 0% coupon convert, it is fascinating to see that the exact same strategy was used back when gold was seen as the store of value. At a period of time, people/companies would borrow money to simply buy gold. That is exactly what he is doing. Instead, we would not be surprised to see more private companies adopt Bitcoin as its treasury reserve asset (for some amount of value) and would not be surprised to see ancillary companies like Twitter adopt it as a reserve asset (After all Jack is in charge of Twitter and Square … Square already owns it).

If none of the above made sense, the following will. As VR video games become mainstream, the individuals will need to earn rewards. Well what is a reward… perhaps digital currency (hint hint). You enter the VR world and instead of trading digital token value, you could be chasing real store of value tokens such as earning Satoshis for being the #1 player in the VR system. This has profound implications as you can not only earn real tangible value but the video game creators can also earn significantly more money (the games would cost more if they drive real economic value). If this sounds sci-fi to you, we'd recommend talking to developers of video games (high-end) and report back… You can guess what you'll hear…

A Real Life Example of Virtual Economy for Your Boomer Parents:

While short and sweet, the bright people who follow our blog will understand this post. That is fantastic as you'll be wealthy and part of the next generation of forward thinking individuals. While we expect the next Q&A to be terrible we're going to do it for fun and focus entirely on crypto (no we won't tell you what we own). The Q&A will take place on Thursday March 4.

Conclusion:

We've been insanely busy this month for clear and obvious reasons =). Best of luck and we look forward to the Q&A even if it ends up being a large number of deletes from people who don't understand the basics!

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The Future of America: Two Economies and More

The Future of America: Two Economies and More

This is a long overdue post. It will tie in a lot of stuff from the rise of socialism to the impact of brands (got a ton of emotional responses). True to form we like to focus on smaller chunks of time, around 2-3 years since it's more impactful. We've already publicly stated we're not buying stocks anymore (just leaving what we've got there) and are building a bigger cash reserve. We've also stated that brands work… Many cannot see how these concepts are tied together but lets go ahead and get ready for this lengthy article (much longer than usual).

to that one

The Current State of America

This is focused on today, not yesterday or tomorrow. Essentially we saw the middle of America and the "working class" (notice we didn't say low class, but working class) elect a completely different type of president. Naturally, we don't care about politics and never really talked about it after making a . That said, .

good amount of money off of it*the message was clear… the middle class of the United States was not moving up and to the right*

Now lets look around. The discount companies are at all time highs in terms of stock price. Look no further than Ross stock (ROST) or McDonalds (MCD). Then look at the middle/upper middle layer, Macys (M) or Nordstrom (JWN) and compare that to the ultra high end Kering (Euonext: KER). For those unaware (totally fine) Kering owns the high end: Gucci, Yves Saint Laurent, Alexander McQueen… and more. What do you see? You see a massive change in stock price around 2016-2017. During the retail meltdown (people moving online) you see that the luxury market continued to ramp higher.

So it's time to tie it together. How is this possible? It is possible because the latest generation is being separated into two groups, the "new rich" and "the lower middle class". The new rich have different styles/looks and several companies within Kering have figured it out. Since people got so upset about the previous article here's a fun hint… around 5-10 people noticed we specifically mentioned the impact of Gucci ()

this was of course by design – feel free to look into why

Hopefully the last few paragraphs were at least a bit convincing as you can see it everyday in the numbers. The stock prices don't lie. If the middle market companies are suffering while the two companies targeting the lower end and higher end are flourishing… the picture is pretty clear. We're seeing an economic separation.

How did we get here? The answer is technology of course. Due to changes in technology many jobs and tasks are being done by little lines of code. People just call it "Artificial Intelligence" since it sounds cooler this way, but software has been slowly taking away high paying jobs for years. 30 years ago when you were in school you were taught that "you won't always have a calculator on you" or "hard math is the only thing of use"… here we are 30 years later and computers are taking over a lot of those hard math problems and you certainly have a calculator on you at all times. It's quite interesting since the creators of high quality technology essentially "took all the value" into the hands of a smaller number of people.

Overtime this has only accelerated and the rich continue to get richer while the people left behind remain stagnant. Looking around, life doesn't appear to be all that terrible for people in the lower middle of society, they still have access to tons of cheap entertainment, fast internet and many other amenities. That said. They are basically staying in the same general socioeconomic hierarchy year after year.

How This Plays Out Socially

No surprise that drug use and hook up culture is prevalent in the United States. If you see no real chance to move upward in society you're going to be drawn toward hedonistic activities. This results in lots of alcohol (blacking out), drug use and casual sex. In fact this thought process goes all the way up to around the "upper middle class". This is because the jobs/careers in that range are seeing the most pressure (people who make $200-350K a year are ripe for cost reductions, just like the middle management layer in any corporation). The people in the upper middle that didn't quite make it fall down a peg and say "screw it" and also participate in this new culture. The rich on the other hand continue to make more… and live better lives.

Looking at this, it's not officially a "black and white" divide between the rich and the "lower middle class" (we don't say poor since you can still live a good life with $60-80K a year in a lot of places in the USA). That said. It's moving in that general direction. Since we're still in an environment where you can "move into the ultra rich", this current environment is essentially the *platinum* age for making money. You have the VAST majority of the population from the people with little money all the way up to upper middle class doing the exact same thing… Giving up.

From a social perspective, what you'd expect to see if the above is true… is happening right in front of our eyes. If the prior paragraphs are true what you would see is 1) an increase in hatred towards people who have luxury items – from those that do not, 2) an increase in animosity for anyone who makes the next jump financially – from those that did not and 3) a decrease in overall happiness for your average person as they were unable to move up socioeconomically from where they started (notice, average in this case refers to where the person started on the socioeconomic ladder)

Beyond the hatred and animosity for people who make it, you'll see more and more animosity for *smaller* gains. If you go from making say $50K a year to $500K a year, you'd typically see a lot of people say you changed or are a "jerk" now. This holds true throughout human history. That said, we've noticed that if someone even makes a *small* gain they *still* get a ton of negative reactions. This is startling. To avoid making anyone mad, just look at the people building their own personal brands on Facebook, Twitter, etc. As soon as they start to succeed even a little bit, the venom starts to flow. Not a good sign. It means that small to medium improvements are insulting (the majority are having a hard time mustering that)

The Platinum Age

With the bad news out of the way… There is still a good amount of time to make it. We're certain that anyone who wants to can still get to and this would get them with a small amount of luck (assuming they start in their 20s). Since we've painted a picture of an economy that is currently separating, you definitely want to be on the right side of the equation. So best to make sure you attach yourself to the right people.

$1 million over 10 years*close* to $10M

Before deciding if you're going to spend your valuable time with someone, make a decision on the type of person they are. If they are "happy when others fail" this is a miserable person and should be avoided. If a person is happy when other people fail, he/she is extremely likely to be happy if you personally fail as well. Other good tells include: 1) avoiding people who dislike the rich, if someone dislikes rich people then they are setting a psychological barrier that will *guarantee* they never become rich.. 2) attach yourself to people who are improving and cheer them along the way. If someone passes you or you pass them, there should be no animosity. That's how life works. Ebbs and flows and the guys who make it to the next level are not going to "look down on you" if you are still trying to go somewhere. 3) avoid the people who appear to be doing the same thing for 2 years. This is enough time. If someone hasn't improved at all in 2 years they are essentially giving up. It doesn't need to be income it could be their interests for example. 4) don't give any of your time to the people who get upset as you change. There is just no way you improve your life and stay the same. It doesn't make any sense at all. They are also showing their cards: they disliked you deep down in the first place (or they are insecure, both are terrible).

Read Between the Lines: **If someone hates rich people, they would have to hate themselves to get rich**

: This has been beaten to death. And. Many people still don't get it. Working for someone else does not lead to wealth. The percentage of careers that lead to wealth are so slim that you're better off trying something small on your own. How many careers/jobs pay $1 million a year? Practically none. Also. The more you make the more the Company will try to automate/get rid of your high cost position. .

Create Ownership/Equity/ScaleHint Hint another reason why sales is recommended here as a "for now" career as human interaction is unlikely going to be automated over the next decade or so

Since this is arguably the , you've got to keep making adjustments. It doesn't matter which route you go down (the most basic and low chance of losing money route – personal brand/looks industry, or the higher risk higher reward route – product sales/affiliate marketing). Naturally, if you're making good money already just go the product route. Anyway. Keep making tweaks and eventually you'll break through financially to the "next level" if this is from $0 to $1,000 per month or $5,000 to $25,000… Who knows. The point is that you'll have a project (you don't need more than one) that is being worked on constantly to help you move into the "right side of the divide"

*Keep Making Tweaks:*easiest time in history to earn money online

The Transition Age

At some point we will begin to go through the transition. We'll reuse a similar photo we've used in the past below.

Just like the stock market, peaks and valleys in terms of opportunity also occur. Since the last decade or so has been nothing but amazing upside, sometime over the next couple decades will be a period of maximum pain. This will likely be driven by Artificial Intelligence as middle and upper middle class jobs/careers are eaten up. Before this happens you'll notice increased contempt for the rich and the rich will naturally have increasing contempt for people trying to steal their hard earned money.

During the transition age you need flexibility. Like any cycle, there is always a good place to be. As this tension rises put more and more effort into diversifying your investments and having assets accessible without a third party (we all saw what happened in Europe). During this painful transition to Artificial Intelligence, you'll have a large opportunity to become wealthier by simply investing into lower middle class goods (naturally if there is a wealth tax or a way to move money from the rich to the lower middle class, they will spend it).

Being honest here, it's tough to figure out what this looks like since we're still quite a way from seeing the real impact of Artificial Intelligence. That said, we're quite convinced on the splitting of the "haves and have nots" since we can see that every single day. There will be capital allocators (ideally you, yes you reading this text) and then there will be people who are generating basic income working with robots instead of owning said robots.

How to Prepare

With the broad picture out of the way we can get back to the more valuable stuff, what to do now and explaining why our culture is changing so much.

Humans are naturally competitive. Even guys with no results no talent will talk your ear off and give you advice on sports, dating and money if you let them. But. If you date beautiful girls, have a bunch of money, normal/good social skills and are in shape… You will be the target of many many haters. This is a good thing as people waste their time giving you more attention which can ideally be turned into more money. Now when you find the rare people who are happy for your success, we will bet a good amount of money that they can be trusted in general. Unsurprising that this is how it works. The conclusion here:

Growth and Human Nature:*andthe only people you should give any of your time to are the people who are supportive/happy for you.*

Previously, you would see a photo or a video online and believe that it was real. This is officially dead for anyone who is well off. The well off people know how easy it is to fake an image and even a video. This will push down to the rest of society. That we are convinced of. This is why we've stated that starting your own services/brand using your own name is perfectly fine to make a living. These people with their own name out there will see hyper growth as they have an actual fan base. If you're really out of options (no way to start a product company, no way to get into a high paying career) go down this path since you're going to see a lot of growth. The value of real time messaging is going to go up. Reporting on the past is dying out.

Hyper Growth in Authenticity:

This is also occurring as we speak. Value of posting photos of rented Ferraris and homes? On the decline. Posting a video sitting court-side at a Knicks game, on the incline. One is easy to fake the other is significantly harder to fake particularly if you do it consistently. The "new rich" will be able to tell the difference. Spelling it out. If you're smart, spend less money on "people" for all your ads/photos as you can have them rendered to look better for a fraction of the cost. Take all that money and spend it on real time items… as they say "Customer Acquisition Cost (CAC) is the new Rent"

Increased Value of Events:

Since nothing we see online is real anymore (software/AI eating into these arenas), your in person image value is going to go no where but up. Before going to any event ask yourself what type of impression you want to make. People can fight this as much as they want but that's the direction we're going. People are unhappy since they are not seeing much mobility so make sure you *don't* send this message (that you're not going anywhere as well) since it broadcasts the wrong message and is a self fulfilling cycle. Similar to avoiding overly negative/cynical people. Their beliefs are self fulfilling and these types are also (surprise) typically not well dressed.

In Person Image Value Going Up:

The rate of change we're seeing is only accelerating, around 10-11 years ago people still took Taxis and used Blackberry phones. This means the way you currently earn money is likely going to see significant pressure at some point over the next 5-10 years. In some cases it won't even be there. So. You have to learn a new skill to pay the bills ahead of time which allows you to "Double or Triple earn" accelerating your investment rate. Notice. Learning random skills is just not good enough anymore. Learn one skill that can earn you money before it is too late.

Learn Any Skill That Makes Money:

Concluding Remarks

After re-reading the post it just looks brutal. People are having a hard time moving up the socioeconomic ladder so they resort to a lot of hatred and resentment nowadays. The extremely good news is that everyone who reads this post has the highest percentage chance to jump the chasm in human history. This is the natural balance of life. If the old way doesn't work anymore it means the new ways work the best and see hyper/parabolic growth. You know what to do. Figure out the new way and don't look back.

the old way

While this was a different post than usual (more high level) it's fun and feels like a cathartic release writing it out. Who knows if all of this ends up being right, yet the visible data points we're seeing tend to suggest this. The ones who don't make it become clearer as they become more and more resentful and negative (some of them are even violent in public). The middle tier brands are falling off. The low end is seeing growth… the high end is seeing growth… And… people are losing trust in videos/images/the news etc. Quite a crazy time to be alive… No worries… Won't be doing a high level one in the near future!

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The Future of Money and How to Use It

The Future of Money and How to Use It

Not sure what the name of this post should be, but when you really think about it, money is being printed at all times (across the globe) which is removing capitalism. In a normal capitalistic country, failed companies would go bankrupt. These failed companies would then be purchased (the assets) and run by someone else. Instead, we're printing money to keep zombie companies alive and giving them interest free loans so they can survive. We're not here to debate if this is a good or bad idea (you can guess what we think from the prior sentences). Instead we have to focus on "what to do" as the future holds all of the value.

Hopefully we can agree on one thing, money printing won't stop. If you have double digit unemployment and on top of that you have debt above revenue (Debt/GDP is around 3x) it means that you cannot turn off the printing press. If you do, all of the people with debt go under. This is a complete disaster for the current financial system so we should assume that every government wants to avoid mass default.

Money Printing:

Now if we can agree that the government wants to "inflate away" the debt if they can, it means you need to get your money out of cash and into anything else that is scarce. When you take a 25,000 foot view of the world, we know that the supply of money is going to increase dramatically. If we open the economy tomorrow or in 2021 (who knows), it's going to require a lot of money printing.

The second item here is that you have to ignore "near-term" potential in practically everything. Why? Near term changes don't matter if the money printer is on. It means that all companies should be looked at in terms of 2023-2025. Interest rates are going to be 0 for the next 3 years (as already announced) so the real value of money will show up in three years (putting us into 2023 and beyond). Therefore instead of worrying about "cash flows" for the next couple of years, we have to worry about "who is actually going to be around" in 2023-2025? This is a big change in thinking and also explains why ultra-high technology firms are seeing significant increases in valuations/multiples (we recommend following Chamath Palihapitiya for a further explanation of this).

For those that want the "gist" you want to take all your cash and buy anything that is scarce/useful and anything extremely high tech that will be used in 3-5 years. The only cash you should have is enough for emergencies at this point since we've gone full crazy with the money printing.

Recently, Microstrategy (a technology company) bought a substantial amount of bitcoin with its balance sheet. The interview with the CEO Michael Saylor was quite informative. Funny enough, we think the most important concepts don't even relate to bitcoin. Paraphrasing below:

Real Inflation Rates:

"If you were a lawyer and made $500K a year and saved $50K in 10-years you'd have $500K in cash. While you're still saving $50K a year, that would be an increase of just 10%. Meanwhile, the cost of education (for your kids) is going up 8% per year. So that $500K you have earns $0 in interest and now it buys 9 years of education instead of 10. In another couple of years it only buys 8 years of education instead of 10… and in another couple years… you get the point"

What he is saying here is that the cost of the things that are necessary to get ahead are growing way faster than the rate of printed inflation. So if you need a home? Well home prices in major cities (at the time) were increasing by much more than 1-2%. Education? Another item you want/need to get ahead is also increasing by more than 2% (closer to 6-9%).

We did some digging and came across an interesting website which makes intuitive sense to us. This is well known to most of you but in case you've never heard of it it's called the Chapwood index (). While we would argue that the numbers are aggressive and should be discounted a bit, the real inflation rate is unlikely 1-2% and is much higher (probably closer to 6%).

https://chapwoodindex.com/

It's relatively simple now, if we know that money printing is going to continue (it has to) and we know that the government wants to create inflation… it means "money" is going to represent valuable assets in the future. If you have $50 in your pocket or one share of coca-cola stock, you're better off being the guy with one share of coca-cola stock unless you absolutely need the physical cash for the purchase of basic needs (or you believe coca-cola is going out of business).

How to Think About Money Now?

After reading quite a bit about global monetary policy the simple way to phrase it is you should look at your physical cash and say "This is worthless". While it is an extreme view, the point is clear. Unless you're using it there is no point in having money in your pocket or under a mattress or in a bank earning 0% (no different than parked under a mattress at 0%). Being responsible is no longer encouraged.

to purchase productive assets

Here's a new way to think about it. Assume you have $1,000 in your hand. Instead of saying you have $1,000, ask yourself how many shares of XYZ company you can buy. We have already outlined where we believe the future of tech is going (in our book Triangle Investing). Outside of that, make your own decisions and say "how any shares of this company can I buy". Then go through all of your spending and start denominating everything in shares of companies.

Is your steak dinner with your girlfriend worth a full share of the S&P 500? Do you have 100 shares of S&P 500 in your checking account? 1,000 shares? 10,000 shares? Does this make sense if you know the amount of dollars printed is only going to go up? So on and so forth.

These are very big questions. Even if you want to be conservative, instead of saying "I need 2 years of cash in my hand" ask yourself "how many of my investments are already up 100%, 200% or even 300%?" Therefore, even if you needed to sell some of them for cash to pay for something, you'd unlikely lock in a loss. This will prevent you from being one of those strange people who have 5-10 years of cash earning 0% for long periods of time.

With the knowledge that money printing will occur no matter what, your new flow of money should look like this: 1) absolute bare minimum to survive ~12 months without income and 2) every single cent after this needs to go straight into productive assets. Doesn't matter what it is, anything that generates returns above 0% is good enough. Why? Well bonds are at nearly zero, interest on savings accounts are zero and more money is being printed! So this means if the money supply goes up by more than 1% or so, you're losing money on that bond "investment" (Ie. your purchasing power went down).

Flow of Money:

For fun we'll stick with the above being correct. All we need to agree on is that the government is going to be forced to print. If we can agree on that, it means that the next 4 years will see more inequality. The rich will get richer and the poor will get poorer either though inflation or through lack of asset ownership. Even if prices stay the same (for all goods) if the cost of assets (homes, education, etc.) all go up… the only winners are the rich.

Implications:

With the main point out of the way, we can then move to secondary effects… which is that people will not be happy about it. The average person is not going to be okay with a massively increasing divide between the rich and poor. There are two ways to transfer that wealth through 1) taxation or 2) through a wealth transfer. Since wealth transfers are rarely seen as successful, an increase in taxes is more likely. Our best guess at this point would be an increase in property taxes since it is the most difficult to avoid.

Other ideas include: 1) a change in tax on dividend income, 2) a change in tax on stock issuance and 3) a change in tax on income. Generally speaking, the issue going forward *won't* be an income issue. It will be an asset issue. This means that you have to find a way to tax people with a lot of wealth not people who are earning a lot of income.

By way of example the person who is worth $10M today and makes $100K a year as a junior college professor is the person you have to tax, not the person who is worth $250K and earns $300K a year. This is a much harder issue to solve so we're sticking with various forms of "wealthy people" tax as the solution.

PS if you've got an answer to a divide in rich and poor based on assets we'd love to hear it.

For now, it's best to focus on the main items up front. Keeping your "value" out of cash and in items that will be used 3-4 years from now. Be it high tech stocks or various scarce assets. After a few years, we should see an increase in the proverbial divide "haves and have nots". At that point it would be wise to find ways to hold valuable assets that are difficult to tax (a good example would be rare art).

Conclusion:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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The Future of Wall Street

The Future of Wall Street

For those that are in the "know" Wall Street is currently going through a major restructuring. The new issuance market (IPOs) has cooled off substantially when we compare 2016 to 2015 results and there is no reason to believe there will be a material snap back any time soon.

We'll outline our thoughts on how the industry will evolve.

Overview

First, there will be a barbell approach to existing investment banks. This means that there will be two types of firms, first the type that provide primarily advisory services such as Moelis, Evercore, Qatalyst and Lazard and the second group that will have a mix of IPOs and advisory service. The catch? Everyone who is in the middle will be squeezed. Return on Equity metrics across the industry have declined materially and we have to look at how the banks will adjust to hit their return metrics. In an answer? Layoffs.

Barbell of Banks:

If we fast forward a decade or so we see two key changes. First the smaller banks will either die off or find some advisory niche. Second, the larger banks will down size to address core markets that have large revenue potential. With a cooling market, the clear answer is to cut the global equities business first.

No one is immune to the cuts. However, the areas that will be hit the hardest include Research and Sales & Trading. As more clients move to electronic trading, the need for a human to match buyers and sellers becomes irrelevant. In addition, if the equity market is cooling off, there is no reason to have multiple senior analysts covering sectors with minimal investment banking potential. Finally, on the investment banking side, the clear loser in this case would be Equity Capital Markets. The silver lining here? Sectors with good banking potential or good growth potential in general likely won't be hurt much. The non-core sectors will be consolidated with more "multi-sector" analysts to keep costs down and maintain full coverage of US equities (Marketing for investment banks).

Who Gets Cut:

Somewhere around 20% makes sense, perhaps up to 30-40% for some banks (think DB, Credit Suisse, Barclays) given the weaker environment and impacts of Brexit on European banks. We are still in the early innings of cuts, while some small reductions in force (RIFs) were made earlier in the year and over the last 2 months of this year… The Trend will continue. Anticipate seeing another set of cuts around the January time frame and don't be shocked when the hammer drops.

How Big Will the Cuts Be?

In addition to the cut in head count, expect bonuses to be down materially as well. We would wager another 15-20% decline in bonuses (we will announce the real numbers at the end of the year before normally available) but this rough math makes sense. If the cost structure is about 20% over staffed, you have to charge the restructuring costs of FY16 numbers so the layoffs don't really help the bonus pool at all.

The safest sector in our view is the advisory segment. If you're working for a top advisory firm and have buy-side relationships where you're "their banker", then you're in great shape. As long as you can offer good advice and help negotiate attractive deals, there is no reason for you to be displaced. Giving high quality advice is difficult work. This is a great dynamic for the industry as it is least prone to automation. Instead of simply reacting to rules like a trading algorithm, it is not easy to automate 1) multi-year relationships, 2) salesmanship and 3) a long track record of successful transactions.

The Safer Segments:

Secondly, beyond the advisory piece we find that "hot" sectors will unlikely be touched. Expect a wider gap between the haves and have nots. This means sectors such as Internet (AirBNB IPO, Snapchat IPO, Uber IPO etc.), medical technology (including biotechnology) and energy for example. While we wont go through a list of each sub-segment, simple high level views should give a clear answer… Is there investment banking business to be done (new issuance and growth) or not? For fun we'll provide one example, which is banks themselves. If banks are cutting and downsizing along with overall secular declines, this is not a good sector to be tied to.

The segment is also in secular decline, ETFs and significantly reduced management fees will be seen. While it will not occur abruptly, secular declines will be seen and the safest place to go is Private Equity or specific hedge funds.

How about the buy-side?

– private equity will always be around. If/when interest rates start to hike… then it will become even tougher. That said, there will always be poorly run companies that need to be bought and fixed for a profit

– hedge funds, any fund pegged to beat or be in-line with the S&P (beta 1) will see secular declines. This is no different when compared to a long-only. The two pieces that will likely still be around are market neutral hedge funds and merger arbitration funds.

In short, avoid all investment vehicles pegged to the market. Go to PE or a market neutral/merger web hedge fund.

This will be the largest structural change we'll see over the next decade. Timing the exact year is not easy, however, any rule based position is going to be dismantled by automation. Cars will have self driving capabilities (somewhere around 2021 it seems) and the need for taxi drivers will decline as well. For Wall Street, this is the trading segment. Matching buyers and sellers for a few pennies per share, will decline materially. An automatic, electronic trading mechanism will decrease total revenue associated with these transactions and this will cost fractions of pennies per share. The need for human involvement declines for most day to day activities.

Automation:

Automation will not impact relationships on a massive scale given that trust is a difficult quality to build over a multi-year time frame (let alone automatically).

We will now answer this with "it depends'. If you're going to end up at a major bank post the downsizing (you're likely ok) and if you end up at a top tier advisory firm, you should be thrilled with the opportunity. The upside to attaching yourself to a growing sector or a major advisory firm will remain unchanged. When you make a percent off a billion dollar transaction, there is enough money to be dolled out to everyone. The only problem is each individual should choose carefully. If the sector goes into secular decline, either you will be fired or you will get lucky and be a multi-industry expert as spaces consolidate.

Is Wall Street Still a Good Career:

Long-story short, there are really only two paths that make sense. A major bank within a good sector (either the bank is good at getting on deals or they are expanding) and secondly within advisory.

The silver lining here is that many sectors will need more bodies. Technology will not slow down any time soon and this means being an engineer is also a good career. You're still going to go into: . This advice hasn't changed, the only difference is that you have to be even more careful when choosing your niche. There will be an immense amount of growth in technology and overall innovation and the opportunities will be endless (for a select group of smart people)

Now what? Sales, Silicon Valley or Wall Street

Best Ways to Make Money

The common theme here is that . If you can build up your ability to sell and build trust at the same time, you're going to be fine. This does not require fancy degrees or thousands of dollars of college debt. This only requires hard work, persistence and an obsession to become successful. The days of being paid without eating what you kill are dying slowly but surely. The producers will continue to make grips of money and support roles that do not require sales (clerical work) will be eliminated.

Sales: everything is still sales

If you have the skills, going into technology is still a great sector. Facebook, Google and IBM will still be around in a decade and having a set of skills that are difficult to learn will help you land positions at major technology companies. Negatively, this segment will also be cut between the haves and have nots. Hardware engineering for example is simply not as useful as software engineering. So. Choose the sector carefully, got to a *top school* and find a way to avoid debt. This will give you a clear path to riches.

Technology:

As mentioned above we think advisory and "hot" sectors are best. That said? Go to a big league advisory firm if given the chance. If you're working for Frank Quattrone and are involved in many major transactions, your resume will stomp out all of the competition over night.

Wall Street:

This is the second leg of the puzzle. If you can land a solid career, within a short couple of years you'll have enough to begin your own venture. Once you do, the sky is the limit. It is very difficult to get rich working for someone else, they are never going to pay you what you are worth otherwise they would lose money! As always refer to our post on a

Starting Your Own Company: clear path to a million dollars.

Ramifications of Wall Street Adjustments

– The ability to obtain a position on the Street will decline. The competition will continue to be fierce and the number of slots will decline (structurally)

– The number of positions in Global Equities will decline materially. This will lead to a swath of people fighting for corporate finance roles within specific companies

– Crowd funding will prevent smaller scale IPOs. With ways to raise funds outside of debt offerings (mezzanine, bridge loans, etc.) before going public, the time frame will become elongated. In short, there will be longer sales cycles unless the economy is rocking and rolling

– Generating revenue will be tied to performance based bonuses. While there is always some wiggle room for the sales cycles, if the sector/group is not producing the bonus differential will magnify. Don't expect to get paid simply because you did all the right things (followed the rules). You have to generate revenue.

– Top tier students will likely flood technology. With financial packages that are more attractive when compared to investment banking the cream of the crop will turn to positions at Google, Facebook and other large and growing technology companies. The remaining that attempt to go into Wall Street will be difficult to compete with, however, they will no longer be the top of the top.

Conclusion

Wall Street will go through material changes over the next several quarters, however, there are still slots that will offer large compensation packages and upside over the next several years. The performance based structure of the industry will move to "eat what you kill" and it would be wise to choose a segment or sector that will be growing and not consolidating.

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Side note on politics. Yes Donald Trump will win the presidency on November 8. We placed a financial wager on and it will pay off. Despite many concerns about his potential downfall we know with certainty the polls are skewed and yet he's still within spitting distance. As more negative news surrounding Clinton surface, the inevitable outcome will be seen. Brexit 2.0.

Mr. Trump last year
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The Getting Rich Thought Process (Part 1), Weekend is Part 2

The Getting Rich Thought Process (Part 1), Weekend is Part 2

One of the realities of life is that moving up in life causes you to lose "touch" with prior problems. Anyone who has followed this blog can see the significant change over the last several years. We used to focus on things that people struggle with if they are still trying to make it (still stuck in the $150-200K/year range). This included optimizing your life for dating, finding short cuts for working while on the job and creating benchmarks to keep your eyes on the prize (getting rich with tons of a free time). Since this was the target audience in the first place, we're going back to that type of content with a slight twist, reviewing what we would have changed to make the process even easier. Mainly, adjustments we would make in 2019 and beyond since the opportunities continue to morph.

Even in 2019, there is no reason to change the timeline, you can get reasonably rich within 10 years and the process is still similar: get to two forms of income asap (ideally more) and invest into nothing but cash flow positive assets – never sell. The good news is that we would argue that it is easier than never to make a few bucks. The bad news is you probably want even more than just a couple of forms of income as the cash flow may not meet expectations. From what we've seen, the larger established cash flow companies continue to put the clamps on smaller sized businesses. This is due to margin compression and inability to compete with scale. The good news? It's easier than ever to create multiple small niches.

No Timeline Change:

Unless you plan on building a massive unprofitable technology company and take it public (Uber, WeWork etc.) there is just no reason to deal with the headaches associated with negative cash flows. Since you're starting from zero even an extra $5,000 a year is a solid 0.5% of the way to a million dollars ($10,000 is already 1% of the number and that's possible to do in a single day in the future if you're lucky & successful). We're going to veer a little bit away from Efficiency here and talk about potential "prerequisites" for efficiency since we realize many people are starting from Zero dollars.

Only Cash Flow Positive Side Incomes:

The first item is to always get a desk job. This is always our initial strategy. While it is true that there is money in starting a brick and mortar company, if you have $0 to your name a desk job is going to work out better for you. Why? Less of what we call "bad stress". Bad stress involves potentially going bankrupt, going into massive amounts of debt and being forced to worry about every single penny you have.

Notice we've lowered the bar a tad to any desk job. In efficiency we say you must start in a career, but this is a post tailored to people with quite literally nothing. Once you get a desk job you then look to optimize the hours at the desk job. You can do this by trading time for money. That's right, we're actually fine with time for money exchanges if you have $0. Everyone (including us) traded time for money at some time. Your time for money exchange has a small wrinkle in it. It must be done at your desk. This creates a lot more opportunities than you could actually imagine if you have interest in getting rich. You can do any service that is done on a computer (hint there are millions of services done from a computer including editing services and copywriting to graphics design). This is now optimizing your time.

Some quick math. Lets say your first desk job is just terrible, you get paid $50,000 a year and work 40 hours a week (around $25/hr). Here's the first lesson in compounding. Since we know that low paying desk jobs rare require 40 true hours of work per week (more like 20 hours), you can now compound this number with just one or two projects a week. While most will laugh at the thought of doing a project that generates $100 a week, if you can do this consistently your daily income goes from $200/day to $220/day (10% increase). You've given yourself a 10% raise.

Do the math on that 10% increase or $5,000 a year. On a meaningless $5,000 a year in extra income, if that represents all of your savings for your working life, you're a millionaire at age 61 (40 years out and assumes you're 21 when you start and a 7% return).

That now practically guarantees you're going to become a millionaire before you die if you live past age 62.

Now that you've given yourself a 10% inorganic raise, it's time to learn the lesson of "life time value of customers". It doesn't matter what you are doing, if you're getting a lot of a referrals it means the amount of money you are charging is just too low. This increases the amount of money you're making Now you'll scale this up until you simply can't take any more customers.

Learning the Value of Time: *without being forced to look for new customers*.

As we've learned in basic economics, price is a function of supply and demand. Since you can't physically work more than X projects per week you either have to raise prices or you have to train someone to do this same job for you. This is where a typical mistake is made. Most will simply keep raising prices until the referrals stop coming in as the value is roughly equal to the price. Big mistake and doesn't account for the value of time.

Humans by nature are incredibly lazy by design. They would much rather go somewhere and get something guaranteed than take the extra time and effort to start something themselves. So… the answer is simple…. if you were willing to do it for the amount you are charging you'll find someone else who is willing to do it for 90% of the value (the lower the better!). Congrats you've suddenly turned this miniature hobby into something that may turn into a business.

At this point, mathematically you've at minimum created an extra $10,000 a year income. This is absolutely nothing in the grand scheme of things but The exact number is 9 years based on the same return profile but the point is roughly the same. You're now a millionaire at age 52 instead of 61.

you've cut a decade out of the time it takes to become a millionaire.

Funny enough, you'd think that your regular desk job performance would go down the drain. This has not been our experience and has not been the experience of people we've seen succeed. The reality is that your desk job performance actually goes up. Why? You're excited to go on to your next project and want to find ways to do the job faster and more efficiently without any significant error rate change. This optimization is going to bleed into your project work as well. A virtuous cycle upward.

Optimize:

Now here is where the decision making gets harder. You've got some desk job and you've got some side income and have a chance to get promoted or scale up other projects. You know (personally) that you can't do both at the same time. While we'd love to tell you that you should always scale up projects the truth is that the answer is unclear. If you can get a substantial pay increase with a *temporary* increase in hours, you should probably stop taking new projects for a few months. Why? We the fact that you're forced to turn down some projects will actually increase your brand's value as you are seen as a scarce asset. Also.

Never disrespect the chance for guaranteed money (classic mistake).

On the other side of the coin, if the new position require you to give up all of your projects for the next several years, it probably doesn't make sense unless its an insanely large amount of money. This isn't a mathematical science and this is why we still hold monthly Q&A's for situations like this.

: Assuming you've got this game down now, you're spending your time optimizing the desk job white churning out new projects. Most people get emotionally attached to their projects at this point which is a bad thing. Eventually you have to give up control. When we say give up control we are 1,000,000% not talking about ownership of the actual small company you're building. We're referring to the number of tasks you're willing to do. For fun it typically goes like this: Virtual Assistant -> help with sales -> back-end. Virtual assistant saves time and costs next to nothing. Initial sales positions are the easiest to calculate when it comes to profitability and finally back-end makes the small company easier to sell as no one in their right mind enjoys fixing boring technical/communication issues.

Giving Up Control

At this point your mind is no longer going to work as it did in the past. You're going to have at least one item generating money for you while you quite literally sleep at night. The downside of this revelation? You will now realize you're without a doubt being paid much less than you are worth at your job/career. For some reason you have to be in a position where someone is quite literally making money for you to realize that you'll never be paid your true value. This makes it a lot harder to show up to that desk job you're using to pay the bills. Who would hire someone that loses them money? Absolutely no one.

The second big catch 22 here is that you're going to be significantly better at your desk/day job. Why? You just won't be able to pin point it. To make a sports analogy if you're extremely good at say tennis, do you think you'll have a easy or a hard time learning how to play racquetball? Now take it a step further, even if you had to take up Golf we would bet that you'd start off at a higher skill level than most people. Why? You've learned basic techniques (how to hold a racquet) and are in better shape than most people. While it won't be as transferable, we would wager good money that you'll learn something transferable that'll continue to push you ahead of everyone around you.

Anything that produces money is a transferable skill.

This is a new concept we'll be talking about more often. Being "forced in". Typically, the people who fail at making money over longer periods of time suffer from over confidence. They do all the processes above, they see the market expanding and they spend a large chunk of their earnings (say 15-20%). This then leads to a year-over-year decline in income the next year (life's wonderful way of reality checking people who think they have it all figured out). This causes a reset once again in the journey to becoming rich.

Get Forced In:

Instead, you should always expand the distance of "living below your earnings" and eventually you'll be "forced in". What this means is that you'll make tons of adjustments and continue to save/invest more money and get new customers. Then you're forced into spending for yet another money making opportunity…. More on this on the weekend…

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The Getting Rich Thought Process (Part 2 of 2): Avoiding Traps

The Getting Rich Thought Process (Part 2 of 2): Avoiding Traps

, the reason why there are very few millionaires is actually quite simple: overconfidence, cash flow and of course lifestyle inflation. Those three items all relate to one another but are difficult to see since they creep in over time. In fact, we can wager every single person on this blog knows of "someone" who is roughly on the path outlined in the previous post. Yet. By the time everyone is 40… Almost none of them are actually financially well off! Why is that? Well you'll see why in this post.

Picking up where we left off

The tricky thing about those formulas that say "save 50% of your money and you'll retire in 17 years?"… it assumes your spending never moves. These percentage type numbers don't do a good job accounting for lifestyle inflation and other likely factors in your life. The vast majority will end up having kids. The vast majority will increase their spending from age 20 to age 40. The vast majority will not be able to save 50% on day one.

Over Confidence:

For fun we can work backward on this topic. If we assume that you want to spend $100,000 a year for life, it means that you would need to save $100,000 per year for 17 years straight. Since this number is not viable for the majority, we can go ahead and use $60,000 to prove the same point.

On a post Tax basis.

If your lifestyle would be amazing with $5,000 a month, it means you probably need to make $200K per year for 17 years straight. This is a rough estimate as the post tax earnings at $200K is actually only $135K (using New York to Keep it simple). It allows you to spend $6,250 per month. And. It gets more complicated than that. We assumed the following: 1) no job loss, 2) no income loss, 3) no lifestyle inflation and 4) no one time financial issues. The reality is that at least two of these things will go wrong, if you read the prior post our money is on the side hustle job loss versus the career job loss (since there is more volatility).

Now the final warning piece when it comes to overconfidence… Run the numbers. No matter what you absolutely must run the numbers. If you get a sudden windfall of $50,000 and decide to use it for something like a nice car, The cost of overconfidence should be measured in years of work, not dollars received (when you're officially rich you can avoid this calculation since it becomes irrelevant). To conclude this point we would also take the time to work backward. If you were earning say $100,000 and saved $30,000 per year. Then you have a banner year and make $250,000… If you save the difference ($150,000), you actually The measurement is based on the fact that you were only putting away $30,000 before and there is no guarantee that this insanely hot economy continues to run.

you better be sure that it's worth a full working year of your life.gained 5 years of working effort.

As stated in the prior post this was a big mistake we made and would reverse if we could. While we lucked out and the returns were fine, generally speaking you'll want to prefer cash flows once you get over your "net worth number" needed. If we think about this it explains why a lot of people who are on the right track suddenly fall off. Those fixed cost payments hurt immensely in downswings. A home is easily the best example of this.

Cash Flow Issues:

While your average person says "you're losing money to rent"… You still have to live somewhere. So the real goal (until rich) is to keep your "living cost" as low as possible. Once you're officially rich you can go all out and buy anything you like. But. Until then, view the buy/rent debate as a cash flow issue. Even if you miss out on some property appreciation, you also missed out on all of the risk associated with owning the home in the first place. The only time it'll make sense for you, is if you can put down 25% or so and the post tax money (after deductions etc.) is equal to your current rent. This is a classic way to game the system from a financial leverage perspective. You're spending the same amount of money each month but now you're actually making small amounts of gains as the equity ticks up over time.

The second cash flow issue is the volatility in your earnings. If you have never been fired or laid off in your entire life, that trend is eventually going to reverse. Run the math quickly. The typical person who appears to be living right is actually increasing their expenses and likely saves around 20-25% a year. If you lose income for just 6 months, you've gone into a -20-25% situation. A job/career transition of just 6 months . Please read that again. A single 6 month transition period sets you back a full two years as you lose one full year of savings and on top of that you didn't make any progress in that specific year.

sets you back a full two years

Now the classic rebuttal is that the person could always "cut" their spending to make this temporary transition less painful… But… We'd argue that it is likely that you'll be forced to take a position that pays less. Think about it like this. Even good performers can get laid off/fired and if that person is toward the higher end of the pay scale due to performance, they are going to have to accept a position that "restarts" their standing at a new firm. For those that have worked for several years, they know it is naive to believe that "high performance" guarantees job/career security. It doesn't.

One of the key messages from this blog is that staying in shape and learning how to dress are incredibly important. Why? Well it actually relates to lifestyle inflation. If you're in great shape and know how to dress well, the expectations for your earnings are actually lower. This is why you see a lot of extremely fit guys with decent looking girlfriends but a lighter bank account. It is also why the "lifestyle inflation bug" hits unattractive men the most (they have to spend more to compensate for being less attractive). Also. An unfortunate fact of life is that momentum carries itself so if someone is forced to overcompensate, it usually requires longer hours of work (making it difficult to reverse this spiral).

Classic Lifestyle Inflation:

Now that we know how this impacts a lot of people, where does it surface? It surfaces in the following areas: private school tuition for people who have families, expensive cars that decline in value, over levering on a home, expensive watches/clothing and of course, more expensive dates. To be clear, we're fine with spending on every single thing in the prior sentence. If you're rich, go ahead and buy a huge house, a yacht and that private jet. Until you're officially rich, decreasing the percentage invested causes you to work backward in time and increases the risk of sudden losses (lose your business or career and you're going negative in a hurry). This trap is exactly why the number of millionaires is so small and yet a lot of people do earn top 1% income for a small period of time.

The problem only arises when your savings rate suddenly declines significantly.

Becoming over confident in earnings for a couple of years which allows you to save more dollars but does not actually improve your savings rate. For example if you continue to increase earnings by $50,000 but then spend $50,000 you're actually worse off since your fixed costs have increased opening you up for financial downside (if you lose your income). The second issue is not doing correct cash flow calculations on your fixed costs to encapsulate the true value of each income stream. The reality is that larger income streams () are also the ones most susceptible to going away quickly. Finally, if you've been smart, you'll avoid lifestyle inflation until making it since your physical fitness and general personality/style should already offset the need to spend large amounts of money. Don't tell the tech nerds about this though.

Summary of the Big Three Mistakes: *especially when employed*

Assuming you've gotten this far you're now learning the game relatively quickly. You're now making decisions regarding . Back in our first post we explained that many individuals do not like to give up control so they end up raising prices on the products/services they offer as their secondary income. If you're sharp you'll eventually find someone to do these tasks at a smaller rate (be it 50%-90%, we don't know your market) which then frees up even more time. You know what to do. As your time frees up in exchange for a slight decrease in cash flow, you should find another stream of income that *increases* your opportunity cost.

Now Back to the Money Part: *time and opportunity cost*

Since we're going back to the basics we'll use a simple example. You work as an accountant making $75,000 per year. A solid income, it's stable and the job comes easily to you. In addition, you learned a skill (lets go with graphic design), that leads to $40,000 a year of extra income. This unfortunately is the most you're able to do given time constraints and you want to work on yet another project (say website design as well). Instead of killing this $40,000 stream, you find ways to optimize it by outsourcing part of the process (for example going back and forth on the basic design concept). This cuts your workload in half but only costs say $15,000. Now you're making "less" at $100,000 a year instead of $115,000… But… you have now regained your time. This results in a new website design income. You use your graphics design references to help drum up interest in your new P&L item and unsurprisingly you make $40,000 more through this new venture… It's obvious but we'll spell it out… Now you can find ways to 1) train someone to work for you and scale, 2) find ways to outsource and free up time, 3) create templates that automate a large portion of the process – and 4) ramp up marketing to increase the sales/lead funnel.

hint this one is done by every single major company for a reason

At this point you're now playing a game of optimization. Don't take it too seriously, you already did all of the serious hard work. You've created multiple cash flows, lived well below your means to show money the respect it deserves and didn't fall into the three biggest wealth destroying traps. At this point when you look back at your original calculations you're probably tracking to "financial independence" at around the late thirties. At that point you realize… if you just turn those side businesses into something organizable to be sold in the future… Once that last item kicks in you'll get a taste of real freedom which forces other people to adapt to your schedule (its a fun change!).

Optimization: *You'd be done 5 years faster.*

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality.

Efficiency, Get Rich Without Giving Up Your Life

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The Good and Bad of Anonymous Blogging

Below is a quick outline on blogging anonymously thus far:

Five Themes:

This is not surprising. The only people who are able to tell that this blog is legitimately run by Wall Street professionals are people who either a) work on Wall Street, b) have legitimate knowledge of Wall Street or c) have a high IQ and spent the time reading about the profession.

1) Intelligent Readership:

One of our contributors stumbled upon a personal finance website called and in just 2 weeks we noticed he dropped in and left a comment on our post: Sam over at Financial Samurai has a legitimate financial background so he's one of the rare people we read with regard to personal finance advice. He didn't inherit his money so he has a right to speak on the topic. Even though we may disagree (IE: we don't like homes as long term investments while he loves them) at least he has walked the walk.

*Example:*Financial SamuraiWorking with a Psycho Managing Director.**You can't fake experience because the content would reflect the lie.**

Again, this is a bit Wall Street specific, however anyone who has actually spent more than a few years on Wall Street knows that the job can become painfully mind numbing and boring. By verifying legitimate Wall Street professionals (emails, linked-in etc.) it becomes very easy for someone to write a blog post when they have had very minimal exposure to creativity. It becomes a fun hobby and the content by default becomes much more interesting.

2) Easy to Recruit:

We had a chance to speak with a few high end individuals in Private Equity. While they have no interest at all in becoming long-term bloggers they jumped at the chance to put in their few cents on what life is like on the Street and what their days look like. Negatively, since Wall Street is an extremely close knit group no one wants to have their name plastered over the internet so we can use hypervisors/logmein accounts and different servers to easily erase their linkage. Now you can see why

*Example:*choosing friends is important.

This is probably the largest benefit of having an anonymous blog. You develop a private network where you can help other contributors meet one another to exchange ideas and build their own mini-private network. This way you are adding value through multiple avenues 1) posts and content and 2) peer to peer networking.

3) Private Network:

Back in September of 2013, we had an out of work investment banking analyst contact us asking for advice on landing a job. The catch? Well we already knew of a slot that had opened in his city and the other contributing blogger was the person in charge of the hiring. You can guess what happened. Slotted into an interview at minimum which resulted in a job. As mentioned several times on this blog, this does not mean you can simply ask for a job or help, No one in their right mind would have a problem referring someone with legitimate job experience for a first round interview.

Example: **you need to be qualified.**

Naturally, if you don't want to put your name out there (no idea why anyone on Wall Street would ever do this) you're going to experience slower growth. The slower growth eventually turns into sporadic growth and ideally hyper growth in the future. After about a year we received ~5-10 emails per month saying that the information was "fake". Now that we have hundreds of posts and have answered the only people who could believe that the information is fake don't know anything about Wall Street or are simply haters. We get one of these once every 4 months or so and just chalk it up to someone being illiterate.

4) Slower Growth: hundreds of questions

Before we got around to throwing up our we had to prove our information was legitimate. So what did we do? We threw up an which is 100% accurate for anyone who has ever interviewed for Investment Banking. After a few highly detailed Wall Street specific posts we saw a massive increase in our stick rate (returning visitors). With the backdrop out of the way we believe an anonymous blog will take at least a year to gain any meaningful traffic since you have to build trust like any other business.

Example: resume adviceInvestment Banking Q&A

Since we have no interest in really making a lot of money from this blog, we can simply write at our leisure and work on a product on the side as well. For one reason or another we've come up with some good ideas for posts over the past 3 months so we've increased the post count dramatically during February and March.

5) Hobby Atmosphere:

The posts slow down in the Summer/December. This is the only time Wall Street employees take vacations. Generally it's the "August slow down" and the normal holiday season shut down (week of Christmas/New Years). This year we'll try to keep a few posts pre-loaded to help with the flow, but there is no chance we're going to be typing up posts while we're kicking it on an .

*Example:*international vacation

In short, if you intend to make a blog that obtains a high amount of revenue and net income, you need to show your face. If you look around at the high end blogs that make money, all of them have a person to attach to (IE: people don't have control of their emotions and need a human connection). On the flip side, if you're looking to meet a set of high quality people, anonymous blogging is great. You're able to quickly filter out the noise and meet like minded individuals. Once every 1-2 months you'll come across someone who understands your views and you may have a new friend out in Chicago or Miami in no time.

Overall Suggestions on Blogging:

We are assuming that many of the readers here also run blogs or have an interest in starting one, if you have additional questions/comments feel free to leave them below.

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The Greatest Time in History to Be Alive

The Greatest Time in History to Be Alive

Lets look back a mere 40 years. In 1977, we didn't even have the internet. We didn't have electric cars. We didn't have "low cost airlines". We didn't have cell phones. We didn't even have a CD player! There are so many things that we did not have that it could take a full day just to list them into a single post. That said we'll highlight every reason to believe this is the greatest time to be alive. We cannot come up with a single solid reason to go back in time to "live in the past" because every single day gets better and better.

Information

This is the #1 reason to us. Information can be obtained in less than five seconds. If you have a smartphone or access to a computer (even at a *free* library) you can learn about any topic in the world. You can learn about sports, stocks, automobiles, fitness, technology, dieting, etc. All the information is already on the web and it requires $0 to obtain since you can access this information by walking into a public library.

Since we've started with getting things you need, we can see that obtaining information is quite easy. There are websites and blogs today run by people with decades of experience. In addition, they don't even receive a high number of page views. If a regular person wants to feel good for a moment he can simply search for "motivational speech/website" and get pumped up for nothing. If a smart person wants to learn how to sell, that is also available in a simple search as well.

Obtaining Information: There is no barrier to obtaining information today.

Sending information is now free as well. If you wanted to tell your closest friends about a new investment? You had to either use a telephone or send physical mail. Now? You can simply go into the internet and click send from an email address. Free. Sending large documents was once costly, and is now completely free as well. If you wanted to send a 2,000 page report to someone… You would be forced to use standard mail. Now? You simply send it as an attachment.

Sending Information: There are zero barriers to sending information today.

For those that worked in investment banking… Can you imagine going to a physical Data room versus a secure internet based data room? Well… That is exactly how it was done in the past. To obtain SEC filings they had to be sent in the mail. Documents were stored in storage containers. It is simply unbelievable to see how much has changed.

Storing Information: physical There are zero barriers to storing sensitive information.

Even for the cynics out there, we don't see any barrier to securing information as well. If someone absolutely needed to write a document and secure it forever, that can be done with a basic computer. Never connect the device to the internet, write the document, place it on a USB stick and delete the document (destroying the computer as well). No one needs to go to this level of extremity, however it can be done.

Securing Information: There are zero barriers to securing information.

With a little bit of intelligence, you can be certain that the information you are obtaining is also accurate. Why? Only go for information that can be tested and proven. . This is an incredible advantage. 95% of people want to be entertained so they will spend their time getting information related to pop culture and "feelings"… They will consume millions of stories about making money that give no practice advice. You on the other hand? With a few clicks you can build baseline skills for practically anything… for free.

Accurate Information: While going for nothing but *proven* information,you'll never get a *material* edge on the competition, you can build a fundamental baseline of skillsThere are zero barriers to obtaining accurate information.

For free. We cannot stress this enough. You can obtain, send, store and secure information. In addition, with a little bit of intelligence you can see if the information is accurate or mumbo jumbo used to attract the masses. This section alone makes today the greatest time in history to be alive. All of these things used to cost money. But it gets better.

Conclusion: For Free. real

Making Money

Anyone can make money if they simply want to try. If someone cannot make money today, they are saying quite literally: Even if someone is located on a mountain in a remote part of the United States… All they need is an internet connection. After obtaining an Internet connection they can offer services to people in wealthy parts of the United States. These basic services can include cooking, cleaning and fitness training. They don't even need to be there before they obtain their new line of work. How much does it cost to travel across the entire country? While this is an example of the extreme low-end… lets look at more logical examples.

*"I have no skills and am unwilling to acquire any".***About $200 by train.**

It can cost $100,000 to start a brick and mortar (commercial real estate can get expensive). With that $100,000… You could buy millions of entrants to your website! Depending on the cost per click (what region you're targeting) you could get well over Lets think about that scale for a second. How long would it take to get 1 million visitors into a single brick and mortar? A Year? A decade?! We don't even want to know because we'll never get into that business. Ever.

Internet Customers: .1 million visitors in a day for the same price

How much does it cost to sell someone else's product? . That is right. With a few clicks on a computer screen you can start selling someone else's product today. You don't even need to own the product or be on their staff! All it takes is a few clicks and typing information into a computer screen. This means you can have two income streams with lightning quickness. Not only that (unnecessary, but for those uninterested in fame/publicity it can be done).

No Barriers: $0but if you're smart, you can buy a few accounts and make sure none of the sales are linked physically to you

We've moved on from two industries in less than 5-6 years. Lets think about that for a second. In just 5-6 years there have been *two* business shifts. You can start with a career on Wall Street, shift into online sales and shift into selling your own product within less than 5-6 years. Can you imagine trying to do this in 1977? Back then people would laugh at you. Today? Not so much because you could begin this process *while* you're still fixing cars to keep the lights on and the bills paid.

Shift in Business: *"Hi, I'm going to sell Jewelry to women after 5 years of being an automobile mechanic"…*

There are two ways to make good money: 1) go where the money is or 2) go where the money will be in the future. If you go where the honey pot is today, it may not be there in a 10 years. But. You can absolutely put some money away to get your neck well above water. Once your neck is above water you can then spend all your time focusing on where the money will go. Finally, if you're brilliant, you'll know where the money is going to go. We all know what that means. Use what is making money *now* to fund new projects… where the money will go. Back in 1977? Information was consolidated into special groups and it was difficult to get up to speed.

Honey Pots:

Put a dollar in and get a dollar back within a year… The rest will be profit. If you told someone this back in 1977, someone like Warren Buffet would buy it with millions of dollars before anyone had the chance. The funny thing? This is happening right now. You can buy e-commerce companies that are poorly run for 1-2 times earnings and get your money back within a year (the remaining pure profit). You don't need a , you don't even need $100,000. What do you need? Information… Which is free!

Acquisition Prices are Low: million bucks

Lets take the final item, the "low-end". If someone doesn't want to do anything listed above. They don't want to work in a career. They don't want to start a business. They don't want to make a lot of money, they just want to get by. The answer? Move to where rich people live. Rich people do not want to feel an ounce of "discomfort" in any way. Offer a service. This can be babysitting, cooking, fitness help, etc. By targeting the wealthy, you'll earn a median wage with relative ease.

Services Through the Roof:

We now have access to *practically* any type of investment project we like. If you're interested in private real estate deals? . If you want to invest in the entire S&P 500… that can be done now. If you want to buy options? That can be done with a few clicks. So on and so forth. Oh and one last thing… it can be done for a few dollars with thin spreads (Anyone else remember when stock prices were listed in newspapers with numbers such as 1/8? We do.)

Investing: That is available to you right now with no need to be an institutional investor

Everything that is needed to make money can be acquired for significantly smaller prices. You can obtain the information for free. Start the company for a fraction of the cost. Acquire customers for nickels and dimes. Run multiple businesses at the same time. Start a new one without dropping the ball on your current project and worst case scenario? Offer a service to keep the lights on.

Conclusion:

Health

Time and health are the most valuable items in our lives. Better health gets you more time and time is the only thing that you can never get back (money comes and goes but you can always get it back). All that said, it is third in this list because it was possible to live a healthy life 40 years ago as well.

With advances in technology we are living longer. Since we can use a computer to make money, our bodies last longer. In addition, healthcare technology continues to get better. Surgeries are more accurate and the medicines being created today continue to be more and more potent solving more and more issues. Overall? Technology has helped improve our healthcare system.

Technology:

With more information on longevity, we can now come up with our own conclusions on how to live longer. We have information on the life expectancy by country (take a look below)

Data and Analytics:

Untitled

This means we can go ahead and make some broad conclusions. As you travel the world (undoubtedly you will or already have), take some mental notes on the life styles of the people in each country. Use this to create a basic "mosaic" of the keys to a long life. Are the people happy? What do they typically eat? How do they exercise? How much rest do they get? Are they physically bigger, smaller, taller or shorter. So on and so forth. Can you imagine trying to get this information 40 years ago…. We don't even know where we would begin.

Obtaining a gym membership can cost you a grand total of ~$1 a day. While it can certainly cost more, if you simply need access to all the equipment necessary to train without buying it all (thousands of dollars) you can do so for about a dollar a day. By the time you're done, using all of the equipment for a few short years (lets say you spent $1,000), your body will see a parabolic improvement. If we wanted to do this 40 years ago, exercise equipment was difficult to access.

Access to Equipment:

Personal Life

It does not matter what your interests are. You could be interested in cats and dogs. You could be interested in making money. And. You could be interested in fiction books. With the internet you can easily connect to someone with the same interests as you.

While everyone assumes that the "other person" writing comments, blog posts, forum posts etc. "must be a loser" this is simply not the case. If you provide high quality information on a topic, people in the *know* will immediately reach out to you. It is simply not possible to have 3.2 billion people connected to the internet and have 99% of them be "losers". In fact, several readers of this blog have already figured out what industries we left (we have left two so far in just five years!). Why? They simply read the blog posts.

The Other Side of the Screen:

What does this mean from a social perspective? It means that there is no real barrier to meeting new people. You can find someone who lives in Chicago even if you live in Rome. The person in Chicago can then click on Skype and call you to discuss a topic you're both interested in. Naturally, no one *needs* to do this, however it is possible with the internet. As you can imagine, we don't recommend socializing on the Internet, but… it can be done.

There is no need for a relay of information. Those days are long gone. A news report seen “Tonight at 6pm” is typically old news. You can now receive information as it happens with a simple click of a button. Why would you take information from someone who spent 2-4 hours to decide how it should be displayed when you can see it live right now? It doesn’t make much sense.

Live Information: *from the source*

From a personal life/social perspective, you can now obtain accurate information real-time and dissect the meaning yourself. No need for an intermediary anymore.

This post was written in less than an hour. We’re not saying it was done intelligently, but we are saying there are too many reasons to list. We could probably write for 5 hours and not even scratch the surface! If there are more reasons to add please leave them in the comments.

Concluding Remarks:
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The Growing Economic Divide

The Growing Economic Divide

At this point, every single country is trying to print trillions of dollars to solve the economic crisis caused by COVID-19. If we look at the solution from a “fix it now” perspective, it works. If we look at the situation from a long-term impact perspective, it does not. Paying off debt with new debt is exactly what happens when a company is entering bankruptcy/insolvency. If you give a person debt who cannot pay his own bills, this means his future bills just went up. He’s better off shuttering and moving on.

Since our readers have various backgrounds, a restaurant is a simple example to follow. If we take a middle of the road restaurant, call it “Italian Restaurant”, this location will cost ~$40 per person for a dinner. This is a reasonable price range for middle class people. Unfortunately when you sell to the middle class, margins are usually lower relative to someone operating an ultra high-end restaurant. How low are profit margins for regular restaurants? They run at around 5%. If you don’t believe this feel free to look around online and you’ll get to a range o 0-12% or so with most hitting 5%.

Example – a Restaurant:

Now that we understand slim profit margins, we have to look at only two variables. Rent & Food/Drink Costs. Why? These businesses are being forced to run at 25% capacity at max. To keep it simple, we will even give them a boost to 30% of normal capacity. Remember, social distancing and other rules cause these numbers to be generically correct. Therefore we have to ask… How much is rent?

Well, rent/lease cost is usually 5-8% of total sales (this is during Food and drink costs (cost of goods sold line) is around around 28-32%. This gets us to a minimum cost range of 33% with a high-end of 40%.

normal times).

Put it all together. If a Restaurant made $1M in a year, around $333,333 was spent on lease + supplies and you’re left with 60% “Other” expenses like insurance, employees etc. Even if we assume that there are no other costs, you have to pay out $333,333.

Jump to the conclusion at this point. If the revenue line is stuck at $300,000 because of the pandemic, and you must pay out $333,333 it means you’re losing $33,333. Also. This assumes you have no debt at all (running the business as 100% cash). This is incredibly unlikely as most restaurants are levered up just like a home (you borrow to buy).

How does this end? It ends with the person losing everything. Even if you give the person a free loan for $100,000+ with no interest rate attached to it, he’s still losing money every single month. This means you’re creating a payment for him that just gets bigger and bigger and bigger as he borrows more and more during a time when the business cannot operate. Pretty insane when you think about it. His business was shut down beyond his control and the person paying the price is the business owner? It’s quite a mess to watch. He’s better off closing the business instead of running at 25-30% capacity over the long-run.

The above should make intuitive sense to anyone. No need for a specialized degree in Economics or a degree in anything else they told you would help obtain a “good job”. If we look at the other side of the equation, competition is imply ramping up in two ways. You have two other options to eat: 1) you can cook by yourself and 2) you can have food delivered for you by Amazon.

Go to the Next Step – The Competition:

Now you’re probably asking, why won’t people go back and live a normal life once we open up the flood gates? The answer is that a large chunk of the population is unemployed so you cannot simply flip a switch and force companies to hire everyone. In fact, many of these major companies learned that a huge number of their employees were not useful at all. They were simply collecting checks and going home without any productivity. The firms that said “we won’t fire anyone this year due to the pandemic” will be cutting heads by next year. The firms that did not make this offering? They have already started the cuts.

So now you have a “retail apocalypse”. The major retail areas have less foot traffic (even if everything opens up), the competition allows people to save money (cooking for themselves) and the longer term solution (delivery) is run by Amazon who’s interested in making costs go down long-term. It is safe to say that a structural shift has occurred and you’ll have a larger remote work force (continued pressure on foot traffic).

Put this together and the below chart is a good set up for what is to come.

The second step is where degrees in economics and "Phillips Curve" discussions get thrown out the window. We've lived in a world where inflation has been part of our lives and we believe that this is going to continue with no rational explanation for why. There is a great book on this topic called "The Price of Tomorrow" by Jeff Booth.

Another Structural Shift:

In summary for those who haven't taken economics, the Phillips Curve is simply the statement that "economic growth comes with inflation so inflation should line up with job growth". That is great, until you look at the national debt and realize all the "growth" wasn't economic growth. It was really just debt piling upon debt which was causing the "inflation".

Take a step back (as the recommended book does) and ask yourself, in what future will we see job growth? Job growth in the physical realm is highly unlikely. All the products we are consuming are competing against robots. Factories are run by robots in many areas (hint think Alibaba and China), the number of jobs being replaced by lines of code is accelerating and on top of that, levered up companies that are facing potential bankruptcy are looking for ways to cut jobs that are unproductive. Job growth will not occur until we're able to create a new virtual economy discussed in a prior post. Until then… job growth is going to go down.

This creates an extremely difficult set up. If you print a ton of money and cause asset prices to go up, you're putting the clamps down on 90% of society. If you don't allow assets to go up, large numbers of people/companies go bankrupt. The solution is to re-do the entire monetary system and that requires far too much coordination (if you obsess over this stuff like we do, you know the IMF is already dropping hints of a new Bretton Woods agreement).

It is quite interesting to watch. The best solution is to issue checks to everyone and tax it back based on their income this year. And. That's not going to happen as the government had a chance to do this and went with mass printing instead (hence asset prices went way up while people who do not own assets got significantly poorer). Focusing on asset prices prevented any sort of market reduction and now we're living in a twilight age where big companies believe they will always be bailed out even if they lever up to the gills.

The answer is quite simple, you must produce something (anything) immediately. There is just no way around it. Unless your net worth is increasing by 20-25% a year, you're going to be falling behind. Why do we think the number is this high? Look at the prices of tech stocks. Since we know that tech is going to drive all the value going forward (or at least the vast majority) it's the new standard for relativity. Buying something like the Qs (NASDAQ) is a lot more reasonable with a 10-year time frame than a diversified basket of stocks in dying industries ()

Solution for You: *as usual, not to be deemed as legal or financial advice of any kind, just an opinion*

If you don't have money, we would go ahead and trade your time for money and work those 60-80 hour weeks. There is just no other way to gain ground. If you have $50,000 to your name, producing even $5,000 of extra income is a 10% move for you. This gives you a shot (at least). Go ahead and start fixing iPhones, repairing watches, doing yard work for money etc. Anything and everything is on the table since the value of assets are going up rapidly.

Meanwhile, For those that have followed our recommendations over the years, we've historically talked about times to sell and times to avoid selling your company. At the current rate, unless your business is going down and you're certain, you do not want to sell it. The number of ways to generate *income* from an asset is declining. Tech stocks are great for investing (healthcare as well), but, the majority of them don't have big dividend payments. So you need that cash flow to invest into the future which is heavily technology centric.

do not sell any internet producing assets.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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The Human Condition – Learning the Truth About People

The Human Condition – Learning the Truth About People

Feel free to ignore this post at your own risk. We won't argue with you. You'll see why in the post. If you've lived long enough to see hundreds of irrational and illogical decisions made by people, you'll build a new framework for how they tick. If you want the summary, everything you learned about economics can be tossed if the phrase starts with "assuming humans are rational…". They are not. So we'll jump straight into some long-term expectations as it relates to people.

If someone dislikes you, they won't believe you regardless of factual evidence. Even in extreme situations where it is blatant. If you're able to successfully dunk a basketball and you are 6 feet tall while the other person is also 6 feet tall, he'll think you cheated somehow. Or that if he trained harder he could be just like you. No we are not kidding. Also. If you played XYZ sport at a high intensity college, where it can easily be looked up online, they will rationalize and say "it's probably his twin brother". No, again, we are not kidding.

Do They Dislike You?

If someone really doesn't like you, they will go to great lengths to try and believe you are not good at anything. Even if the facts can easily be found, they will claim that you're a liar. This is just how it is. In public settings they may tone it down a bit and try to claim they are better than you at something "more important". If you understand this concept, you'll easily flush out who dislikes you and likes you based on what they say about your verifiable accomplishments (to your face or behind your back).

This one is extremely intense if you go up the income/net worth ladder. While the vast majority of rich people are first generation millionaires (something around 80%), there are still some people who got rich by luck or inheritance. Again. Vast majority are *not* like this. That said they do exist.

You're Always the "Dumb One":

So if you ever meet someone who went to a top school like Harvard, people will assume they are smart. They might be dumb because they simply went to the best private schools their whole life and mom/dad made a generous donation. So on and so forth.

The important concept here is that you're always the dumb one. So if you ever try to explain something you better be that even an idiot can get it. If an idiot cannot understand it then you shouldn't talk about the topic. Why? When you try to explain it in basic terms and they don't understand, they will assume that . We are not kidding. So you better be *sure* that you're explaining things in obvious/simple terms. (Hint: now you know why our writing is non-nonsense straight to the point, it reduces confusion for everyone – smart or not smart).

sure *you're the stupid one*

If you end up getting into a heated argument with someone, that relationship is officially over. Just give up on it. While there are rare exceptions to the rule, you're never going to change someone's opinion on highly emotional topics for example. So you're better off just deleting their contact information. Have you ever gotten into an argument with someone and they say "yeah you're totally right, i am totally wrong". Neither have we.

Arguments Are a Waste:

The other problem with arguments is that other people may be watching. And. To them you just look like two idiots yelling at each other. So you've not only wasted your time with someone who thinks they are right but you've also diluted your own worth in front of anyone who saw the interaction. There is a zero percent shot that you'll remove all argument from your life, but, it doesn't mean you shouldn't try.

This is another human condition that is common amongst 99% of people. This is NOT common among the 1%. The 1% are the 1% because they do have self awareness despite the average person thinking they have big egos. Big ego people are unable to see what they are good at, what they are not as good at *relative scale* and what they need to improve upon.

Lack of Self Awareness:

Take sports for example, if you can jump 40 inches in the air and your one mile time is a horrific 5:00 in high school, you probably shouldn't be a long distance runner and you probably shouldn't waste your time trying to play soccer. Instead you should probably play volley ball, basketball or compete in the high jump/long-jump. So on and so forth. We're not saying you *can't* get better at running a mile, we're saying that you're a fool for spending your time there. Just because you can get better at something doesn't mean it should be a focus point. This is an extremely common mistake. Just because you like something doesn't mean you're good at it (no matter what mom and dad say).

"You changed man"… "Of course, I didn't work this hard to be the same". This is another reality of humans. While your close friends will actually be happy to see you succeed the vast majority will not be happy about it. Think about the average person, does he enjoy seeing someone the same age as him vastly surpass him in terms of life success? No. Why? See point #2 where they always think you're the dumb one and they are better than you despite all of the verifiable data points.

If Successful You Will Lose Friends:

You shouldn't let this deter you. As you become more successful, you find out who your real friends are. You'll be surprised at which ones stick around and which ones drop off entirely. Some of your contacts end up being around for 10, 20 or 30 years and you would have never guessed that they would still be around.

While many internet intellectuals will argue that women rationalize more than men. Our experience suggests that both of them rationalize. We are not kidding. For example, if a guy shorts a stock like , he will seriously believe he was right "but the timing is off". Well if you lose everything there is no way you were right because you have no time to recoup the money.

Rationalization: Tesla and it goes from $40 to ~$1,800 today

This happens a lot. Look at CEOs who claim they made the right decisions despite running their companies into the ground. Or guys who leave from Company A to Company B only to see Company A thrive and Company B go bankrupt "It was the right risk reward decision" is a common saying. The real answer, the mature one, is to simply say "got this one wrong". At least have some self reflection.

While you can *remember* what people say, try to focus on the tangible part of "what they do". If someone says they want to improve at something but don't show any results and don't show any resolve to go out of their way to fix the issue… It means they don't actually want to get better. They can continue to tell you but what they are really saying is they "wish they could get better without any effort". For those that have been involved with affiliate marketing, you know why diet pills are so attractive. A quick fix with no real effort beyond popping a couple of pills. This is only accelerating in our society where everyone wants to know exactly what is going on in just 2-3 sentences and they get upset if you can't explain it to them in fractions of seconds.

Ignore What People Say: "I want/am going to get better at XYZ"*Focus on actions not words.*

Unless you are related (family member) or perhaps a friend for 10-30+ years… Assume that you have to align incentives. If you put two people in a room who are "friends" but then incentivize them to compete and fight one another, they will fight eventually. This isn't a bad part of the human condition, it is actually quite natural. Assuming that people are going to do the "right thing" all of the time when you're constantly tempting them to do the wrong thing is going to net a lot of bad results/outcomes. For your regular life and your work life, try to align incentives so everyone wins. This is not easy but the headache will be worth it. Friendly reminder: your co-workers are never your friends. Don't be a fool.

Incentives Rule:

One final one we'd leave with is your average person is entitled. If you've run a product business you know that even if you tell the customer something is delayed they will ask that you give it to them for free (seriously). This isn't something you should do unless there was an issue with the product of course.

Instead recognize that everyone expects a free hand out. On your side, never expect more from someone. If you sell something for $8 and it generates $800 for them, don't expect them to come back and give you a $20 tip. Hell. People don't even tip properly at high-end restaurants since they view the servers as "lower than them".

Set and Forget:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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The Last Round of Bullets – Prepare for the Worst Hope for the Best

The Last Round of Bullets – Prepare for the Worst Hope for the Best

In short, we're screwed. While we can fight off the virus and potentially stave off mass casualties, the economic damage is the real issue. Back in 2008-2009 there was a *centralized* issue. The issue was that many mortgages were collapsing. So the solution was drastic and simple, lower rates and inject cash to the major banks to avoid a cascade of defaults. In this situation we have a distributed attack on the system. How do you bail out restaurants, airlines, hotels, malls, casinos, cruises and real estate all at once? The second issue is that the distributed default is not easy to contain, if someone runs a small business with $1M in revenue and $100K in profit, it means his monthly expenses are $75,000! This is a big issue. Even if it's a single month at 0% interest… It would take the person 9 months to recover. Now scale this up and spread it across the united states. That is the current situation today.

The more sophisticated readers can skip this part. In simple terms many companies operate with leverage. This means they have more debt than cash. So imagine you have $1M in debt and $200K in the bank to run your small business. Well.. if the business makes $1M per year, you're probably okay. If the business has slim margins (restaurants, airlines, casinos, etc all have slim margins), then you're in trouble if your annual income was low.

Explanation:

What happens? We can use a simple real estate example. Forget the "regular upper middle class consumer household" they are actually okay if they have a single mortgage. Go to the bigger picture. You have a 1,000 unit apartment complex in a major city like Las Vegas Nevada. Suddenly the entire casino industry shuts down for 2 months. This means people cannot pay rent. If they cannot pay rent that entire apartment complex now defaults. So you're not looking at a regular mortgage default, you're looking at a corporate debt default (even bigger).

What happens to "fund managers": This gets even uglier. This week major hedge funds have fired Portfolio Managers. If you think all hedge funds are "hedged"… Well many are simply wrong. Even Citadel and Millennium have fired PMs this week and those are some of the better performing funds in a market neutral book (market neutral for newbies means they have to be long $100 of Stock A and short $100 of Stock B). In theory, by being long and short the same amount, you should be "flat" if the market goes down. As you can imagine with huge volatility this doesn't work. Why? Well the books are levered up 5x!

Lets review in basic terms. If you want to own say Google, you have to be short something else in internet say Amazon (again this is not correct exactly but explains it well to regular readers). So you have $1M to invest. Well in order to generate returns you lever up the book. You have $5M to invest into this position. So lets say you short Amazon and go Long Google. $2.5M is short Amazon and $2.5M is long Google. Great. Assuming no wild swings, you will outperform if internet stocks go up and google does better than amazon. If internet stocks go down and Amazon goes down more than google, you're set!

Seems fool proof. Until? 20% swings. Look at stocks in the S&P 500 and you will unlikely ever see this ever again (we hope) over the next 20 years. It could get worse as we don't think we're anywhere near the bottom. That said, a 20% move would force you to LIQUIDATE that google position. That is absolutely crazy. Since you're 5x leveraged if you don't have money to support the margin call, they force cell the asset… You'd think it ends there? No. It gets worse.

Now imagine while this is happening, you have had 5 years of record performance (Citadel and a few other funds are up substantially the last 5 years using this long=short construct). Now you get people calling "i need to pull out $5M since my business is getting crushed" from wealthy clients. So not only do you have to deal with the margin calls, you now have to begin selling assets to cover the $5M redemption (redemption is finance speak for customer asking for money back).

Welcome to what we're seeing today. We won't even go through the Oil fiasco as that's too painful to even write. Texas is going to suffer if numbers stay as low as they are (oil prices) and we'll leave it at that.

Since interest rates have been low for so long, the interest payments were easy to hit. If you take $1M loan at 2%… That's only $20K a year! Incredibly easy to find a way to generate profits of just 2% on $1M of capital (so everyone said…). Then you have a strange event like this, a complete out of the blue viral severe pneumonia. Suddenly those business that were making profits due to cheap debt, borrow at 2% and get 4% returns… are borrowing at 2% and seeing – 50% "returns". Leverage cuts both ways.

Fed Policy Out of Bullets:

If you believe -50% is not feasible we suggest you look at real estate or casinos as good examples. You have a sudden revenue drop to zero for at least a quarter (we doubt it's that short), and you're looking at $0 revenues and hundreds of millions in losses. Unless you fire people of course… which is why layoffs are occurring immediately. Remember the small business example set above, if you have zero revenue, you have to borrow to cover that month of expenses. Now imagine that monthly payment is $50-100M not $50K… Now you see how hard it is to "get that money back" with future earnings.

Since we live in unprecedented times, the Fed is attempting to help create "liquidity". This means all of those margin calls are being funded with 0% interest rate money. Also. The government intends on giving individuals money straight to their bank accounts (sending them checks!). While this is fine for now, it doesn't solve the long term problem. If trillions of dollars of revenue goes to zero… expenses were paid with 0% debt… How long does it take to repay the debt? We don't know. But. We'll say it is likely a very very very long time. If you want us to guess, unless there is a miracle, you could see 3-5 years before real growth and pay down is seen. This is simply a guess based on the environment continuing through Q3. If the virus does come back in Q4… all bets are off as thousands of business depend entirely on holiday season earnings (not to mention skiing in the winter).

The Fed had two choices: 1) take rates to zero – Check and 2) start printing money – check. This is a bandaid but we're now building a massive debt burden even if it as 0% interest. Also. It assumes that everyone returns to "normal" when we get through this mess (doubtful, again an opinion). So you have a cascading debt load, consumers can't pay bills, those companies are levered up, they can't pay the debt, they get 0% debt, they have to pay all that debt back with future cash flows. You can see the issue.

"Just print money"? This definitely will help. We'll actually go on a limb and say that's better than the debt idea for now. We know the crypto community will hate that comment but it sure beats seeing people unable to pay for food. You're better off with the second option which leads to? Hyperinflation or even Stagflation. If you print too much money, prices keep going up and people are still unemployed creating a massive issue – stagflation.

So there you have it. Two choices: 1) push out the pain again with 0% debt and pray the business environment goes back to normal quickly or 2) give people money to prevent default and risk asset price inflation. By the way, we mean "give people money" literally. As in sending checks in the mail.

First of all, thank you for all the emails the past two weeks from the people who actually took our advice. We're thrilled you're financially better off and mean that seriously as we don't even care about being right anymore, better to see people avoid a massive blow up (having a month of food is huge in a lockdown). What you should do is much of the same. We're in markets that are likely going lower (opinion) and if we're wrong and there is massive printing leading to inflation, you still hold some stocks from way back in 2012-2016 so the cost basis is 50-60% lower. So you're good to go.

What Do You Do:

Instead any more you get you have to keep it simple. 1) retain 12 months of cash on the books at all times, 2) all income you get you want to buy "store of value" this is gold, crypto etc. While people believe the store of value narrative is gone.. it isn't. Re-read the section on margin. If people had billions of dollars levered up 10x or more, it means a 10% price drop would liquidate all crypto investors immediately. That is what you saw. Same with gold. While gold investors are less levered up. Any time leverage continues and margin calls ramp up… this means everything goes down temporarily and volatility spikes.

Investors have to sell gold to fund their losing positions.

Since we have to give a recommendation now, the easiest one is the same as a month ago. Keep cash balance up to 12 months of your expenses. Just focus on that and take your costs to zero (impossible but you get the picture). If you are already there and have 12 months or more, go ahead and buy store of asset products like crypto and gold.

In terms of your work there isn't much you can do. If you're in the Ad space, the vast majority of you should probably take spending to zero. Yes zero. Unless you're in an industry where benefits are being seen today, just take your spending to zero if you're already losing money. On the Career side of things, this is not the time to be "lazy" catch up on the news when you're done and spend your time being helpful to your employer. Thank your lucky stars you're still employed at this point.

We *hope* for the best but prepare for the worst. Our "standard case" not worst case or best case is that this virus lasts for over 3 months. In addition, we think it comes back stronger in Nov-Feb time frame. We're not being pessimistic, we're simply looking at facts from prior corona virus cases. The last 6 of them never resulted in a vaccine so we don't know why this one will suddenly be solved. The answer? We recommend you personally stay safe and if you've been acting paranoid keep that up for another 9 months or so. You will be laughed at today and it's worth it. Better to be laughed at and take the risks to near zero.

Predictions of the Future:

In terms of industries we have some bad news: large gatherings (casinos, concerts, cruises etc.) are going to see long-term issues for at least a year after resolution. Why? There is just no mathematical way this is solved in a couple of weeks. To the low IQ people who said "this is just the flu", "store of value is done for crypto and gold" and "will be back to normal quickly" it's best to go ahead and delete all of those comments. They are incredibly uninformed. Even if the numbers get "better" in two weeks, you don't want to have people come back together because it will just spread… AGAIN. This virus is asymptomatic which means you can catch it and have no symptoms. We lost control of where the virus is and by quickly going back to crowds you're just going to spread it again.

It was fascinating to see how people understand "big risks". Tail risks and things like that sound fancier but we prefer simple english. a "Big risk" is a systematic uncontrollable risk. In plain english: 1) you die or 2) you lose everything. This is why we went full paranoid with this virus, one of those two risks were clearly present. If there is a chance of losing everything you have or dying, you just don't take the risk. We don't care how strong, healthy or intelligent a person is. They do not have the capability to avoid a airborne microbe that can infect you with a debilitating lung infection.

Think Through Risks:

On the positive side of the ledger, this is also why things like crypto and gold exist. In a world of absolute chaos, what can be used as money besides "paper". If we enter hyper inflation like Germany in the early 1900s… those dollars are going to be worth nothing. To be clear. We really really doubt it gets to that but the point is the same. Always have a 5-10% hedge (if you can afford it) or a 1-2% hedge (everyone can afford this) against a catastrophe. If it's asymmetric to the upside you *must* own the asset. If it is to the downside, you must AVOID it at all costs. COVID-19 is the downside.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return
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The Most Common Excuse

The Most Common Excuse

This is becoming the go to excuse these days. If you're a millionaire with a serious franchise, constantly flying to meetings and juggling a possible family this is viable. If you're under the age of thirty this is just nonsense for most people.

"I don't have time".

The truth is this… When people tell you they don't have time the truth is,

they are wasting time.

They don't have time for job searches and updating their resume but they have time for talking about getting new jobs

They don't have time to work out or invest but they have time to watch people work out playing various sports and memorize their statistics

They don't have time to go out and spit game to improve their sex life but they have time to watch people have sex through the security of the internet

They don't have time to update a blog on a weekly basis but they have time to edit photos on Instagram and load up frequent posts on their Facebook profile which makes them $0

They don't have the money to fix their diet but they do have the money to eat a $10 lunch everyday when this is substantially more expensive than a homemade juice and a meal

Instead of reverting to "I don't have the time" how about you ask "Am I wasting time?" If a single worthwhile proposition comes into your life, you should make time. Since this site is about getting laid and getting paid lets look at some common examples.

Getting Laid:

If you maybe you are also on Wall Street and have to rely on nightlife to provide the vast majority of your sex life. Or maybe you are new to going out and attempting to pull new girls and simply need the alcohol induced environment to get the juices flowing. How can you spend that time efficiently? Before you even bother entering a bar/lounge/club ask yourself if it is even worth attending. Go through the checklist.

work insane hours

1) Is there free seating? If not you're damaging your chances

2) Are the drinks strong? If it's a pretentious watered down venue you're likely SOL

3) Is there a dance floor? If not it will be tougher to deal with any conversational lull

4) Is it close by? If you can't take a quick taxi there, it's a bad fit

5) What is the competition like? Stack odds against yourself once you have a harem

Lets look at a couple of real life examples:

Lounge/Bar

Notice in the diagram, "where is the flow in the lounge", if you're spinning your wheels fiddling around the center of the bar in the high traffic area or posting up next to the seating and next to the dance floor you are wasting time. Be honest with yourself. You're not going out to bars and clubs to have a few drinks you're going out to pull so your actions better match your intentions. If you wanted to simply have a few drinks you can do that in your apartment or at a house party with friends. Slide into the heavy flow of traffic but face towards the crowd holding your drink to your side, open with innocuous questions to people who pass your way and you'll yield significantly higher results.

Bar

Clubs

Now take a look at the club environment, for people who go out a lot you can already tell where the worst spot is: the small dance floor or “VIP”. If you’re a “Very Important Person” and you’re youngish, no one thinks you’re an important person. Unless you came with a group of people and are running social group dynamics (or you are in Vegas and need seating) this is “No Man’s land”, no man is going into the VIP and pulling out one of the girls without encountering severe obstacles. More likely than not someone within the social circle is going to block you and even worse, you’re much too visible in the smaller floor relative to the large dance floor, all else equal she’ll be much more hesitant with her “friends” judging her.

Unlike a lounge, you’re unlikely going to be sitting up and chatting people as they walk by, however if you’re going to get drinks and or walk around you want to choose the high flow areas, follow the green lines. Finally, the last reason why the spot closer to the exit works is you can always make up an excuse to “chat outside for a second because the music is too loud” this is an abused line for the club scene and works extremely well.

Club

Getting Paid

Are you correctly playing your political cards to work the least amount of time for the most pay, if not you're wasting time. Maybe you really like two of your colleagues but unfortunately these guys do not determine work flow, your bonus or your workload. Play the game. Get the layer of staffing and direct correlation to your bonus to love your positive demeanor and error free work. Become genuinely interested in their lives make the connection and solidify yourself as this persons "ideal hire". Continue to chat with your regular colleagues that you enjoy but remember to always remain as slightly more "intense" about work so they don't believe you're getting less work than them. Don't worry you will be receiving less work.

Politics:

Are you engaging in costly activities that don't help you improve your life? Watching TV? Browsing Internet forums where the vast majority of people are undoubtedly broke, liars or worse both? It might feel good to watch a 2 hour comedy but this is no where near as useful as improving your humor with live practice on people.

Entertainment: A successful man does everything in life with a purpose.

What does saving money on entertainment have to do with getting paid? Well now you have 2-3 hours a day or more to chase girls or money. It sounds "extreme" to cut these activities out but the problem is they really add nothing to your future. Until you're successful it is simply a waste of your time.

Are you spending money in lump sums on vast extravagant experiences? Practically everyone makes this mistake at some time in their life and you should pull the trigger on quitting the cycle as soon as possible. If you have time to memorize sports stats you sure have time to memorize yields, spreads and other financial metrics to at least understand the bare-bones of investing. Unlike your friends, you'll .

Investing: If you have time for vacations you have time to invest.understand a three statement model

All of this should snowball for you and snowball quickly. You need to start early. Not "want" to start, this is an emergency. Wasting time is that you absolutely cannot afford to do.

Conclusion: one of the four things
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The Next Big Market and the Underlying Truth About… The Brain.

The Next Big Market and the Underlying Truth About… The Brain.

We get a lot of questions about where people will spend money. We gave a ton away in our book, , but we'll give another one out for free. We're giving it out for free because it's a rapidly growing market, we have no interest in building a business around it it has every single emotional item needed to sell well. This is essetnially everything you would want wrapped into one market… The market? The brain pill market should see rapid growth so lets jump right in.

Efficiencyand *"Brain Pills"*.

The Brain Pill "Sell"

With AI taking over a ton of the news articles nowadays, this brings up an interesting problem for your average guy. The average guy now thinks the "robots are out to get his job" so now he feels insecure about his own capabilities. He won't admit this publicly but he's worried to his core that his white collar job that requires data entry into an excel sheet may be automated. This doesn't sit well, so he's going to look for a solution.

Artificial Intelligence: As always he'll expect a magic product to solve his problems.

The vast majority of people believe that intelligence is genetic. You're either born smart or you're born to be normal. If there is a way to somehow take a product and become "smart" they will jump all over it. You see this today with a lot of people jumping on things like ModAlert and other grey market products. We're going to see more and more people research this market. If you look closely, you're already seeing these products infiltrate a lot of main stream websites (the advertisements are becoming quite common).

Belief in Genetic Intelligence:

This is the third major reason we see a large increase in demand for "Brain Pills". With more and more people becoming aware of athletic drug use, they are going to immediately believe that people are "cheating" with their brains as well. We're not saying it should be illegal, that's essentially irrelevant, the real point here is that people "believe" there is a one stop solution. As an example, a lot of average people believe that a single steroid can make you a world class athlete. This defies all logic. But. This is how people think. Knowing that this is the trend-line people will be ready and willing to shell out tons of money for a "trick"…. If you can take advantage of all three of these things, you'll be a in practically no-time.

The Belief Others Are Cheating: multi-millionaire

The Brain Pill "Product"

As usual, the product has to work. If it doesn't work temporarily you won't be able to sell them consistently. So lets go ahead and look at what products actually work for brain functioning.

This is a natural product that helps your brain function (assuming you take a liquid product). Many of you are already aware, but the premise is quite basic. The human brain requires long chain polyunsaturated fats and fish oil essentially provides this. The most common term you'll hear is "omega 3- fatty acids". In short, by including "omega 3-fatty acids" into your product it will be easier to sell since your average person knows of it.

Fish Oil:

Doing some quick research you'll find that blueberries are tied to brain functioning as well and they throw around the phrase "anti-oxidants". In fact, we got bored and googled this phrase and found an article with the following: "According to James Joseph, PhD, lead scientist in the Laboratory of Neuroscience at the USDA Human Nutrition Research Center on Aging at Tufts University. 'Call the blueberry the brain berry', says Dr. Joseph." In short, by including anti-oxidants with a blueberry angle will help and make the product easier to sell.

Blueberries:

We're going into greyer areas now, by including caffeine in the product you're essentially using a temporary high to improve performance. Instead of saying "coffee" or "caffeine" pills you'll want to keep the dose lighter. This means you're going to use some sort of low dose caffeine that seems healthy. Clear answers include: Matcha Green Tea and Yerba Mate. Does it matter that caffeine is always going to be the same chemical formula: CHNOAbsolutely not! The key here is you want something that works, appears to be healthier and

Caffeine: $_{81042}$**?** can be sold at a premium.

Now we're into the real grey market area. It will come as no surprise to anyone reading this, but we don't take either of them and don't recommend it. That said both of them sell extremely well and have been shown to improve brain functioning. Adderall is significantly harder (worse) on your body and consists of dextroamphetamine saccharate, amphetamine aspartate, dextroamphetamine sulfate and amphetamine sulfate tablets. Provigil (Modafinil) on the other hand is another stimulant considered to be weaker but "safer" than Adderall (specific chemical name: 2-[(diphenylmethyl)sulfinyl]acetamide).

Adderall/Provigil (Modafinil): For this reason it is a controlled substance.

This is the last item that comes up consistently as a "brain enhancer". LSD is borderline mainstream at this point, in fact, if you google search LSD and Silicon Valley you'll find it on "Ted Talks". When something hits "Ted Talks" level, you've reached the masses since that is the target market for Ted Talks in the first place (something that seems kind of edgy, but old news to people on the forefront). This is no longer “grey area” and we’re now solidly in the black. The primary ingredient is unsurprisingly… lysergic acid, acquired from fungus.

LSD Usage:

How To Compete

Ah yes, we’ll even give this away. If you’ve read the section above you now have enough ideas on how to create a solid “brain pill product”. The question is going to become “how will you compete”. You can compete on the product side, the marketing side or the process side. If you want to compete here, you’re going to have to really think about a competitive edge. You buy all of the main brain products (one bottle each) and then think critically about how you can create more “power” out of each item. If you’re reading between the lines here, you essentially need to find a way to legally sell items that are approaching the grey market slowly but surely. If you’re interested in competing on the marketing side because you’re a fantastic salesman… you already know what to do. You buy a brain pill product that is currently working, take the ingredients off the back, make a few adjustments… rebrand and market like crazy. Since you’re commoditizing the product, the secret sauce will be the sales section. Since this is a newer market, there is a chance (a *good* chance) that the process of selling and distributing isn’t being done correctly. The type of item being sold, quantities and supply chain likely need improvement. Unlikely but a potential hole is here.

Product Side:Marketing Side: Process:

Now before we sign off we’ll answer the question you’re already thinking. “If it’s a good market why don’t you do it”. The answer to be honest is . If we look at the three ways to compete “Product, Market, Process” the way to compete is by having the best product and hiding all the ingredients/secret sauce to the best of your abilities. We tried to figure this out and failed. We then looked at the marketing side and realized (at this point in our lives) it makes sense to simply buy other companies in the markets that we are currently involved in (we don’t have to re-learn the marketing side). In short, we couldn’t figure out a clear competitive product edge to become a small monopoly in a niche market.

we couldn’t figure out the product side***ideal**same***

The Reality and the Truth

As always the truth doesn’t sell. We are always willing to try a new product (even a brain pill product) but it has to offer something different. We know the majority of the items in all the major brain pill products today and you won’t be surprised to find out… . We take one look at the ingredients and know it’s essentially a concoction of different “tag phrases” that don’t add any real value.

they don’t work long-term

For fun, if you’re looking at real ways to improve your brain power they are actually quite simple. 1) you want to drink/eat foods that increase blood flow such as pomegranates, beets and ginger (with cayenne if drinking it), 2) you’ll also drink fish oil daily – you won’t take tablets, 3) you’ll juice or eat blueberries and 4) you’ll use caffeine on occasions when you really need to focus, just remember it’s a temporary boost. That’s the reality right there and in that order. Once you consume blood flow items in the morning, move to brain functioning items and use caffeine as a boost you essentially have the right formula down pat. If you’re going to venture into the grey/black areas that’s your call and we don’t really have an interest in it anymore.

How to Improve Your Brain Naturally:

For the newer readers… if you’re interested in learning more about making money, staying in shape and doing so without choking off your personality… You’ll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality

Efficiency, Get Rich Without Giving Up Your Life
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The Only Four Things That Matter

This article may sting for many people but needs to be written as many people have asked for a blueprint of sorts.

When you really break down life for a man the only four things he is trying to maximize in life are free time, money and sex. That’s it. Unfortunately, most people will fail terribly at this maximization process so they’ll hit their late 30’s when it’s actually time to live off the hard work and dedication they put in the past 35+ years and do not have any source of income. Compounding the issue, without marketable skills or knowledge you’ll be playing the catch up game when the game is already over. Sure there are a lucky few who turn everything around but at the end of the day it’s best to have an organized plan of attack.

health,

This site is actually a great example. 30+ year olds tend to ask how to make money, while 20 year olds are asking how to get girls. This is entirely mixed up. When you’re young you should be throwing away health and girls for money as it buys long-term time. When you get into your late 30’s you can’t work incredibly long hours without doing serious damage to your body making the cash flow you have set up for yourself a significant safe haven.

This will always come first. The issue is that people use their “health life span” in the wrong fashion. Once you realize that the phase “YOLO” is really just a way for you to rationalize your flat-lined bank account, you’ll be in much better long-term shape. In your twenties your body can take immense amounts of pain and suffering, unfortunately most people simply quit, watch TV and take a $50K a year desk job. If your skillset is low, go work two or three jobs. If your skillset is high, get a inhumane job that pays the most amount of cold hard cash. At roughly 27-29 years old your overall stress levels tend to decline and this is really your last shot to make good money, at 30 you’re perceived as a man, kill yourself those last couple of years to get that managerial level promote and laugh your way to the bank. If you can’t quite get the jump, kick the insane hours before you hit 35 because your body will slow down dramatically causing serious long-term damage.

Health: The best years of your life are not in your 20’s, you are not a high school cheerleader/prom queen, you should not spend this time partying 24/7.

This is where you can create a rock solid exit point. Always shoot higher than this but anyone can reach this level even with zero marketable skills. If the two braincells that we have left were destroyed and we’re under 35, the plan of attack would be to take up two jobs with no excuses. Even two average jobs, call them a desk job at $50K and a low end bartending job at $30K you’re going to be closing in near $100K fast, saving $33K a year, You’ll likely and quickly exceed the mark. Naysayers are going to tell you half a million isn’t enough, these guys don’t know anything so just ignore them. You’re going to be working past 35 but you’ll take a job purely for status which leads to maximizing point 3.

Money: Half a million dollars liquid by age 35. clipping 7% rates on bonds.

If you are a virgin and have terrible relationship skills, then you'll likely take a year to deter from the above money plan and fix this part of your life. Once you have the basics down, put it all on the back-burner and get back to work on creating a 40+ year stress free lifestyle when you hit 35 and your body simply can't take it anymore. The easiest path to sex is quite simple, fame. Fame is just an extreme version of being "publicly noted " or "of power" and the easiest ways to be of miniature public note is to take up bartending, teaching or setting up a small business catered to the crowd of girls you would like to attract. Just kidding – half heartedly.

Sex: Coke anyone?

Before moving onto time, the money and sex importance debate is one that will live on forever. It simply pins up two extremes where one group argues for sex and are generally broke while the argue in favor of their vibrating leather seats but could survive on their bank accounts for the next 10 years. As usual, both of these extremes are insane. We recommend chasing cash early because no one can argue that game cannot be learned in 3 years, now ask people around you to wager on them becoming a millionaire in 3 years and zero hands will go up.

rich guys who can't get laid

Free time is the last piece that men worry constantly about. Am I maximizing this time frame or that, long-term health, current fitness to pull girls etc. At the end of the day just remember that the four categories work together. There are ways to shorten your lifespan, taking up drugs for example, that usually lead to more sex and less money, while there are many other ways to combine – a bartender (money + sex). It really is that simple. If your age group is spending the vast majority of their free time trashed, you should be building a business, if they are getting hitched you should be single, if they are worried about money you shouldn't be and if they are going through a divorce you should be focused on maximizing your single sex life.

Time: In this regard simply compare what the general public is doing and avoid them.

With that in mind, since this article is really meant for someone getting an early start in the game of life, tread carefully as you observe the world around you. The future is bright, brighter than you could ever imagine, since life comes down to decision making and effort. Never raw processing power.

Conclusion:

As a final note, remember that there is no such thing "hardwork" it should be renamed "correctly applied heavy effort", if you know you'll get results that exceed the effort put in you should not care if it is, in fact "hardwork".

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The Power of 1% and Why You Don't Blog for Money

The Power of 1% and Why You Don't Blog for Money

The photo is a HUGE lie, the title a small lie. It *should* say the power of 2% but the headline title is better as is. Three things 1) how you can utilize the power of 1%, 2) why you don't blog for money and 3) takeaways after ~3 years of blogging . They seem a bit unrelated but they are not. The power of 1%, or 2% in our case, refers to the total time commitment here. 3 hours per week maximum or 2% of a week (3hrs/168hrs in a week). In addition, the related point is why we don't blog *for* money (will likely launch a product later at a ROI) and why you shouldn't either.

terrible

How to Utilize the Power of 1%

You can become competent at practically anything if you commit 1.6 hours a week to the task. This is the truth. If you decide to take up drawing. Take up a new sport. Or even take up a new language… 30 minutes a day three days a week will result in massive change. You will not become an expert (not even close) but you'll have a baseline competency that exceeds the first standard deviation of the bell curve. Now you're probably wondering… How can I possibly utilize the power of 1%?! Well…You know that is not our style… Lets go ahead and get started.

You haven't given me anything actionable!!

Our goal is for you to , so lets brain storm some quick ideas (we mentioned a couple above). 1) Learn a language, 2) learn a dance, 3) learn an art, 4) learn how to sing, 5) learn 6) learn how to play a sport, 7) learn how to 8) learn how to ride a motorcycle, so on and so forth.

Step 1 – Choose a Topic: live a balanced lifehow to give a speech,make a good first impression,

Once you have determined which item you're going to learn you need to categorize the item. We *strongly* suggest you have two hobbies brewing at the same time (at all times). One that is inside and one that is outside. What is the difference? Simple…

Step 2 – Inside or Outside:

This is something that *requires* you to be at a specific place to improve. You have to literally block out time in your schedule to do this because you cannot practice at home. This includes: team sports, learning how to ride a motorcycle, learning how to meet new women during the day/night, learning how to dance etc.

Outside (extrovert):

: This is something that you can do at work, at the airport or at home. You don't need to be out and about to improve on your hobby. Simple examples include: this blog, drawing, learning a language, improving your tone of voice – recordings.

Inside (introvert)

While some will argue that many of the outside activities can be brought inside… That misses the point. You want at least one hobby where you are forced to go outside and interact. You need to learn how to perform even if you're an introvert. So, you should maintain both one introvert activity and one extrovert activity

Remember the world is a stage.

Set an alert on the weekend. You need to set a specific time where you will improve. Hold yourself accountable. Generally 45 minutes of time is ideal (2x per week, this usually means at least 1 day will be a weekend as noted in the first sentence). If you are able to do this, you will no longer be allowed to do any other activity until the extrovert activity is complete. Again hold yourself accountable.

Step 3: If possible make it in the morning.

PDF and install. This means you need copies of the introvert activity in your hand at all times. If it is a language you are learning, you have lessons/recordings on your phone 24/7. Unlike other places, we love the introduction of smartphones because it allows you to be *significantly* more productive.

Step 4:

Now what do you do? Force yourself to take action. Every day when you're done working (spend a minimum of ~60 hours a week on real work, IE: or a) you then turn to your introvert hobby *first*.

[a careerreal business]

*Side Note: As a fun fact, literally 90% of the posts here and even edits to the blog were made on a smartphone or tablet. That is not an exaggeration. We write and send to our main guy who hits publish (TeamViewer is an amazing and *free* resource)*

Focus. Lets repeat. When you are working on your hobby you do not do anything else. You do not watch TV in the background (throw it out if you have one). You do not listen to music. You do not connect to the internet to browse. You do not allow yourself to have access to anything. This step is excruciatingly important. You *must* focus 100% on the activity otherwise you will gain nothing. It is only 1.6 hours a week so it is not hard to do.

Step 5: *FOCUS*.

Do this for a full year. That will result in ~83 hours of attention. Lets go ahead and round up to 100 hours to be safe. That is nothing! Now go ahead and take your activity and use it. Go to Brasil if you taught yourself basic Portuguese. If you learned how to dance? Go take a girl out dancing (please do not take her to an actual dance lesson though, you'll get slaughtered by the real pros).

Step 6: 100 hours is *only* 60% of one week!

In short, after the year is up, you're going to be a much more interesting person. In just five years you're going to have *ten* different skills where you will be above average! That is a huge accomplishment and we have no doubt that it will work for you as well. Why? Unlike regular people you're reading a blog for the elite. That means you don't need a push and you'll be thrilled at the results by 2016.

The power of 1% is underrated. If you follow our step by step process: 1) choose a topic, 2) have an introvert and extrovert item, 3) set alerts, 4) send yourself the training materials, and . You will be *significantly* more interesting. You'll add at least one friend (we practically guarantee it) and your confidence will soar as you learn a new skill you never thought you would be any good at.

Concluding Remarks: 5) focus intensely <– most important piece 6) do this for a full year <– second most important piece

Moving on…

We're going to give you an example of the power of 1% (or 2%) since you're staring right at it.

2) Why You Should Never Blog for Money

As usual… What is everyone else doing? Do the opposite. Everyone and their mom is apparently ready to become a professional blogger and leave the "declining west" ().

whatever that means

The problem is really two fold 1) are you trying to make money? and 2) are you ~25 or younger?

If you answered yes to either of those… Stop. Don't even bother getting started. We will explain exactly why it won't work and what you should do instead. Finally, to avoid appearing pessimistic (that is not the intention) we will also give solid reasons *for* blogging and how we completely f***** up a lot of the basics.

This one is the easiest since we have experience in making some money.

Why You Don't Start a Blog for Money:

You are old enough to give advice (or successful enough). You then decide to start a blog.

Here is how a blog works:

Here is how the business model operates: 1) start posting, 2) gain audience, 3) continue to add large amounts of value for free, 4) gain more and more followers, 5) deal with haters and idiots who try to scam you for money or raid your comments with dumb questions, 6) repeat steps 3, 4 and 5… 7) after adding tremendous value and gaining from your audience over a period of years… You sell a product that is even than your free and valuable content. "Profit". (profit in quotes…)

over and over and over again! ***trust**better***

Based on our research, a solid blog makes about $5-15K a month. Nothing to laugh at but definitely

not a good use of time if you're trying to make money.

Here is how a business works: You spend many months/years studying a multitude of industries. You find a product hole/gap. It is small but enough for you to make a nice profit… Here is how the business model operates: 1) check to make sure there is demand, 2) create a product that is of high value and has a decent margin profile, 3) create the full and *professional* look for the site, 4) buy tons of traffic from that specific niche, 5) make money for as long as you can, 6) wait for competitors to come in and start invading your space and 7) compete aggressively with them. Once step 7 in the process is in full force, you will either become the market leader, sell your company or get priced out of the market (someone did it better than you) and simply let it die.

What is the real takeaway here? A blog builds an audience first then sells a product. A solid business niche, one thatThat is an enormous difference. That needs to be repeated. That is an

A blog is a reverse business model. solves a legitimate pain point, just needs to be marketed. enormous difference.

If you are trying to make money, building an audience is going to take a lot more than buying the audience correct? Correct. So if you want to make money then your risk reward is heavily skewed towards solving a market/demand issue. You just buy the audience if you know where the demand for your product is. There is a reason why major companies have huge sales teams correct? Again… Correct.

time

No matter how many times you try to replicate the work of someone else… It will NEVER work. It is sad. We have even found blogs that are trying to replicate our content and we don't even make money (insert laughter). Why does it matter? Our blog is only growing because the content here is Why? It is impossible to reflect the realities of Wall Street without working on Wall Street!

Do You Have Enough Experience? The audience can tell if you are legitimate. impossible to fake.

That is enough of that. While the above looks like a diatribe, that is not the intent. The point is this. If you do not have relevant and valuable experience to share no one will read your blog.

That is our point and it should be repeated.

If you do not have any interesting views or opinions and you are just out there trying to make a few thousand bucks a month,

you're going to miss by a country mile.

Reality check. If you start a blog without enough life experience You are going to waste a lot of time writing and writing and no one is going to come back to your blog because they will know that you have nothing interesting to say. You can rip, regurgitate and repeat consensus information… No one is going to come back. That is the reality.

you are doing immense harm to you and your future.

We do not care if you ignore this advice.

Why? Time is the most valuable resource in the world and you are wasting your own time by blogging without anything interesting to say.

If you want to make money, your risk reward is significantly better if you start an actual business. A blog is essentially a reverse business where you build an audience then sell. A business sells a product and then buys the audience through advertising/marketing/sales team. If you do not have a unique voice, opinion or viewpoint, you're not going to build a meaningful audience and worst of all you will hurt yourself by losing valuable time.

Concluding Remarks:

With the ugly part of the post done with, we'll end on a positive note. As our readers know, being positive and happy is a necessity to success (section two appears quite dreary!) so lets explain why you *should* start a blog if you want to…

<u>The Main Things We have Learned After ~3 Years of Blogging</u>

Lets say you pass part two of the test. You don't want to make money, you simply want to spread the truth and you have a unique opinion. You are likely a good candidate for a blog. As cheesy as it sounds, your "heart needs to be in the right place". Your audience can tell if you care about them or not within your first 5-10 posts.

This is one of the things we did well from the get go. You buy a legitimate domain with a website name that is 1) catchy, 2) conveys the point of the blog and 3) hints at fun/excitement and solving a problem (Most Wall Street Guys are type A nerds who don't have enough fun, we're trying to fix that!).

Branding:

Once you have the website name… Go buy the domain, not "wordpress". It should just be [insert name] .com. We actually do not know what provider we have since it is all outsourced under one guy who doesn't contribute to the blog… Which brings us to point 2.

Steps to Take:

That is one of the differentiating features here. We'll unlikely ever go public (fame is awful – opinion). Going public or becoming famous is simply not worth it. Harassment from regular people at a sticker price of $200K a year or whatever… Hellz to the no.

If You Want to Be Anonymous:

If you're serious about anonymous blogging, do it right. This is the second thing we did correctly. 1) Buy the persons accounts – facebook, google, Paypal, etc, 2) have him/her set up a server and just reimburse the costs of hosting – meaningless $100 a year, 3) go download TeamViewer and set it up in one location so you can maintain the same IP address at all times – set team viewer so the code never changes. If you don't have anyone who is willing to sell or give you their accounts… You're not connected enough to blog so you've already failed the second section of the process.

Steps to Take:

Complete whiff here. Our previous design was terrible at best so now we're on to the good stuff… where we f***** it all up! Our previous structure was a free piece of junk that didn't have the minimum requirements. What are the minimum requirements?…

Website Design:

You need the following 1) pictures for each post, there is a reason why Instagram is so popular (SnapChat on mobile), 2) responsive website, it needs to auto adjust to mobile phones, tablets, desktops etc, 3) Matching colors – we went with the banker blue for those hard coded cells!, 4) clearly differentiated forms for mobile and desktop views and 5) new colors when the admin leaves a comment. This is the bare minimum. The most popular form is called "Genesis", there are many genesis themes and they cost about $100 a pop. Just pick out the one that is best fit for your blog.

Steps to Take:

This is a disaster. When we first started blogging no one believed the information was legitimate. Then… more Wall Street people came and word spread. Then… The retards show up! The retards will try to promote their blog in every single comment (the comment is never useful). Then… they try to give you "advice". Even though you don't even know who they are… about how your blog "used to be good"… (just another hater). If there was an auto spam alert for idiots and retards we would pay $5K for that <– (business idea, sort of).

Comments:

In our opinion, you need a harsh auto filter. Once every week you should check your spam filter to make sure that no good comments got chucked into spam (many do for one reason or another). If you lose out on a few good comments … oh well. Charge it to the game. Better to lose out on 1/100 good comments in order to prevent regular people from commenting. On the internet… there are a LOT of regular people. Finally, do your best to contact the good commenters to let them know it was a harmless error. If they are upset about the delay then they don't have control of their emotions anyway. Finally, try your best to respond to everyone you can (it is not possible). We had to completely shut down email communication.

Steps to Take:

Another miss here. Our previous logo and banner was terrible as it did not match the content/colors or anything else on the blog. It was just text and a simple icon. We suggest you create a solid logo and banner. Who made our banner? He did a great job and we watched his work over the past year. We also promised he would eventually redesign our logo and banner. Of course both happened.

Banner and Logos: A guy over at unlucky devil.

"Stop being a broke ass and get your 1% on" – Unlucky Devil (got a good laugh from us)

With your theme picked out, colors and all of that good jazz, go ahead and grab a logo and banner. Make sure the logo and banner can be used on all of your social media. We use Twitter, Facebook and… that's about it at this time. Make sure that you can create a banner and logo that is consistent across all of your social media platforms. We don't have the time to expand to other platforms (again 3 hour maximum for this hobby) and would recommend you think in advance as well.

Steps to Take:

Finally? Given how the logo looks and how efficient everything was… we suggest you have Unlucky Devil do the design for you. If you can do it all yourself? Go for it, but that is not our expertise.

The real beauty of this blog is that most of it is "ever green" (note any product you make should be ever green). Some of our original posts written by much younger gentlemen… Need to be redone… But… A lot of it can be redone and made into an "ever green" post. A great example is our interview guide (will add more) and information on careers (doesn't need to change). Wall Street has a structured recruiting process and a lot of our overviews will stand for decades as well (multiples of course will change as we go through recessions and bull markets)

Create Content that Solves a Problem:

Try and create posts that will last a long time (we know, this is obvious!). This will not work all of the time. You may suffer from writers block but it definitely helps if someone can read one post, get something and everyone who tries to copy it will simply do a worse job of it. Not all of our posts are like this, but in an ideal world every post will be "ever green". As you can imagine… Our actual product will be ever green. We just won't bother releasing it until the numbers/page views/users are there. Maybe in 2 more years, who knows and we don't care either.

Steps to Take:

We are experts in this field and likely never will be (no one gets good off of 3 hours a week). But we do know that the items listed above are true: 1) address a problem 2) brand, 3) TeamViewer, 4) responsive website 5) colors, logos, banners and 6) long-term content.

Concluding Remarks: no where near

We have no doubt that anyone with a serious blog will laugh at this advice but we got a lot of questions and there is our minimal contribution. In addition, if you have items to add, let us know and we'll put it on the "to do" list.

Finally… Notice that point 6 highlights that a blog is significantly less effective than a product. The main rule of starting a business is that you want to create an "ever green" product. With a "real" blog… Every single item should be "ever green". Much more headache than it is worth (opinion).

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More positivity.

Assuming that you still want to start a blog, but don't have the required experience, we suggest you leverage a blog as a learning experience (from pain). Do not spend your life on the blog. We have already debunked this myth since the upside is severely limited unless you sell to "regular people" (in which case you may as well create a business that sells to regular people)

Every time you come across a harsh reality… The pain will come through in your writing and people will realize that you are living a real life (in real life you will suffer a lot and recover if you are a man).

then you write.

A great example is

30DaystoX.

Why? He's a young guy who is simply learning how life/business/money making actually operates. He is honest and the best writing from him comes when he is reminded of pain (ie: the latest when he got swindled out of $1,500)

While we do not read all of his posts (he won't be offended by that) we are most interested to see if he starts a company. IE: builds a product and pays for the audience.

We hope he does and we hope he hits his first $1M before 30.

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The Real Guide to Our College Education System

The Real Guide to Our College Education System

A few of our readers are still in college as can be seen by the hundreds of questions on investment banking analyst recruiting. The world is changing rapidly, however we believe the blueprint to college remains the same, just more competitive. So with that lets go ahead and take a look at our view on how to manage your college experience and why it is instrumental that you do not follow the crowd.

If college was legitimately the best time of your life, that means you did it wrong. That is not to say that you will have no fun, instead it means your life did not improve after graduation. The reason why college should not be the best time of your life is as follows:

"Best Time of Your Life":

1) You should attend the highest quality university possible while minimizing debt (more on this later)

2) You should major in a subject with legitimate and the development of niche knowledge (these go hand and hand together)

career prospects

3) You should spend 90%+ of your time chasing girls, the only ones who get away with this are those with good family business connections or people who simply get lucky

not

4) You should learn how to outwork all of your peers, college is a time where you're on your own so you will be forced to develop these skills solo

5) You should obtain internships/work experience in your field because the student with a 4.0 and no internships will not beat you for the top careers

If you follow the above five items you're going to do extremely well in college. You will 1) exit with a better job than 99% of your peers, 2) develop personal work ethic/motivation, 3) obtain some niche knowledge in a field with good career prospects, 4) maintain a reasonable social life and 5) have a rolodex of other future successful people.

With the highlights out of the way lets go through a step by step process on how you're going to set yourself up from the beginning.

Lets go ahead and cut to the chase. There is no point in attending a no-name university because the cost of education has skyrocketed and the job prospects are weak (low income) unless you attend a solid university. With that said the best way to break down the process is as follows:

The Application Process:

If you have solid grades in high school and a solid SAT score to back it up, apply directly to four year universities. In addition, if you are on the fence, apply to colleges that are slightly out of your league.

Top Student?

If you have sub-par grades and know that a meaningful university is out of the question, attend a community college with a high transfer rate to top schools. No point in incurring debt for a school that won't increase your income correct? Correct.

Mediocre Student?

We are highlighting the word apply because you're not going to apply to your major of choice. Go through the possible majors at each university and apply to the easiest major. As an example, if you want to get into the liberal arts section of the school do not apply to the difficult majors such as "undeclared" or "Economics" or "Psychology" which will be saturated with applications. Instead such as Ethnic Studies or an obscure foreign language major. You are doing this to simply , once inside the university the vast majority allow you to by your sophomore year. Make sure to check the switching rules. Most do allow this.

*What Major to to?***Applyapply to a major no one cares aboutgain admissionswitch majors**

If possible always side with a minority group. Again not something people are going to tell you but Naturally this will only work if you are mixed, as an example if you are Hispanic and White or Asian and African American… Choose to apply as Hispanic/African American. It is the name of the game.

What Race to Check off? **both the major you chooseand the minority group you associate withis going to drastically impact your admissions rate.**

This is where a divorce will actually help you. Similar to major and race, colleges will consider economic background as well. If your mother and father are divorced, only claim one person (the lower earner) as your primary care taker. Do not combine the two and use an inflated income number.

What Income Box to Check off?

In a phrase "I want to help save the world and rid it of evil". Okay not that drastic. The point is to avoid any sort of right leaning views and instead to have a philanthropy twist to your entire application. There are a few reasons for this 1) universities will call you for donations once you graduate, at least this gives a hint that you may be the type to donate later, 2) colleges are left leaning (heavily) and you're better off assuming the reader is a bleeding heart liberal and 3) what type of person becomes an admissions counsellor? Enough said. As a side note, this is exactly why community service type activities are smiled upon by the admission staff.

What Type of Essay to Write?

As you can see, once you clear out a lot of the fluff there are only a few driving factors that are going to improve or act as a detriment to your applications. To summarize you are going to get the highest academic scores possible, write a left leaning essay, apply as a minority (if possible), apply to a major no one is interested in and understate family income if possible.

We are relatively strict here so we would call this a Top 40 University or better (USA comment). This is not always the best answer and we can also include an income calculation method. If your net income from year one post graduation is equal to your debt load then it is likely a positive. This means your degree must add $X and that amount cannot exceed your total debt upon graduation of $Y.

What is a Good College? *additional*

Additional income from education in year one = Total Debt (ideally better)

Roughly speaking, if you're able to pay every penny off by the end of year two, you will be in good shape. We are strict with this calculation. It is a good guideline as you will be out of debt by ~23-24 years of age.

With the income and debt side of the equation out of the way we can go ahead and narrow down the income estimation. This is key to building out your career/future income prospects.

Start at a high level, go to your career center and track down every single major and find out which ones have the highest placement rates into the top companies/industries. Make no mistakes. This is the biggest part of your decision making process. If your college is unable to provide a laundry list of successful examples you shouldn't attend that school. This step is so important that we would go ahead and triple check your work by doing the following:

Career Niche Knowledge Development:

1) Find the average starting salary for your major

2) Go on linked-in and find at least 10 alumni from the college for the last 2-3 years

3) Find at least 2-3 contacts where their grades are displayed, if their GPA is poor (below 3.5) chances are their family got them the job not the school. Make sure this is not the case for the majority of the successful alumni

Does this sound like a lot of work? Yes and no. It does take time but we can go ahead and cut through a lot of the fluff right here. If they obtained a high paying job and majored in Political Science, Ethnic Studies, any humanities major etc., they received the position through connections. . Many years ago your major did not matter and you could simply obtain a 4.0 and find decent job prospects, but employers are wiser at this point in time. To weed through the insanity unless you went to a truly elite institution (Harvard-Yale-Princeton) assume that the only viable majors are 1) engineering based, 2) business based and 3) in some cases arithmetic based.

They did not receive it from merit

Generally, everything else can be crossed off the list.

When you first enter college you are told that you will be tasked to think for yourself and work extremely hard for high grades. This is probably the biggest lie told and we've heard a lot of lies in the past, here is the truth:

What College Learning is and What it is Not: This is a complete lie.

*"College does not teach you to think for yourself it teaches you to think "***LIKE someone else**

This is a major difference.

When you attend your first course you need to take note of how your professor thinks because it will determine your entire grade in the classroom. No one actually cares about your opinion on the topic at hand, particularly for the humanities/social science/general education piece of the curriculum. If your professor is a bleeding heart liberal, you better write like one. If your professor has an obsession with George W. Bush, you better take that side of the coin. If your professor loves trading options in his free time guess what questions will happen to show up on your mid-term? If your professor is an ex-bond trader, you can bet your last cent there will be a skew towards bond questions.

The real skill you develop is the ability to tell what topics interest a person.

The second piece we need to touch on here is work ethic. Your average college student is lazy, eats unhealthy food all day, is incredibly out of shape and cannot . Take all of these traits and do the opposite. This is a great problem to have because you can gain tremendous ground on your peers by outworking them. and jotting down everything you need to do. A good idea for a workday is outlined below:

get motivated by himself**College actually teaches you to be lazy so** you must learn to do the opposite.Keep yourself honest by keeping a journal

1) Attend all private teaching sessions (skip lectures if you are in a jam)

3-4 hours

2) Work your unpaid internships (freshman/sophomore) or your paid internship (junior/senior)

3-4 hours

3) Workout for at least .

1 hour

4) Study

1 hour

5) Join a group related to your major such as the finance club

1 hour

6) Intramural sports, socialize etc. for

1-2 hours

7) Write down your schedule and items accomplished for the day

15 minutes

8) as you fall sleep,

Read for a book**30 minutes**

This should represent a typical day, ~12 hours of actual activity and we assume ~1-2 hours of transit time. You will obtain at least 6-8 hours of sleep as well. If you can maintain this run rate of 12-14+ hours a day of actual work, you're going to graduate in the top 5% from a job opportunity basis. We practically guarantee it. Finally, you're going to learn a lot about multiple subjects which can lead to business ideas later.

With the backdrop out of the way, lets go ahead and give some guidelines on what to focus on each year so you can efficiently use your time to get ahead.

Working Through the Years:

There are two key things to focus on for your freshman year 1) obtaining high grades (shoot for a 4.0) and 2) meeting like minded individuals. Do your best to sort out the future winners from the future losers. It won't be hard as the future winners will be seen sporadically (ie: coming out when they are free to have fun) and will be focused on grades for the time being. During the summer you can try to either get ahead on your general education course work or obtain a simple internship (even unpaid) in your field of work.

Freshman:

By now you have a good grasp for how much work it will take to maintain a ~3.7 GPA average. Maintain this work ethic and begin searching for internships, school groups and opportunities related to your future work. You will also have a bit more time to socialize as you have obtained an even better understanding of the requirements to succeed.

Sophomore:

This is the game changing year. Everyone assumes it is the Senior year but it is not. Your junior year is where you put the clamps down on work experience and obtain the important paid summer internship. During your first semester you focus 75% on grades and 25% on interview preparation. Then you focus entirely on work experience/job preparation. Take a lighter course load in the back half of your junior year so you have as much time as possible to hit the ground hard.

Junior:

At this point you should be on cruise control. Your GPA will unlikely waver much and you should have a job offer in hand. Focus on interviewing for more prestigious positions and make schoolwork come second. If you have a 3.7GPA+ into the recruiting season, seeing this drop to 3.5 or so by graduation time will not matter. Once you're all set with your job by December of your Senior year, go ahead and relax. Find time to party and socialize, do some basic prep work for your job and most importantly make friends with every single person who landed a high paying position as well. Now you have time to have fun (you earned it) and you can quickly build out the rolodex from the future alumni.

Senior:

Efficiency Key Points:

1) Use all online resources that show grade distributions/difficulty such as ratemyprofessors.com. There is no point in making a course harder when your transcript will only show a grade and the course taken. Don't be fooled, the vast majority of what you learn will not be used in the workforce.

2) Focus heavily on classes you are certain will be used on the job. For Wall Street this is beginning/intermediate accounting and corporate finance. The complex items are unnecessary for the .

vast majority of Wall Street

3) Take advantage of early morning classes, most are too lazy to wake up and if there is an easier professor teaching early, jump on it

4) Frats/Groups all of these are fine, simply ask yourself if it is going to be a net drag or benefit to you later. Many frats have strong alumni support and many groups will be looked at positively by employers. The reverse statement is also true so be sure to do your due diligence

5) Remember that studying can be made up on weekends while internships rarely occur on weekends, use this as a guideline when you look at your schedule

There are a lot of misconceptions about College but generally the idea is as follows: 1) give yourself the best shot at the best schools/majors, 2) use an 80/20 rule for work/play until you've secured a solid future, 3) focus and learn in the courses that matter, 4) teach yourself discipline, 5) learn how to think like the other side of the table as they have no interest in your actual views and 6) there is no reason to make the experience harder than it needs to be.

Conclusion:

Assuming you can execute efficiently here, the college experience should be fun but not the best time of your life. Your grades will be solid, your friends will be successful and you will have a lot of fun memories from partying on Spring Break to watching your grades take a cliff drop in your last quarter/semester. Execute on this plan and every year after college should be up and to the right.

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The Secret for Success in Life: Being Wrong Early

The Secret for Success in Life: Being Wrong Early

If you've already made it in life we will wager that you've made a ton of mistakes *and* you made all of those mistakes early. Most people spend hours upon hours looking for a magic potion to cure all of their problems. They will look for the easiest way to make the most money "per hour". They want to know a specific "routine" to get all the girls they want. then they wonder why it always fails. With that said we'll start out with a ton of items we got wrong.

They want to know that the decisions they are making are 100% correct before they even try…

Laundry List of Things We've Gotten Wrong

Couldn't have been more wrong on this one. You can only give people the basic structure (framework) and after that it is up to the individual to think for themselves. Who in the world would help someone for free if all it did was increase the competition level within their industry. No one that is who. Any time something can be summarized in a step-by-step fashion from $0 to hundreds of thousands of dollars, the margins within the industry are going to die shortly thereafter.

There is a Step by Step Process to Success:

Got this one dead wrong. While there is no step by step process (point 1) if you do a ton of research and send a single email with one concise question to an expert in the field… you'll likely get a response within 5 tries. The key part is knowing EXACTLY what you need to ask. After you ask your extremely specific question within a few sentences (3 maximum) they will respond and then ignore you. . The ego is an extremely powerful tool. Most people send outrageous emails that are 2 pages long about their "situation". In reality, there should only be one precise question which can be summarized in a couple of sentences. If you don't have a specific concise question it means you're likely wasting their time and they'll ignore you in the future. Remember people won't give away their business model ("step by step process to success") but if you have one specific question people are very likely to help you.

People Won't Help You: If you then take their advice and show/prove that it worked, they will happily help you again

Never do this. Unless you really don't care about the product/business, never work with a partner. It will fail once the money comes in and people begin to bicker about who is adding the most "value". Under no circumstances do you work in a partnership with anyone. The best way to learn is by becoming your own business and eventually carving out a niche. Once you have a niche skill, you can then work in a team (not partnership) because there is a clear delineation in roles. Oh and never work with friends for money. Never ends well. The best structure is to outsource and temporarily hire people if it's not in your field of expertise (pay cash for the best people). No equity should be given.

Working in a Partnership is "Good":

After going from broke to rich, we can happily say this is a huge lie used to make the masses feel better about themselves. There is no such thing as "hedonic adaptation". The only time it begins to plateau is when you no longer have to work for a living. If you're happy living off of $5K, $10K, $20K a month (the number does not matter) then the additional money you earn is not going to make a big dent in your happiness. The studies that show people are "just as happy" with and without money do not account for people who are in control of their emotions. The people who are rich and unhappy/miserable are those that spend their time comparing themselves to the "Joneses". Hedonic treadmills only exist for the masses.

Hedonic Adaptation is "Real":

Here is a fun one. We thought this was going to be a terrible business when it first came out. Who in the world would pay a premium to have tap water in a plastic bottle? Seems like a logical counter argument… That is exactly why it was wrong. People are extremely lazy and after positioning bottled water as "somewhat healthier" because it *feels* cleaner … The masses took to it immediately. There are even "luxury" bottles of water such as Fiji. The bottled water industry generates ~$14-15 billion dollars per year in total revenue. That is $14-15 Billion (with a B) dollars per year. A huge lesson was learned… . For the record we simply drink filtered water since a large portion of bottled water is indistinguishable from tap water.

Bottled Water is a "Bad Business Idea": never underestimate the value of 1) marketing and 2) laziness of the average person

For those you'll notice that we don't engage the trolls. There is no value in engaging people who don't like you. If they don't like you, just move on. They may spend some time hating on you in the background but it really doesn't matter. Once they realize you're not going to interact with them they will leave you alone. Also, if you waste your time trying to change their opinion you're losing 2-3 other customers/friends/contacts. It is never worth the trade off. Just accept the fact that at least 50% of people will dislike you (the President has a similar approval rating). In short, by ignoring people who hate you… You're also helping their lives. They won't burn valuable time interacting with you and will find something better to do.

You Can Change a Person's Opinion: that follow us on Twitter

Wrong again! We have no problems creating Efficiency because most people won't listen anyway. Maybe 1% will and they deserve all the credit for their future success. You can hand them the exact way to work out correctly (they'll spend thousands on other products looking for a trick that works slightly faster such as "Cross Fit"), you can tell them exactly how to look for the right company to work for (they won't listen and will join the Company that "feels better") so on and so forth. People want immediate results (right this instant) so they'll always choose the path that works better *temporarily*.

People Will Take Action:

This is just impossible. At first it makes sense because if "everyone loves it then it must be good". This sounds like good logic until you realize that . If everyone likes it… that means it speaks the best to the average person. If it is a good book according to average people… well you can fill in the rest. The only way you're going to get an edge is by reading new and interesting information from intelligent people that are *not* popular with the mainstream. If it is mainstream… It's officially dead. Besides, has sold over 100 million copies, you can do the math from there. Even if every single millionaire in the USA read the book that would lead to a 10% success rate (vast majority failed, so the money was made by selling to the masses).

Reading Popular Books Gives You an Edge: most people fail*"Think and Grow Rich"*

How to Get Things Wrong Early

Not knowing where to start is the most ridiculous excuse of all time (and it is the most common!). This just means "unwilling to fail", which means the person will fail by default. If someone is not willing to do five google searches, they will be eaten alive when it comes time to earn money so maybe it is better that way. All that said… here is the best way to be wrong early.

The best way to make mistakes quickly is to make them yourself and make them early. This does not mean you make big mistakes (choosing to major in humanities for example) it means you make mistakes when learning your craft. If you've decided to go down the sales route, read 2-3 basic copy writing/sales books and get cracking. You'll make more mistakes in the first year and .

Go Alone: learn more by doing than you ever will by having a teacher

Without experience it is foolish to make a leveraged decision. Going into a large amount of debt without knowing with certainty that the debt will result in success is a recipe for disaster. Instead, make a ton of smaller financial mistakes when scaling any decision. This can include buying small amounts of traffic, buying small websites or buying a bit too much inventory to avoid losing sales. Either way, by making a handful of small scale mistakes you'll learn a lesson or two when it comes to scaling your ideas in the future.

Make a Bunch of Small Mistakes:

Unless it's a life changing decision, go ahead and listen to well researched information. As a quick check point, if you got the information from a main stream outlet you've failed at doing appropriate research in the first place. Once you've found a solution to your problem from a non-mainstream solution provider, run with it and see it works. If it does, the value is not in the success.

Take Information and Run With It: The value is in knowing that you can find good information if you search hard enough.

Take a full week and work until failure. This means you'll be working somewhere around 18 hours per day. You're not doing this consistently. You're purposely proving to yourself that you've been feeding yourself lies. Anyone can work 18 hours straight if there is a reason to do so. This way, when the time comes (an event requires a lot out of you) you'll be well prepared.

Work Until You Fail:

Everyone will tell you it doesn't make sense so try it anyway. It will feel like you're doing everything wrong but just wait until you see the results ("These Guys Tried to do the Opposite of the Masses and You Will Be SHOCKED At the Results"). By going alone and making a bunch of decisions that go counter to the mainstream advice you'll get an eye opening experience and likely take on more risk due to the results you see.

Do the Opposite of the Masses:

A short post highlighting multiple things we got entirely wrong several years ago. We left out other things we got entirely wrong such as date venues, beliefs about athletic and others. The real point is that by making a bunch of mistakes early and being willing to fail, you'll catapult yourself ahead of everyone else. The masses want a step by step magic potion to success (it doesn't exist). Instead of trying and finding the right resources they continue to buy product after product for when the solution could be found in five or ten minutes.

Concluding Remarks: , , ~~$49.99$39.99$29.99~~$19.99 (ONLY THREE LEFT – NO SALES EVER IN THE FUTURE)

Overall, there is enough free information on the Internet to prevent you from spinning wheels so it's best to get started today. In addition, if you don't want to look for the information, will tell you 1) how to work out, 2) how to eat correctly, 3) how to choose the right college and major – unnecessary but we cover it anyway 4) how to choose the right career, 5) how to choose the right company, 6) how to start a online product business, 7) how to go into affiliate marketing and 8) how to do all seven while maintaining a fun social life. That alone guarantees that there is enough information out there for you to live a successful life. All that said, with the basics for each of the items listed above! That alone is why life is so awesome. There is no competition!

Efficiencyaloneentirely covered people will *still* look for magic potions
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The Seven Sins and An Ad Hoc Post

This will be shorter than usual (we're in a good mood so creating an ad hoc post). Taking a break from the usual money making advice, we'll take look at enjoying vices/the seven deadly sins. It is certainly possible to participate without ruining your life. In fact, we think it is almost necessary. No one wants to be stressed out all of the time thinking about every move they make. Just think about the extreme dieters who look old despite eating healthy:

hint stress is the worst thing you can add to your body over long periods of time.

The Seven Deadly Sins

This is also known as "self-overestimation". Essentially pride is only bad when you cannot follow through on your skills/abilities. Naturally, we think pride is actually useful for making money and living a good life. If you get to the point where you are actually in the top 1% (or better) in your field, you *should* be boisterous and louder than usual. Being humble does not work in most situations because it is not marketable. Just think of Elon Musk or pro-athletes, attention is a good thing as it builds your personal brand. So the first one is easy, you should have a lot of pride only to the point that you can back it up.

#1 Pride:

As a word of caution, your average person doesn't have much to be proud of so it is better to keep building up skills. Also, it only pays to be loud when you are competing against someone close to your level. If you're attempting to be proud/boisterous in front of regular people, you're coming off as too competitive. In these situation, simply smile and nod to their comments and move on. Many people make the mistake of always being loud. This doesn't work well because you're essentially giving off negative energy.

This is the second deadly sin. Despite the name of this blog we're not that interested in greed in the real sense. Greed means you really focus on making money just to have more money. We beat this one to death and people who simply read the name of the blog won't even read this paragraph. Greed is probably the worst of all the sins because people who suffer from it really ruin their lives. They date women we wouldn't talk to. They are out of shape. They have no friends. They live shorter lives. They are passive aggressive (weak). They have no outside interests. So on and so forth.

#2 Greed:

Unsurprisingly for the long-time readers, we actually despise greed. Greed along with gluttony are the only two we would avoid. The key is remember when you've crossed the line. Easy answer though. You've crossed the line when you will no longer use the money. If your number is $10M, $100M or a billion it does not matter. Once you realize your life wouldn't change when you add a few points to it… Time to stop. You only get one chance at life and if you're interested in making a bank account go up a few digits, that's just as bad as a video game player sitting in an arcade to beat his own high score on a game he beat 20 years ago.

This is a common vice for rich people (typically in the form of sugar babies). We have no problem going down this route to be honest. As long as you're not breaking the law and putting yourself in jail, you're good to go in our eyes. What we never understood is why people go with the same woman over and over again. If you really want to participate in transactional relationships, it's a lot smarter to have them occur once. This prevents the person from trapping your in a situation you don't want to be in. It also prevents you from developing a traceable relationships with this person. We'd actually recommend people to go down the one-night only path.

#3 Lust:

Think about it in terms of your reputation. If you do this once and a while, no one is going to figure it out. Also. People won't care. Once you start doing this with the same person, it could leak into your actual life. If a person had a family we don't even want to know how they would talk themselves out of it. You can draw a parallel to President Trump. Sure maybe he had a one time fling with a porn star, but does anyone really care? No. If he spent his time with her for years while acting as president, then people would likely care a lot more.

We actually don't suffer from this vice. If someone has what we want it is much more likely a friend. Being envious just reduces your chance of obtaining something. Similar to money. People who distain rich people rarely get rich since it is a psychological barrier. Besides. When you think of Envy in terms of a person's whole life… it gets much much much harder to be envious. Sure you may want Warren Buffet's money, but we wouldn't want to be him or live his life (he is old and we wouldn't be interested in his lifestyle at all).

#4 Envy:

Unacceptable. We despise people who are unable to make care of their own bodies. They got a chance at life and decide to trash their only body. We take it further and would happily vote for higher taxation and higher insurance costs on people who do this. They end up costing more money as well (IE. being in shape costs less money than being out of shape due to future health costs). Under no circumstances is it "okay" to let your body go down the drain. If you gain a few pounds due to stress that's acceptable (still trying to make it), taking it to the point where you're officially overweight = time to slam the brakes.

#5 Gluttony:

This is a tough one. When it comes to wrath you should only strike if needed and make sure there is no chance for a come back. There are times where you will be forced into a situation where you must fight and you should fight as hard as possible. Our only comment is to make sure the person does not get a chance to fight a second time. It is best to choose your fights when they are one time in nature. Notice this is similar to the Lust section! Any time you must go through an immense fight and take someone out (competitor, getting someone out of your way), makes sure you won't be in the same situation later. We think these one time events are rare, but a common one would be employment for people who are still working in a career (fight for your life to keep your employment if needed during layoffs, don't pull any punches there).

#6 Wrath:

Good old downtime. Ideally you have a lot of sloth in your life! That's right, sloth is an okay vice/sin to have assuming you've earned it. Most people reward themselves far too much. But. There are times when you should be rewarded with a day off. Anyone who ends up succeeding will earn a period of sloth. Also. These same people won't stay in the same state forever. They bet bored, get back to working on a project and then go back to a sloth state once they achieved something new. Since we're only interested in successful people, sloth is not a major sin to worry about. For regular people it is probably the biggest sin as they spend time relaxing when nothing has been accomplished yet.

#7 Sloth:

Participating in the Seven Sins

With the sins out of the way we'll recap: we're perfectly fine with – Lust, Pride, Wrath and Sloth depending on the situation. Greed is only okay until you have made it and we're not interested at all in participating in Gluttony/Envy. Funny enough if you're successful by a truly inclusive definition of success, you won't be overweight or envious of people.

At the end of the day, most hedonism surrounds lust. Men don't talk about traveling to destinations with unattractive women. They spend a lot more time searching for beautiful people to spend their time with. Since we know this is reality, we have nothing negative to say about lust activities that don't damage your life/reputation. If you're going to go to strip clubs in vegas, sign up for seeking arrangements or go to other paid for lust activities, we really don't see a problem with it. The one caveat here is you should be "good to go" on the social side. If someone is desperately trying to figure out how to get girls (something solved by mid 20s unless a failure at life), they have no right to involve themselves in these activities. They are damaging their social skills. Therefore insert any activity dealing with lust and we're going to say go for it. Just remember. If it ends up on social media or impacts your family you've really messed up and have a problem.

Most Hedonism is Around Lust:

Again we're fine with all of them. Except maybe heroine and things of that nature. If you're going to use hard drugs once and a while we really doubt it'll mess up your life. In fact, you can do them and be successful. And. You can avoid drugs your whole life and also be successful. We've tried a wide array of them over the years and have moved on (don't use any anymore). Maybe once and a while you'll fly out to California (since it's legal) light up a joint and have a relaxing day at the beach. This isn't going to hurt your life in anyway. Similar to lust activities, as long as you don't damage your health seriously (like Avicii), you can do as much as you like. Our guess is you'll get bored of them and only use them to give out at parties to other people.

Drugs/Alcohol:

Trolling is essentially a form of showing superiority on a topic. We are naturally positive on trolls. Just focus your trolling on people who will lift your perceived value. Trolling a regular person is a waste of time because their life has already ended. No need to troll a regular person since it would be similar to telling a 50 year old who made the wrong decisions that he/she is a failure. No point. You just look bad and nothing is gained since you're interacting with a regular joe in the first place. If you see an opportunity to troll someone who is going to elevate your perceived value you should be going ALL IN. Pick your battles wisely.

Pride is Really Trolling:

A common invitation you'll get is to parties with a lot of "friends for hire" at the event. We'd say you'll be shocked but that's a lie. Once you succeed you'll realize that a lot of wealthy people do this and won't be shocked when you're invited to such events. Feel free to go just don't have your photo taken (a good general rule for life anyway). Many rich people realize the same thing. They want to have a good time with good looking people… They just don't want their personal lives to be involved at all. So. A common one will be a one or two week vacation where nothing is done and you're simply hanging out with a few friends and several paid for friends for the week. As a side note, we don't recommend bottle service if you're going to throw one of these types of parties. It always ends up being significantly more expensive than it is worth. If you're going to do it, go to a location and set it up outside of clubs/bar scenes.

Combining the Sins:

In just a few paragraphs, we've already covered the major sins and despite what people believe there is only so much you can participate in. Even if you were to go down the lust route on a weekly basis and use drugs on a weekly basis, you'll eventually get bored of it or see your health take a hit. So another common move is to go on a a week or so trip to do almost nothing. This means your food is all made for you, you order up several massages and you spend your day on the beach chilling in the sun. Generally, this type of week is what women dream of and call 'being pampered" a phrase you'll hear over and over and over again if you decide to date a gold digger for a few months (yes gold diggers are better to date than regular people since a real gold digger should be extremely attractive – otherwise we wouldn't consider them gold diggers, they would be imposters).

A Week of Nothing:

We're not sure why but many rich people get their rocks off by having tons of watches or cars. As you know we're not really big into either. Cars guarantee you're going to have a run in with the cops and cost tens of thousands of dollars a year. Watches are simply boring to us and we'd prefer buying an expensive suit and shoes versus a watch. The one item we will note is that either will give you a lot more access to temporarily date gold diggers. From what we've seen a watch is a bit better since you can use it more frequently and a Patek is only going to be noticed by a true gold digger while something like a rolex is going to be noticed by the masses.

Status Items:

Answering Some of the Questions We Ignored

Since we're basically admitting to being ok with drugs, lust an any hedonic activity that doesn't hurt your life long-term we're going to answer some of the redundant questions we continue to get. (yes, another amazing weekend so we're addressing items we already answered!)

A mentor is just some guy wasting his time helping someone. So a real mentor is someone you actually want to become that you don't bother much. Meaning 30 minutes for maybe 1 time every 4-6 months. Anyone who thinks there are people who "grab someone and take them under their wings" are delusional. This is only the case if the guy is earning an ROI by doing it. If he was successful he wouldn't waste large amounts of time on something that doesn't add value to his life.

A "Mentor":*Hint: if you want to see if someone will succeed, see if he asks for a partner. These guys never make it.*

As usual only buy if you're going to stay in the city for at least 10 years. If under 30 you shouldn't know where you're going to be in 10 years so you shouldn't own.

Home Ownership:

Not sure how this came up but trophies aren't really interesting, if you wanted to succeed at something the medal/trophy doesn't mean much and usually means more to your parents so give it to them so they are proud (this applies to diplomas as well).

Trophies???

We've already covered it here, using hardcore drugs a few times in your life won't do much. Performance enhancing drugs we're also fine with assuming you've hired a private doctor. If you're going to inject items into your body without a pro… you're probably not going to do your body any favors and we disagree with the decision.

Performance and Hardcore drugs:

We've answered this hundreds of times. AI is already here and things like digital advertising jobs will go away. Yes we mean a Zero. In fact if you're not using AI for ads these days you're probably very far behind and need to catch up. In the future it'll replace the vast majority of job that are paid by the hour. Why? If people can pay by the hour they can easily see how much value it adds. Since it's a commodity it can be automated.

Artificial Intelligence:

We're not sure and will have to think about it. Unless you do something ridiculously irresponsible it is almost impossible to lose a "lot of money". If you're down 50% on one asset class, you should have accounted for this when putting on the position. If everything goes down by 40-50% then that's great. Everyone else is in the same boat. So on a relative basis you're essentially the same.

Losing a Lot of Money:

Again. We are the worst people on earth to ask about this stuff. If someone needs a step by step to improve their life, they should go to a Tony Robbins seminar or some sort of pick me up seminar. There they will find other losers to hang out with and talk about their problems. If someone wants to fix their life, all the answers to major questions are available for free on the internet. So we don't bother addressing this topic. A bad habit is just misplaced priorities. Which we can't change for anyone.

Removing Bad Habits:

Generally, our view is that people want to feel important. This is why they want attention, status items, to feel better than other people etc. Naturally ,the solution is to do the opposite. Since most humans are unhappy it is likely because they think they are important/deserve attention. One you realize that practically no one is remembered (even CEOs of billion dollar companies), you'll come to the conclusion that being alive is the best gift you could get. Avoid people who want attention (anyone who wants fame would immediately be blacklisted in our own phones) and move on. Enjoy your life because you only get to live this rollercoaster of fun once.

Our View on Humans:

Most people don't succeed so they seek motivation. Motivation is therefore the biggest market and we don't address it. If someone has succeeded they will go through a period of time where they are looking for the next task. Our answer is simple, wait. Keep reading and learning about things you are interested in and within 12 months or so you'll get a new idea or project to work on. Asking for inspiration or seeking it out doesn't work. Never has, never will.

Finding Another "Inspiration":

Hope you enjoyed this adhoc post and had a wonderful weekend! Another day has passed and another day closer to death, hopefully you enjoyed the day!

As usual no questions, only for purchasers in formal Q&As.
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The Status Disease

The Status Disease

After the massive bull run in crypto there are many millionaires walking around who have never experienced wealth. If you made money in a different way, this post is still for you. Status is a disease (the need for attention). While we've recommended targeting three areas: health, wealth and insecurity (in terms of starting a business)… This post focuses solely on status. This is the best time to do this. Many previously anonymous people are going public with their real faces and real names. Why? To get into more exclusive clubs/deals and make more money (even though none of them need it, they are already rich). Perhaps they are doing it for a different reason. And. Incentives typically lead to the correct answer. Therefore it's best to explain the psychology here.

Humans are generally acceptance seeking creatures. From the beginning of time we lived in particular tribes which led to echo chambers. In short, it is to look for acceptance and attention. We're suggesting you avoid this.

Attention Seeking Creatures: *"natural"*

In the new world, you do not need the approval of large numbers of people. You only need a few close friends/family members and they don't need to know your net worth. No one does. In fact, there is always going to be a person in the world so you're effectively playing a losing game.

"richer"

Take a step back and ask yourself . If you ask this enough you will come to the no-BS conclusion, which is that you're insecure. You want people to know you are rich as wealth is one of the only ways to "show" the world you're better than average. Other ways to show you're better than average include an extremely attractive partner and extreme athleticism or good looks. Again. We will focus on money here as many of you made millions according to our email thank you letters.

"Why do I want people to know I am rich?"

> — WallStPlayboys.eth (@WallStPlayboys)

The need for attention and fame is a disease. A disease of insecurity.You are good enough as it is, you don't need validation from anyone (not even your heroes). When you get rich, come back to this tweet before you buy that green Ferrari.

March 14, 2021

Contradiction? Not really. Everyone goes through the insanity/mania phase. Perhaps you get the black lambo. Perhaps you buy that $100,000 watch. Perhaps you buy a home that is obscenely large. Perhaps you fill in the ____.

You Will Buy That Green Ferrari:

Everyone does it and we're not here to shame the status/mania phase. We're referring to long-term attention/fame. This is a different game. And. A game you should take incredibly seriously. Once you open the bigger flood gates, you cannot "go back". If you decided to buy a super car, you can always sell it and go back to your normal life. is always a good way to claim you lost it all. Leverage is a common wealth losing mechanism. Fame? Fame is forever.

"I lost it all with a heavily levered position"

If you're a public figure, you also inherit the following: death threats to your family. Death threats to you. Potential for serious violence particularly after the COVID-19 global recession. Potential for additional security attacks (people will find all your personal information and go straight into attack mode). So on and so forth.

Downside of Fame:

The easiest way to see that this is true? Look at the paparazzi that celebrities have to deal with. They can't even go to the beach and lounge around for half an hour. They can't go grocery shopping without security. They can't even talk to someone new without a photo being taken of the event . For more information on this youtube is a perfect research hub, watch it on video.

"oh my god he/she is talking to so and so"

The most important part? The inability to reverse course. The only real way to lose fame is by losing all influence (such as a one hit wonder or a pro athlete who gets injured and is quickly forgotten). Otherwise? You're stuck with it forever. This has implications for not just you but everyone associated with you. Your best friend? He's now at risk. Your pet animals? Psychos will quite literally try to kill them or steal them. Kids, Family so on and so forth… all at risk for as long as you are in the spotlight.

Well if you agree with the general premise the good news is you can still play status games online while remaining anon. Unless you have not been paying attention, avatars of punks, masks and other objects are popping up all over the place. If your goal is to show you're rich while remaining anon, this is a true and real strategy. Go and buy a crypto punk (), expensive hash mask (), an expensive beeple () or Fewocious… etc.

NFTs are Great Timing! https://larvalabs.com/https://www.thehashmasks.com/https://opensea.io/

Once you've done that you can prove you own it and flex online to the other "plebs" while maintaining your entire anonymity. Besides. If you're dropping $200K on a JPEG, you certainly don't need to become even richer. You're already set for life. In addition? Your goal of getting in on the best deals will come naturally. Once someone realizes you own a 10 BTC photo, they will slide into your DMs with those crypto projects you've been dying to invest into. Problem solved! No need to become a public figure.

Hopefully this post has spoken to you in some way. If not save the tweet and this blog post for the future as you'll likely become ultra rich. If you've been following us for the past ~5 years you're probably already a millionaire anyway.

Time to End on an Ultra Positive Note:

On that note, if we look at where the world is heading, Digital is eating Physical. It's happening to , music, financial services and more. The digital future is here ().

art*the art post link here is probably one of our best of all time*

It's best to fade into the background in terms of what you actually own (unless entirely anon then you can go ahead and flex). Think about the big picture. If crypto takes over as the world's reserve currency. Check out

https://fiatmarketcap.com/

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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The Wolf of Wall Street – Review

The Wolf of Wall Street – Review

Rarely ever step foot into a movie theater but with all the fuss and questions it was time to go ahead and see "The Wolf of Wall Street". For those that have not seen the movie, there will be some spoilers in this post so ignore the post if you want to see it first.

Jumping straight to the chase the movie is a 7/10 due to entertainment value however, Wall Street does not operate at all like the movie depicts. There is no chop. Brokers don't make squat anymore. There is definitely no way you're going to personally own 85% of a company you take public and the office environment is certainly not a college frat party. With that said are still common (people use anything from testosterone to modalert to cocaine etc etc.), pay for play does occur (definitely not in the office but strip clubs and other drunken celebrations do occur) and you can still make some on Wall Street if you've got the work ethic (survive to your mid 30's and you did something terribly terribly wrong if you're not at least a multi-millionaire).

Summary:drugsdecent money

With that said lets get the myths out of the way and jump into the good stuff after.

Myths:

Back in the day, stock prices were flashed in 1/8ths of a dollar terms, 1/4 and so forth. So you could make a "spread" on the transaction. In simple terms, you find a sucker who buys the stock for $15 when you're on the phone with a willing seller at $14.75… You just made 25 cents per share. This is why one of the brokers suggests he simply "makes a lot of trades". This was true back in the day, if you could get a large chop on several hundred thousand shares, you're good to go. Today? Good luck making more than a few pennies on a transaction.

1) The Chop:

: If you look at our , we don't even include brokers anymore. They are basically dead. You make peanuts. Just check out this listing where someone withThat's not even worth a look. In addition, while we're at it, they claim that the series 7 examination is some sort of "serious" test. It is not. The joke on Wall Street is you should shoot for exactly 70% on the test, if you get 90%+ you're a weirdo who had to study to pass the exam and if you score below 70% you're just an idiot. Fun fact, during training some people pool together and say "whoever scores closest to 70% wins $X", the test is that easy.

2) Stock Brokers Don't Make Money Wall Street map 3 years of experience can make… $50K.

The glorification of IPOs in the media is beyond overblown and the movie basically makes it worse. If you ever meet a guy who says he wants to "Work on IPOs" just shake your head and move on since he is saying he wants to work in Equity Capital Markets… one of the lowest rungs within the investment banking umbrella (still better than back office of course!). There is no skill involved in an IPO, if you're a Big Swinging Dick (BSD) with massive connects and can leverage a balance sheet for a billion dollar IPO, you're the man! If not try to avoid starting your career in ECM unless you have the rolodex. Finally, illegally owning 85% of the stock would simply not happen today, that is a whole different level of pump and dump.

3) IPOs:

Good luck getting a job on Wall Street with no credentials today. If you're at a get ready to grind more than you've ever grinded before in your life to get your foot in the door. better shine like a diamond too. Easy ways to move up on Wall Street simply don't exist anymore, unless your dad is the head of the investment banking division or your uncle is the CEO of a Fortune 500, the only way for average man to break into the Street is with 1) great work experience, 2) a great school/education and 3) an extremely positive attitude.

4) Education:non-target school, That resume

The closest you'll get to a frat like environment depicted in the movie is if you Here you can hear all the cussing, screaming and annoyance but definitely not to the level in the movie. Funny though, you can actually hear some traders calling up hooks from time to time but that's another story. In reality, the environment today is "quietly intense". If you're using your mouse to operate on your computer and if you're unable to respond to questions/tasks/clients within a few seconds… consider yourself a terrible employee and soon to be fired (yes this comment is broad and IB/PE/S&T/Research/Hedge funds all have different priorities but quietly intense is the best description for the whole industry).

5) Frat Life:become a trader.

The Fun Stuff:

Yep. Of course this is always going to come first. No matter how you slice it there are simply not many jobs that pay $100K+ your first year out of college. They don't exist. If you are not motivated by money who knows why you're reading this site and who knows why you're alive in the first place. Money buys everything from the best health care to a custom suit to a brand new apartment dead center in SoHo. Money is referred to as a drug in the movie. This is actually true. We half-jokingly tweeted that every zero in your bank account is a point on your long term looks scale. Put a million bucks in the bank and you're a "7" for life. You can't fake that kind of confidence. If you follow the money/life advice on here (even outside of the Street) you should be able to gather up 6 figures relatively quickly, 7 figures is definitely not out of the range and you'll see for yourself that money changes you. You don't get stressed out, you don't care about some chick turning you down, you don't care about the price tag on the new iPad. Anyone who says money isn't important, ain't never had any to begin with.

1) Money:

If you can sell you can do anything in life. This was probably the highlight of the movie, "Sell me this pen, now.". The biggest takeaway for anyone who watches it should be this "sales will always lead to success". If you can sell a million pens, a million diapers a million burgers… you'll be a millionaire. Fast. The Street generally recruits people who have good academic skills, above average math grades etc. But at the end of the day sales will set you apart. Can you work the room? Can you walk into the office and get the "right guy" to like you? Can you sell your higher ups on more responsibility? A promotion? Will XYZ important client like you? Can you convince your PM to take a position in XYZ stock? Can you raise funds? Can you convince that 8.5/10 Russian girl to spend the night with you? Sell sell sell sell sell. Always Be Closing (ABC).

2) Sell Me This Pen: If you've found the cure for cancer it doesn't mean squat if you can't sell it!

There is a major change in the movie when Bedford decides to go after the whales. He becomes rich! Not surprising! If you're going to make a sale, if you're going to sell anything always get the deepest pockets possible. The other clear point is this: get near wealth and you will be wealthier. If your phone is filled with CEOs and CFOs there is next to no chance that you are poor. If your phone is filled with a bunch of haters, complainers and average dudes… Chances are you are or will become a complaining, hating average dude. Don't put yourself in the poorest environment in the world, try to put yourself in the richest environment in the world.

3) Go to the Rich:

Never been to anything quite as extreme as the movie, but wealthy people definitely know how to party. If you make friends with the right people you can find yourself in some interesting venues. You don't need to own a private jet, you just need to know someone who does. The best parties in the world are always thrown by wealthy people.

4) Partying:

Can't decide if this is a good or a bad thing but the truth is, unless you have monk like capabilities, you're going to use some sort of drugs at some point in your career. Many guys get addicted and lose their jobs, don't be that guy, but you're going to go through some horrible horrible crap during your career. The best example is the "banker twitch", this usually occurs when you cram through 48+ hours straight and you lose control of your eyes. Your left eye looks left and your right eye scans to the right. You're on empty. Thank god those days are over. Drugs have an extremely bad reputation in the public eye, the scenes in the movie didn't help, but the truth is that drugs are used for high end professions. It does not stop at Wall Street, just go to a Law School and tell us those guys/girls are not loaded up on addy.

5) Drugs:

Conclusion:

The movie was much more entertaining than expected, was a bit long at 3 hours since the end got dragged out, but it was certainly funny. One day Hollywood will come out with a more accurate depiction of Wall Street today, but we won't hold our breaths.

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The Worst Question In The World

No hate. Mistakes were made. We've all made this major one. Here is the worst question in the World.

"What if?"

What if I want to switch schools? What if I don't get into a bulge bracket? What if I get rejected?

[What if I lose my job?]

Here's the answer.

What if you do nothing at all? You may as well be dead.

Life is a game. Take action. If you spend your time in a state rumination, you remain on the bench. No one wants to be on the sidelines in a game you only play once.

Your friends, your family, your boss, your wife and anyone near you is going to protect your near term emotions. They will play what if with your future and the answer is always the "safest" solution. Why are you going to let someone else

[make a decision for you in the moment in exchange for what you desire the most?]

We get a lot of emails about college debt, getting into a target school, making the right decision. But only one email has come in asking the right question, The is you probably have not. You're already accepting failure and you're limiting your own potential.

have I maximized my potential?[harsh truth]

If everyone else can only muster a 4.0 GPA at a community college why can't you do the same… And get a job relevant to your passions… And stay healthy… And wake up every day with a positive mental state of mind… And step out of your comfort zone every day… And ignore all the haters… And ignore the limits you have unnecessarily placed in your own mind.

Escape the prison.

When you escape you will wreck the belief system of everyone who was trying to help you make the safest choice all the time. You just gave all of your relatives the biggest gift of all, a new positive mindset.

Help them escape prison as well.

Of the people who read this post maybe one person will follow through.

The sad part is everyone deserves more. They just aren't willing to earn it.

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Things to Know for Your Thirties

Things to Know for Your Thirties

We have gotten a lot of requests for a post on "rules for your thirties". Unfortunately? There is no value in a post like that. Anyone who has succeeded is not going to be interested in a post on rules since they already have their life together. Generally, this question is posed by people who are in their mid 20s and are looking for guidelines for the future. With that in mind, this post is going to cover general beliefs and steer away from rules. By the time you're in your 30s you shouldn't be worried about money, girls or friends. But. We'll go ahead and add on to these themes.

Financial

Maybe you had to take a few salary jobs earlier in life (20-23) to break into (usually engineers fall in this bucket). That is fine. But. By the time you are in your thirties under zero circumstances should you ever work for an hourly wage ever again. You will work for performance (sales/revenue generation), ownership (equity) or you won't work at all. Period. You're going to leverage *other* people's time and never take on any sort of hourly consulting role. It just doesn't give a good ROI. Finally, if you're working in a career, yes part of your compensation will be a salary. But. It will not be more than ~50% of your total income anymore. Otherwise? You're going ot be fired anyway.

Never Trading Time for Money: a real career

We have a clear path to . Since this is a post on your 30s there is literally no exception to *not* being a millionaire and in your mid 30s. You would have to make terrible decisions in life over and over again to miss this financial hurdle. Even if you didn't move up the totem pole quickly, if you're making ~$150-200K a year it is quite easy to get to $1M. The reality? Most people reading this blog (Wall Street focused people) will clear $1M in net worth by the time they are 30.

Millionaire or Something Went Wrong: a million dollars laid out

Most people who reach 7 figures in net worth have closer to 5 solid sources of income. You should have at least 3 sources of income. If one of your legs gets taken out (business goes south, career goes south or investments go south) you should be perfectly fine. With three forms of income, if the economy collapses you won't sweat it. You will simply lose one, maybe two, forms of income and get back on your feet to focus on what matters (getting new forms of income again). More importantly? Your total income should easily be north of $250K (more likely $400K+ at least).

Three Forms of Income:

You should have several friends who do good work. Lawyers, accountants, online marketers etc. You should receive a referral fee if you find someone who will benefit from their services. If you are going to recommend something you may as well take the fee as well (no point in giving your time away for free). A better example is a recent referral for a top tier accountant. Once your friends start making $300K+ off of their businesses, they are going to focus on limiting tax liabilities. A good accountant can save $4-5K easily on a $300K income stream. Once you refer your friend, the accountant will happily pay you for the referral. Your friend is happy you're making money off of the referral and your accountant is going to keep you as a customer for a long time (he probably won't even charge you if you refer 5+ low maintenance customers). In short? Don't do anything for free. There is no point in wasting your valuable time.

Easy Referral Money:

We get a lot of questions about managing finances. Unfortunately? We will never under any circumstances work with retail investors. It is not worth the time, money or hassle. If you do not know your own risk tolerance, the last place you should go to for information is the Internet. Go and talk to a professional (for free!). It took us a long time to find a useful source and we're glad we no longer have to field personal finance questions anymore!

Risk Tolerance:

Social Life

Maybe you didn't have fantastic social skills as a younger guy. So you spent some of your time going out of your way to be social. Blocking out time to meet girls at clubs/bars or even trying your hand at meeting girls in SoHo. Fantastic. By the time you are 30? This should end. Your time should be extremely valuable. You simply meet girls on your way to work, meetings or even at the airport. Maybe you enjoy nightlife and go out with your friends. But. Under no circumstances do you block out time to "do approaches" since this is an enormous time suck. If your "opportunity cost" is $500 an hour. That 4 hour hangover the next day simply isn't worth it. Finally, if you're one of of those rare people who can go out 5 nights a week and see no impact… Well then it doesn't matter. The main point? Don't let your social life impact more important things: Health, Money, current friendships. No strange girl on the street or at the club is worth it. No exceptions.

No Longer Go Out of Your Way:

On television they teach you that successful people have hundreds of thousands of elite friends who they hang out with all of the time. This couldn't be further from the truth. Successful people have a lot of soft touch friendships. By the time you're in your 30s you will have ~10-15 solid contacts who probably live in different cities. You have maybe 2-3 solid friends in your city that you see 1x a month and another 12 friends who live in other major cities. The rest? They are all acquaintances. Acquaintances are fantastic for grabbing a drink and "hanging out". But. Under no circumstances do you ever tell them how much money you really make (or have) or any real details about your personal life. They will try to tear you down.

Tougher to Meet Friends:

Similar to never going out of your way to meet new people, you've already developed a niche. It does not matter what the niche is. Maybe you have a few high end lounges you enjoy going to (everyone knows your name) or maybe you have a social circle involving museums and art. Neither is right or wrong. The real point? You've combined an actual interest of yours with a way to meet new people (new social circles) or girls to date.

A Solid Niche:

As soon as you hit 30, the "marathon of life" works in your favor. The competition starts to drop like flies. Men are getting married left right and center and you'll get tons of invitations to another lame "international wedding destination". Attrition is really weeding out the competition. Perhaps, 5-10 years ago you could make the case that men didn't "know better" when it comes to marriage. In 2015? This is simply a terrible BS excuse. The only downside? You'll lose a lot of friends and acquaintances during this time period.

You Shouldn't Be Married:

At this point you should have contacts abroad. At least 5 of them. You should be able to land in a few countries, call/text a friend and have no problem meeting sometime during the week. This will make your life a lot more interesting. Since the pendulum swings both ways, you can show them the ins and outs of the United States of America (best place on the planet). Eventually, you'll notice key mannerisms of specific countries (the colors they wear to the brand names they like), which will make it even easier for you to spot foreigners out in NYC.

International Friends:

Obtaining Information

If someone disagrees with this, they are likely unsuccessful. Why? The only way to gain an edge is to have a strategy that no one else is doing. If it is well documented, researched and public… Then everyone else is doing it as well. How in the world is that going to give you an edge? It won't. In fact, new age dating advice cannot be proven (yet) and anyone who has gone out more than 100+ times can easily tell you it works.

Anecdotal Evidence is the Best Evidence:

The best way to obtain more anecdotal evidence? Cross check your beliefs with other people living a similar aggressive lifestyle. If you know that Person A, B and C all have the same goals as you and they are all taking action… Have a quick conversation to exchange notes on what seems to work and what doesn't. This applies to everything from lifting weights to to meeting new people.

making money

While you should certainly read every single day (maybe 30 minutes to an hour) you should understand that *action* will result in much more progress than information. You can read a million books on how to shoot a jump shot. But… the chances you shoot anywhere near close to Stephen Curry is zero percent if you don't actually shoot a basketball. A guy with less than perfect form who shoots 1 million shots will beat a guy who shoots 100 shots but studied basketball for 20 hours a day.

Action Over Books:

Action applies to making money and generating revenue as well. You're much better off trying to buy traffic. You're much better off picking up the phone and trying to sell. You're much better off cold emailing. The key is to spend <10% of your time doing research (preventing bone headed mistakes) and using 90%+ of your time taking action where you'll make minor fixable errors.

We had to put as the best information because life experience always wins. That said, in order to find good information you should have a strong filter before even considering the content, here is ours: 1) is this person better than you at the task? If not… don't bother reading or building a relationship anymore, 2) is this going to provide information or emotion… the latter is useless but feels like good content to average people, 3) is the information based on studies or years of mistakes? Choose the person who has made many mistakes, 4) is the book worth reading after the first 50 pages? If not… Throw it in the garbage and 5) can you apply the new information within the next 3 months? If not… select a new book.

Selective Information: **action over books**

The real trick here? You're only going to find ~10 books a year that are worth reading by the time you're in your 30s. Assuming you're successful, there are very few resources that are going to improve your life and unless you're reading for fun (fiction, not action) you're not going to read all that much. In fact? You're probably better off learning a new language or picking up a new hobby instead of reading books that aren't going to help you anymore.

Time Management

By the time you're a millionaire and don't work on an hourly basis, you should be able to make your own schedule. Naturally, you're going to get bored easily since you put in the hard work (60+ hours a week for ~6-10 years) so you'll probably work 45-50 hours a week anyway. That said, you should have a team working with you so you can skip days when there is no need to work hard. If you recently closed a transaction that exceeds your quota for the year… there is no reason to show up to work on Fridays for the next 3 weeks anyway. Have everyone else send the basic updates for you.

30-55 hours a Week:

This was an easy lead in from paragraph one. If you are not trading your time for money? You should become more efficient by delegating tasks to other people. Any task that is not going to lead to more income but *needs to be done* should be delegated. This means updating documents, making tweaks to sales pages, dealing with technology updates, answering unimportant requests to show you're "always available". All of these tasks are not worth your valuable time. Hire someone to do them for you and pay them slightly above market rates so they have no reason to complain.

Learn to Delegate:

Unless you enjoy doing chores for fun (cooking as an example)… there is no reason to do them anymore. Make a list of items that take away from your time on a weekly basis. Remove at least three of them so you don't have to bother anymore. This won't cost you much. Maybe $300-500 a month and will allow you to focus on more important things: 1) your health, 2) thinking of ways to generate more income and 3) how to diversify your income streams. A quick list of things you shouldn't waste time with: 1) dry cleaning, 2) shopping, 3) responding to emails from low-end clients, 4) team building activities – ask someone on your team to attend and be the cheerleader, 5) cooking and 6) booking flights/hotels/etc.

No More Chores:

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Think Like You're in the 1% – Focus Energy on Important Questions

Think Like You're in the 1% – Focus Energy on Important Questions

One of the benefits of our Q&As is that is creates an opportunity for us to come up with new post ideas. After we realized we were complaining about repetitive questions, we decided we'd go ahead and make a post that gets rid of them. In essence, most questions don't really matter. What we mean by this is there are really 1) only a handful of decisions that really matter, 2) questions with direct answers that are useful and impactful immediately and 3) a whole host of questions surrounding "fear and worry" that don't even need to be addressed. Think like you're in the 1% is certainly a rude title and that's the point, much like the content and audience we intend to focus on. The good news is that most questions will typically fall into category 2 which makes the Q&As a lot easier as there is an immediate and definitive answer.

Common Questions That Won't Help Change Your Life

Think about it like this. If you take a job making $100K or a higher risk job making $70K with $40K in illiquid private stock… this really isn't a question. Why? Well both of these mean that you're going to be worth about the same in 1-5 years. Unless the stock somehow goes up 10x (unlikely) you will be in the exact same position as the guy who takes cash up front and simply buys some higher risk stocks. It's interesting because people ask these questions all the time and yet the choice between the two rarely makes a difference. $10,000 differences for 5 years is $50K… That's not going to change your actual lifestyle.

: "Jobs and Careers"

Why are we starting with this example? Sure you "could" work a lot harder and make an extra 10% in one of those positions but is 10% really going to change the *value of your time*? No. This is why we always respond with the following which has come up at least 30-40 times in Q&As. This only sticks with people who will eventually get rich. If people don't understand this sentence we'll bet against them 97% of the time. The entire point of this blog is to get rich while you still have time to enjoy it. If you're happy with being a millionaire at 55 years of age (in today's dollars to keep it simple), it's best to leave. It's best to leave because this is just not how rich people think. Rich people don't care about 401Ks, an extra 3-4% increase in net worth or earning hourly wages. The only time they care about these massively long time-horizon investment vehicles is when their accountant rings them up and tells them there is a more tax efficient way to set his money up for 1) inheritance in the future and 2) lowering his total taxes being paid.

It's because .rich people think about time. "Always choose the option that gives you more free time"

This should now shine a light on why we don't really put much effort into responses that don't deal with anything life changing. It's because we know it doesn't really matter. Also. It is very likely that the person asking the question already knows what he or she is going to do and just wants affirmation. So we type out the same old answer "Sure go with A or B. Make sure you don't lose time". The only time it gets difficult is if someone is already close to becoming rich… then you can make small tweaks to make sure the person gets over the finish line safely. But. If they are already close to the finish line they would always choose the risk off option… which then… by definition… means they are looking for affirmation.They already know the right answer.

This brings us to the final point on this subsection which is that rich people have clear thoughts because they don't waste their brain power on questions that don't make a big deal. You don't see rich people wondering if they should buy a coffee, upgrade to business class or buy a new laptop. These aren't meaningful changes since they don't generate any equity (fancy name for ownership). Unless there is an opportunity to make large amounts of money, they are not spending their time worrying about the bread crumbs. This sounds terrible as we realize that a laptop purchase could ruin a normal person's budget. But. That's the way it is. When you're killing yourself trying to get a product to sell, getting clients and holding down a job (if you need to keep the lights on)… None of these questions ever come up. That's right. What we're saying is if a question is about two different jobs we know the person hasn't bothered even trying with a business… otherwise they wouldn't have asked the question. They would know the answer and wouldn't bother jumping in the Q&A. Anyway. Most people waste their time talking about prestige, a new opportunity for 10-15% and other such nonsense which is good for the people who actually want to get rich (lowers the competition!).

If you're not rich yet, the rich people who end up making it don't have time to even think about buying a laptop.

The funny thing about personal finance is that the vast majority of the "big disaster" decisions can be avoided as follows: 1) don't get legally married – minimum pre-nup if you absolutely must, 2) never have 100% allocation into a single asset class, 3) don't take stock tips from anyone and 4) don't follow the markets. Funny how these four points are exactly what the masses try to do. A large number of smart people get divorced and are forced to start over. People try to go "all in" to somehow make it in one shot… doesn't work. They try to follow someone else for investment advice instead of thinking for themselves. They try to follow day to day price moves on everything.

: Most "Personal Finance"

Pausing for a second. Yes hedge fund managers and other investment professionals do track markets and all of these things like hawks. But. They underperform the market. Every. Single. Year. So it's really just a testament to how useless it really is. Even blind squirrels find nuts and some random guy is always getting rich off of some lucky break. We've been blogging and tweeting for years and not once can you find a tweet or post "complaining" about price movements. Feel free to look them all up and even the archived ones of our older lower quality deleted tweets. This is because it just won't make a difference yet again. Long-term, assets go up in value and anyone who wants to create the ultra doomsday case of "deflation long-term" can go ahead and put on a tin-foil hat. If that really occurred, you're still going to be rich because you're one of the only producers in the world while everyone else is begging to "work for someone else" to pay their bills.

So what kind of personal finance questions are legitimate? Not many. The only ones that are legitimate are related to 1) leverage, 2) asset allocation relative to long-term plans, 3) structural trends and 4) tax structures, inheritance, and other huge one time tax items. In fact, if someone is really rich, they usually ask about item #4. It's funny we're laughing about it as we type it out because we think about all the rich people we're close with and it's never about "buying the dip" or "interest rates", it's always about .When you realize that Uncle Sam receives more money for your work than you spend in a year… that's when the light bulb really goes off that it's a disaster out there.

*"how do i lower the biggest *lifetime* expense i have called Uncle Sam"*

For those that are interested, people who are successful millionaires rarely ask about a specific stock or a specific investment. Instead they focus intensely on trends, i.e. where is the money going to go. Is it going to go into this sector or that sector… so on and so forth. This is more important because you just want to be on the right side of the trend. If people don't believe us, check out all the major presentations made by ultra rich people. Rarely does it talk about a single item to buy and it's typically a presentation about "here is where we are today, here is what the world is going to look like tomorrow".

So there you have it. We have no problems answering personal finance questions in Q&As. That said, always ask yourself "does it really matter" and you're going to be surprised at how many of the questions really don't matter… At all. Personal finance questions become "real" once a person is rich. If the person isn't rich then the focus is on same old same old… getting a biz up and running and working a high paying career until that's possible.

We really stopped talking about this topic a long time ago (seems like 2-3 years or so). It honestly feels like a different planet. This is because we no longer relate to "dating improvements". The days of trying to maximize dating are long gone and aren't even on the list of priorities. The reasons why? Well here we go: 1) most people won't listen and will end up getting married with no prenup and roll the dice, 2) only 0.1% of people in the world have personalities that are so horrendous they cannot get dates once they make good money and are in shape and 3) it's just boring.

Dating:

We used to actually respond to questions related to dating but now it's not even something we can help with. What we've noticed is that the entire "getting girls" community is essentially faking being rich. Rich people travel a lot to international destinations, they don't care if a girl responds to their messages or not and they don't have any sort of anxiety because they legitimately don't care if the girl converts or not. Oddly enough once you stop caring about the entire dating scene it actually gets easier. . When you look back at how the "dating advice" industry evolved… all it did was slowly mirror what rich people do. First was act aloof (rich people actually don't care), second was joke with them (rich people do this by nature because they are bored), third live close to the night life (nice areas usually require a more expensive apartment), fourth travel the world (rich people are usually the ones with the luxury of time and money to travel) and finally fifth, become a "figure head" (when you're ultra rich people know who you are).

Much like everything else in life

With this backdrop, one fun thing about dating we did learn is the ability to tell the fake guys who are "running game" from the rich guys who actually don't care. The difference? This is the official giveaway of a poser. If a guy cares why the girl likes him he's officially a tadpole/scrub, insert any low totem pole phrase in there. Rich guys don't care. They really don't. Any smart rich guy is just going to make sure he doesn't make any major mistakes: 1) accidental kid and 2) massive loss of assets through divorce. This is the last thread that will always separate the real winners from the fake winners. It's also why the pick up community will always defend this to death. They know they don't actually "have it" so it's best to assume every attractive girl is a . It makes sense this way since a person who's willing to fake their status to this level needs to protect their ego in some way. This is the way to do it. Also. As a final big "ah ha" moment, the guys who end up getting the girl who doesn't want money typically ends up getting a divorce. Why? Well financial troubles are the 2nd most common reason for divorce. Funny how that works… sort of. Sad actually.

"Aren't you worried she wants you for your money". gold digger

Anyway, this is a long winded update on our philosophy surrounding "dating". You simply walk up to anyone you find attractive and start talking to them. If it works it works. If it doesn't oh well. No need to analyze each interaction since you're going to be living close, making good money and living an awesome life anyway. Instead of dating questions the only real question is if you believe the person will be a good mother. If you don't plan on having kids or getting married, then the entire topic isn't really relevant (hence why it isn't relevant for us).

Unless you're considering having kids, there shouldn't be any dating questions.

So take a look at the big three categories: Jobs, Investing, Dating. This is quite literally the three most common items you'll hear people gossip about at the work place. They talk about politics and so and so. "what the next hot stock is" and of course… Who is dating who. Since we know those three topics are the most common for people who end up going nowhere in life, we can conclude that those three topics don't really make a difference long-term. Pause. Now to make things crystal clear we'll still talk about these topics for fun (except dating because that's officially too easy and boring to even talk about anymore). But. If you're not rich yet, you shouldn't use any brain cells worried about any of the things listed above. That job offer you got for 10% extra? Just decide within 15 minutes. That Christmas bonus you just got? Toss it into stocks/bonds/RE/crypto and forget about it (after biz expense of course!). If you start doing these things, making faster decisions on things that don't matter… you're going to be forced to think like a rich person. That's always the ideal situation isn't it!

Conclusion: *What we're hoping to do is eliminate wasted thoughts.*

While we don't expect a change in the Q&As as most questions are rarely life changing we do want to point out that if someone has life changing questions we actually respond outside of Q&As (these people know who they are). The goal of this post was to attempt to delete "clutter" and remove "jugglers" (people who run too many ideas at once). Having less thoughts is a good thing in many situations (less items to worry about).

Important Note:

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**
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This Blog Apparently Has Female Readers

This Blog Apparently Has Female Readers

We've been working on a post related to the corona virus, but had to pause as we noticed that more emails were coming from women… That's not a typo and we were surprised. The interesting part about it? It suggests that following the non-dating part of the blog works for practically everyone. We're glad we stopped writing about that since it takes less than 12 months to master and writing about difficult items is a lot more fun.

Below is an email we recently received and we're going to highlight a few parts in bold (our emphasis).

*"mid thirties (redacted) woman who has worked in alts for the past decade and a half after collecting degrees in finance from two private universities in New England. Followed your advice, "made it" outside of the day job in seven years, continue to stay full time on the street as a D&I unicorn on a bench full of white to keep collecting carry points on successor vehicles. Will tap out at some point, but no rush as I have seniority and can pull rank pretty much 24/7.***Unusual reader here: dudes**

Wanted to say thank you for the amazing content, AGAIN. Huge fan since before Efficiency who is curious to see where you head next with WSPs.

*And had to say that this product is downright .***eerie**

*How is it your product addressed all of the things I've been looking at recently? Looking at upgrading to a massive and completely unnecessary house in the 'burbs to entertain, scoping out private doctors for the past six months, daily routines to increase flexibility, reading up on performance enhancement options, spending on family to help them bridge to stepping up in life/pay for medical treatments badly needed, learning to ski for networking since I am NYC based and so many of my contacts are regularly in Stowe/Whistler/Vail during the season, upgrading my mattress to one that seemed ludicrous , but actually has had a huge impact on rest quality the past 12 months, working to jump a decade, outsourcing all low level uses of my time, figuring out where to donate to minimize tax burden by being based in one of the highest tax jurisdictions in the country, realizing just how out of touch I am to most in my age bracket in terms of lifestyle/focus/emotional balance/maturity/spending ability, looking at those $10K-$50k watches and just not being convinced that , creating once in a lifetime experiences for those dear to me, , seeing what a pain in the ass it is to flip sites after seeing so many scams on bizbuysell, etc.***at first blushlemon is worth the squeezepiling up cash/crypto**

.**EERIE**

Cruising on autopilot, piling up cash for the next downturn. "Never work for the same money twice" indeed"

If you look at the above writing, the average guy is going to assume it's a troll. Luckily, there are several clues that give us confidence it is a woman and she's actually from a finance background. Why? Even in a quick email, a lot of tells are given. The use of "dudes", "at first blush" and "lemons". Your average reader would say this doesn't mean anything but it does.

Initial Screen:

For fun if you want to do this yourself when proof reading an email to see if the woman worked in finance other tells would be the use of the phrase or . Both of those phrases are incredibly common in New York as well and anyone in the industry now or in the past is laughing a bit at their screen since they know it is true. So for now it appears this isn't a troll.

"Will do""buddy"

The last item is that she repeats a word that practically no guy would ever use "eerie". Just isn't common word choice for men. Perhaps if the word creepy was used it would make it more likely but that is usually reserved for people women don't like. So replaced with eerie lines up.

She's going through the exact same decision trees: 1) bigger house, 2) thinking about a watch, 3) flexibility training, 4) performance enhancing and 5) donations. Not to mention the most obvious sign of all which is being out of touch with regular people in the same age band. To close it out, being interested in crypto was also out of left field as the vast majority of crypto advocates are male (exceptions of course include Elizabeth Stark etc.)

Some Interesting Notes:

We're going to add an addendum to the book here. May as well given that the product wasn't written for them. These are simply opinions since we aren't women but we'd add it if you're female.

Some Notes for Women:

All of the health items still actually apply. While we wouldn't recommend increasing male based hormones we're referring to a private doctor and all other health advice. In fact, women can probably benefit a lot as most women simply try to "eat less" and refuse to exercise more. Generally speaking, men prefer to work out and eat garbage, while women prefer to eat less and don't like going to the gym. So everything still applies and if you're willing to get a private doctor you're going to be way ahead. To wrap it up, we're positive on any cosmetic surgery as long as you don't go overboard with it and look like a mess later on. "Men" who claim plastic surgery is bad are just poor. No real debate there. If someone has a few changes made, not sure why it would be a big deal. Looking like Michael Jackson would be a mess.

1) Health:

Luckily, smart women realize that successful men don't really care much for a wealthy partner. While we would have probably changed the wording a bit in the book if we knew a large number of women would read it… Too late. It's much more important to find someone who is easy going with a warm heart (at least to a successful man). Why? Well if you're a rich female reader you already know why… The extra digits don't do anything. You end up in the same spot if you make it within a certain range of outcomes. And. On that note, remembering that rich people don't have to deal with annoying people explains why they prefer warm hearted people over a rich person with sky high standards. Just another "problem" to solve. We'd bet that rich women feel the same way as well.

2)Unfortunate Truth:

Unsurprisingly, the women who get entertainment value and enjoy the blog are already rich and are making good amounts of money. The ones that hate us probably all live in or Seattle (anywhere where purple hair and needles are acceptable). If a female is reading this she shouldn't be surprised to find out that most "guys" are just talkers with no real results. This is a great opportunity for women. Since you know that they will be busy getting drunk at the bars you can simply follow the plan in efficiency and move onto bigger fish in the sea.

3) Most Guys Are Lazy: San Francisco

:If we wrote a blog similar to this related to women, we'd probably emphasis the decisions made between ages 20 and 25. Versus 30-35 for men. At age 20-25 you should ideally find a high quality partner particularly if you want kids. For men these life decisions don't occur until their 30s. It just isn't realistic to think it's "easier" to find a high quality mate at age 30 vs. age 21. Sure you're giving up all the fake excitement your friends talk about, but you win over the next 20-30 years. From the reader above it looks like she somehow made that decision correctly while starting a side business and working in finance. So for all the naysayers out there… It is not only possible but incredibly realistic.

4) Smart Early Decisions

: For what it is worth, most rich women end up going down the endless pit of materialism. While buying a nice car and watch is fine, we're talking about constant wardrobe upgrades and status symbols that never really end. The wealthy women we know that appear to be happy have at least two things that they enjoy doing from a social perspective. Vast majority choose kids as priority number one and the second one usually ends up being some sort of community work. The rich women who don't fall down the materialism trap usually do interesting volunteer work. They might run an animal shelter, they might be the head of the local golf/tennis competition, they might do fund raising events for some sort of cause for their home city. The main theme here is they find something to do that helps their general community. Why? We've noticed most women settle down by age 35-40 or so (if rich) and become attached to that particular city.

5) Find Something Non-Material

As usual… All of the above is general and there are always exceptions to the rule. That said it highlights some of the main things we've seen from happy wealthy women. For our next Q&A we might even see some new interesting questions!

Our Next Q&A will be on February 9.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return
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Thoughts After Recruiting Season

With the MBA Associates and Analyst Class recruiting season wrapping up we're going to highlight some of the most common shortfalls we saw in 2013. Overall the some big things that stood out are 1) more people are catching onto the idea that work experience trumps educational prestige and 2) this was a sizable up year for the Street and bonuses should be up ~10% unless you're stuck at a bank with legal problems such as Barclays. With that said, we've broken down the main errors in terms of resume edits and interview skills below.

Resume

Many people continue to make one of the common errors we have mentioned in the past a poorly formatted 1-page resume and unprofessional/unrelated interests. No matter how many times you read a resume always have a 3 or 4 set of eyes on them and always PDF the resume

1) The Same Errors: rdth

This is becoming much more common nowadays, the most common nuance is "Financial Analyst" followed by bullets that are unrelated to Wall Street. Even if you hold a back office job such as Treasury – Financial Analyst, it is better to disclose your exact position for recruiting purposes. Simply spin the bullets to address Wall Street needs.

2) Ambiguous Job Titles:

The people you will interview with have unlikely looked at your resume before you walk in the door so make sure the first bullet on your resume is the most pertinent. If you've working as an Investment Banking Analyst highlight the biggest accomplishments. In rank order: received a return offer, closed deals, live deal work, financial modeling, simple valuation analysis such as precedent comps and trading comps, pitchbooks, company profiles and other maintenance work. The best way to organize your bullets is to think like a Managing Director, they are working to make money so anything you contribute that leads to revenue generation will always outshine an excel piece. Similarly, if a pitchbook lead to an engaged deal that went live before you left the internship, that also outweighs financial modeling.

3) Unorganized Bullets:

We will assume a slight exaggeration factor on your resume however with many people starting up small internet businesses the phrases "founder", "CEO", "CFO" and "CTO" have started to show up on resumes. While it may be true that you're in charge of running the website, if it is only generating a few dollars a month in revenue it is better to lean towards a humble approach and simply use a phrase such as "website designer". This way when you're questioned about the task any income generation will appear to be a positive where a title such as CEO/Founder will raise expectations of your interviewer.

4) Exaggeration:

This one was much more common for MBA level candidates, generally speaking include your month and years of employment when applying for jobs. If you have spent 5+ years on Wall Street, having a gap on your resume given all the changes in the economy would not be frowned upon. Stating you worked from 2009 to 2010 when the dates were December 2009 to February 2010 will bring your entire resume under a microscope.

5) Removing the Month of Employment: It is okay to have gaps on your resume.

The Interview

Generally it is not difficult to have a bland story for wanting to enter Wall Street, however many responses become unrelated to the job function. If you're more interested in investing in stocks versus helping close deals your story should change.

1) Having a Bad Story:

As an example: stating you invest personally as part of your story will pay higher dividends for a slot at a hedge fund, long-only, equity research or sales and trading than it would for a position in investment banking or private equity

As a secondary example: if you have sold houses in the past as a real estate agent this would tie in much more with investment banking.

Highlighting your interests within your story should always tie to the job you are looking to obtain.

If information is readily available on the internet regarding the office you hope to join avoid asking questions regarding the product groups and industry groups.

2) Not Knowing the Bank/Group:

As an example if the firm you are interviewing is strictly working the M&A or you should never mention an interest in raising funds through IPOs, follow-on offerings, PIPEs etc.

As a secondary example: if you are interviewing for the ECM or DCM group you should not state an interest in fairness opinions or merger models.

Unless you're interviewing for a position and you're from Harvard with a Wharton MBA and Goldman Sachs/KKR as your credentials chances are you've got some weaknesses. In that case when people ask you questions such as give me three reasons to hire you and three reasons not to hire you, be sure to spin the answer as best as possible. If you have a 3.5 GPA you know that there are other candidates with a 4.0. In that case highlight your previous work experience, explain that you're hard working (through examples versus outright statements) and imply that you know other candidates have a higher GPA than you. It will let the interviewer know you're not overly confident and you are willing to make up for your flaws.

3) Unable to Spin a Weakness:

At the end of every interview you should have a set of questions ready bucketed into two groups the first being non-revenue generating and the second for revenue generating personnel. Broken down simply, questions regarding life at the firm should be asked towards the lower level employees while career trajectory and high level business questions should be directed towards the revenue generators. This does two things, it allows you to make a better connection with both groups, lower level interviewees are more interested in how you will interact with them on the job while revenue generators only care about expanding their business and doing so in a risk free manner. If you begin ask lifestyle questions to a higher up he will assume you are lazy while an entry level employee will assume you're asking about the culture. Be prepared to spin all of the generic questions to the product/industry group you are interviewing within the investment bank.

4) Unprepared Questions:

Thisis less of a blow to your interview, however if you are questioned about interests always attempt to tie them into the job. If you've completed 3 iron mans, or played college sports than can be spun as a read through to your work ethic. If you've built websites for a school group and know how to code, it can easily be spun to imply that you think logically/intelligently.

5) Highlighting the Wrong Interests:

Finally, in general it is a good idea to avoid commentary on volunteer experience (unless substantial). To quote an old Managing Director:

*"I don't do this job for Charity. If I did I would join the F***ing peace corps and not shower for two years"*

For the too long, didn't read type a lot of the same themes apply, 1) no errors on your resume, 2) no lies on your resume and 3) always weave your experience into relatable job tasks. The competition continues to rise, so get ready to start networking for the calendar year end hiring jump in December – February.

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Three Concepts to Get Rich: Recurring Income, Time of Day vs. Income and the Fixed Cost Game

Three Concepts to Get Rich: Recurring Income, Time of Day vs. Income and the Fixed Cost Game

For one reason or another frugal people focus on the last item on this list. They would become significantly wealthier by focusing more on the first part but just don't have any interest in putting in the time. Perhaps this is because they believe being rich at 30 versus 40 isn't a big difference (could be one explanation). We disagree since life is the most active between 30 and 50 so we wouldn't give up our 30s to live frugally (essentially living like you're starting from scratch). With that we'll jump in.

Recurring Income

This is by far the most important item to understand. Recurring income allows you to invest more aggressively. It allows you ability to since you can wait out a downturn in one of your riskier investments. It also allows you to save consistently on a monthly basis without praying for your year-end bonus to make it up (we're looking at the Bankers on that one). Essentially recurring income building is the most important item to get rich since it offers the most stability. This is exactly why millionaires have multiple streams of income (they generally have 7 or so).

buy time

Pretty simple hurdle for us, we think a stream of income is anything that represents 15% of your annual spending. This is a moving target and is an important concept since we assume the other streams of income don't require a lot of time. Assuming you spend $100K a year after tax you'd need to generate $15,000 after tax in order for it to be considered a stream of income. The second hurdle? It needs to generate this amount of money for at least 5 years.

What is a Stream of Income?

Breaking down the math we'll see how this makes you rich in short order. Assume you already save about half of your high paying career/business income that runs at $200K a year. Well you'd essentially save $100K a year, meaning . Assuming you had zero other forms of income it would take you a long time to be well off (you'd be set in about 15-19 years depending on investment returns). Here's the catch… Assume you had just four of them. Four tiny streams of income that only contributed ~$1,250 a month each (practically nothing). Now you'd be financially set in just 10-12 years. You have essentially accelerated your way to being rich by a factor of ~40-50%. Since we know that your 30s and 40s can be an amazing time (still fit, no age related issues, still mobile), buying 10 years of "life" is an enormous change.

<u>1 full year of living expenses</u>

Standard thinking says you have one stream of income (career/job) and then you invest to slowly build out the second stream. And. This is "good enough". Naturally, this makes no sense. If you're with a large company for a longer period of time you become a bigger target for being cut and people typically spend a little bit more as they get older. This creates two problems: 1) your expense line is growing making you run on a treadmill and 2) the cash flow you rely on becomes more and more risky as you age. Think about it. If you were the Company would you focus on cutting a few guys who make $40K a year or the one middle management guy who makes $300K a year. You cut the middle management guy and give the lower level people slight pay raises to make up the gap.

Standard Thinking:

Put the shoe on the other foot. There is a reason why managers and business owners make a lot of money: someone else is doing the work for them. Sounds harsh but it is true. Ask someone how many people he manages and you'll get a good snapshot for how well off they are. We've never met a single person who manages a large P&L with 100+ employees that is poor. This will almost always be the case. Why? Well you wouldn't hire someone unless they made you money… right? Right.

<u>The faster you can hire people the faster you'll be rich.</u>

No this isn't motivation, this means you never quit something that is cash flow positive! Another common mistake is selling an asset because it isn't growing anymore. The bigger question is "does it need to grow?" If you have an asset that generate $5K a month online (as an example) and it remains there for two years in a row… Instead you should ask By focusing on , you'll naturally move on from businesses in the future. Why anyone would sell their website for 4x earnings when they know it'll be around for a decade is beyond us. The person better be 100% certain that their new idea will be better. The final answer is that the income stream requires too much time and cannot be automated (we highly doubt it!).

Never Quit: <u>You probably shouldn't sell it.</u>*"how do I reduce my time on this project"*.efficiency

If calculating percentages isn't your thing we have an easier rule of thumb which is the "five house" rule. Essentially, your spending will equal ~3-4x your housing expenses in a single month. If you spend $2,000 a month on housing, you're typically spending $6,000-8,000 a month for all of your expenses.

Putting This into Simple Math:

Knowing this, the ideal set up is to have "five houses" worth of income streams. Once you know how much you pay in rent, your next hurdle is to create one cash flow that pays for your mortgage/rental payment. Once you have five of these you're essentially set. Real estate is a good example since it gives you a good benchmark for the amount of money you need. In simple terms, it also controls for 1) area you wish to live and 2) amount of time you have to spend on recurring income projects.

Time of Day Vs. Income

This is probably the easiest way to break down mental hurdles. Generating income is easy once you know how to do one of them. But. Most people don't want to put in the work. Similar to any activity in life, once you learn how to do something once, the second time is typically easier.

Surprisingly, we actually encourage thinking small for your first internet income stream. Why? Most people believe it is impossible to make $100 a month let alone $10s of thousands a month online. Making $100 in a month online typically leads to an "ah ha" moment where they realize it is possible. This is particularly true for people who are working as affiliates: they realize that the money they received was just a sales commission and doesn't represent the full margin of the sale.

This is a big part of getting through the breakthrough. $100 is nothing. But. Most people have the "ah ha" moment because the money is made while they are sleeping. That's right. People who buy stuff on the internet do so 24/7/365. While they do buy a ton of stuff while they are at work (after all no white collar worker does 8 hours of work per day, likely closer to 3-4 hours), the website is up 24/7. This means you now have an opportunity to make money when there was no way to do so before (you were asleep!).

When was the Money "Made":

Once we figure out that the money is being made with no physical time being contributed to it, you can see the value of internet income. We'd rather have three mediocre internet income streams, than any income stream that required 10+ hours of work per week. Why? Well at this point, we could probably take any internet business down to 1-2 hours of work per week maximum. If you're selling something online all you're dealing with is returns and basic customer service. Something that can be outsourced with a basic flow chart of how to respond and deal with the issue.

You'd think that would be the only benefit. It isn't. The biggest benefit of all is ! Assuming you have a serious career that demands your time from 8am to 6pm… you don't have much free time to do the other project… Or do you? Well once you learn the ropes and realize you only need a couple of hours to do the work, you just made your lunch break a lot more profitable. You can now take those few hours a week and put them into time slots where you are typically doing nothing. Ideas include: 1) airports, 2) transit, 3) lunch break, 4) at conferences and 5) large company presentations where you're supposed to simply "listen and take notes". Don't even get us started. While making money in your sleep sounds like the "coolest" part. The really cool part is knowing that you can do the work any time you like.

Time of Day: when you are personally working on the project

This is less relevant to us but sounds good for millennials. The last benefit of having something recurring online is that you can do it anywhere in the world. This isn't relevant for older people. Why? Well if you're rich, you already live in a city you enjoy and likely want to travel less (we've grown to despise airports with the exception of a couple trips for fun). Location is also important for people who go down the "five home path" since you want to build that empire in a city you will live in.

Location:

Now that we have convinced the readers that income is more important than being frugal, the next question is "what type of time do I want to expend". Many people ignore this question and just go for anything that makes money. This creates headaches as you may be forced to work extremely hard at all times without being able to maximize your time. This also creates cash flow issues as you're forced to choose between two different tasks that must be done during an explicit time frame. (Hint Hint as to why we avoid brick and mortar businesses).

Asking the Big Questions:

Fixed Expense Game

With the most important topics out of the way we can now create a ladder for anyone to follow if they want to see the value of recurring income. As usual we recommend thinking big. But. If someone really thinks it's difficult then they can start small. A buyer of our products recently stated the following:

https://twitter.com/nerdow/status/996094231440748544?s=21

Naturally we agree with this statement since it is possible to make at least a few hundred dollars online in just a few months. With that in mind we thought of a good game to play if you're trying to build up to financial independence without even realizing it. Play the fixed cost ladder:

Generally costs ~$100 a month or so. More or less, and take all your income from online and pay this bill every month.

Cell Phone Bill:

Once you clear out the cell phone bill, move onto the gym and utilities.

Gym and Utilities:

Now instead of trying to pay the small bills, you then move onto trying to pay off your rent only.

Rent:

Now you hit a point where you're paying all of your fixed costs at once.

Rent + Utilities + Phone + Gym:

After this you're essentially on your own. If you can't see the value in having no fixed costs anymore all from selling basic products on the internet we don't know what else to say. Naturally, the hardest jump is typically from #2 to #3 since it requires quite a bit of income. And. If you can make this jump, the sky is the limit because you've likely succeeded in some form of paid traffic.

Notice, we don't recommend spending your first revenue stream on food or variable costs. Why? Well psychologically you're going to think "I am making more so I can spend more", while this is fine in the future we assume the person isn't financially set yet. By targeting the fixed costs it makes it quite difficult to overspend. All you do is live the exact same life and simply pay of all of the fixed costs on a monthly basis. This creates forced saving mechanism for you and also teaches you to focus on leverage in your own P&L.

Psychological Note:

Conclusion: Rules for Getting Rich Remain Unchanged

Luckily math doesn't lie, so the rules for getting rich remain the same. you have to focus on earning money since your costs will always be at a specific level. You have to eat, sleep and pay for internet so there is no way to reduce those costs to zero. valuing streams cash flows over a raise at work will help you immensely since it reduces your risk, increases your ability to take risk and improves your long-term investment returns (ability to weather downturns). to stay optimistic think of cash flows in terms of annual spending. If you're able to create a small cash flow that covers 10-15% of your annual spend that's a large boost if you look at it over a five year frame. time allows you to get rich based on compounding. And. You want to get rich before it is too late. So you want to focus on income streams that allow you to be flexible so you earn money when you would have nothing to do. once you learn how to earn money in one way, the more likely you are to automate it. Automating it will reduce the amount of time you're spending on it making the return profile in terms of time go up.

First: Second: Third: Fourth: Fifth:

For those that missed it this post is essentially inspired by the best question we got yesterday which is pasted below:

"For cash flowing assets outside of a business what yield do you look for before worrying about capital preservation?" – Synth

"Probably the best question on here.

Here's the thing, we . If you can do nothing at all the yield can be lower and we'd be fine with it. Say you buy an internet asset and only work on it for 2 hours a day, well how much money did that make? If it made you $100 a month it was terrible. If it makes you $10,000 a month that's fantastic. That is $1,250/hour or the equivalent of a $2.5M annual income! That's worth it.<u>don't think about yield as much as we think about time</u>

Then if it requires no time at all (say stocks/bonds etc) and you're setting and forgetting. We would just use a standard barbell approach and put a weight on stocks and a weight on bonds that hits your yield based on your age.

After that for capital preservation, we suggest basic living expense calculators. If you're young you only need a few months of living expenses, when you get to age 40 or so you need a few years sitting basically in risk free assets. Here's the natural catch though… if you got to age 40 and are likely rich, then you don't really need more than 3 years (a recession will only last a couple years and at worst 3 years or so), this creates a natural way for you to take on more risk.

Hope that helps may need a post on this one specifically. But. Think about it in terms of how much energy you're using. This is why we think online is the way to go, people underestimate the ability to automate an online business. If you're working 40 hours a week online to make $100K a year that is just awful. Essentially created a new job. We would rather have one asset making $25K a year but have that asset only require 1-2 hours a week. At least that one has potential and doesn't take up valuable time"

Importantly, for those that are serious about developing multiple streams of income and a high net worth, we can recommend The Company offers *free* software tools with the following four key features: 1) ability to by tracking all fees associated with an investment product allowing you to choose the best possible fund for your future, 2) portfolio analysis where your risk profile is stacked up against your current age and retirement goals, 3) in addition to these free tools, you can also track your net worth and path to becoming a millionaire and 4) when you hit $100K in networth you'll receive a free one time consultation with an investment professional at Personal Capital. After linking up all of your accounts you'll be able to sit back and watch as your net worth goes up and your fees remain minimal over the next several years. We strongly believe that Personal Capital is the premier personal finance software tool when compared to its competitors such as Mint. If you're looking to avoid personal financial collapse, it makes sense to track everything in one place for *free*.

. Personal Capitalavoid losing money
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Three Downsides of Success: Scaling, Becoming Desensitized and Higher Expectations

Three Downsides of Success: Scaling, Becoming Desensitized and Higher Expectations

We haven't done a life related post in quite some time so here goes nothing. After hitting the exit button (we'll have a follow up to this post later), your net-worth typically goes up vertically (step function) assuming you never included the value in your calculations. This means you are now tied more and more to versus concentrated equity in a single company. As your net-worth goes up, it gets harder and harder to move the needle. While we realize this is a "1% problem" we have no doubt that many of you will run into the same issue. We can even see this issue at a *relatively* low scale.

on a Companystocks, crypto and Real Estate

At this level if you're still working in a Career (), the paychecks and annual income derived from it become less relevant. Keeping the example basic, even if you only generated 7% in after tax returns, this would result in $210K in annual income. In order to make the same amount of money on a post tax basis you'd need to clear ~$335,000 in pre-tax income (assuming you live in New York). This makes the list of opportunities smaller and smaller for you to pursue. Is it worth your time to slog long hours working hard when you can generate the exact same amount of money by doing nothing? No. And. This is exactly why rich people rarely work for anyone else.

#1 Scaling… A $3 Million Example: highly unlikely

This does not mean we should feel bad for rich people (not a single tear should be shed for the rich). Instead, we're highlighting an issue you'll face later in life: Scale or Don't scale. One of the biggest problems with generating more money is you'll be forced to decide between adding resources (headache) and boredom. If you're a multi-millionaire, dedicating significant time to a new idea needs to be lucrative, while boredom can be solved with a multitude of hobbies from blogging to sports to traveling (all of which cannot be done 24/7 or else you get tired of them).

What is the Point?

The solution to this issue? How much can you generate with the least amount of human resources. When we use the phrase human resources we are using the phrase in its literal form (not the people who protect major corporations). The best solution we have found (so far) is to look for businesses that require the least amount of interaction with new people. The leaner the team, the better the results. You're not forced to interview new people who unlikely deliver on their promises.

Examples of this include: 1) Internet businesses vs. Brick and Mortar, 2) limited number of products vs. a broad set for reselling, 3) outsourcing ads based on conversions vs. in-house team, 4) re-bill business model vs. one time sales and 5) outsourced property management vs. managing them yourself. In all of these examples, you're deleting a large chunk of your time from the equation. If you were to choose the latter in any of the examples, you'd lose an exorbitant amount of time with limited scalability. In short, avoid all of those five items unless there is absolute "must have" reason.

Another 1% problem. As you move up in the game of life, less and less things become exciting. The first $100 you make is not as exciting as the last $100 you make, especially if ($100 is just 0.01% of net worth for a millionaire). This continues as you succeed in any field. If you don't suffer from extreme amounts of insecurity, you also won't be interested in telling people how much you're investing or how much you make either (only the insecure give this information out). So you're left with a feeling of stability. Most people believe you end up popping Aces at the club all of the time but if you made it in life… you already "did this part" many times in the past. Instead you end up living an up and down life where you sporadically live life very hard before going back into rest and recovery mode (similar to a predator animal).

#2 Becoming Desensitized: you're already a millionaire

Fortunately, there are two good solutions to this problem (without the standard drug/alcohol abuse most rich people go through). This is very easy for an American and if you avoid the resorts you can visit lower tier countries and revitalize your appreciation for life. The average American doesn't know of a world without smartphones, 24/7 food/services and a stable government. By taking a quick trip to a country with worse economics you can immediately snap out of the "desensitized" funk. 99.9999% of problems in a first world country are not problems at all, they are simply fake scenarios that will never occur. This is probably the best solution out of everything in this post. If you start a completely new business in something you've never tried before, not only will it be exciting but it could also become a grand failure as well. This will result in either a new form of income or a large lesson in humility. Since you're already rich, both results are a long-term positive. It also gives you a chance to become intense and focused again (in a different way).

1) Go Into a Poorer Country:2) Fail (or don't) with a New Business:

This is probably the most annoying. Paraphrasing a common quote . This means that people will only see the end result and expect that you'll somehow provide them with some sort of magical potion that gets them to the exact same stage in life. A frequent commenter and friend of ours () calls this a "life tax" where successful people pay a "life tax" early to get paid later… if someone hasn't paid the tax then they don't receive anything in the future. Unfortunately, this logic doesn't fit with 99.9% of people because they think they deserve to be rich… by giving up nothing.

#3 Higher Expectations: *"I was an overnight success after 10 years of planning"RE Guy*

The second downside to constant attention is the need to keep people "up to date". For some reason people will constantly check up on you to see what you're "working on" to try and peek around the corner for a new idea. This doesn't even include the constant stream of emails and text messages from people you're no longer interested in. So when you hit your numbers we're giving you a heads up that many, many people will come out of the wood work to "catch up" (also known as waste your time).

As you can see from the tone of the last two paragraphs, we despise these types of people. The good news is that there is a very basic and simple solution. Only meet people who can add value to your life with 100% certainty. That sounds harsh but it makes a lot of sense. If they are not a close friend of yours (10 year relationship or longer), they are more likely an acquaintance than a friend. This cleans out your phone and you're now left with people related to work. If someone values your advice but offers nothing… You know what that means… They are going to waste your time.

There are a lot of significant consequences to the three items we listed above. For this reason we'll outline them in bullet form: 1) making money gets less exciting unless it is going to change your life and . If you want a fun life where you travel once a month to a new country… That does not require an enormous amount of capital at all. 2) when you scale you have to come up with a completely new plan or become more "visible". Marketing is just a fancy phrase for gaining attention and the double edged sword now appears. If you become more visible you're opening yourself up to more and more annoying noise from people who waste a ton of your time. 3) luckily, life is long and the number of things a person can learn is limited to his/her imagination. This makes the desensitization problem less relevant assuming the person isn't boring. 4) your friends are going to change rapidly as you move through life. Ideally, you'll keep a handful over the course of 10-20 years and they will remain within your "success band" preventing a fall out. Don't regret leaving the bad ones behind and 5) the most mind-boggling one we have noticed due to these three clear issues is the amount of insecurity rich people have. They need to have their ego stroked 24/7/365 for no good reason. We still don't understand it. Then again the vast majority of well-to-do people grew up in upper middle class households so they never had to work hard in the first place (hence the need to constantly be told how cool/good they are). If anyone has an answer to #5 please let us know since a guy worth $40M and a guy worth $60M live similar lives while the $60M dollar man needs to have his ego stroked 50% more.

Interesting Conclusions to the Three Downsides: changing your life is relative to how high your desires are

With that said, It has been a fun start to 2018 and we'll be back with a new post shortly to make up for the delayed book launch and a couple missed weeks of posting.

Happy New Year!

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

Efficiency, Get Rich Without Giving Up Your Life**Clicking Here.**
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Time for a Quick Crypto Update

Time for a Quick Crypto Update

Since people only care when prices are up (like now) we'll go ahead and change everything we said in the past. Just kidding. Nothing has really changed from Triangle Investing. We've already mentioned we *stopped adding* to our stock portfolio at the end of 2018 and for 2019 we're investing in the other two legs of the "triangle". Unfortunately, since most people don't have much money they assume when you "don't invest" that you somehow sold (which isn't true). Rich people can diversify by simply investing more into other vehicles while pausing investments in one or two vehicles. All of that aside, lets jump in.

We're using the same strategy we used for stocks since 2012. Every month, . This means you end up buying highs sometimes and you end up buying the lows as well. If you've done this correctly you're buying "forever". This means you're investing an amount that is meaningless to you for your day to day living. Meaningless to you could be $500, $5,000 or $20,000+. The dollar amount isn't relevant. What is relevant is the strategy of consistent buying without selling. Keep it Simple Stupid! Or as we say Keep it Stupid, which means the strategy needs to be dumb enough to work for low IQ people as well.

Dollar Cost Average: buy the exact same amount and never sell

While we have an S&P example in the prior link above, we'll do another one for Bitcoin as well. Since your average person doesn't know how math works, they assume people lost money and all bought at the top (this is mathematically impossible with dollar cost averaging). So lets say you decided to buy $5,000 worth of Bitcoin per month. Also. We will start at the end of 2017 at near peak prices. This would lead to the following:

Dollar Cost Bitcoin Example:

$13,791 = 0.36BTC; $10,058 = 0.49BTC, 8: $10,486 = 0.48BTC; $6,963 = 0.72BTC; $9,213 = 0.54BTC; $7,550= 0.66BTC; $6,377 = 0.78BTC; $8,139 = 0.61BTC, $6,995 = 0.71BTC; $6,598 = 0.76BTC; $6,325 = 0.79BTC; $4,013 = 1.25BTC; $3,892 = 1.28BTC; $3,468 = 1.44BTC; $3,867 = 1.29BTC; $4,110 = 1.22BTC; $5,308 = 0.94BTC; $8,747 = 0.57BTC.

Dec-17:Jan-18:Feb-1Mar-18: Apr-18:May-18: Jun-18:Jul-18:Aug-18: Sept-18:Oct-18:Nov-18:Dec-18:Jan-19: Feb-19:Mar-19: Apr-19:May-19:

There you have it, after starting at practically the top you spent a total of $90,000 and accumulated 14.89BTC. While the price might fluctuate incredibly, at the time of this writing it sits at $10,700. This means you spent $90,000 and .

now have $159,323 or a 77% return

We can't emphasize enough. This is assuming you only invested $5,000 a month and it also assumes you started at one of the worst possible times (end of 2017). So. You can quickly see that the people who lost money investing in this space were essentially speculators. Attempting to time the market with no knowledge and didn't bother buying when everyone was selling. Buying when people are calling the industry dead is usually the smart move. As a fun note, we sold a product at the peak of the hype by "coincidence" =). Sell picks and shovels in manias.

For fun we'll give away the update for free. Why? Well nothing has changed at all. Still looking at the exact same ones. Sure some are down, some are up but the strategy should work over the long-term and on balance (as mentioned in the book) only a few will survive. That said. The ones that survive will be worth a ton. If we end up investing in other ones we'll provide an update in the section mentioned in the book. To put a bow on this, zCash and Blockstack are two we are currently looking into.

Updated Coins:

We never really gave the regular blog a good explanation so this is a good time for it. We've been involved for quite some time, with older readers remembering more aggressiveness back in 2015. Now here is the main reason why we think everyone should own some of it.

Basic Summary of Why We are Involved:

You're entirely free to transact. This means there is absolutely no way to stop decentralized crypto currencies from completing a transaction. If you want to send $100 worth of Bitcoin for example to your friend, no one can say "no". You could do it as long as the internet is up and running. Pretty simple. There is no other asset that offers this property.

Limited Supply. Unlike Gold where more gold is pulled out of the ground from the prior year, there is a factual limit to many of the currencies (not all of them) with trackable inflation rates for the other ones. No other currency is like this since we have no idea how many dollars are in the world.

Privacy. If you don't give away your address to anyone, then it is not possible to know who you are. This is even more so with privacy based crypto currencies. Privacy coins make all transactions private (unsurprising given the definition). There is nothing like this in the world. The best we have is physical transactions but even then the person has to see you face to face. All electronic money transfers outside of crypto go through a third party and can be tracked.

Speed. For anyone following the space, making transactions is becoming incredibly fast. In fact if you're involved you know that you can send tens of thousands of dollars within seconds at next to no costs. This is incredibly valuable. Just imagine paying someone's dinner bill while you're in another country. All you need is their QR code to pay the bill and you can hook them up from New York while they are eating in Moscow.

Cheap. While it used to cost a lot to send a transaction, this issue has largely been solved. If you have the latest and greatest technology on your computer and phone it costs pennies to send tens of thousands of dollars. There is just no way to do this so seamlessly. In fact, if you move more than $10,000 with any normal bank this is going to be flagged and the transaction might be stopped while you are grilled about the movement of the money in the first place.

Unsurprisingly, we've avoided the scam coins. Many of them have gone to zero as expected with the natural wash out (similar to the original internet bubble). We think the scam tokens and ICOs will begin again at some time but we won't be involved. Unless we get a chance to really figure it out, we're happy to wait until its in the top 50 or so before bothering with the research. No need to play hero and try to get the exact starting point of every single coin.

Avoiding Scams:

Sometimes the stupid easy strategy is the hardest to execute. It isn't mentally easy to hold through down turns and keep buying. Also. It isn't easy to keep your emotions in check when the prices suddenly go up. This is great news for anyone involved in the space. It means you're going to do perfectly fine by buying every month and having an auto-pilot investment strategy. To cap it off, we already stated we think it could go down a bit near-term since it moved up so much. But. We won't change our strategy at all.

No change:

That's it from us and we'll have the normal post go up later this week.

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Time to Look Past the Outbreak

Time to Look Past the Outbreak

While everyone is still quarantined, it's a good time to go ahead and look into the future. This is not an exciting time as many readers will likely know a victim of the corona virus and will be personally impacted by it. That aside, we have to remain forward looking as it relates to this website as it's not the best time to sit around hoping that someone else will "come to the rescue". As usual, no one is going to come to the rescue and your future is entirely in your hands. There will be a lot of new opportunities: software, physical security, real estate on fire sales and niche products will continue to thrive. Online sales will be more important as millions (yes millions) of Americans learn how to operate and order things online. While this website targets young people, there is a large number of americans who really do not bother with learning new technology (this virus has changed that).

We're currently gathering information on recent online sales trends and you'll find that there is a new group of people to sell to. Who? Primarily people in the age 50-70 band. People in their 40s are generally online aware but the late 40s all the way up to 70s is opening up. While it will sound crazy to a millennial, many of these people did not need to use Amazon, Netflix and other internet based solutions for delivery of goods/services/entertainment. While many will return to their old ways, a lot will stick as they realize it can save them time and even energy if they don't need to leave the house for the delivery of essential items.

New Demographic Opportuntiy:

Broadly, what you're seeing is young people move back home (temporarily and perhaps permanently due to unemployment) and they help the older generation ramp up the use of new technology. In addition, the older generation is being forced to learn how to utilize VMware, VPNs, Citrix etc. Otherwise… they cannot "work from home". Everyone is getting a crash course on connectivity technology and Zoom is the current poster child for this movement. Video conferencing, conference calls and eventually virtual reality will become more valuable as a result.

What does this mean for you? It means there are a lot of opportunities here. You could offer crash courses on how to use new technology, in fact there are not any good education resources where someone can go sign up and say "i now know how to use 10-20 different items effectively". Most of them tailor to one specific niche such as a type of coding or even excel classes. It also means that these individuals are going to realize how much more effective high-tech is. Everything has shifted ahead. Instead of being forced to wait another decade for people in the 50 year old band to understand high-tech, everyone in this band is forced to understand it. Think through the ramifications here and there will also be product niches that target this niche group (previously ignored as their addressable market was small).

Stock markets don't reflect the economy at all. If the market recovers with unemployment at 20% or so, this is not a good thing for anyone except the ultra rich (and people who grew up upper middle class and never had to worry about normal living). It takes 120 days for a home to go into foreclosure so you won't see much for at least three months or so. The payment will be "deferred" in many cases, but it just results in a larger balloon payment (fancy word for being forced to pay all of it in a single payment later on). These payments will be missed as well since it's unlikely that employment snaps back for large sections of the economy. If you believe that the current situation will be a "blip" with a sudden return to normal… We don't know what to say except we're happy to bet against you. Businesses cannot simply bring everyone back immediately as there is a lot of cash flow risk associated with that (you'd have to assume demand is exactly as it was prior to the virus).

Big Move in Real Estate:

Where will the opportunities show up? As usual, it depends. In real estate, the market is determined by a lot of factors. Nevada and Texas are hurting even more than other states since the casinos are shut down on the strip and low oil prices make large companies in Texas unprofitable. While it is true that people will go back to major events in Vegas… Oil likely gets resolved at some point… the result is still the same. Unemployment goes up. The economies do not suddenly go back to normal as citizens need to see how their finances look before booking that next fun trip to Vegas.

Funny enough, this sets up almost perfectly with our recent book "Spending for Maximum Return". In there you'll see a recommendation for your average reader in terms of what to do. The only problem is that you need to be sure. What this means is that the market you enter needs to be a 10-year commitment. If you're going to buy something and not use it or ditch it in a few years, it's tough to wait for the recovery. It will likely take 6-12 months for an official bottom in real estate (since defaults have not started) and by then anyone taking RE seriously will have a decision on if they are buying in XYZ location.

From January 1 of 2017 to present, the average price of Bitcoin has been in the $6,000-$7,000 band. Even if you want to look at different exchanges and want to adjust for leveraged blow ups (sudden pumps and dumps)… the point remains the same. You have 1,800 coins sold every day for 365 days out of the year. This is approximately $350M a month. After the halving occurs around May 13 or so, the amount of coins sold every month will drop to $175M (notice we didn't even bother getting the exact average since it defeats the primary message).

Dead Horse Crypto:

First… it does *not* mean the price will immediately go up on the halving. This is because some speculators may pump up the price into the event and it may mean some people are looking to sell right after the halving event. Any "day to day" trading answer is never going to work (never has and never will for retail investors – yes we're sure there are a few guys who made it but 99.999% of the population will fail and go broke). This is called "technical analysis" and there are hundreds of hilarious videos of TA traders simply changing the lines on the chart when they are wrong and say ridiculous things like "new support or new resistance is here".

What does it mean? Conceptually, it means you believe that the amount of demand for Bitcoin will remain as high as it has been over the last three years. If that statement is true the price would need to double to $12,000-$14,000 on average. So it's a pretty good risk reward in our opinion (not to be deemed as legal investment advice). If you don't think that it will have the same amount of demand then the amount of demand has to decrease. This can be caused by 1) long-term holders selling or 2) sudden consistent drop in regular demand.

We've already covered this for a couple of years, and fortunately it has been right. If you've followed the advice here you're actually up from January 1, 2019 to present while everyone else is getting slammed (down 20% or more in many cases). For fun we were even correct in having a fair market value at around 2,190 which surprisingly represented the market bottom and are back to saying its a bit over bought (unless inflation kicks in like Venezuela).

Since the above sounded a bit too arrogant, we can recommend an extremely easy way to make money. Learn copywriting right now. You're in quarantine. You might even be unemployed (which is not a fun feeling). The only thing you can do that will certainly be needed? Learn sales. When we go back to normal we'll find out who the good sales people are. If you were simply getting the sale since the economy is good, you'll find out quickly. If you were getting the sale because you were amazing, you're going to have job offers like there is no tomorrow.

Long Live Copy Writing:

Hopefully, we can all agree that *some* demand will permanently move online. If we can agree on that one piece while other parts go back to normal, it means that demand for copywriting will go up by definition. As ad spend takes a breather, we get to see which ads were run by geniuses and which ones were really just a by product of a burning hot economy.

To end on a little bit of tough love, we already recommended many sales books in Efficiency. If someone doesn't want to read it (that is also fine), they can go ahead and google the best copy writing books on google and get to reading (10 books is not difficult in 10 days if you're out of work). The reality is that someone who is unwilling to google and find good resources won't be a good copywriter anyway. Copywriting requires meticulous tracking of ads and learning what works (what doesn't) and keeping up with new trends like any other living breathing industry. The good news? Practically every book on copywriting will teach you something. It just isn't possible to make money in sales and not have anything useful to say. Otherwise you wouldn't have been making sales!

Interest rates are at zero percent. Not a typo it really happened. We're printing money like crazy. The world is simply going mad. What does this mean? It means that standard financial services will be under pressure. Layoffs will eventually happen especially as many banks realize a lot of their employees were just dead weight. The politics will hopefully die down a bit as performance becomes more important in a more virtual environment. That said? Of the big three career options: Finance, Tech and Enterprise sales. Tech wins by a long shot and enterprise sales is now significantly better than finance. While M&A will still be around and is still the best segment within high finance, we can't recommend anyone choose that direction with a clear conscience. Tech and enterprise sales are now the better routes as they offer more stability, a closer skill fit to online sales and have a much healthier long-term outlook.

Tech Tech Tech:

This is an area that is extremely interesting. Many restaurants will go bankrupt. This will leave a lot of open space for you to either start one yourself or reinvent the restaurant concept. It's one we're mulling on now (as a hobby) and one we will monitor. It's unclear if the entire experience will change or not. In fact it is something hotly debated on twitter as well. Will people simply go back to hook up culture and cram into small places like nothing happened or will change take place?

Restaurants:

The good news? You don't even need to know the answer. Since a lot of businesses will go under, you can wait and decide if you want to enter the market sometime in 2021. Behaviors will reveal themselves and you can start up the popular trend in your area. Our guess is that the changes will depend on the city. For now we doubt that things go back to normal for quite some time as Americas will slowly know someone who died from the disease. Until it hits home, most won't change their patterns. By the end of this thing it will have hit home for a large number of people.

To put it together, some of the key items are: 1) monitor demographic changes now, for those that contacted us privately this is exactly why the back end and tracking needed to be optimized! There are new customers coming online every single second, 2) think about solutions you can sell immediately after the pandemic is done – particularly if it is software/educational in nature, 3) find new ways to sell to the growing niche markets, 4) take a look at real estate in exactly 120 days, this is where a lot of the blood will show up, 5) same old necessary education on crypto for the younger generation – no need to go nuts as we've mentioned even $20-40K is enough for a millionaire unless well versed/educated, 6) learn sales learn sales learn sales… 7) Tech and enterprise sales now clearly way ahead of financial services and 8) track the brick and mortars, we're primarily looking at restaurants and bars to see if they change much from the past.

In Summary:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1-2x a month for purchasers only.**
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Time to Manage Your Own Book?

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We've been proponents of for over 5-years (long-time followers of the blog will know this) and now we're going to switch gears and suggest it is better to manage your own book. We've seen too many companies get bid up due to participation in specific ETFs/funds etc. that don't deserve a propped up multiple. If we look across investment funds we also see two more alarming trends: 1) small time retail investors are now blind purchasing passive funds and 2) the increase to passive now has projections for making up 51% of the market by 2021-2024. When the masses start to flood into a specific type of investment and more than half of the companies are seeing bids due to blind purchases… we all know how that will end.

Dollar cost averagingBefore we begin, we note that none of this information should be considered as legal or professional financial advice.

Before You Manage Your Own Book…

While we've long recommended simply purchasing the S&P 500 index (you would have made a good amount of money by the way!) the first rule is to trust no one's opinion but your own. Taking advice from a single person/entity forces you into a position of reliance… What happens if that person/entity no longer exists? You get burned. Do not give someone that type of power. All decisions will be made by yourself and you will do extensive research before investing a cent into any project/stock/bond etc.

Trust No One:

If you decide to manage your own book, when you make the transition it is critical to purchase a small amount of comparable indexes. Wait… We said you shouldn't buy indexes right? Well, the point is to keep your performance honest. If you can't beat the index you're bench-marked to… then you're simply wasting your valuable time. As an example, owning nothing but micro-cap stocks and comparing yourself to the S&P 500 is not a fair comparison. In a more positive example, if you own a large number of mid-cap stocks and consistently beat the mid-cap S&P index, you're outperforming. By purchasing a small amount of comparable indexes when you begin to manage your own money, you'll see the actual results.

Keep Yourself Honest:

The last thing you'll have to do is ask yourself how much time it will take to manage your own money. If your net worth is under $1M… It does not make sense to manage your own money. You're better off owning a basket of products across multiple asset classes: Real estate, stocks, bonds, etc. If you're north of $1M and have some specific knowledge you can apply? Then you're going to be a *candidate* for money management. As a basic example take a person with $2M to invest. If he can return an additional 5% that's $100K. Take the $100K (above market return) and divide by the amount of time spent managing the book. If it's less than how much you could make in your own business then run with it. If not… Go back to square one and do basic broad stoke investments across asset classes.

Ask If IT Is Worth the Time:

Managing Your Money and Asset Classes

There are millions of ways to break down asset classes. Most people will simply say "stocks" is an asset class (we stated this above as well). But. The reality is each stock has a different profile. There are micro-caps, small-caps, mid-caps, large-caps, dividend paying stocks, REITs…. And much much more. So we'll start with the most important step first (as usual) financial independence cash flow.

If you can wake up every single day knowing you'll never have to worry about food, drinks, shelter and healthcare… You're a solid candidate for managing your own money now or in the future. Your asset classes here will typically consist of 1) dividend paying stocks, 2) real estate, 3) bonds and 4) some small amount of boring CDs. If you've gotten to this point in under 10 years or so, then your goal is simple *don't lose the money*. This chunk should not be managed, it's just there to give you peace of mind. Even if you do a poor job with money management… You're still never forced to work for a living.

Step 1) : Cash flow to Cover Costs

We have always found humor in Entrepreneurs stating that managing your own money is not a good idea. Entrepreneurs quite literally went all in on one "stock" (their own company) but some of them believe that good companies/investments cannot be found? It doesn't add up. That said, you're going to need a specific strategy to build up your portfolio in the future. If you're going to go down this route you'll need a specific comparable index. Since we don't know your strategy we'll go ahead and provide some examples:

Step 2) Decide on Your Strategy:

Real estate is one of the most common ways to get rich. If you live in a specific city, say Chicago, then you'll have to compare your returns to the Chicago housing market. If the market continues to go up at ~6-8% a year and your returns are closer to 15%… You're in the right business and have the necessary skills. We also have a theory on real estate…. It is a common way to get rich because you're essentially combining a regular scalable business with investing. You're essentially a niche portfolio manager since you're dealing with both investment returns and an active side if you build an actual RE business.

Real Estate Example:

Another way to try and create excess returns is through a sector focus. If you have this type of knowledge in say retail products, then you're going to compare yourself to a retail focused index fund. If you were to focus on oil and gas, then you'd have to compare yourself to the overall O&G basket of stocks. Beating a dead horse, but as you can see, just because a "stock is up" doesn't mean it was a good investment relative to the comparable group. Our guess is most people will fall into this category. They successfully started a business in category A,B or C and can then identify business structure changes that will impact the Companies in the space.

Sector Fund:

This is largely a macroeconomic strategy. Business cycles are not only sector specific but "cap and risk" specific. Largely speaking you'll see small caps get hit harder in recessions and outpace mid-caps and large-caps during expansions (as we have seen thus far). The best part about this strategy (if you believe you have an edge) is the S&P is likely the best comparable metric for you. Since the S&P is a good general benchmark for the "market" (US specific) you'll need to outperform this benchmark by weighting your exposure to small, mid and large caps over a multi-year time frame.

Caps and Risk:

Under no circumstances should you under-perform the benchmark. If you have a real edge you should be outperforming the benchmark every single year. If you want to be more flexible with this then you should outperform the market 8/10 years and (of course) the total returns need to more than offset your "bad years". Our annual outperformance benchmark is certainly hard to accomplish, however, unless you have more than $100M, you're not going to run into "size issues" where purchasing any stock will actually move the value. If you have $10M or less and manage your own investments, a single move into any security, bond, etc. should be liquid at all times.

Step 3) Annual Benchmark:

In addition to all the ideas listed above you'll need liquid cash in your investing account at all times. If you know a certain sector well or you believe a certain cap will outperform, you need the flexibility to buy when no one else will. We realize this is typically a large hurdle given that you'll have a separate portfolio that will always cover your living expenses (never touched) you'll need cash on top of this for "one time events" where there is a large opportunity that can't be missed. (In the past we've stated it takes about ~$50K to start a new consumer product and we think that same number is fair for a cash balance in case there is a nice investment opportunity).

Step 4) Always Have Cash: And

As usual, if you're already set for life you can ignore this last paragraph. That said, it always feels great to see your net worth go up every single year. Therefore, if you're going to actively manage your money in the future, we would recommend taking at least 20-30% of your future earned income (likely a business or career) and investing it into a wide variety of assets (stocks, bonds, real estate, etc.). This is a hedge against a one year blow up and all but guarantees you'll see an increase in your net-worth every single year.

Step 5) Do Not Actively Manage Everything:

Instead of doing a conclusion for the five steps we'll use an example instead with an affiliate marketer. Assuming the affiliate marketer gets to ~$1M we'd put this cash aside and invest in a variety of items to generate about $5K a month in income. This will cover all of his living expenses in the future and all the money he makes in the future can now be invested without any concerns. Since he's good at what he does, we'll say he makes $500K a year to keep it simple. This leads to about $400K net income since he'll live in a state tax free location and will always have business deductions.

An Example:

Now year one, we'd take $100K and put that into an index he's going to benchmark. Let's say he wants to trade internet stocks and media (he's an affiliate marketer and better know the space very well), then that's the set of stocks he'll compare himself to. After that he'll take $100K and throw it into various investments (similar to the $1M portfolio) and the remaining $200K is his to start actively managing. While year 1 only has $200K in actively managed money, year two should have $300K+ every single year (assuming his business is stable or up) since the original $100K into the indexes is simply for bench marking purposes.

In year one… He'll have $1.1M in diversified funds, $200K in actively managed and $100K in the correct benchmark. In Year two…. He'll have $1.2M in diversified funds, $500K in actively managed funds and $100K in the correct bench mark… Then in Year three he should have $1.3M in diversified funds, $800K in actively managed and $100K in the correct benchmark. As you can see, by year 4 or so, if you're outperforming the market your actively managed money should be well north of your diversified funds you'll have proof of your market outperformance (keeping yourself rational at all times).

Year Logs:**This does not include investment gains.**and

For some reason people believe that risk is bad. The reality (as you all know) is that risk can also lead to large scale rewards. We never understood the point of slowly building up a larger amount of money once you're rich. If you don't have to work for a living and have ~$10K in all but guaranteed money coming in per month… Is an extra $5K per month really going to move the needle? Of course not. At the same time we have also seen our fair share of "disasters" where someone accumulates $5M into a single stock and then loses it all (should have sold off ~$2M to avoid working and let the rest of the $3M ride if he was truly convinced that the Company would succeed). That said, here are some ideas for the risk loving readers we have.

Risk On….

You all knew this part was coming eventually, since we do accept BTC as a form of payment for … This is a perfect example of a high risk investment. From what we've seen the crypto currency "universe" has a wide range of investors from small scale retail to very big investors (VCs, billionaires and more). The one thing you'll find in common? The rich guys don't spend a lot of time talking about the prices. They simply focus on following the changes and evolution of the technology. They don't trade, they build a position and talk about the technology. They also accept it as currency, no questions asked, since it's not a big deal. (this should be a good hint at how you should think about it as well)

Crypto Currencies:Efficiency

Levering up excess money can spike your net-worth pretty quickly. In the affiliate marketer example, if he had conviction that a trend was taking place in 2017, he'd lever up the $200K and buy into the stocks that he believes would benefit. This would then give him a 2x return (assuming a doubling of buying power to keep it simple) and severely outperform the market over the full year. While the most common example of leverage is used in Real Estate (), this can also be done with securities.

Leverage:which has been covered in the past

If you've read our entire book, you'll see a clear hint at another way to generate large returns (with a different type of risk) being small scale buyouts. Scour the internet for poorly run websites/businesses and see if they will bite on a bid. Follow the rules listed in the book in terms of "what to look for" to see if a website is being run appropriately or not. Now you'll be able to enter a new purchase at say 3x net income and exit that purchase at 4x net income with a much higher net income number… As usual we'll drop a hint…

Mini Private Equity:What if someone did this with a low interest rate loan with cash acquired by using another asset class as collateral?

To cap this all off let's look at what the "index king" is saying about passive investing. Jack Bogle the founder of Vanguard stated at the Berkshire Hathaway annual meeting Now remember what we said above, by 2021-2024 there is a good chance that passive will make up over 51% of the market (Bogle believes 75% passive is safe – we disagree). We have also stated numerous times . We're looking forward to a future where people continue to blindly invest in index funds. It'll just mean more money and opportunity for the smart people in the room.

Parting Thoughts: "If everybody indexed the only word you could use is, catastrophe". **chaos***"Chaos is just another word Opportunity"*

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Speaking of "Books", this fact will SHOCK YOU. Apparently, the first month after a book is launched is the most important time to promote it. So that is what this concluding paragraph is for. If you're interested in 1) getting in shape, 2) getting rich and 3) doing both without giving up your health personality/social life…

orEfficiency is for you.
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Top 8 Losers You Will Meet In Real Life

If you want to succeed in life you need to choose a good group of people to be part of your circle of friends). Sometimes it is useful to know what kind of characters you should be avoiding so here are the most common you'll meet.

(not friendzszslosers

Generally, you should take advice from people who had it harder than you growing up. Don't worry this loser always had it harder than everyone else growing up in the dangerous suburb of the Hamptons. No matter what there is something everyone else has that explains why he is so unsuccessful. Women? If only he was 5'10" instead of 5'9" tall. Money? If his mom would just sleep with the admissions officer at Harvard instead of Yale he'd be set. So remember to feel sorry for him, he still doesn't realize .

1) Poor Me:no one cares about him*"Poor me. Poor me."*

Remember in elementary school when you were made fun of for trying to out other people? No worries this guy is going to try and do this in real life as well. He'll be watching over you like a hawk and will throw you under the bus if you slip up even once. If you do be sure he'll be raising that up the flag pole in seconds.

2) TattleTale: *"TattleTale! TattleTale!"*

This guy is somehow the master of probabilities. He knows that there is a 91.7% chance, rounding of course, that what you're trying to accomplish will not work. Be sure to disregard the fact that the payoff if he's wrong is $10M because everything worthwhile has a low probability outcome. Nah he's not pessimistic at all.

3) I'm a Realist: *"What can I say I'm a realist. I'm a realist"*

While it is true that becoming socially intelligent is a bit harder for those with oversized , this guy seems to believe he "too" smart. Ignore the fact that he's broke and terrible with women, they are just too stupid. If they are so dumb and you're so smart why are you broke and going through piles of Kleenex?

4) People Are Stupid: logical brains*"I don't know man people are stupid. People are Stupid."*

This is the of them all, they just don't have time. If you say you have a packed schedule all the sheep will nod in agreement because they also can't seem to lose weight or get a job because they are so jammed up with drinking on weekends, reading gossip magazines and catching up on the Kardashians.

5) I'm Too Busy: coolest excuse*"Why don't you lift weights? I'm too busy man. I'm too busy"*

Another good one is the guy who's looking for that one trick to fix his life. Six minute abs, twenty minute cardio, a trading program guaranteeing profits… Instead of putting in the time by consistently , he is looking for instant results like a drug addict.

6) Immediate Results: improving his life through repetition*"If you work hard you can improve. But what can I do for immediate results. I want immediate results now."*

Don't you worry young man, eventually . You'll walk up to a girl and she'll just take off her clothes when you spit some game at her with body odor, a fat gut and no money in the bank. You can get that good.

7) I Never Lose: you'll be like this guy*"I never lose man. I have never failed in my life"*

Generally, whatever someone believes they are if you treat them like the reverse you're likely correct. If someone touts on and on about how they are such a "good person" be certain they are far from a good person. Run. They can lie, cheat, steal and back stab you with a machete, but they are "good people".

8) Not Selfish: *"I'm not selfish. I love people, I'm not selfish at all"*

Hope you didn't make this list. Did you?
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Top Posts

Top 10 Posts

1) $1 Million, 10 Years, Zero Excuses

2) What Type of Intelligence Do You Have?

3) The Best Forms of Passive and Semi-Passive Income

4) The Definitive Guide to Doing the Opposite

5) You Don't Want to Sell? Too Bad

6) Motivation is for the Weak

7) Money Making Machine

8) Everything You Need to Know About Choosing a Career

9) Personal Finance and Dating

10) Investment Banking Compensation 2016
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Top Ten Reasons You Are Broke

Ideally you can get through the vast majority of this list, if not get ready to change how you operate on a day to day basis.

Don't get us wrong it is not easy in America anymore but if you are cynical you will continue to fail. If you believe everyone is out there "to get something" from you that means this is what you yourself truly believe is the "true nature" of humans. If you are negative about the helpfulness of others it more often than not means you are unwilling to help people yourself. Break this negative belief system. It is significantly harder to bring someone up than it is to attempt to drag someone down.

1) You are Cynical: Your Mind is stuck in a negative feedback loop.

If you cannot work up the courage to cold email, cold phone call, walk up to a girl and say hello you don't deserve anything. If you're not failing you are losing. You need to fail, no failure no growth, no growth no improvement, no improvement no happiness, no happiness and you're on a downward spiral.

2) You Are Not Actionable: The harder you work the luckier you get.

No one cares about you. Repeat after me, no one cares about you. The only way someone will care about you is if you help them or you add value to their life in some way. The truth is in order to become important you must at that point you can give back to people who will undoubtedly help you in the future as well.

3) You Believe You Are Important: become of value

If you are 18 years old and you believe spending the $5K you have saved up in muni-bonds you don't deserve to be rich. If you are young the most important business you must invest in is yourself. Build equity in your brain. A few extra thousand dollars investing in yourself to learn how to code, learn a language, read books will outweigh the $350 a year you earn by doing nothing. If you want to become rich with no risk, please leave this website because the truth is hard work and risk are the only ways to make money, if you believe in guaranteed success with no hard work or risk we know who you are.

4) You Don't Take Risks:

This is usually similar to cynicism but is even more apparent. Be honest with yourself if one of your close friends was asked in confidence under oath if you are optimistic or pessimistic what are they going to say? If you know in your heart the answer is pessimistic you need to change your life today. Do you know anyone or look up to anyone who is a captain complainer… All signs point to no.

5) You Complain:

The vast majority of rich men and women have created a business to offer a product or service that helps people. To say they did not earn it or inherited a trust fund is to quickly rationalize your own failures in life. Yes they do exist but to say that this is the "only way to get rich" is a complete and bold faced lie. Go and look up the latest millionaires and billionaires. If a 17 year old can build an iPhone application and sell it for $30M (looking at you Nick Aloisio) you're simply making excuses if you think you can't earn a measly $100K a year working hard.

6) You Vilify the Rich:

While everyone else is working toward a bigger and brighter future by working 60+ hours a week, hitting the gym, eating healthy and talking to girls non-stop you're ruminating about that one time back in high school where your team won the "league championships" and you got laid. See rule number 3, no one cares. If you're trying to relive memories, we hope you are 80 and those memories are packed with stories of success.

7) You Are Stuck in the Past:

The difference between frugality and minimalism is this, minimalism means you don't need to be frugal if you don't want to be. If you are worth $10M and you enjoy shopping at Walmart no one can say anything to you because you have the cash to buy other items. If you're not saving any money and don't have any money in the bank the joke is on you for buying that new iPhone when you receive less than 1,000 emails a day that need responses.

8) You Overspend:

We only talk about finance and girls on this site and may do a small stint on lifting but that will be it. We are not going to give advice on cardiac surgeries, big law, consulting or running a Chinese food chain restaurant. If you attempt to comment on everything you will eventually have nothing. Find a niche market to become an expert in, do not attempt to be a scholar if you can barely send a simple and short email to deliver a point.

9) You Know it All:

Assuming that you do not meet any criteria in the above and you have had strong mentors in the past the last step is to make it on your own. You are likely already incredibly successful as you've developed unbreakable confidence The last step is a culmination of a successful past. You are now ready to make the final leap of faith down your own road to success. If you choose not to, you will regret it for the rest of your life. Pain today or regret tomorrow.

10) You Don't Pave Your Own Path:

If you are at the tail end of this list that is good news. Most need to live through all 9 steps before making the last leap of faith. At that point you don't care if you fail because you know with certainty you will recover.

You know there are only two choices in life recover or quit.

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Total Cash Flow or Total Net Worth? How to Maximize Them.

Total Cash Flow or Total Net Worth? How to Maximize Them.

If you forced us to decide we would choose the highest cash flow at this point in our lives. Trying to maximize net worth is becoming less and less important since the money doesn't go with you when you die. That said, everyone has different opinions on what is most important to them. Maybe they have families (where the future requires setting up trusts and declaring "bankruptcy" to hand over assets) and maybe making money is just a game to them where they're pushing the number up .

to change their lives as fast as possible

Cash Flow Maximization

We're starting with cash flow because we're biased. Once you're financially independent… what is the point in growing your net worth aggressively if you can't even use it? There is practically no point at all. While you don't want to go negative we would strongly prefer to have tens of thousands of dollars coming in per month than have $5-10M locked away in an investment that can't be pulled out for 5-10 years.

The first step is creating a cash flow machine that allows you to sleep at night. This is a framework that you can use when deciding how to allocate money to your streams of semi-passive and fully passive income. You'll have flowing into your P&L and more importantly, you're likely still working since no one really quits. We set it up with the same assumptions as a prior post ($5K a month) to keep the math simple. (Click to Enlarge)

Untouched Cash Flow Setup: at least 8 different streams of income

In this example, you have everything you need. It isn't perfect but it's pretty solid asset allocation to protect against many different types of "risk". The first three items are at risk to inflation. Why? If inflation suddenly goes to 5% and you're earning 1-4% in CDs/bonds… that value is being diluted over time. This is why you're going to have assets that have the potential to go up if inflation increases. These assets typically include rental properties, dividends and preferred distribution assets (preferred dividend instruments). Finally, you've got a set of static Internet properties that generate good monthly income off of sales (not content based income). These internet properties are more important than any of the above items because you can always build more of these boring small sites if you need more income without material updates in the future.

Application for Various Assets: since that eats up valuable time

In the top right corner is an important point. The primary reason this is "good cash flow"? There is minimal difference between your minimum cash flow and your maximum cash flow on a month to month basis. The spread is $1,200. Since you have $60,000 in a checking account for either 1) or 2) cash flow issues for your living expenses… you'll never have to worry about eating into the principal.

Variance in Cash Flow: starting another Internet based business

In your worst case scenario, you pull out $50,000 and you have to do so in April when your cash flow is lowest. This gets you down to $8,500 in cash balance that will be replenished pretty rapidly. In addition, this incentivizes you to pursue cash flow rich businesses in the future (fast payback on your $50,000 investment).

The last thing we recommend is placing all of the cash flows from these items into one bank account. All of your future ventures will be funded from a different bank account(s). This is a way to prevent you from eating into the principal. Lets say you took out $50,000 to fund a new venture… well all of that money must replenish your "safe account". Then, take a chunk of profits and throw it into a new cash flowing item. After a year or so your new account will look something like this (Click to Enlarge).

Psychological Bank Accounts:

The other accounts you open should be for your active income. By the time you're a millionaire, you're likely working for yourself so the cash flows will not be stable. The entire point of creating a "passive income" bank account is to prevent you from ever going overboard on debt load and risky ventures. If you're levering up a *single* business that goes bust, you can always recover. Levering up all of your assets once you're above the age of 30 is probably not worth it (as you know we anticipate most of you will be millionaires within 10 years).

What are the Other Bank Accounts for?

Total Cash Flow Maximization

With the basics out of the way lets move on to the good stuff: Maximizing cash flow. This way you can spend *more* every single year without worrying about going broke. Given the nature of financial investments it will be difficult to maximize both net worth and cash flows so here are three simple strategies to maximize cash flow:

Take your income and split it up into two different types of instruments. Say, Junk bonds and CDs. Your income will now be split between an aggressive high yield bond portfolio (90% of excess income generated from active earnings) and 10% into boring dull instruments like CDs and money market accounts.

Bar-Bell Cash Flows:

Take all of the leverage you possibly can out on one business and buy income producing assets (keep the spread). If you're willing to lose that business then the "get cash or die trying model" can absolutely work. You can

Lever Up: make millions with other people's money.

We've been messing with this idea lately. You lever up and buy assets you can fix on a small scale (not classic private equity, but a mini private equity). You can do this with homes, internet properties, small businesses etc. Since a lot of our readers are interested in internet businesses you can use Flippa which sells tons of websites ("we may or may not" have done several of these with other people paying them to set everything up including the bank accounts). You'll do one of the three: 1) buy it straight and fix it knowing there is an issue with the site or 2) you can see a new business model and apply it to a different niche you know well or 3) you can rebrand it.

Mini Leveraged Buyout:

As always success is up to you. No matter what. Anyone who finds this website/article will be the master of their own future and they deserve all the credit in the world for their successful ventures. That aside, we can say option #1 is for risk averse people, #2 is slightly riskier and #3 is the riskiest. The barbell strategy is straight forward. You just want to spend more money next year because you're trying to upgrade your life a bit. Maybe you just want to pay for golf 1x a month for the rest of your life. the lever up model is usually used in real estate and is more stable/predictable relative to most leverage models and it is tough to get leverage to buy a random internet business so rates are higher, in addition there is usually an "inflection" point in most sites where the demand is tapped out. So you have to be certain of your venture and you also want to sell right around the green area (year 5 in this example). Why? The buyer will think there is more growth potential even though it begins to flat-line at 5% a year versus the 15% it was growing at previously "blue sky" still appears to be on the table if you sell in year 5.

Which to Choose? Option 1) Option 2) Option 3) *Note: Yes all of this is rudimentary math, there are deductions, depreciation, appreciation potential, valuation of websites and other items that are not included. Time frames can also be moved in if you do good work (returns in less than a year or two). (Click to*

Enlarge)

Net Worth Maximization

This is a different way to prioritize your future. Many people who intend to have families (or those that already have families) want to build a large net worth so it can be passed on to their children. In addition, there are many people who don't care too much about spending more and prefer accumulating assets as a game (making money is just a fun game after all). If you're in this camp you're likely going to focus more on higher risk/growth type assets that will be locked up for longer periods of time.

This is one of the ways to lock up your assets with a high return profile. We laugh nowadays with people saying "it's all about fees and you should never pay a PE firm even 2%". These individuals don't understand risk and returns. There is a trend to simply throw your money into index funds forever and that will outperform "every" private equity firm and VCs etc. (Wall Street knowledgeable readers will not believe this but it is true, most don't understand private equity). If this type of thinking were true… all of those firms would have a difficult time staying in business (last time we checked KKR isn't a small company). We digress. If you're looking to optimize for net worth Private Equity can be used as a vehicle to accelerate investment returns you're willing to leave it untouched for several years. In addition, do not go in blind and simply hand over money to any firm, you must research and be 100% comfortable with the investment vehicle you choose.

Private Equity: assuming

You can also get aggressive during downturns with small cap indexes assuming you've built a cash portfolio. This means you're unwilling to lock your money away and This is the most critical part of buying baskets of small caps. You have to buy them when everyone is selling. We don't mean you "time the market" on a yearly basis, instead you're going to buy as soon as we're officially in a recession (build massive cash position and acquire small caps like no other). Once the economy is *factually* in a recession and the market in general has puked you unload all of your excess cash into small cap investments. Aggressive? Yes. Is that the point? Yes.

Small Cap Overweight: you believe you have extreme emotional control.

Below is a clear example of this strategy. We used three simple tickers to show it (SPY which is the S&P 500, DIA which is a Dow Jones Tracker and IJR which is a S&P 600 small cap tracker). We entered into a recession in the 2008-2009 time frame (roughly), if you started buying when things started to go negative (grey bars) you'd make a ton of money. To emphasize this, if you bought small caps you'd make *more* money. Since small caps take a bigger beating during recessions that's the group you buy. In short, the small cap index went up about 357% vs. the S&P at 228% vs. the Dow Jones at 202%. Those are big differences. (Click to Enlarge)

This is yet another high risk strategy. You're going to invest in early stage companies after they have tapped out every single source of funds they could find using their personal networks (you should be an accredited investors). Some people attempt an aggressive "bar bell" strategy here where they are taking their excess income and putting 10% into CDs and then 90% into high risk Angel/VC type project where a few outsized returns make them rich. This is not for the faint of heart and requires quite a bit of knowledge.

Angel/VC Type Investing:

The one thing to takeaway is that we did not mention a "dual process" approach. This means we would recommend choosing *one* path. You're going to either maximize your cash flow in the future or you're going to try and maximize your net worth. Many will disagree and that is fine. From what we've seen most people decide on one path (either cash flow or net worth) and develop extreme expertise in a few of the ideas listed above. There are very few people doing heavily levered real estate transactions while angel investing and buying small cap stocks. The reason? Specialized knowledge. If you can crack any of the above strategies you'll see strong out-sized returns relative to what everyone else is doing.

Concluding Remarks: All that said… If you have a great strategy that doesn't give it all away feel free to leave it in the comments.
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Investing

Triangle Investing: Stocks, Real Estate and Crypto Currencies

With the world changing rapidly we think these three asset classes will result in the best wealth accumulation. To organize all of our thoughts we have the following sections:

In this section we provide a broad overview of how much we think an intelligent individual can be worth by age. This is more of a fun introduction and gives the reader an idea of what we believe is doable without giving up any part of your personal life (still have time to party, have fun and live a free life). We offer three high level strategies: Risk on, Risk Neutral and Risk Averse. By giving away three different ideas, we don't have to do any sort of specific consulting. Simply decide on your own risk tolerance and you'll invest in the various asset classes. As usual, we bias towards the positive side. So if you can do better than the numbers we provide, we agree! There are many people who make their first billion dollars before they even turn thirty. Anything is possible. We simply provide a framework for the "ambitious" individual.

Financial Benchmarks and Overview:

The basic dollar cost averaging strategy still works. And. We give away what we own in our actual portfolio (beyond ETFs). We give 1) a basic explanation of why ETFs can cause a large downturn and 2) what we own in our actively managed accounts. The actively managed portfolio is a long-term holding and talks about "where the world is moving". Some of them have specific stocks we own other parts talk more broadly. This section is essentially tailored for someone in their late 20s or older. If you're thinking about managing your own money, we assume that you already have a business up and running and a high paying career. Otherwise you should continue with the dollar cost averaging strategy.

Overview of Stocks:

To avoid any confusion, unless you're financially independent, it does not make sense to do anything else beyond ETFs. Why? Well if you are not financially independent, this means you're not generating enough income. You can scrimp and save and try to generate 5-10% in additional returns but it will not move the needle when compared to creating your own business or growing your career. We focus on the big money first then you can move onto the smaller "fun items" like trying to outperform the market long-term.

: This is the most actionable section. Unlike crypto currencies and stocks, real estate has a blue print so to speak. We give ours away and realize that there are millions of ways to get rich in real estate. In fact, we know people who would laugh at our strategy because it is not aggressive enough. That said, it works if you're running a couple of online businesses combined with a busy career. If you're following the strategy in Efficiency (online sales), this strategy is for you since it is scalable and profitable. At the end of the day, people will need a place to live so real estate will not be going away any time in the near-future.

Overview of Real Estate

Our strategy is not for people who intend on doing Real Estate full time. The good news is we do explain how real estate investors make a living in the sector as a full time profession. The well known "BRRRR" strategy still works: Buy, Rehab, Rent, Refinance and Repeat. Our product is not meant for someone in this situation and is meant for people who want to diversify their income without taking on substantial risk. The key word there is "substantial" since all investment vehicles have risk.

No one will agree with this section. The one thing we can all agree on (at least those that have done their research!) is that it will change the world in ways we cannot imagine. Whether it is called Bitcoin or something else, crypto currencies are here to stay and we should do serious research into the space before the technology is truly understood. We provide our opinions and strategy for investing in the space. We also give out business ideas and ways to participate in the upside without owning a single coin.

Overview of Crypto Currencies:

We are happy to share the investments we have, while we won't give away the dollar amount, you'll find the percent allocated into this sector along with the coins that we currently own. Since this is more of a venture investment (lots of volatility and many moving pieces) we have created a special way to keep up with the space. We don't think it is right to re-charge every year for the same book so we will have a surprise for those that purchase the product and actually read it! This makes the page count "constantly increase". You'll see when you read it! Note: there is no way we can cover everything (it changes too much and there are too many coins). And. On a positive note. We can give you a good way to start while avoiding a lot of the noise. We will also have more Q&As in 2018.

Basic stuff here. Since our blog is tailored to younger people trying to become deca-millionaires, we don't cover it as much. If someone is over the age of 40-50 they already have a different risk tolerance and have a personal view on the amount that should be allocated towards bonds. This is the shortest section since interest rates are low and protecting principal is simply not that interesting.

Overview of Bonds/CDs:

Here is yet another controversial section, we will outline our own personal investment strategy at this time. Meaning, if we were starting all over again, where would we put our money? We would remind everyone that this is more of a risk on blog. If someone already doesn't have to work for a living (financially independent and wouldn't need to work even if there was a 50% market correction), then what is the point of saving money in "CDs". We just don't understand that logic and take a different approach.

Portfolio Overview by Age:

This product will not be a "fun read". Similar to Efficiency we cut straight to the chase and to the point. We don't like wasting time and don't like filler words like 99% of all of the products out there. Having a summary section is helpful to make sure all of the items are understood and can be recalled with a few simple pages (similar to how we structured Efficiency).

Conclusion and Putting it All Together:

We include the posts that covered stocks in the past so you have it all in one place. Same exact structure as Efficiency.

Appendix:

The book is 138 pages. Unlike other products, it is written in standard 12 point font (Garamond) on a standard 8.5″ x 11″ page with no filler photos to take up space. Exact same way as Efficiency, majority is new and the Appendix is from the blog. (If you read it, you'll understand!).

Length: Key note: we have a surprise that makes the length of the product *much longer* over the next year or so.

Click Below to Buy the for $8.49 E-Book (PDF)

Buy Now

Notes: 1) please save down to your drive 2) we also take Crypto if there are payment issues, email Admin@wallstreetplayboys.com and 3) keep your email and receipt as we'll hold Q&A's for buyers only… You'll see why we set it up this way by the time you're at the second half of the book.

Email us for the address to send to (BTC, LTC, XMR, ETH are accepted).

To help prevent constant stealing, we're only going to host Q&A's in the future for people who have purchased the product (either one). If the product was not purchased 1) we're being forced to answer repetitive questions and 2) we don't want to burn time on people who didn't have a few bucks to invest into their future. We will likely update the book periodically (every year or two) and anyone who purchases the product will get the newer versions for free. We realize we can't prevent all theft, however, there is a ton of value in Q&As when specific questions come up in the future. By cutting this off, the thieves will be forced to struggle on their own.

Keep Your Receipt: Keep your receipt as you'll need it for future *free* benefits and future products/services etc.

The writing style is practically identical to the blog. We write to the point and with some incorrect grammar (for dramatic impact of course). It should hurt to read in a sitting since all of the information is actionable. There is too much information and a missed sentence/line could result in valuable information being lost. That said, it is organized in a smooth fashion and should give you a lot to chew on.

Writing Style:
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Two Separate Topics – Wasted Talent and 2021

Two Separate Topics – Wasted Talent and 2021

Due to the pandemic, everyone is being forced to connect with people they did not talk to frequently. The reality is that as you get older you unlikely talk to your parents every day or your uncle every day. We could go on and on with examples but the point is the same. You probably know your neighbor better than you did 1 year ago due to the forced quarantine. All of this forced us to take a step back and realize how much potential is wasted here in the USA. In addition, the good news, is that many of the naturally gifted people simply give up and fall of the radar with stories about "how they were this or that". The second item are some clear patterns we're seeing (looking at ads) and how to avoid blowing up next year with the wrong plans. Some things are certainly going to happen.

We really do not care where you're from. You could be from an upper middle class area where people were naturally raised in a more strict environment. You may have been raised middle class where there is a lot of petty crime and low end drug dealing. You could also be in lower middle class (more drugs and maybe some gangs) or even from the absolute bottom with rampant drugs, gangs and poverty housing environments. No matter what, every single one of these neighborhoods in the USA has at least one person (probably closer to 10) that "could have been someone". Yet, when you go back in 10 years of those 10… Maybe one makes it. This is due to a lot of issues that we've covered here in the past that need to be reiterated.

Part 1 – Wasted Talent:

A lot of middle class areas do not have "bad people". Bad people are usually in the lower to lower middle range (we're referring to legitimate criminals and drug dealers, hard to argue these are good people). The majority of the middle class? We'd describe this as nice people with no real direction. You see a lot of them talking about eventually making six figures one day, consumption of tons of boxed foods – "a calorie is a calorie" and a focus on "moderation" since they don't want to be pushed too hard and break something. The big issue here is that this type of thinking is passed onto every generation. The only way to break out of it is to find someone who came from the same area that made it. Talk to them and you'll learn (FAST) that they didn't do things the same way. They worked much longer. If they played sports they trained far and beyond what they were told to do and they took their food/diet seriously.

No Results – Time to Ignore:

The other way to look at the results is by figuring out where they are now. If they made it to a four year college (an accomplishment from most areas outside of the upper middle or better) you should then ask what they are doing now. Did they make the right decisions in college to set themselves up? So on and so forth.

The theme here is that the majority is stuck in the middle, going along with mediocre results. There is no reason to be upset (with the people giving you advice). And. There is no reason to listen to them either. As we've said many times in the past Therefore, adopt a "smile, nod and agree" policy. If you are getting advice from someone who is simply a "good person and trying to help", say thank you smile, nod and agree. You don't need to battle their egos and get into a fight. Simply act amicable and move onto the correct tasks. (Hint it never involves "chilling or relaxing" if you're not where you want to be yet).

"You don't owe anyone anything. If you want to help people, the best way to do that is by becoming successful yourself".

If you're being called extreme you're definitely on the right track. How else do you change your momentum into the right direction? What billionaire isn't extreme? What professional athlete isn't extreme? What successful company isn't extremely competitive? Being extreme is a complement. You don't want to be an extreme drinker or drug addict but you get the point. If you want to take whatever talent you have and maximize it, you have to push that talent to the extreme or live with guilt for the rest of your life. And. Sit around telling people how you "were" this/that in the past.

Extreme Results:

Remember. You have to drive to extreme results in something you are actually talented in. Just because you're passionate about something doesn't mean you're going to be good at it. A 6'6" guy with a 40" vertical should be playing a jumping related sport like volleyball not training to be a horse jockey because he loves horses. Someone with incredible software skills shouldn't be majoring in english/languages because he enjoys writing. He should be writing code instead. Take the talents you have (majority will be gifted in at least 1-2 things) and take them to the extreme. Eventually those two skills collide and you're unique in your craft.

The final item that seems to be lacking (when talent is wasted) is the misunderstanding of value. Just because you're good at learning new languages doesn't mean you can make money from it. In advanced hospitals they already have devices that can translate what they are saying into a separate native language. Lets use a random sport like water polo. We're sure it is difficult. That said a pro water polo player is lucky to make $100K per year (we don't know the sport well and googled it but maybe it goes up to say $200K). The point is clear. If you can get a full ride scholarship and be the #1 player at say Harvard due to your skills in Water Polo… What is the answer? The answer is that your free education is the "peak" of the return if you can get a free degree from Harvard. It is possible to make $150K+ once you graduate and you get to spend 4-years competing in a sport you are talented in. Notice, you don't have to love it. You have to have a winners mentality and enjoy winning. Going in every day knowing that you've won a free education for playing a fun sport. You need to have at least one hobby that keeps you in shape anyway so you're winning in two different ways at the same time. Stay positive.

Follow the Value:

We've really simplified it here but these three items alone should help filter out your contacts right now. Take a look at where you want to be and figure out if the person has it. If the answer is no then you need to find someone else. One person could be for money, one could be for fitness and one could be for any other skill/topic you want to master. No one is a jack of all trades (exceptional people are typically incredibly good at 3-5 things, which makes them unique and irreplaceable). For those that want the "answer", the typical one that works for anyone is good sales skills, avid writer (not reading as that's a crutch for stealing the ideas of other people) and some sort of talent that is in high demand today (coding, design, manufacturing, copywriting – just a combination of the prior two and relationship management). Finally, the ones that stand out like sore thumbs are usually in great shape due to some other hobby/skill (tennis, lifting, swimming, soccer etc.).

1) don't listen to people who haven't made it as you can find someone who did. While it is true the person who didn't make it may be right, it's always better to just find someone who made it as they are likely to know the next steps and be "ahead of the curve", 2) take things to the extreme since you'll never regret giving everything you've got and you'll always regret 50% effort days, 3) follow the value chain to figure out how far the specific talent can take you, sometimes you only need one talent – seriously – if you're the best golf player in the world or best salesman in the world you're set for life money wise and just have to worry about health and 4) you don't need to make people feel bad about themselves. You simply smile, nod and agree. This allows you to maintain a healthy relationship at a distance. They won't be with you 24/7 and won't realize how you made it out in the first place.

Summary to Avoid Wasted Talent:

Part 2 – 2021 "and Beyond!"

There is a hilarious meme going around talking about QE Infinity "and Beyond!" with the sounds from Toy Story. While funny in nature, we have to think about what the market is telling us today and what people are doing differently. We got a back and forth on Twitter and there are really people who believe there will be no impact to retail. This is beyond delusional and these people should not follow our account anymore as they are hopeless. While retail will see a snap back due to a boost in temporary demand, the long-term trend has been the same for 20 years and will continue. ANYTHING that is a commodity is going to go online since the cost of doing business with only warehouses is significantly smaller than retail shops. We do agree that clothing will still be around as people need to try things on… But believing commodities won't continue to move online is just nonsense. Sorry, there is no way we'll be wrong on this one as it continues to happen, higher margins online = ability to lower price = more competition = consumers over the long-term choose the lower price since the quality is exactly the same (a professional baseball is still a professional baseball). After that annoying rant we can look at 2021 (and beyond!)

You can track some of the start up layoffs here () and you'll see that the numbers don't look great. We're going to go ahead and say that there is a limited chance we get near 4% unemployment again by the end of 2021. Lots of companies will realize that they had bloated cost structures, a lot of the work was not value additive and that headcount could be reduced without a loss of revenue. So in 2021 you should be prepared to operate at a lower cost structure (for your business) or operate at a lower operating expense line for yourself (personally). This will give you additional wiggle room for the next 12 months as restructuring across every industry is likely. No one is irreplaceable and since many of our readers likely work in a career, operate as if you may get cut in the next 12 months. If you make it through 2021, 2022 should be perfectly fine. A good motto should be "Survive twenty twenty one and done".

Unemployment: https://layoffs.fyi/tracker/

Guess what you lucky reader you… If you listened to the advice from this blog over the past 8 years you're going to be in great shape! You will likely see a drop when the quarantine is lifted as people reorganize. But. You'll find that your baseline sales are going to be higher than before. If you were doing say $25K in net profits a month before the pandemic, saw that jump to $35K it will likely drop but normalize closer to $28K. We're making estimates of course but the picture is clear. More and more users now know how to purchase things online. Your total addressable market (TAM), just got bigger forever. Some people will not come back but the number of people who will be comfortable with online purchases just went up forever.

Online Boost!

The ides of living in NYC just got significantly less appetizing for most. This will likely lead to a decrease in major city density. If unemployment is generally higher, once the 6 months of extra money dries up, people will likely move to lower cost regions close to the hubs. Think 30 minutes away from the major city, draw a circle 15-20mins away from the major city you're next to. That's where people will push out to.

Decrease in Density:

Longer term it's hard to see if this sticks but it will make logical sense for the next year or two. While Americans pride themselves on being tough, especially in NYC, lots of people won't be able to afford it so you should see a bit of a rebalance. Slight rise in pricing further out and a drop in the city center.

: China hasn't been a good partner to the USA for a long time. Stealing intellectual property, sending fentanyl and now the virus. While it is a growing country based on GDP, its hard to see the US being positive on China. The average american doesn't know anything about Asia so you should assume that anyone who looks Asian will be considered "Chinese". For those that are well traveled and educated, this sounds absolutely crazy. If you've lived anywhere near middle class you know that it's also true. The average person doesn't know the difference at all.

Anti-Asian Sentiment in 2021

What this means for you? Try to avoid using ads that feature asian men/women. Don't associate your brand with anything Asia related. You're going to be better off. Also as an individual, since you're smart, you should look out for discrimination. Why? You can find talented people who were wrongfully fired. It sounds terrible and cynical but it's also true as we're only referring to business/making money. Racism is always going to be around in some pockets of the USA and this pandemic will highlight the people who are outwardly racist against this demographic. You have to hold these ideas separately which most won't be able to do: 1) anti asian sentiment will increase even if not Chinese, 2) it's a good idea to move away from China and 3) you should look out for wrongfully fired talented individuals. It is crazy, but there are videos of asians being beaten up on trains and they are not even Chinese and likely were Asian Americans. To end on a positive note, this won't last too long, similar to what happened after the 2001 terrorist attack (negativity towards middle eastern people).

Due to the lock-down anticipate more divorces and more kids! This is also a reality that is starting to play out. We talked about other demographics opening up (mostly older via online sales) but you could see a big spike in children. This would be a good opportunity to create an online business catered more towards families. If you're a real genius you can find one that works with newborns and with people who are still living at home with their parents (a likely trend as hiring slows for at least a year). Anything that addresses those two trends in 2021 should be winners. This can't be a better example of the whole "Yin and Yang" concept. While divorces go up, birth of kids also goes up while older people are being impacted by this terrible virus. Nature has a strange way of keeping us all in check.

Kids and Divorces:

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1-2x a month for purchasers only.** **

Two Ways to View the Path to Millions

Two Ways to View the Path to Millions

You can spin any story. This is what makes a good interviewer separate from a bad interviewer. He can spin his resume to sound like all of the decisions were intelligent, rationale and value additive to an employer. Similarly, he can also spin his background as a positive when going out on dates. In essence, the way you view the problem will determine how "difficult" or "easy" a specific task will be. As you already know, we view the path to a million as relatively easy. But. For fun we'll paint both sides of the story to see how convincing things can become. This is our view of the Robert Frost Poem "Two roads diverged in a wood, and I—…. I took the one less traveled by, And that has made all the difference"

Millionaire A Difficult Path

If you're born in the United States you have a small chance of making it big. It fact your odds are around 3%. This means of the ~335M people in the United States, there are only ~10-11M millionaires. Not an easy task. It gets worse from here. You don't want to be rich when you're old do you? No you don't. You want to be rich when it is enjoyable. Lets use 40 years of age as a hard cut off. At 40 years of age your body slows down a bit and everything becomes more difficult.

So how many people get to a million before 40? Not a lot. In fact the number of millionaires under 40 is well under 15%. That is right. So we went from 3% and cut that down to just 0.4% or so. For every 100,000 people you meet just 400 of them will be worth a million dollars and under the age of 40. Oh it also gets worse from here!

Since we're already talking about 0.4% we didn't include some other important items. Do you care about your health? Do you value your free time? Do you want to have enjoyable life experiences? Guess what… All of that changes the probabilities. Approximately half of people are over weight. Your chances have gone to just 0.2%. For fun we'll say that only 25% of wealthy people are overweight so we'll take it 0.3% to be generous here. Next step. Business owners do make up the majority of under 40 millionaires, around 75% or so, taking this number down to 0.225%. To put a bow on it, we're going to be extremely generous and say that half of wealthy people under 40 are exciting and fun people (no odd personality disorders) creating a number of just 0.1125%. Since we were generous with the prior sentence we'll round it all out to make it easier to remember at 0.11%.

Scary isn't it? Just one tenth of a percent of people will hit this hurdle. Of the 335 million people in the USA (one of the most opportunistic countries in the world) just ~370,000 people will make it. Unicorn chasing by those raw numbers. Still want to roll the dice eh? Lets see how ugly this gets. By asking a quick question… Is a million dollars a lot of money?

A Million Bucks You Say?

Well all of the above math that brought down the field to just 370,000 people? It was based on a 1 million dollar hurdle. A million dollars gets you to around $40,000 to $70,000 a year in annual passive income (assuming a 4-7% annual return on your investments). The bigger question? Does this include owning your own home? It probably does which makes the math worse. If your home is worth $1 million and is paid off, well you are technically a millionaire. Just on paper.

The natural follow up is where we can say you're comfortable. Push it to $2 million. This becomes a lot harder to argue against. With a $500,000 property paid off limiting your overhead and $1.5 million generating money, this leads you to $60,000-$105,000 in income *without* any overhead. This is pretty smooth for any individual. The rub? Well. If you want to raise the bar by a million dollars you have cut the field in half.

Cutting the field in half now leads us to ~185,000 people in the entire United States. That includes everything: Hawaii, Alaska, California, Florida and New York. Every last one of those states. Want to take a guess on where these millionaires live? That is right, most likely in the higher cost of living areas: New York, the San Francisco Area, Los Angeles, Miami etc. You guys know the drill already. If the city is expensive, the wages are likely higher which means the ability to stretch a dollar is much more difficult. It gets worse.

Hello Uncle Sam

Well you know how we said that $1.5 million dollars would get you $60,000-105,000 a year? That was before taxes. If you generated 4% returns you're likely doing that with a lower tax bracket of around 15% since dividends (3% yield) are only taxed at that rate. If you're making closer to 7% it is much more likely that you have higher tax rate. Two reasons why. First ,to get higher returns you usually end up taking on more risk which usually leads to higher taxes (unless you hold for over a year). Second (and most important). The tax rate depends on your income as well, if you have non-qualified dividends these are taxed by the normal income standards. A person making $60,000 a year has an effective tax rate of around 25%, while $105,000 would lead to around 29%. So. Lets go ahead and cut those numbers to $45,000 in spending and $75,000 in spending per year.

Is this headache worth it? You've now broken into the top 0.1-0.2% in the United States and all you have to show for it is $4-6K in monthly income.

A Millionaire – Smooth Sailing

Welcome to the United States. First of all you've already won the lottery. There are only 335M of you within a population of something around 7 billion. No need to take it so seriously, its a rough estimate. Maybe 5% of people are born here. Sure. Maybe there are a couple of other specific locations where you have a better chance to getting to a million but that is for whiners and complainers. At the end of the day, the government wastes so much money that you can get access to books written by anyone on the planet for free. At the library. Oh and we also have fast internet.

Now of those 335 million people about half of them are stuck (financially speaking), now we have 167.5M. We are against student loan debt in the 6 figures and have always said it is a disaster. With that sentence out of the way, the reality is that they are no longer competition for you. That is right. While a few of them will figure it out, the ones that are in massive amounts of debt just won't be able to climb themselves out of the hole they are currently in. To be more conservative, we'll say that people with consumer debt (people who work and without student debt) are the lowest form of competition. This number is still startling at around 50%. That is right. About half of your "competition" lives paycheck to paycheck because they would rather consume all of their earnings.

The College Branch Hurdle

Get ready for a huge drop off! We haven't even started cutting off the competition. A fun fact to be aware of is that ~30% of people graduate with a four year degree. Now lets pause here. That takes the number down from 167.5M to just 50.0M.

We've been pretty vocal about starting a company. This means you do not need to go to college. And. This is a HUGE pause… those guys who skip college could have attended top universities. Let that sink in. The guys who could have gone to Harvard (insert any top university), simply dropped out or they created something (didn't even need to attend).

This brings up another fun point. The fact that you're reading a ex-Wall Street blog implies that you already know what Wall Street is! Most people still believe Wall Street is about making "money" off penny trades (that died years ago). Why are we highlighting this? It implies that top universities are what we should really use as the filter. This makes sense due to the competitive atmosphere. If you enter into a school with a 90% admissions rate, the chances are that the school does not have high quality competition or resources.

We re-read the last 3 paragraphs. It reads terribly and is jumbled but we're leaving it as is. Why? Too much excitement caused those paragraphs to be written since it implies that anyone reading this is already going to pass our hurdles! Keep reading below to see how tiny the competitive pool is!

What a difference this filter makes. There are approximately 2,500 universities in the USA that give out 4 year degrees (private and public combined). Once we realize that the vast majority of millionaires will come out of this group we then adjust for the fact that they will come out of the top 10% of these universities. Being more realistic we should only look at the top 5% or so… this means 125 universities. To prove this out, does anyone know what university is "number 100" in the USA? We don't know. (okay just looked it up apparently it is "Loyola University of Chicago"… never heard of it before). Take those 50M people you're competing against and now you're at 2.5 million.

Oh. We didn't even control for relevancy. Of those 2.5M you're now competing with, about half of them are dead on arrival. They have decided to follow their dreams and "learn" about things that won't make any money in the future. History, sociology, ethnic studies… the list goes on and on. The important thing to catch here is that we're going to take a blanket cut of 50%. This means some of those bad major guys will actually show up later down the line (good for them they fixed their situation). The more important news is that you're left with just 1.25 million people.

At the end of the day, we know that doctors are not in the competitive sphere either. Why? Well even if they make $350,000 a year they are not able to make this type of money until they are around 30 years of age to begin with. So it is unlikely that many of these guys will clear a million in net worth by the time they are 40. Besides. If you studied and worked like a dog to make $350,000 a year, you're not going to live with a bunch of guys to save on cost and drink cheap beers.

Side Note:

The Business Starting Hurdle

Instead of cutting the medical students out of the race, lets just cut out the "business talkers". These guys are the most common in the 1.25M you will compete against. Roughly speaking, there are only 4 million businesses in the USA. Of them many (emphasis on many) are run by the same person. of the 1% who try to start a business a small fraction are "new risk takers". We cannot do precise math here since it would be incorrect. But. What we can do is the rough math on "new businesses started by new people". This number goes down to 50% or so.

Of the 1.25M people you're competing against we are down to 625,000. If you simply try to start a business in the first place, you're creating an enormous chasm between you and your peers. This cannot be emphasized enough. "Most businesses fail" does not account for 1) shell companies used as tax shelters, 2) profit losing companies for tax purposes and 3) other fake businesses used to simply save a few dollars on cost. No big deal here. The point is that trying alone gives you a 50% edge. Since 75-80% of millionaires are business owners anyway.

After all this cutting, we now see you've got around a 50/50 shot at being a millionaire and a 25% shot at being a multi-millionaire before you're 40. Not bad at all! All you had to do was make sharp risk adjusted decisions and you've got yourself a seat at the roulette table placing a bet on red or black (yes we know it's slightly less than 50% just making a visual).

50/50 or 25% insanely good chances!!!

Unlimited Upside

Pay no attention to the guys who cry about taxes, inflation and returns of 4-7%, you got better things to worry about. You made your first million dollars by around 30 anyway which means you were able to put away $100,000 after tax per year. That is $100,000. Only about 10% of the entire population is able to earn this in a full year (pre-tax!)! You're putting a large amount of distance between yourself and your old peers at this point. Also. Do you think you were making more money when you were 21 or 31? The answer is obvious.

Since the answer is obvious it means you can now save six figures a year while increasing your spending by the investment income each year! That is some serious leverage. Forget about spending $75K a year, you're able to spend $75K + your regular spending each year. You're not going to quit working at age 31 anyway. You're having too much fun playing this video game on easy mode.

So there you have it. You have a 50/50 shot of getting rich or just 0.1-0.2%… all depends on how you look at it. Besides. What have you go to lose? Beer pong Saturday's with dirty balls that have been stepped on by shoes entering the public restroom? The latest episode on the food network where the "grand prize" is $10,000? That bachelor party in Vegas where the guys try and hook up with the Stripper addicted to pain killers? It's a tough call isn't it.

Q&A Announcement: *The next Q&A will be held on Monday the 13th. To participate please keep your purchase of either Efficiency or Triangle Investing.*

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**
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Uncovering the Truth

Uncovering the Truth

This post will hit on a lot of hard truths. has been destroyed with emotional comments from regular people so we are doing an elongated version to flush out the smart from… well… the not so smart. The truth is rarely pleasant and takes a significant amount of emotional stability to accept. This is why 1/100 people are good people to know.

Our most popular post

Outline:

1) Why the Truth Hurts

2) Why the Truth Will Lead to Happiness

3) Reflect and Change Your Activities… Now

Why The Truth Hurts

We do not like cliche phrases. That said, there are two that stand out. "The truth hurts" and "The truth will set you free". The truth hurts refers to *internal* realizations while the truth will set you free refers to acceptance of your *external* world. The difference between the masses and excellence is the acceptance of the truth *regardless* of emotion. Reiteration. This is the only way to remain balanced with your decision making. Lets get started:

In order to accept the truth you must apply logic to emotional topics.

While we have a humorous version of our take on , it is still the truth. Marriage is just a way to siphon money from you, by taking advantage of your emotions. Here's the rub: 1) Purchase an asset that serves no function (wedding ring), 2) go sign away half of your future earnings if anything goes south (divorce), 3) transfer all power to a woman who will still take your money away even if she's the one cheating on you. Where in the world is the upside?

1) Marriage is a Sham: marriage in the form of a pitchbook

Simply put, all upside for her and all downside for you. Game recognized. You lost control of your emotions. In addition? You're going to pay higher taxes to the good old government if you're in the higher income tax bracket!

Unfortunately, if you say these comments publicly, you'll be ridiculed as a "monster". While it's fun to get a rise out of people once and a while, you're probably best off with (WSPs trademark approach to retards). Finally, if you really met "the woman of your dreams" she should not care about getting the government involved with a ridiculous marriage license. The reality is that most women just want the ceremony so she can obtain attention and jealousy from her friends.

*the smile and nod approach*In short: Do not get married… Ever.

If you have ever started a company or at least moved up to a managerial position… You learn this fact quickly. While an average girl may be boring, slightly unattractive and annoying… At least she is not angling to ruin your life. Average guys are the worst.

2) Average Guys are Worse Than Average Women:

Average guys get jealous extremely easily and are hyper competitive with nothing to show for it. They will consistently compare themselves to others and believe that they are better than you based on their zero success in life. It is atrocious. The worst part? They even have the audacity to give life advice when they have accomplished nothing at all. Leading more and more people down a path of mediocrity.

In Short: Avoid average men and never return their phone calls.

We covered this in the post listed above and it is true. Your family only matters if they are helping you with positive reinforcement. If they are trying to tie up your time with crazy requests and phone calls, you have to stop picking up the phone and stop attending the family "meet ups".

3) Family Doesn't Matter:

Standards should be applied equally across the board. You wouldn't let a friend try to bring you down so why does your family get a free pass? They don't. You won't let them if you're smart.

Funny enough, the previous post railed at this truth the hardest. It does not make sense. If your family *is* helping you… then absolutely keep in touch with them! A good family member is probably equal to two friends you've known for a decade or longer. If your family member is a crack smoking degenerate, it is not your responsibility to fix his life for him. As you get older, you realize that the only time you should give advice is when you're asked for it (particularly with friends and family). Otherwise keep focusing on building yourself up.

In Short: Just like friends, if a family member isn't helping you improve… Move on.

No matter what, you are going to waste * of time. By 25 years old you're going to look back and realize you wasted thousands of hours on horrible activities: 1) getting too drunk, 2) participating on message boards, 3) sleeping in, 4) dating toxic girls, 5) networking with the wrong people, 6) eating the wrong foods, 7) building the wrong type of company… We could go on and on and on.

4) You Will Waste Time: a lot*

Why does this blog exist? To help people avoid big mistakes. Big mistakes being marriage, becoming a boring type A person, trying to start an internet business that only clears $200K a year instead of a Simply put, even if a guy isn't very bright but is willing to put in the work, he's going to break into the top 5% or so by simply avoiding the big mistakes.

working a job instead of a career, scalable product based business, etc.

In Short: You're going to lose thousands of hours… when you realize the mistake you'll be in pain. Embrace it.

That's correct. That comment includes the authors of this blog. Everyone at one time has been conned into believing something that is not true. Our favorite quote of all time (that no one likes!) is the following:

5) You've Been Conned:

"It is not what you don't know that gets you in trouble. It's what you know… that really isn't so"

It takes a bright person to realize the intensity of this quote and how true it is. To make it even clearer.

The longer you go down the wrong path the more painful righting the ship becomes.

Lets say you've been married for 10 years thinking she has been a good housewife for the past decade… Then you find out she has been cheating on you for the past 4 years. That pain is going to be than breaking up 10 years ago! You *believed* something was true when it wasn't. That is real pain.

significantly greater

Closer to home for us… Lets say you believe business person X is trustworthy and you place a large order with them. Unfortunately "something comes up" and the person does not deliver. This costs you many tens of thousands of dollars. While you think it was a mistake that was unavoidable… You do your due diligence and realized he screwed you on purpose to throw a wrench in your business since he was playing on the other side of the fence! That is going to hurt. You have to develop a new relationship over the course of a few years to displace this single dishonest person. You trusted the wrong person. Pain.

In Short: If you're trying to succeed in life, you're going to get conned. Remain stable and remember that ignorance is rarely going to cause you meaningful pain… Incorrect certainty will cause you the most pain.

While we do not like hero worshipers, you should have one *mentor* or ideal person you're striving to become (similar). You're not special because many people have lived insane lives over the past 5+ centuries and what you want is going to be *similar* to someone in the past. Find that person, befriend that person and make your own path with the guiding comments in the background.

6) You are Not Special:

Two years ago, life was great. Going out drinking, having fun, and the money was finally coming in. Flew out to see the "mentor" for a game of tennis and a few truth bombs were dropped that forced change immediately. Without butchering the actual advice, here is the crux of it:

traveling

1) "If your life is so great, why do you have to go out of your way to meet new girls?"

2) "Why are you building someone else's dreams? Only do this if it will help you obtain yours."

3) "Before you decide to retire, take a week off. Do not do anything related to your career or company… Report back"

These three truths will quickly put a 180 on how you think. They are all true.

First, if you are not coming across people you want to meet on a day to day basis (replace women with new connections as well) your life is not where it should be. You need a consistent stream of new contacts so you can improve in every environment. Going out to be entertained is ridiculous when you can go out for entertainment and improvement. Be honest with what you're doing. If it is pure entertainment, great, a few hours a week will do. Otherwise… Better start combining.

both

Second, building a company or your career is great… Just make sure its part of *your* dream. Is that the direction you want to go in? Are you just burning time out of boredom? Working on a project that is not part of your dream is expensive. You will never get the time back.

Third, retirement is a complete and utter joke. Once you hit your financial independence marker you're immediately thinking of all the cool stuff you can do now. Travel to a new country, lay up on the beach for several months, take up new hobbies etc. The problem? The type of person who obtains financial independence is an actual winner. Meaning, he/she enjoys improving. <– regular people will NEVER understand that sentence. Once you realize that hard work is the best part of your day, selling that company is not going to make much sense anymore.

It's boring.Working hard is the *fun* part of life.

In Short: You're not that unique. Someone out there has a life you're trying to at least emulate. Befriend them and be open to hearing harsh truths. Oh… and before you sell that company… take a week off first and realize retirement is non-sense.

If you learn anything from it is that people are driven entirely by emotion. Sales is nothing but the transference of a feeling. As soon as you can control your own emotions and feelings, you're going to realize they do nothing but create bad decisions for you!

7) Your Emotions Are Meaningless: practicing sales

The above paragraph sounds like it is written by a bitter person and that couldn't be further from the truth. Once you're in control of your emotions you get to *choose* how you feel on a day to day basis! This is the of regular people. Regular people are easily influenced and swayed by how they feel. This is exactly why they listen to all day long. They just want to feel good. Temporarily. They don't actually want to take control of their lives and their emotions. That is far too much work.

complete oppositemotivational nonsense

In Short: Emotions need to be controlled. As long as you are ruled by how you feel, you'll never gain any momentum.

We get a lot of these and they need to end. Now. You should not ask "scenario" type questions unless you are actually in the scenario. You are wasting your time.

8)You Shouldn't Ask Many Questions About the Future:

Lots of young people do this and we used to do this as well. "What if this happens, then what?"… Who cares. Unless it is actually happening it's a waste of your time. Go do something that will benefit you *today*. Asking questions about gold diggers when you're not even making $500K a year is equivalent to asking about movie contracts when you haven't even acted in a play before. Here's the fun part. If you're smart enough to make $500K+ and you found this blog… You're going to be smart enough to avoid being skinned by "gold diggers".

In Short: Unless you are in situation X, don't worry about situation X. It is simply mental masturbation.

The self improvement community, or whatever you want to call it, focuses a lot on reading. The problem? For every 2 hours you spend reading you could have learned the same material in 15 minutes by doing. That is the legitimate ratio… 15 minutes of doing gives you as much information as 2 hours of reading.

9)Doing is Learning: Reading is nothing compared to doing.

While smart people read, those same smart people spend atBeing well read is like watching videos of Michael Jordan shooting a basketball. You can replay the shooting form in your head 1,000x times but if you've never picked up a basketball you're never going to be any good at it. The guy who spent 8 hours a day playing, without watching anything, will beat you every single time.

minimum 8x more time doing.

Being well read is a good excuse made by intellectuals to avoid actual work. They will read and read and give you a lot of Snapple facts. But. They cannot connect the dots so they always seem socially "off".

In Short: Spend more of your time doing than reading. Reading is great when you have a problem to solve, it is horrible for building a talent base.

That's correct. There are many things that you cannot control. You cannot control the actions of others (IE: your expectations are insane if you believe this). You need to accept this fact.

10) You Are Not In Control:

If someone does something bad to you or something bad happens to you… Ask yourself… Could I actually control this event? 99% of the time the answer is no. If you cannot control it do not worry about it. Many many many people worry, whine and complain about things they cannot control. This is exactly why we do not talk about ridiculous things such as culture, feminism, politics, religion or otherwise. People are going to believe what they are going to believe and you can only control how you interact with the *environment*. People who complain about these things are not able to understand that they cannot control the actions of other people. It is best to move on.

In Short: Stop worrying and complaining about things you cannot control. The world does not revolve around anyone.

That was a lengthy section. We're going to give you the bullets in more concise and actionable steps below:

Concluding Remarks:

– Never, under any circumstances, do you get married

– Average guys are much more likely to cause you harm than an average woman who you can ignore

– If your family is bringing you down, it is not your job to fix their lives for them

– You are going to waste a lot of time. Accept this as a part of learning and life

– You will go through painful truth realization phases. Accept this. You will get burned at least once.

– You're not special. Someone has obtained what you're hoping to obtain.

– Emotional decisions don't work. Take control of them and live a happier life.

– Stop asking about the future, ask about improving your current situation. "Scenario Analysis" is primarily done by people who never get into said scenarios.

– Doing is learning. You read to solve a problem after *doing* something fails.

– You are not in control of the lives of others. Don't expect anyone to listen to you. If they want your opinion they will ask for it.

Bonus: For fun. Find what someone complains about and you'll find what they were never any good at. This is exactly why poor people complain about the rich. They never did the necessary work to make it. Use this to avoid bad advice.

Why the Truth Will Lead to Happiness

The section above primarily covered "the truth hurts". This section will explain the external version of the truth. That it will set you free. If you are free spiritually, financially and emotionally then you will be fast tracked to extreme levels of happiness (barring good health of course which is always #1).

To become happy externally (without faking it) you need to be happy with who you are at this point in time. This is exactly why most people in their and "rage against the machine". Who they want to become seems to be on a different planet compared to who they are today.

1) External Happiness:[20s are unhappy]

Where is the fun in that you ask? Well if you've been paying attention you'll see that The sooner you accept this as fact… the happier you will become. Think about it. When you're young and restless and working like a dog 80 hours a week… you are going to be making incredible (non-linear of course) gains. The faster you realize that working hard is the most exciting part of life you'll realize that your twenties are a great time to be alive.

***work is fun*.**

Most people won't comprehend the previous paragraph. Most won't even comprehend it by the time they are 40! (they will make terrible decisions). We suggest you get onto this band wagon as fast as you can. Find something you are good at that is scalable… Get to work.

In Short: Once you realize work is fun… Your twenties become an amazing time to be alive. You will work harder in your 20s than any other point in your life… Which is the most fun part of being alive.

The easiest example for a young person is a break up. You're dating a girl and she either dumps you, cheats on you or leaves you for one reason or another. The day that you accept that you couldn't do anything to prevent this is the day you've finally gained control of your emotions from a relationship standpoint. If you're still pining away, complaining and trying to "make sense of all of it" crying into your pillow at night… You're still a teenager mentally.

2) Acceptance of the Uncontrollable:

Once this event happens you need to do two things immediately: 1) spend one day writing down any potential game mistakes you made and 2) drop contact forever. If you cannot do these two things within the first 48 hours you are still ruled entirely by your feelings. This is a womanly trait.

Assuming that you've accomplished both tasks, no one should even realize you've ended a serious relationship. Your internal self has already processed the information (you cannot control the uncontrollable) and your external self will reflect this and return to a state of happiness within a 24 hour period.

Congratulations. This was a blessing for you. The acceptance of the harsh internal truth has set you free *emotionally* to maintain your state of happiness.

In Short: Knowing that you cannot control the actions of others… will make your happiness *independent* of the actions of others.

Now we're getting to the good stuff. If you accept reality for *what it is* and not *what it should be* you are going to live for you. You are not going to live for the acceptance of other people (external). Instead of living for the aspirations of *others* you are going to live for your own aspirations.

3) Your Life Your Rules:

This is going to be different for everyone. For our readership, this means $1M by 30 or so is nothing spectacular. We hope that everyone reading is *at least* aiming for 5-10x that amount. That said… If you're happy with significantly less then you're going to stop reading this blog quickly! You're going to go and find someone who is living a life that you want and take guidance there. We have no problem with either group we just don't cater to the latter one.

In Short: You will create your own rules for life in terms of a balance of what will make you happiest. Since it is your life, you won't have rules that are predicated on aspirations laid out by anyone other than… You.

You're going to lose interest in mainstream topics. You won't be interested in the latest movie or reality TV show. You may have one mainstream interest (say Tennis or Golf) but the vast majority of the things you see on TV are going to come across as cheesy and ridiculous.

4) Loss of Media Interest:

This will do wonders for your external happiness and freedom. If mainstream media cannot even hold your attention, they are not going to have a shot at dipping into your mind or wallet either.

You won't be able to pay attention to mainstream media!

In Short: You will no longer be swayed by any main stream media ideas. You won't have the attention span to watch it.

The last piece, after accepting the truth, is that you will feel true independence. You can lose your career. Your business can go bankrupt. Your girl can ditch you. Your friend can screw you over.

5) True Independence: You won't change.

Independence is a popular topic, particularly in the USA. But. How independent are you if your happiness is derived from the actions of others?! The answer is you're not independent at all. The day you accept all of the truths laid out above and map out your own path is the day that you begin to feel true independence. Your emotions are separate from the noise of your life.

In Short: Your life will be a separate island. You allow people on the island, some decide to stay and sometimes you may have to send them away. But. The island is always yours and stable.

This section is literally one half as long as the internal section… For good reason. Your external being will be a reflection of how you feel internally which is why you must build the inside first. Fixing the big items first (internal painful truths) followed by its positive impact on your external life.

Concluding Remarks:

Reflect and Change Your Activities… Now

We are at the tail end of the post. What are you doing incorrectly? What belief are you holding onto that is creating unhappiness for you? Where are you spending your time? Why are you spending your time on those activities?

Ask yourself uncomfortable questions to uncover the truth.

We do not know what you are doing for 168 hours per week but we can guarantee that there are time wasting activities in your day to day life:

– Are you wasting time on message boards creating content for someone else when you've already obtained the crux of the information?

– Are you reading all day without actually doing anything?

– Are you emotionally unstable? Being rattled by meaningless events like your girlfriend cheating on you?

– Are you asking about scenarios in the future that haven't even occurred. IE: speculating on things that may not even happen… wasting the time of everyone involved?

– Is your life in the slow lane because your family members want to spend time with you… Which consists of them hitting you up for money and begging for a job?

– Are you watching motivational videos because you don't actually want to commit to improvement?

What is it that you are *actually* doing. Why are you doing it. Is it going to get you to where you need to be in a year? 5 years? A decade?

We don't know. But we do know that if you don't build your own pyramid, you're building someone else's.

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Unlock Your Mind. Unlock Your Potential.

We hope this does not fall on deaf ears. It is certainly a divergence from that will be going up soon.

a few of the posts

Rewire Your Brain to Frame in Your Life as a Positive. Everything

Complete synchronization of your life. Lets take a look at some examples:

Back five years ago when lifting at the gym, angry aggressive and downright mean songs would blast from my earphones. Now? Weightlifting is done while listening to incredibly upbeat and happy music. Why? Weightlifting with angry music blasting is good, but imagine lifting with positive vibes flowing the entire time. Now your mind and your body are associating weightlifting with a positive connotation. There are a lot of fit guys at the gym who listen to heavy music, it works, but what if it could be better? This change alone allows you to be in a positive mind frame both before you enter the gym and after you enter the gym.

Weight Lifting: Rewire Your Brain.

No doubt we all get reamed out at work. "I expected better from you" or "XYZ error was in XYZ document" or so and so over at XYZ branch said this and that about you which makes us look bad. Negative feedback. How do you If they were not giving you criticism they would not care about your improvement. That's an improved frame of mind. The sure tell sign that you are about to be fired is when people no longer care about anything you are producing. When people quit on you, their ready to let you go.

Getting Reamed at Work: Rewire Your Brain?

When you try to chat up a girl during your , or at if you get rejected how do you react? Do you allow your body to take a negative body language posture by shoving them into your pockets or do you laugh it off? Instead when a girl gives you the classic head turn or something worse, repeat to yourself "Practice makes perfect i'm closer to the goal". As always the difference between a winner and a loser is a failed attempt is viewed as practice where a loser will view it as a defeat. How are you going to get any better without failures? You won't.

Girls: lunch breakat the club, the dance venue**Rewire Your Brain.**

This one is nearing intermediate level where you stop comparing yourself to other people. It's much easier to compare yourself to Joe Millionaire and be jealous or see a guy with a 9.5 and be jealous of his catch. Stop it. The success of someone else does not deter your own improvement. If this guy can make money or get a girl that is a 9.5 why can't you? You know the answer, positive practice and repetition,

Jealousy: Rewire Your Brain. you need to believe in yourself.

This is certainly at intermediate level. Maybe you lost a family member, maybe you lost a large deal and your job, maybe you got into a car accident and will be in recovery mode. An enormous myth in the media is that most well off people didn't work to get to where they are today. Nonsense and defeatist quitting mentality. Negative, real setbacks separate the heavy hitters from the wannabes. Within the group of successful friends that should surround you, undoubtedly most of them have a terrible setback in their life before they made their big breakthroughs. Otherwise you're a trust fund baby and have no need for this website. One saying that should stick in your mind is this

Real Setbacks: Rewire Your Brain. Every single setback is an opportunity to recover, a man is defined by how much he can come back from. *"You become a man when you overcome a negative life changing event"*

This is something we should all strive for, no one writing on this blog is here yet but this is the end goal. While there is the saying of "yin and yang" this is another level above the good and bad dichotomy. Instead every life event is positive. A "negative" life changing event is now a positive you can say you came back from "xyz", a "positive" life changing event such as a new career or business is just that, a positive event that you should continue to improve upon.

Tranquil:You have Rewired Your Brain to believe that everything is positive.

This last part may be a bit confusing but the idea is the following, what in your brain needs to be rewired? Do you believe you can't gain weight? Eat until you puke. Do you believe you can't meet girls dead sober? Get a short-term harem and go do it over and over again until you succeed. Below is the feedback loop you want to create in your mind. Forever.

The Takeaway: Unlock your reptilian brain.

Complete Event 1 -> New Level of Confidence -> What else within my system is limiting my potential? -> Complete Event 2 -> New Level of Confidence ->

mind'sbelief**What else do I believe in that really isn't so.**

Your mind has an unlimited number of beliefs, therefore your potential is also unlimited.
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Update on Trends in America and Surprisingly Some Dating Observations

Update on Trends in America and Surprisingly Some Dating Observations

Over the last few years the general trend in the USA has stayed the same (so it seems), more separation between the "haves" and the "have nots". Also a large delta between people's interests which only cause the separation to widen over time. We took a look at our contacts and none of them sit around vaping marijuana, playing video games and doing hard drugs on a consistent basis. It has been interesting to watch and while we try to avoid dating/culture type posts it's a good update once a while and this feels like a good day to do so.

We continue to keep the same belief. There are really three items that need work for a male: fitness, social skills and money. If you have all three it is rare to see an unhappy person. The explanation is quite simple, if you only have two… something is always "bothering you". For rich guys it is typically the dating market as they are either out of shape or socially awkward. For the in shape guys on the beach, it is typically their wallets. Lots of people are able to get two of them down and only a select few get all three. We can't prove this last part, but, we think it is extremely tiring to get good at all three. So once a person gets two down, they try to make them "offset" their weakness in the third. Unfortunately it doesn't work that way.

General Framework:

As a source of "motivation", you don't need to be amazing at all three as you should view your life as a mosaic. It's better to be worth a couple million, be in shape with great social skills vs. being worth $10M+ but no real social skills or physical fitness. The reason why is that you never know what a person values so if your "product offering" is a mix of all three, your selection group expands. Also. Realizing that you're not doing well in one of those categories requires self-reflection and awareness, another positive quality. Don't listen to people who claim that one of them can be ignored, make sure you're willing to take a step back from what comes easy to you (be it fitness or money or socializing) to focus on fixing the areas where you're weak.

We see the same trend occurring, lots of young men/women are graduating with few opportunities. This results in panic attacks, a loss of purpose and a shift to questioning the "life path" everyone was told to go down. Even if you avoid going into debt to get degrees, the *shock* becomes much more apparent as you see Companies constantly looking for ways to cut costs and automate their work flow. This is combined with easy access to drugs and alcohol and constant complaining from adults who were not able to keep up with the times It still amazes us to this day that three trigger points really tell you a lot about a person's future: their college (if they went to a top university or were somehow able to avoid it due to intelligence/skills), their first career/job/business they start and of course the city they live in. If you gave us the answer to the three items listed you'd be able to predict with ~90% accuracy the next 5-10 years (financially). If they choose well in all three, it usually leads to a high quality financial life.

Current Cultural Issue: *"back in my day everyone was on their own by your age!"*

Either way, this leads to the same old issue we've seen over the last 5-10 years. The number of people with high paying jobs is small… the pool of people with little debt is even smaller… and the number of people being forced to live with their parents goes up. We don't see this trend reversing any time soon and the separation between the haves and have nots will likely widen. In short, nothing has changed in terms of the "trends".

As usual this is an actionable based blog and we're going to make some adjustments right now. The following are trends we've noticed from the younger generation (well the successful ones since those are the only ones we're interested in monitoring). They do the following: 1) they tend to view making money as a game, most complain about it being "hard" but the younger ones view it as a game to improve at versus work, 2) they actually don't drink much. The only ones who seem to drink are born to rich families and also landed a pretty high paying job. These individuals do spend a lot of time at concerts/raves etc. The ones who don't have that to fall back on are not really partying a lot, we see them doing a lot more physical activities, 3) on that note, they are in shape since they are not out drinking and partying as much, 4) they already have two sources of income, we know some people who are only 23 with up to five sources of income… It sounds impossible but you'd be surprised at the range of businesses being spun up, 5) almost *all* of them admit to earning extra money while on the job – they are not delusional and realize no one is going to watch over their shoulder 24/7/365 and 6) their social skills are a tad weaker than their peers but you see them improve over the course of year. This one is a trend we picked up over 5 years, as they start out with little confidence and little time to improve. But. In 3 years or so they've gotten to standard skills and it seems to be the last item on the priority list – but still takes up the #3 slot in terms of time preference (money and health being the top 2). Simplistically, each person is following a with different angles: some with the exact idea from our book, others with the real estate hook, some going full start-up and others working even harder than we could imagine to maximize their consulting/services revenue. All of these ideas work, none of them are "right" as long as the end-game worked out

What to Do: similar path to Efficiency

On the opposite side of the spectrum you can see the downward spiral lead to an impossible hole to climb out of: 1) believing that "hard work" can be avoided because they are smart and only need to put in a few hours to succeed. Not realizing that even billionaires worked insane hours in the beginning since it's the "life tax" associated with success, 2) getting involved in a lot of drug/alcohol binges. Reduces the ability to operate the next day, make its hard to meet the right people and on top of all this if they don't have the will power to work long hours, they definitely can't stay off the drugs, 3) not taking advantage of down time, spending this instead on consumption/entertainment, 4) thinking the weekends are always "off days because they deserve them"… when in reality if you put the work in early every day (even weekdays) can become off days when you don't feel like killing yourself and 5) constantly valuing the comfort zone of old friends. This one is probably a common sign, if their friends are all the same people they knew from college – something has gone terribly wrong (2-3 years after entering work force)

What Not to Do:

Updated Changes in The Overall Culture

The high level changes haven't really moved much, what has changed is the way it is reflected in the dating market, social market and preferences. In a rare case we'll talk about dating since it has been fascinating to watch.

Applications are still being used by guys who have their money straight. Naturally this forces them to bat below their "class" since they are a crutch for people with weak social skills. We have no doubt that the comment section will be filled with "it's the same!" but we haven't seen it and have yet to find someone who uses apps that dates "up". The old saying is still true, you never trust a guy who cannot date up as it's a sign for lacking at least one (if not two) of the three items you need to live a fulfilling life.

Dating:

The other fun thing we've noticed is that *some* women have actually caught on to this whole cultural trend. For all the complaining we've seen about women on the internet, a lot of them have actually exited the constant hook up culture in a few sparse areas. You can tell who these women are as they are dating men who are around 5 years or so older than them (sometimes more of course) but from what we've seen, girls who are dating up have intelligently filtered out the constant hook up culture. To be clear here, the hook up culture is still the VAST majority. All we're saying is that we've seen pockets actually figure this whole thing out an realize that they are not getting anything out of it. Generally, they are on the much more attractive side. So to emphasize, career focused women and hook up culture women are still extremely prevalent… We've just noticed a slight change which has actually expanded the pool of decent women (no one should be taking a previous drug and party addict seriously)

The last thing we've noticed is that the pool of younger adult men has become weaker. This is due to the continuing trend of lower high paying jobs and more competition. Many of them are being forced to live at home as well (reduces where they can afford to go out). The "recession generation" those that graduated in the 2005-2008 time frame are generally split apart. So there is a large gap here at this point and they are between 32-37 years old or so (we're adding some wiggle room). If someone is living a good life and they are between these rough ranges they likely survived some terrible economic situations and really were better than most. On the flip side. The guys who got clobbered by the bad economic times are still playing catch up.

Not sure how to phrase this but in terms of the "social market" you see a lot of people who simply gave up on life in general. What we mean by this is that the competition has gone up to get over the "" and every year it just gets harder. So in the social market you can quickly figure out where a person is (socio-economically) by their views on hard work. If someone is in their mid-20s and downplays long hours… chances of crossing them off the list is high. If someone is in their mid-20s and agrees it plays a massive part then they haven't given up on getting over the hump financially.

Social Market: snowball effect

The social market or “social tells” have become so obvious that it hurts. You can almost figure out to the T who someone listens to on Twitter, YouTube, Instagram etc just by their comments. It has gotten to a point where we hear comments and know exactly what tweet/article they are referring to. And. They try to pass it off as original thought even though you are 100% certain it’s just a quote from someone else. Maybe this has always happened and we weren’t as aware. But. It happens almost every single day now. Someone will make a “smart comment” and you sit back and say (in your head of course) “that’s directly from someone else”… smile, nod, agree and move on.

Original thought consolidates which also consolidates the social market. The number of people with original thoughts is on the decline so these people are naturally drawn to one another. In order to recognize original thought, you have to be well read and read between the lines (this person is just someone who memorizes vs. this person is creating new connections). Over time the people who are actually making new observations all end up meeting one another down the line.

This has probably been the most interesting change over the past ~5 years. Preferences have changed quite a bit. Definitely a bigger focus on being physically attractive as a stand-out trait for men as most are out of shape. Definitely a bigger focus on travel. Definitely a bigger focus on “experiences”. While one thing has stayed constant: if a girl can’t experience something it doesn’t exist to her (like the millionaire who eats lentils and rice). The typical person in their 20s is now more interested in the trip to France vs. the expensive handbag. Now if you become rich all these material items come back again since there is nothing to do (boredom, a topic we could cover but really only addresses the rich)

Preferences:

There are several ways to improve your life to generally benefit. You can actually reduce your housing costs without a significant impact to your social life if you are willing to spend more on making your life an “experience”. You can avoid hearing the same thing over and over again by becoming well-read and avoiding people with unoriginal thoughts. You can also look for social tells to quickly filter out people who gave up on the process: 1) asking about effort and reward – to young people – delayed gratification etc. 2) asking about their views on earning money – if it’s “fun” or “annoying” is another big tell, 3) seeing what type of people they hang out with – if it’s the same people from 5-10 years ago it’s usually a horrible sign and 4) the classic tell on if they believe rich people are happy or sad… people who think rich people are unhappy have given up on getting rich and are looking for excuses to never make it.

How to Benefit Off These Trends:

1) we will see continued dispersion between rich and poor, regular theme we have had, 2) in 5-10 years the dating market will actually swing away from hooking up as the generation above them passes down information that it did not work and was detrimental and 3) decline in young population in expensive cities, increasing status signal.

Fun Predictions:

That’s a short summary. Also. We will have a Q&A on Sunday and will actually open it up to social questions for once since we took a lot of notes down on new trends we’ve noticed.
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Updated Life Philosophy

Updated Life Philosophy

We’ve been blogging for a long time (over 5 years is certainly a long time to us). Our beliefs in life have evolved quite a bit so it is probably a good idea to update all of our readers on our latest philosophies. The good news? A lot of the big items remain the same: 1) putting “hard work” up front, 2) avoiding trading time for money, 3) focusing on learning how to navigate relationships and of course 4) the art of getting rich without killing your personality. Those items remain unchanged so lets jump in.

We have to put this phrase in quotes because Hard Work is overrated. People believe this means “long hours”. To us hard work means solving a difficult problem. This is real work because hard work can include digging a ditch with a spoon. Just because it is hard to do does not mean it is an efficient use of your time. That said our original belief remains unchanged. At age 12-24 or so, your life should be full of hard *problem solving* work. This focuses all of your energy on something that will result in the highest ROI.

“Hard Work” First:

This day and age we stick with our standard recommendation since we do not know how smart the reader is. If you want the lowest risk highest probability to become a multi-millionaire, going to a top college and getting a Career is the easiest stepping stone. So nothing has changed from everything outlined in Efficiency. The vast majority of our readers are in their 20s and should follow that path to a T. If someone completes the book and doesn’t have a second source of income within 3-4 years… something has gone horribly wrong. By the time they are in their 30s they will already have a business running and won’t be interested in their Career anymore. Maybe they keep it maybe they don’t but it really won’t be interesting anymore.

At the end of the day, there is no way to convince someone that they are wrong. Time and time again we see the same strategy pay off which is: Smile, Nod and Agree. There is no point in fighting people since they won’t like you after that. Once they don’t like you, they won’t take anything you say very seriously. It is a lose, lose situation. The one good thing about this is we can at least practice forgetting our own Egos. If someone has a Ferrari or makes $10M a year while you’re making $2M a year and drive a Honda Civic… Does it really matter? Of course not.

Feed Egos and Erase Your Own:

Funny enough, once you make it (whatever that means for you financially), you’ll become less “intense” and ego driven. People who need their Egos to be fed typically compare themselves to the next richest guy in the room or city. It just doesn’t make sense to us at all. But. This is how the world operates. We’ve also concluded that this is another “status signal”. In a rare case we’re going to use dating as an example. Generally, women don’t like talking to the “intense guy” who is all about work. This is because someone who has made it already… doesn’t care about work! It took us a long time to finally make this connection but it all clicks once you see it. A rich man is a man who has free time a high income. If someone is constantly working how “rich” can they be? This is a pretty big switch since we always assumed there was no “stepping off the gas”. But. You can absolutely step off the gas if you are able to outsource menial tasks. The numbers go higher even though you’re working less. You’re just more focused on the 2-3 things that matter.

and

Okay, never is a strong statement but we rarely see a negative ROI on either. People ask us what they should spend on when they get rich and the answer is always the same “whatever you like”. That said… We’d argue that your best spending will focus on 1) experiences, 2) time and 3) health. All three of these things rarely lead to buyers remorse.

Spending on Health and Time Never Goes Wrong:

Experiences include anything and everything you wanted to do that does not require a material purchase. This includes everything from travel to learning how to play a musical instrument to extreme sports. Enter anything that is not a recurring cost. The world is an enormous place and you’ll find a million things to do that don't require you to buy a fancy Rolex or Ferrari. While people in their 20s will assume this means hitting the clubs in every single foreign country on the planet (which is fun for sure), it can also include things like African Safari's and Hiking up Mount Everest.

Time is probably the most underrated. Time means services. We'd argue that you're better off hiring someone to clean your house/apartment, do the laundry and potentially cook as well before "upgrading your home". If you upgrade your home and are forced to use your own time to clean and organize… You've actually While you can afford the bigger place, you've lost a ton of money in terms of opportunity cost and quality of life. For some reason, Western Cultures focus more on buying more and more space and shun the idea of buying services. When you get rich (no doubt you will) try the services route first and let us know how it goes! Ironically, the people who jump into high-end cars and big homes typically end up more stressed than they were just a few years ago.

***lost time*.**

Health is significantly more important than money. If you can spend on your health, this is going to give you the best long-term ROI. Invest in the following: Food, Drinks, massage therapy, blood work and routine doctor appointments. All of these things will elongate your life and improve the quality of your life as well. Quality of life is key since being rich and in a wheelchair defeats the purpose of getting rich in the first place. So there you have it… Our three main areas to spend at will are experiences, time and health. It pays off rapidly and the rewards stay with you for a lifetime versus a few years like a nice car or watch.

For some reason, we've found that successful people are able to sustain long-term relationships for 10+ years. This means we are now recommending that people avoid individuals with "short-term" friends. If they were not able to keep a handful of friends over the course of 30-50 years… There is usually a big problem. Having 3-5 long-term friends/relationships shows that the individual was able to correctly pick out the future success stories within his peer group. If you have access to the internet there is a 100% chance that you can find a future successful person who is currently 20-40 years old. We are using big ranges because it erases the excuses from the equation. If you find an older person who does not have a few close relationships of 10+ years… start the Smile, Nod and Agree process.

Long-term Relationships:

For better or worse we wouldn't be surprised to see more inequality in the future. This is in the life philosophy post because it should immediately trigger the "no excuse button". With the internet, the playing field to get rich is essentially leveling out. Yes it is still significantly harder in third world countries. But. If you're in a first world nation you have all the tools needed to be on the "winning side" of widening inequality. We don't really have a big philosophy on inequality since "value" is how money is generated in the first place. The one thing we are excited to see is the growing level of competition. As hierarchies come down (being rich by being born with the right parents), we should see less and less nepotism which is probably a positive. If you end up on the right side of this inequality equation be sure to wake up with a huge smile on your face every single morning.

More Inequality:

Our views on *legal* marriage has not changed at all. We've never been against people having families or having a significant other. We remain 100% against a legal contract that simply increases your taxes puts you in a losing legal proposition. People continue to say we should "man up" on this topic but the facts have not changed. If you need to sign a piece of paper to get the girl to marry you, she didn't love you in the first place. No one really likes this topic since it is not possible to poke holes in it from a logic perspective. Instead the result is more complaints and "emotion".

No Change to Legal Marriage: and

It has been a long journey and we really should change the name of the blog. If anyone gets a good idea let us know. The only reason we haven't changed it is because it makes us laugh every single day. We started a website for the laughs. It ended up growing. We have a pretty large audience and have not ruined our privacy (

Need to Change the Name of the Blog: *thank you for teaching us all the tricks!).* affiliate marketing

We still get complaints that we should give all our books away for free and delete all ads. We just laugh because human psychology doesn't work that way. If we gave something away for free it wouldn't even be read. This was proven way back when we gave away free copies of . We make very little relative to our actual income and the cost of a drink at the club is more than reasonable. It forces us to engage with people who will actually do something with their lives! If we gave away our time entirely for free along with the products, the impact would be *lower*.

Human Psychology Doesn't Change: Mike Cernovich's book

This is probably the main point of the blog. For those that actually spent some time on Wall Street (the real kind), you know that the vast majority of them are insecure, boring dorks (complete with overbearing wives). We have been told this is also true in the corporate law environment. If you're going to get rich and give up your life doing it… Was it really worth it? Probably not. We could all get hit by a bus tomorrow so there is a balance that needs to take place. This website is more of a warning for people who stay on the treadmill as the clock reaches 38, 44, 48 …. years of age. The clock doesn't stop.

Getting Rich and Actually Living:

*****Note, we will answer the first 10 questions related to life philosophy in the comments section. Simply leave your transaction ID in the section and we will remove it and approve the question. First come first serve.*****

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

Efficiency, Get Rich Without Giving Up Your Life**Clicking Here.**
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Updated Pattern Recognition and Social Observations

We try to do this at least once a year where we highlight new trends we're seeing. Naturally, the trends we see will be related to the environment we're in so you'll get a clean glance at things we've been doing lately if you're able to read between the lines. The range is quite wide from the upcoming generation (people in their early 20s) to ultra high-end where we've been lucky enough to hang out with some wealthy people out of our league (hey at least we got entrance to the cheap seats! Always want to be one of the worst people in the room if you want to get better).

We gave away our view of intelligence before, but in this case we're just narrowing it down to ultra rich people. Ultra rich is defined as someone who will be worth \$50M+ or is already worth \$50M+. That is ultra rich by any logical person's definition. We think \$10M is actually doable but when you look at \$50-100M+ it's quite the jump and we've noticed some strange commonalities between the ultra rich.

Ultra Rich People Quirks:

No we are not joking. Please google image search Charlie Munger, Jeff Bezos and Keith Rabois to start. You'll find that in many images one of their eyes tends to close while the other one remains fully open. It's extremely odd and once you see it you'll see it more frequently when hanging out around wealthier people. No we're not saying that people with strange eyes are all "geniuses" we're just highlighting a pattern we've seen occur many times. There are many geniuses with normal eyes and messed up ones. After all, for decades people have assumed that having glasses implied you were smarter. There might be something to this given that we've noticed a strange trend over the past year or so.

Off Eye:

Another interesting one is that a lot of them have either 1) a high pitch, 2) a slight lisp, or 3) an odd repetitive phrasing. The first two are extremely easy to notice, a slightly higher pitch and a slight lisp. This is why cartoon characters of geniuses always have a strange speaking pattern as well (the cartoon Futurama is probably the best example of this). The third one has been picked up, Peter Thiel is a great example and even though his voice sounds relatively normal, he still states "the" two to three times in a row and has a constant "but um" phrase he uses quite frequently. Our best guess is that smart people have to think of a way to "dumb down" what they want to say for a wider audience. To do this they either repeat the same phrase a couple of times or take blatant pauses. Since they don't really care about "appearing smart" since they are already rich, this results in odd speaking styles. For those that are still following the crypto currency space, the people in these arenas have the same issues cited in this paragraph (amped up at least 10x).

High Pitch and Talking Patterns:

We're going through this mental transition as well. Instead of trying to get cash flow numbers up, it eventually goes to a pure focus on ownership. While cash flow is certainly a top priority, the cash flow generated is a by product of ownership. If you own 10 different businesses that all deliver enough value to be profitable, it really doesn't matter what the cash flow number is over a 10-year frame (under the assumption margins remain flat to up consistently). What matters? Making sure you have a large chunk of ownership so you can control the direction of the business/assets. The same concept rings true, you don't want "money" you want "wealth" which is anything that generates money for you without the use of your time.

Focus on Ownership:

If people really believe we talk too "matter of factly"… we recommend they enter into a wealthy environment. When we say "wealthy environment" we don't mean a conference where they fake being happy go lucky and "anyone can make it" type attitude. We mean a closed door situation where everyone is trying to compete and get somewhere. You'll see a much more vicious side to the rich. They will immediately judge your worth with a single glance or 2 minute conversation. Seriously. We thought we were terrible with this type of attitude and what we learned is that we need to step it up dramatically. If someone reads this whole blog we'd say that is the main takeaway we'd write down at this point. You should be able to prove your value in a sentence or less. It is absolutely ruthless out there as everyone wants "attention" from rich people but they don't have time to listen to a life long story.

Very Fast and Judgmental: If your first sentence doesn't prove your worth, you're wasting their time.

This is really for people in their 20s. The number of openings for high paying positions are coming down and this seems to be reflected in the culture in two ways: 1) people no longer interested in having kids – both men and women and 2) significant change in the type of people that go out at night. This one is hard to explain but we'll try. The most attractive women are either going out to the most expensive places or they are giving up entirely and going out a lot more during the day. The number of attractive people you see walking around a park vs just 5-years ago is dramatic. This might be an east coast thing so we're interested in hearing about the general answer here but it's pretty clear. Women are actually taking the time to look nice and go out during the day since they don't want to go to bars/clubs unless they are ultra high-end (which is becoming less economical). Its actually a lot more common to see higher quality women in restaurants and parks than the clubs lately (again exception is ultra high-end and luxury house parties).

Slimming Optionality:

Our best guess is that the college culture has only gotten crazier with everyone hooking up with everyone else. Especially the people in the "upper middle" of attractiveness. The top tier ones (with brains) won't do this but it's pretty easy to imagine a bunch of 7s sleeping around town since they have tons of debt a very little to look forward to. Another one we'd bet on is an increase in general anxiety levels (panic attacks) as a lack of "going somewhere" looms over many people.

On the positive side of the ledger after those two negative observations, the quality of life has gone no where but up. Even low income people have access to fast internet and information if they like. So we're living in the best age in history (platinum age) to get rich… It's just a small number that actually make it. We're going to look into this information at the end of the year. We'd bet the tail distribution of earnings is showing up even for people in their mid-late 20s. Meaning even people who are 5-7 years out of college have incredibly large differences in terms of earnings (heavily skewed distribution).

All of this builds up to a strong pattern we have seen over the last couple of years. People who have high social skills are working less while earning large amount of money while those that have poor social skills are working incredibly long hours all of the time. This makes a lot of sense. Remember, we're only referring to high income people in this paragraph (and blog in general at this point). If you have a high income, you either have lots of fun so you don't care about making 30% more. And. If a person has weak social skills, their entire "self worth" becomes their career/business so they just keep working long hours forever. It is amazing to watch real time at around age 30. This is the easiest time in your life for social skills, energy and money. So if the person cannot have fun with everything working in his favor… he's not going to figure it out and ends up focusing all of his effort on making tons of cash. To make matters worse, the guys who have good social lives and make good money don't want to help these other rich people since they are likely "downers" to any event they would have. If you don't need money there is no reason to ruin your personal life to make a few extra bucks.

Lifestyle Observation:

Again. This is referring to attractive women, not your run of the mill person. They seem to have caught on to this shift in resources/quality of men. So you see the same girls trying to get into the same circles. They avoid the common person like the plague. Can't believe this is being written out in print, but over the last 5-years it appears that high quality good looking women are starting to make changes to their strategies. This is probably due to socioeconomic adjustments more than anything else. And. It could also be dead wrong and we're just benefitting from the move up the ladder.

Women Appear More Aware:

Combining the two prior concepts we're seeing a pretty large increase in insecurity. Men and women appear more and more insecure. This is highlighted by the skyrocketing growth of plastic surgery and the increased number of guys who get "upset" if you buy something expensive. The women probably feel pressure to look better due to Instagram filters and most guys (97% that don't even make it to a million) feel that they should be better than everyone else. Our basic observation (and prediction) is that this will continue for the next five years at minimum. The more attractive women are waking up to the fact that there are smaller high quality options out there (increase plastic surgery to compete) and more guys will talk about "minimalism" since they can't produce due a lack of talent (this also leads to hate against anything material).

Increased Insecurity:

As a bonus, the increased insecurity appears to be spreading into the "mens" section as well. Male grooming is a popular growth area (yes seriously) and we won't be surprised to see this increase in the future as well. If you have no skills/talent and can't make money, then your next best option is to become as attractive as possible to try and somewhat level the playing field (at least until age 40 or so). We're not against this strategy at all (as a temporary fix), it just shows how much has changed in a few short years. To put the bow on this section, if this continues we wouldn't be surprised to see men go through basic surgeries in the future as well (most likely liposuction).

Looking at this section you'd think an increase in "materialism" would result from increased insecurity. The catch? The average person doesn't have money. So the best they can do is a one time change to fix something and appear better looking. We've gone from insecure people buying BMWs/Mercedes to having plastic surgery and budgets for grooming/liposuction. It's essentially the same market just spun in a different direction. After typing that up, should really consider normalizing surgery for men and profiting off referrals. In summary, the new "insecure" spend a lot more money on physical improvements as they are less costly, stand the test of time (usually) and don't come off as materialistic.

Another one we've noticed is that the vast majority of the population is unhappy in the USA. This has actually gotten worse from 2010 (at least it appears that way). In fact, it's so common you can tell what a person thinks of you based on this comment alone. If you have your life together and are thrilled (you should be) anyone who says you're "unhappy negative" is really saying "I don't like you". Since you're a reflection of what they "could have become" as everyone believes they are the best, they have to come up with something negative to say that is intangible.

Increased Unhappiness:

So as a useful social skill test, you can figure out who everyone likes or dislikes within a group by saying "that guy/girl is so happy all the time don't you think". This seems like an innocent comment but their reaction to you will tell you what *they* think, which is the information you were searching for in the first place. If you meet someone new and tell someone else you think he/she is a happy guy/girl, they will now be forced to reveal if they like or dislike the person. It really is that simple these days. Luckily this blog is niche so people won't be using it any time soon. Take it to the end and it makes logical sense as well. Do you have any friends that you think are "always unhappy"? No. Hence why this social trick works so well and has been working so well for us the past 3 years or so.

You can tell a lot about someone simply by the way they dress. In the past, fashion seemed to be more similar. It was not easy to figure out a persons social life by their clothing… Now? It seems to be quite easy. In fact, its so blatant we can even see it in the corporate world. The type of suit a guy wears and the color ties he puts on tell you everything. Hint hint, the guys with nice accessories and a suit that doesn't fit correctly is the standard insecure corporate guy. The guy with everything tailored with the colors matching… that's the guy partying as soon as the day is over.

Severe Change in Fashion:

We read a book on management earlier this year called "No Hard Feelings". Holy smokes. The content wasn't mind blowing but the realization that there can be so many emotions at work. When you're busy outsourcing as much as you can you forget how many people are dealing with office politics day in and day out. "No one quits a bad job, they quit a bad manager" appears to be more true today than it has been in the past 10 years.

Emotions at Work:

As a quick summary, assume that everything you write to anyone who works for you will obsess over every detail from the time you sent it to the number of periods and exclamation points you use. As a repetitive secondary summary, for the love of God, do not hire anyone you do not have to hire. The book really highlights how irrational people are (that was our takeaway). Since the new generation has grown up staring at a computer screen/smartphone all day, they really read into every single detail since they are trained to do this. Photos, word choices, length of message… everything.

The general item to look out for? Expect people to spend more free time with their co-workers. Since people are becoming less family oriented and more focused on their work being their "identity" you should see more of this. This of course goes directly against our advice of assuming your co-workers are not your friends (they aren't). So you're in luck if you found this blog. Your co-workers are going to be busy making friends at work while you're busy building up your own biz and improving paid performance metrics at work (KPIs).

Our next post is going to be on markets/businesses we think will grow over the next several years. The beginning of this post essentially gives away "how we got the ideas" which is just a collection of consensus ideas from ultra rich people. Hopefully this post is of value to someone trying to make the next jump in life since we've given away very clear clues to pick out the winners in any crowd through social tells. (Yes this was also written on a phone, a new strategy while the longer posts will be saved for a laptop)

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Updated Travel, Lifestyle Ideas and Q&A Announcement

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This post is inspired by twitter friend, . The funniest thing about his twitter handle is he "disliked this website" back in 2015 or so and then suddenly is much more positive on it. The conclusion? His life got better. Funny how that works. If your life is getting better and you're making more money, the website becomes more "likable" and the "ideas" become more reasonable. We saw a similar thing happen with Ed Latimore over the past 3 years or so. Unsurprisingly, after he inflected on his earnings the stuff talked about here seemed to resonate a lot more. Essentially the same "energy" is being omitted. The energy of getting better and moving up in life.

Steveonomics

With the introduction out of the way we're going to leave a "SHOCKING" item up front. . Back 5-6 years ago, all the locations were solely focused on partying hard. Unsurprisingly as you get older and richer you change up the venues as the same old "hitting the clubs" gets old. Make no mistake, you can still hit the clubs later in life, but as we mentioned on Twitter there is a transition phase into "restaurants and lounges" and less "bars and clubs". The worst possible transition someone can make is from clubs to bars because their finances are still a disaster and they can't keep up with the club scene anymore.

The places in this article are not 100% for partying

Now before all the hate comes in, we can all but guarantee the new "lifestyle" is a huge upgrade from the constant partying. Some will say "oh many but you must attract *less* girls!"… It's actually the reverse. When you get more money what we're referring to is bringing out a bunch of people to a nice restaurant that you frequent. Essentially, you will be going to places where "regular people" celebrate on a special occasion. That alone should explain the type of spot we're referring to. So as soon as you become a regular there we will promise you the staff and everyone else will suddenly become your friend and introduce other people to you. It's how the… The only downside? It's a little bit less "crazy". Anyone who has gone to the clubs more than 500-1000 times knows how ridiculous it can get. The upside? You never have to worry about some random drunk broke guy who paid $25 cover to get in puking all over your shoes. (second hint, something like this will happen to you later in life triggering the lifestyle adjustment).

snowball begins to roll

Short Destination Update

No matter what. If you're looking to party all four of these cities remain at the top of the heap. Our opinion is to focus on NYC and Miami but all four of them are perfectly fine if you're still looking to go all out. Luckily not much has changed allowing the quick rattle off: Vegas just stay at the Wynn/Encore or the Four

Seasons if you're bringing a girl. New York City, same old move just more concentrated: SoHo, Tribeca, Meatpacking. Miami: Stick with Brickell and parts of South Beach. Los Angeles: As usual there are only really five spots, West Hollywood, Venice, Santa Monica, Beverly Hills and Malibu. All of these are extremely different atmospheres and similar to Miami the best way to go is to be "connected". As usual if you're going somewhere alone with zero friends and no contacts, you're best off in Vegas and New York for the party scene. As a note, this section is entirely dedicated to "livable" cities with a decent life outside of just partying.

NYC, Vegas, Miami and Los Angeles:

As you travel more internationally, you're going to look at different ideas that do not involve partying so we'll give one easy one: Ski Trips / Snowboarding in Canada. Right now there is a good exchange rate for the US to Canadian Dollar. While you'll care less about saving on cost as you ramp up, someone who is "on their way up" is going to find a lot of value here. The high end hotels are essentially 33% off or more. You can honestly get a 5-star hotel for around USD $200 or less due to the current exchange rate. Pretty good deal for a fun week long ski trip. No point in going to places in the USA if you can visit a brand new city and have it cost less. Whistler is naturally one of the most commonly mentioned ones, but there are many of them on both the east and west coast so it doesn't matter where you currently live. It's a short flight and you get to visit the new major cities practically for free.

Foreign Exchange – Ski Trip:

Another strange thing… as you get older you have a higher standard for food. We're not sure if anyone is in that same camp but we'll go ahead and give you the answer: Go to Italy. Of course food is relative and we're giving a strong preference out here, but it has a lot of nice restaurants with high quality food. You can look for them yourself but a few are Combal.Zero and Le Calandre. Even if you're not interested in going to the high end, the "standard" food is higher quality for some unknown reason. You'll walk into bakeries and people will be sipping their espressos over a piece of glass as the pastries are all lined up below. It's a different experience relative to the typical US one where there is a line and very fast *MUCH* lower quality selections. The party scene/nightlife is just okay so bring a date with you if you're going to Italy would be the recommendation.

Interested in Food?

This is hilarious timing (another "coincidence") as steveonomics is apparently moving to the Carolinas. For those in the know there is a very big boating scene out there. So if you're going to stay in the area for a long period of time, we'd suggest getting into the scene. You'll meet a lot of high quality people here (if you can afford a boat you're probably in good shape), and it's the easiest entertainment sell. The clubbing/party scene in the Carolinas is not going to compare to the big four we mentioned up front, but the boating scene can be maximized both for dating and for financial opportunities in that particular area. with a boat in the Carolinas, you'll open up a lot of new doors if that's of interest to you. Of course, there is always Florida for boats, but everyone knows about that one.

Boats: Similar to dressing nice

Before the tomatoes are thrown, Dallas and Chicago are above Philadelphia/New Orleans… But we've noticed a lack of competition in these two "mid sized" cities. Never spent large amounts of time in either of them, but if you've got a week or two to burn and want to do something "different" all four of those will be surprising in different ways. In some cases the city isn't all that pretty but the people are extremely nice and the top competition you'll see is some dude with $90K a year driving a 3-series BMW. That's really the "top of the heap". So. If you're well off and you show up to the second two on the list… it's just going to be easy for you. The other two: Dallas/Chicago are both what we'd call up and coming. They are great for short periods of time. You don't want to be in Chicago during the winter and Dallas has a smaller selection of areas to go out (unless you enjoy driving a ton).

Tier Two US Cities (Dallas, Chicago, Philadelphia, New Orleans):

Oh my god you've changed! You're talking about Hawaii? Well… yes. Here is the reason why you'll probably go to Hawaii. One of the major issues with an event that … you'll likely go through a drug/alcohol problem. We got numerous emails from that post since it resonated with people who actually made it. The same thing happened to them! Unsurprisingly. Unless you were a total nerd the whole time (there are still a lot of those), you'll likely go through a hedonistic phase. Luckily. We've got a solution, take a one week trip to Hawaii. Try to find the quietest part (anything but Honolulu) and spend a week there. No alcohol, no partying, just high quality food and exercise. This will *reset* your dopamine levels. You'll be writing to friends more, texting and emailing more out of pure excitement for your latest achievement. In Hawaii, people move it is almost as if you're on a different planet. If you go from a big city like New York it feels like you've travelled back in time as people move around extremely slowly. Also, there are some cool wild life spots within Maui, Kauai and Oahu. So when you make your first pot of gold, we hope you remember this small paragraph. Don't celebrate your massive win at the clubs for a month straight, do the opposite and book a flight to a slow paced city.

"The Hawaii Trip":sends you into financial independence or more *extremely slow*

So to avoid losing the younger reader base, the same destinations are solid for partying. If you're young hitting cabo/cancun for Spring Break still works. Going to concerts/festivals is still popular as everyone is partying hard. Russia, Colombia, Brazil, and general Eastern Europe are still solid if your sole objective is to find attractive women. If you're on a budget we still recommend going to these destinations as you'll get a glimpse of what it's like to be high up the food chain across the board.

Standard Party Items:

Lifestyle Update

The reality is your lifestyle is going to change. While we used to be adamant about "value" and simply partying hard and never buying "high-end" items, it has significant value as you get older. The guys who are in their mid-20s going to clubs in Gucci clothing are posers because no one who has a large amount of high quality clothing is going into a club solo. Seriously, they are not. This sends the wrong message, that you're trying to buy attention. The real way to leverage the lifestyle update is to have everything line up. Going to a top tier restaurant 2-3x a week in nothing but high quality clothing every time sends a very clear message. You're well off and the clothing is just part of your life .

(the right image)

In a throwback we'll go ahead and do more of a step by step of a new lifestyle on days when you have no real work to do. Lets say you had an event, say you sold a Company or large equity stake in someone else's company. Maybe we know someone who just did this. Maybe… But. That is not the point. The point is that your style of life changes as follows.

You get up at a reasonable hour. Our guess is around 8am. When you're well off you begin waking up earlier even on the "off days" since you're more excited than usual to be alive. This puts you in a good mood in general. So you simply shower get changed and put on some clothing for the high-end gym. Something like the Equinox at minimum or it could be as high as those expensive luxury "clubs". Which path you decide really isn't for us to decide. So you hit the gym for a nice workout.

Wake Up:

After completing your workout, you begin setting up "the day". There is typically a Juice Bar near by or a place to buy a quick protein shake. Either one. Allowing you to message your small group of close friends. Lets be honest. You're probably dating someone and quasi seeing someone at minimum (typically more than one). Set up the usual date for either the afternoon or dinner.

Near the End:

A good way to prepare for a night out is a solid 60-90 minute massage. So you get a nice shower in, get a massage in and you'll feel like a million bucks. Don't really care about the cheap seats saying massages don't work. Professional athletes have them done all the time and anyone who has had them consistently know they loosen you up over time. Unless someone is a training professional athletes and says he never allows them to get massages, we're just not interested in their opinion. Always go where the money is and if the pros are all doing it as part of their health routine, you can imagine that is works. If it was damaging or didn't work, it would be cut out as many millions of dollars are at stake.

Head off to Relax:

There are lots of small ways to occupy the day if it is nice out. You can go out to buy some new items, ties, shoes or even *gasp* books. Essentially you're going to spend your time outside since this increases your social interactions for the day. Dressed up in nice clothing in case you run into someone you want to talk to. If you look terrible it reduces the chances they are going to respond positively.

Out for the Day Time:

During the day you'll be responding to messages from various people. People you're considering working with, your close group of friends, girls and unfortunately the customer service questions that always come up at the worst possible time. Try to push off the customer service ones until Sunday. And. Before it is 3pm you'll already know who you're meeting to go out. Also, in other situations, someone might have come out to meet you during the day to go ahead and buy some stuff and grab a coffee/drink.

If you're actually well off, in less than 1 month every single person in the restaurant is going to know you. It is *not* common for someone to go to a high quality restaurant on a weekly basis so you'll stand out like the Ferrari parked out front (everyone will know you by first name). Here is typically where the "going out" begins. Instead of going to clubs and bars you're either eating and drinking there or heading to a lounge that is also close by. Unsurprisingly, this also includes high-end hotels. High-end hotels typically have a roof top bar or nice lounge within the exact same scene. All set up perfectly for you.

Head off to Eat:

Someone always brings someone. This is just how it works. You'll go out with say 2 people and they'll bring a girl and her friend or her sister or cousin or whatever it is. This *always* happens. It's almost guaranteed. If you're going to a nice place to eat every girl is going to say "oh yeah for sure i'd love to go too!" since they wouldn't turn down a nice place to eat to start the night.

You'll have a list of places you typically go to (not clubs) and you'll bounce around to each one of nigher lounge type areas or roof top bars. This then leads to people splitting up or an eventual move to some person's nice house/condo. Always one of the two. If you're in New York it's 99% of the time going to lead to some sort of split up. Whoever you're with will have the group cut in half within 2 hours at minimum.

Start the Jump Around:

During this bounce around instead of drinking hard alcohol, it's more likely you're drinking wine/champagne and maybe 1 drink of some stronger alcohol (vodka/tequilla/whiskey etc.). Sure there are people who can somehow drink tons of hard alcohol at all times but it becomes less necessary over time. More like 2-3 drinks as the night gets "more ridiculous" as everyone you're with is 6-8 drinks deep.

Never understood why people take pride in staying until last call. The reality is that last call is also a signal for "lower quality people". You should be leaving early for an obvious reason. If it's a slow night then you'll be heading to some person's party/event (not sure why but there is always some "event" every weekend that you'll get invited to). This is unlikely but just like everything in life, some nights will be mediocre so you'll end up at one of these closed off private "events".

Leave Early:

After getting to your spot, you'll have your hangover cures ready to go, just chug them and move on. For those that are unaware, this is typically green juice, chlorella and some pedialyte or coconut water. Essentially looking for greens + electrolytes. The girl is not going to notice at all, or care. When you wake up you'll feel like a million bucks since you didn't drink as much, correctly spaced out your alcohol and re-hydrated before passing out (1:00-4:00am).

Get To Your Spot:

As a few added quick touches, it's a good idea to go ahead and buy a few extra tooth brushes, floss and mouth wash. Just go onto amazon and buy the single use mouthwash packages or the travel sized ones (about 1.2 ounces) along with a case of toothbrushes. This is a good added touch and no one will care, if someone asks just say "Oh… it's easier for travel which is why I buy them".

Mentality Change

The best way to describe the mentality change for people who are actually rich and *not* socially weird is this: no need to be competitive. While you will remain ultra competitive in your work (company or career etc.), the rest of the stuff becomes irrelevant. The majority of "competition" is really just a bunch of guys trying to claim they are "the man". If you really are at the top of the food chain, people simply know. You're not worried if someone isn't interested in you and you're not worried if a girl is interested in some other dude.

To drive the point home it's the same concept as usual. If someone says "trust me i don't lie" then you know for sure they are constantly lying to you. No one who is telling the truth needs to "tell you" they are telling the truth. Similarly, no one who is actually set needs to "tell you" they are better than you. They simply live their life and let everyone else decide. There is no point in trying to convince people and rich people know this. They just live their life and the "implied messages" add up. The guy doesn't seem to be emotional, he doesn't seem to get completely drunk, doesn't seem to care about the money for the drinks, food and black cars. He just seems to be enjoying the night. Anyone out "looking" is not in the same game since they have to take an "active" approach. Much better to sit back relax and only talk to the few people that interest you. If they don't work out (unlikely as they'll realize your a high value person), then you simply move on. Gone are the days spent analyzing and "thinking" of the best way to do something. The new reaction is "wow this person is crazy, i could fix their life with a phone call and they are spending their time trying to complain to me instead. Oh well. Their loss." As always, the classic: Smile, Nod and Agree. You'll be doing it a lot with people you're trying to avoid.

On that note, we'll hold our Q&A on Wednesday March 20, 2019.

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Updated Ways to Protect Your Wealth Over 20 Years

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Time is flying. The S&P is down yet again at roughly 2,200 (yes we realize the exact number is 2,237.40). Putting this in perspective, ten years ago it was at approximately 1,100. No we're not going to use exact figures since that's not the right way to invest over long periods of time. You want to use long-term growth rates, long term returns and think critically about what the market is "pricing in". In short, the market is a lot more attractive in just 4 days. Why? well if you went from 2,529 to 2,237.40 in just 4 trading days? It means you're down 11% in just four days. Think about that. It means you lost 1.5 years of normal gains in just 4 days. So with that we'l explain what is going on and what we're doing now.

At current levels (yes in just 4 days), now the market is what we would consider fairly valued. The market goes up about 7% per year over the long-term and over the last decade we're up around 7-8%. Depending on what day you use, if you include dividends etc. The problem? Markets usually undershoot to the downside meaning that when people start to panic (like now we're starting to see it), the CAGR will usually break down into the 5% range (sometimes less and in extreme cases go to 0% which is a clear buy sign).

Thinking Like a Rational Investor:

Start looking for distressed assets in about a week or two. It really is that simple, we were asked in the last Q&A why we have 3-5 years of income sitting in cash and the answer is clear, commercial real estate. Those apartment complexes will likely be decimated. The renters are out of work, the property is levered up to the gills and fire sales will begin. If someone reading this has been in the real estate market for a long time they know that distressed assets are already popping up. That's how fast the market fell apart. We cannot possibly comprehend how anyone was recommending real estate and stocks back in 2019 but that's a topic for another day.

For the readers who listened to our advice the last 3 years, first of all congrats on your massive gains in gambling and other such ventures we have highlighted. Second of all, you're now in a position of power but you need to act intelligently. If you want to buy stocks remember that we're at EQUAL risk. This means the only people buying now should be people with 20-30 year time frames or longer. If you press us on it, we think it still goes lower but at least we're no longer begging you to avoid buying it (this should make sense to people who have followed our blog for a long time). Instead of pleading for avoidance if you have a long time frame it's not insane to buy small amounts and do the dollar cost averaging strategy.

Readers Who Listened:

Now what do we officially recommend? Instead what you want to do is create asset protection. This means we already know that there will be price inflation again. You cannot buy corporate bonds, mortgage backed securities and even ETFs <— the world has gone mad with that last one… and expect prices to remain the same. The liquidity crunch and massive For those that don't like these finance words (we don't either) below is an explanation in plain english as to why stuff like gold, bitcoin, stocks and bonds are all going down.

printing is going to eventually weaken the dollar.

First: Sudden demand shock with zero revenues. Second: suddenly everyone needs cash to pay for everything – bills, employee costs etc. Third: to pay for all of this they have to sell everything this means stocks, bonds, gold, crypto, art work, cars, their pets etc. Fourth: after selling everything the dollar should strengthen because everyone wants US dollars to pay for stuff so you see this in DXY increasing rapidly in value. Fifth: the government quite literally floods the system by printing US dollars over and over and over again. Sixth (where we are now): the US dollar begins to stabilize and all of that printed money is now floating around. Seventh: now you should see the value of "store of value assets" like gold, crypto, and perhaps even some stocks begin to rise and then.. Eight: after we get through that stage assets begin to slowly go up in value. That last one is why people are now joking that their Lattes will cost $20 and iPhones will cost $20,000 by the end of this decade.

So if we're correct (as usual we may be wrong), we think we're somewhere around point six and seven. So this means you should do what? You should begin slowly spending your cash on store of value assets (gold, crypto etc.) and save a large chunk to pray for a distressed asset sale in about a month. If you followed the blog you probably have 4 years in cash, 4 years in crypto currencies. Everyone is different but years are easier to express the balancing. Over the next few days you want to have 2.5 years in cash, 5.0 years in crypto/gold, 0.5 years in equities. If this is confusing we'll use $100 bill. That $100 bill was in 50/50 crypto cash. Now those specific dollars (the $100 that's likely up 15% or so) needs to be split as follows $31.25 cash, $62.5 crypto/add some gold, $6.25 addition to just the S&P 500. Notice, we're not going to bother telling people how much crypto vs. gold to have because the risk tolerance level is incredibly high.

extremely small

In summary, we are now at "fair value" in our opinion. We do think the market goes down a bit so you can imagine that we're taking the $6.25 example and just chucking it into gold… But the downside is now limited and…. Now you know why all asset prices were falling like a rock. Panic selling to pay bills. Remember. Due to money printing this should reverse which is why we would begin if you have large reserves.

***slowly* reducing total cash balance**

For those that are entirely new. There is practically no chance our advice will be taken but we'll try anyway. Go ahead and check our 8 years of predictions from trump winning the election (we put real $$ on it not just talking about it), S&P advice to dollar cost through 2018 and taking it out in 2019 etc… After that, since we know no one will listen to all of the stuff we highlighted our basic recommendation is take 5-10% of net worth and inflation hedge. Period. No exceptions. This means the following three products: Gold, Crypto and TIPS (Treasury Inflation Protected Securities). You want to have some exposure to all of this stuff because it allows you to avoid hyperinflation potential. When prices begin to move they could move quick so at minimum avoid having all that cash destroyed. If your cash position was 20% (our initial guess) taking it down to 10% and buying inflation hedges can help you avoid a catastrophe.

For Brand New Readers:

Here is the fun part. Life is not about predicting the first derivative (say people go back to work), the game is predicting the third derivative. Most people can think about first and second level problems but the money is made in the third level. This is because it is not priced into the market.

Long-term Issues:

First derivative is people will be shaky. You're not going to suddenly hit the clubs, fly around and stay in crowded areas. This is pretty obvious. So the people who have the means to do this are the wealthy. The wealthy will likely fly less, lock down employees more and avoid being the first one to go back and move around.

The second derivative? This will naturally flow into the real estate market. Those massive commercial properties will have defaults. There is just no way to avoid it. Some areas are going to have big outbreaks and there is almost no way you can suddenly go back to "normal" world wide. Similar to what happened in Italy and China. Maybe we're wrong but that's the way it seems

Therefore we reach the third derivative. If we know that there will be financial distress for at least a period of time. IE. Parts of the economy will clamp up, its means asset sales will occur. During this entire fiasco we have to remember that Oil has also dropped to an incredible $20 a barrel (yes it moved around but it was even below this level for a second). So what does it mean? It means that Nevada and Texas are good places to look for a distressed real estate asset. Remember, this is the "good scenario". We know that this whole pandemic will have real impacts. It is absolutely insane to believe that tomorrow the government can announce "open for business" and everyone operates the exact same way. People with 401Ks cut in half are not going to hit the casinos and clubs. People who saw 40 year olds die are going to reduce business travel if they can. So on and so forth. So you should take the time and look into Texas and Nevada for potential properties in a distressed sale if you have a long-term investment plan.

Now you have our recommendations revised. What a wild month. For those that are not interested in financial markets and how to predict these cycles feel free to close the browser. For those that are interested in the thought process go ahead and read below. As a final note, please don't say we're "whip sawing opinions", when you lose 1.5 years of gains in four trading days that is a DRASTIC change in valuation. So in times of turbulence you have to keep your emotions in check and be ready to take out the machete (commercial property soon in our opinion).

More Technical Overview:

First if you've frozen the economy (which we essentially have), the businesses now need to try and make up for that pain. If you had a month of pain, that's more like a quarter of pain since you cannot reduce your fixed costs. A Company making $1M in revenue with $800K in costs will have a month of $0 in revenue and say $400K in fixed costs. At minimum he just lost 2 months of income (and has to find a way to close the gap). This usually means he's going to run leaner (not hire as quickly) and he will also be a bit more fiscally responsible likely holding more cash.

If that is the case, it means that Companies will likely be less focused on stock buybacks (take the micro example we gave apply it to huge companies). Instead they will take the money and they will start to reduce debt on the balance sheet. Many of these companies had to draw down on lines of credit. This means they had agreements for the ability to borrow $1B, $2B or more. These companies already announced that they are drawing down these credit lines. This means their books now have more debt on them. Therefore, the next quarter (perhaps 2-3 quarters), they will want to pay off excess debt from a rational perspective.

Now that those two steps are understood, apply it to the stock market. Stocks explained for dummies is as follows: some guy is on one computer pressing a green button that says buy. On another computer some guy is pressing a red button that says sell. If we know that companies will at least avoid purchasing shares (the guy with a green button), for at least 3 months or so… It means that the number of people pressing the red button is higher. Some people forget that this is what a market is (just a bunch of people clicking buy and sell). Remember. Up to 50% of buy orders (people clicking the green button) is really just the CEO of the Company slamming that button. If that goes away for 3 months, buyside pressure is certainly depressed for now. This is exactly why we're not yet ready to buy a bunch of stocks and if you want to take 5-10% of monthly cash flow, it's "okay" but not that exciting in our opinion.

Now enter the Fed. We've gone full blown jungle juice retarded when in comes to fiscal policy.

Unlimited QE is something that's beyond incomprehensible. **<— please take the time to watch the full video**

Dollars are flooding the market everywhere at all times. Flooding. So eventually this is going to catch up. See the game here? We know the dollars are going to go into assets at some point and as long as the economy is shut we know dollars will continue to be in massively high demand. In simple terms, the Fed is taking a machine and printing trillions of George Washington paper that you use to pay for food and throwing it out there for free (practically for free). This means those dollars are eventually going to buy stocks, bonds, gold, real estate etc.

Now when this begins to happen (prices go up), you'll see the standard goods and services being to rise. The coffee will no longer be $2.50 from starbucks and move up to $3.00. In an insanely complicated situation, now starbucks has to find a way to pay its employees slightly more so they don't starve while maintaining profitability. Hence, our belief… the unemployment rate will go up no matter what (you can't just pause the economy).

For those that didn't enjoy the above (wasn't a fun read we know)… What is happening is quite simple. The Fed is printing trillions of dollars and trying to give it to people who are losing trillions of dollars. They are losing trillions because the economy is at a standstill and fixed costs like rent, utilities and salaries must be paid.

Now for some more basic non-investing stuff. What you can do now to help everything in your neighborhood is as follows: 1) you want to spend wit your local restaurants still… They will be in severe pain, 2) spend locally for anything else you can afford – small grocery shops, chiropractors, all services – they didn't get the fast revolver loans at 0%, 3) do not surround yourself with older people, you may get infected and we have no idea how anyone can live with themselves if they cause their own mother/father to die, 4) have a very serious conversation with anyone over the age of 55 about remaining as quarantined as possible, walking outside when no one is around in a month isn't going to be a big deal, but going to a MLB game would be incredibly irresponsible and 5) if you are successful please try to keep your employees even though it is a easy reason to lean out. You will have a work force that is much more motivated and they will remember this gesture for the rest of their lives.

Focus on the Micro:

Our simple prediction is we need 7 days of data. We still think it's worse than people think based on the information we're getting from hospitals etc. That said, we're not foolish. Many people live paycheck to paycheck and if we have 40%+ unemployment or something like that, we're better off just living with the virus (mathematically). Our original idea of shutting everything down back in February is no longer possible (virus spread too quickly), so we should look at the death rate and come up with the best solution after that.

Final Predictions:

Best of luck to everyone and be sure to wear face masks when you go outside (at minimum wrap yourself with cloth).

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return

Side note, this has been the first time where we could actually write so much. It has been fun! Thank you to all the readers who have been here for a long time!

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Use Technology or Be Replaced (Also Q&A Announcement)

Use Technology or Be Replaced (Also Q&A Announcement)

Currently around 15-20% of sales are done online (this is a rough metric for retail brick and mortar vs. e-tail). Instead of bothering with the exact metrics the interesting thing isn't the future (likely grows to 25% to 30% etc.). The more important item here is that it used to be 0%. So if you got in early with a basic website selling something high margin (anyone remember ring tones selling for $0.99!), you made a lot. Why? Well to go from 1% to 2% is 100% growth at minimum assuming the entire market is the same size each year ().

hint the total market actually grows

This is one the main reasons why we would not go into a fund raising position at an investment bank, venture capital firm or even private equity. Unless you *already* have relationships, fund raising has changed dramatically over the past 20 years. Back in the year 2000, the idea of fund raising millions of dollars for your video game idea, movie, or tech start up would be a pipe dream. In 2020? This is not only feasible but it is likely cheaper as well.

Less Fund Raising Barriers:

If you can establish a small amount of trust though an online presence and generate content that's either informative, helpful or applicable you'll obtain a decent number of loyal followers. Assuming that these individuals would contribute $100…. you'll see that raising money without giving out large amounts of equity becomes possible.

What is the conclusion here? Try to use these new avenues and you should avoid using the old avenues (tons of costs). Giving away equity, paying large fund raising fees and diluting yourself overall is not a wise decision (long-term). If you continue to operate 10-20 years in the past you're going to lose hundreds of thousands of dollars (even millions) over the course of your life.

If you're not looking to automate every task possible, you're at most risk for automation yourself! Why? Well if you stay on top of automation you should be able to drive higher operating margins, free cash flow yield and revenue/headcount. These are critical metrics as the past was built on "human capital". Human capital drove the belief that managers should be paid a lot more since they have the headache of 1) managing egos, 2) incentivizing the right people and 3) making sure all of these people are doing their jobs correctly. In 2020, these concepts are becoming much more dated.

Automatic, Systematic:

In 2020, you want to drive higher operating margins and sales growth with a limited number of people. The bigger you get the bigger your margins should become unless something has gone wrong. This would have sounded insane back in the year 2000. Back then the belief was that some people were not good generators and were only good people managers. Writing that concept out now just seems laughable at this point.

We now have hundreds of thousands of middle office managers who are adding zero value and soaking up a ton of the OPEX budget. Get with the times and automate away their positions. It sounds ruthless but if you don't do it, your competitor will. Your competitor will then drop prices as well and run you out of town for good.

A simple example is running a budget. Back in the old days an actual person would track receipts and spending per person and flag strange behavior. These jobs paid decent wages even though software can do this much better (for free). Take a basic free software tool like mint and you'll see why it no longer makes any sense. You should code in a specific budget per person, shipment and transaction so that the item cannot go through without approval. Sure there might be a loophole or two that you miss, but you'll catch them over time as you review all expenses per person in a line-by-line statement. Why do things the old way when it costs more in time, money and resources? Doesn't make any sense at all.

If the 2016 election taught us anything it is that social media is the new media. It's strange that many people did not realize that was the official passing of the torch to social media (internet based). Social media is designed to be addictive, fast and easy to track. You even have main stream media outlets relying on social media to simply come up with content for their shows.

Social Media/Marketing Budgets:

Again you're either going to use this to your advantage or you're going to be used by it. From what we've seen over the past 10 years? There are really two types of people. 1) a person who uses it to make money and 2) a person who uses it to consume. You can guess which one makes more money over the long-term. With a simple Facebook/Instagram page and a few hundred dollars in ad spending… you've got enough eye balls to begin attracting attention if you flag your new business to all of the contacts in your cellphone as well.

You're going to learn about marketing at some point. Even established companies like Coca Cola are consistently spending money on marketing. Practically everyone in the world knows the brand. And. They spend to make sure they are always on top. Staying on top requires looking at new avenues and not knowing how to use social media if you're a young company is a death sentence at this point. ()

We'll delete all the exception to the rule stories from the comments section as they continue to miss the point and will fail long term by copying the rare exception

Assuming you're good at learning by yourself, there is practically no task you cannot learn. Back in the year 2000 people said things like "it's easier for kids to learn languages so you shouldn't try after age 20". Something along these lines. Those mental barriers are now broken as you can easily obtain all content in a foreign language to practice your skills and you can get online classes for cheap (sometimes free).

Research Tools:

It doesn't stop there, it includes coding, math, science, health, athletics, gardening, construction, knitting…. the list is endless. Since the internet is cheap, most people will use it for entertainment, consuming things like porn and TikTok videos. The average person cannot understand how learning is fun and they cannot comprehend enjoying the process of expanding your skill set. At this point, we're actually bored when we sit in front of a screen to watch something. The only reason for it? As you age your energy levels do come down so you're forced to consume a bit more than when you were 21. At age 21 you could be in full production mode 24/7/365. At age 50 or so, that's just not feasible as your body is not going to be able to lift and sprint for 4 hours a day like it could at age 21.

It would be crazy to look locally when building any internet/e-commerce type business anymore. Prices fluctuate wildly across geographies and the quality is easy to test and control. You should take advantage of this when looking for any task from design to virtual assistants. In fact, if you hire locally the chances of failure is higher since you've decreased your candidate selection to a tiny population sample. Come up with basic tasks to mimic the job, that's the "interview" and then decide from there.

Use Technology to Connect:

In addition to connecting, you should be able to monitor a lot easier. Since we're entering into a world where KPIs can validate results of almost any industry, you want to steer clear from hiring into non-performance tasks. If you can't validate the value, it is best to avoid especially if you're starting something new. Sales is the most obvious as you track conversions and decide who is good and who is bad. If you have basic tasks that need to be done you run a simulation of the tasks and see who can do the most with the least number of errors. If you're hiring someone based on skills that can't be tracked, you should probably curb that hire/outsourcing task for now. Over time, positions that cannot be tracked become popularity contests that are unprofitable.

At this point, you should be familiar with basic concepts like photoshop and CGI. If you really want to drive down costs, increase margins, increase profits and push out your competition, you must test new technology. This means you can replace your paid photos with digital ones since they look near-human at this point (). You should certainly cat-fish as an attractive woman for all of your customer service emails and you should certainly use machine learning to target your audience.

Implement Advanced Technology: *hint: there are ways to get this to work where no one can tell the person is entirely fake/a bot*

If any of those items seem new/confusing that is not a good sign. It is a bad sign because it means you don't have anything that will allow you to scale a bit faster than your competition. Remember. Anyone in the industry is already bogged down by putting out other fires (customer service, old technology breaking etc.). The one benefit of being new and young is you can make a lot more mistakes without suffering a serious penalty. By the time you figure out how to optimize it, the 200-400 people you annoyed with poor photos/design won't even remember being on your e-commerce website.

This is the cold hard truth at this time. Every single manager wants to improve operating margins without impacting sales. They are constantly looking for ways to reduce costs without any impact to top-line sales. This means you should operate in the same manner. On a weekly basis (at minimum) you should ask yourself if any of the tasks you did that week can be automated. If it can… or you think it can… you have a new weekend project.

Replace or Be Replaced:

People laugh at this idea and these same people are shocked when their entire business/income stream is automated. By consistently looking for ways to replace current tasks, you are able to save 10-15 minutes per week every week. This sounds like nothing until you realize it results in 50+ hours saved per year (over 5 full standard working days per year). You fill those free hours with new tasks and iterate over and over and over again.

If you want a simple example just look at Amazon Go. Everyone thought self check-out was an insane innovation to save time. Amazon said "F that" we're going for the jugular. Now in certain cities you have full automatic shopping. Scan in pick up things and leave. If you place something back on the shelves it automatically takes it off your bill. That's real innovation. You've now saved 5-15 minutes or so per person. People waiting around in lines and paying for goods.

If you want a sure fire way to lose everything, hang out with people who constantly talk about the good old days. Talk to people who believe that tech won't work and talk to people who refuse to adapt. You'll feel smart hanging out on the Titanic for a couple weeks but when the iceberg comes the party ends abruptly. As they say money is made slowly and lost all at once. From this you can see we're positive on the use of tech for 1) ads, 2) fund raising, 3) machine learning, 4) displacing repetitive tasks with code and 5) advanced visualization functions. As usual we could be wrong. That said, we wouldn't bet against these five and would continue to monitor them to reduce all of your costs and improve sales/profit margins.

Conclusion – Don't Bet Against Tech:

Next Q&A will be on Friday July 24.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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Using Art to Make Decisions With a 100% Success Rate

Using Art to Make Decisions With a 100% Success Rate

While it is likely one of our competitive advantages, we realized that no one will follow this advice so we'll give it away for free. If you're having a hard time making a decision, personal, financial or otherwise you can utilize art to give you an edge. It sounds crazy but we've used it several times and it has not failed us once. 100% success rate. All you have to do is enter a large museum or art exhibit for a day. With that backdrop, we have no doubt that this will be an unpopular post, fading into the archives along with some of our other content.

For once you can interact with the masses (joke, you're going to do this alone). You'll want to find a very large museum with multiple levels. Ideally, the museum will also have various types of art (Body Art, Ceramics, Computer Art, Ceramic Art, Modern Art, Sculptures) with various materials as well (oils, paint, glass etc.). This will give you a wide range of items to view and create a consistency.

Step 1 – Large Museum/Exhibit:

Most people go into exhibits and swarm the popular items to take photos. This is not how you're going to operate. You'll put all electronics away and . This type of focus is going to be entirely on the present. Stand approximately 10 feet away from the first exhibit and stare at it intensely. This will unlikely be one of interest to you but you're doing it to focus entirely on exhibits. You will know that you're zoned in once you can hear people walking around but have no idea what anyone is saying.

Step 2 – Put the Camera Away and Focus: create a different type of focus

Take the speed at which you walk and decrease this by about 50%. Make sure the distance between you and the exhibit remains around 10 feet (don't focus on keeping the exact distance at 10 feet we are simply creating a rough framework). Walking by each exhibit slowly you'll stare with a blank expression as you walk by each exhibit. In addition, by moving quite slowly you'll give each item a chance to capture your attention. When it does stop.

Step 3 – Walk Slowly: Remember, this entire process you're thinking only about exhibits and focused on walking no other thoughts (a blank mind)

There is no need to read the explanation of the art that is usually placed next to the exhibit (for now). Instead stare at the exhibit and see where your eyes wander. Take some mental notes on what is most interesting to you. Maybe you're being drawn to photos of war, paintings of nature, specific sculptures etc. If this is your first attempt it is perfectly fine to scribble something on a note pad. The key is to find the consistency in *what* is drawing your attention. You'll end up spending at least 5 minutes staring at the same exhibit, otherwise it didn't capture your attention enough.

Step 4 – Stop and Stare:

Do not miss a single one. This will take time but you're only in the museum to make a decision because you're surprisingly unsure about what to do. By the time you've seen every single exhibit you'll have a small list of items that caught your attention. Typically, we've found that approximately five of them will be interesting (it may be different for you). On your return visit you can take out your cell phone and 1) take a quick photo, 2) take a quick photo of the artist and the description and 3) quickly read the description. You're done now.

Step 5 – See Every Single Exhibit and Go Back:

Now you have everything you need to make a decision. We suggest getting into a positive state of mind, think of a recent positive event, and begin the review process: 1) find out if it is a specific type of material that you were drawn to – paint, pencil, ceramic etc., 2) figure out if the artist is the same – you'll be surprised sometimes it is, 3) decide if the scenery is the same – war, nature etc. and 4) see if the descriptions have a specific overlap in symbolism.

Step 6 – Find the Consistency:

Here is the part where we'll lose everyone (hence the example piece below so you'll see we're not psychotic). The reality is that . It could be anything. Art is nothing more than access to the back of your mind. The item that you consistently find is your answer. If you're constantly drawn to sculptures of battle (war) it probably means the answer is keep fighting down the path you're on. If you're stuck between two choices and you are drawn to photos of the ocean, it probably means you're better off taking the more risky choice. If you're drawn to exhibits of torture and pain, it likely means the life path you're going down is not for you. So on and so forth.

Step 7 – Analyze and Make Your Decision: you're constantly thinking about your problem in the back of your mindIn short you're using art to help develop your gut instincts.

Art Interpretation

Now that the vast majority of you think we're insane at this point (by the way we're fine with that), we'll go ahead and use our twitter account as an example. Here's our favorite all time photo with our own description "The enormous competitive advantage of being born poor vs. middle class in a single photo".

IMG_5574

1) "The Flower that blooms in adversity is the most rare and beautiful of all…. You don't meet a girl like that every dynasty", 2) "The lesson of appreciation", 3) "The rich girl is bored with the abundance of flowers surrounding her. The poor girl appreciates the one flower", 4) our favorite response so far; 5) "It's assuming that the one who worked hard to grow all the flowers does not appreciate them or share"; 6) our second favorite response; 7) "Poverty is the best education"; 8) "Abundance vs. Scarcity Mindset"; 9)

Positive Responses: "The rich girl has grown bored of her decadence while the poor girl feels inspired and hungry to achieve greatness. I'll take that any day" "Golly… Being poor at the beginning is Gospel. Be prepared for success by being prepared for poverty until you figure it out. Period."

1) "For children, yes. But for adults with responsibilities, the reality is the opposite. The picture is comforting for child-minded adults", 2) "rich girl will eye for that one flower though having in abundance", 3) "I would guess that the flowers are the millions of deadbeats that the middle class has to takeover while the poor woman has 1 herself?", 4) "Middle class have hedges and rose gardens?", 5) "So middle Class is 1% now?", 6) "Except there is no middle class"

Negative Responses:

1) "Do the flowers represent resources available to the individual", 2) "Photo?…Illustration… Reminds me of Guy Billout's work… But his work made a heck of a lot more sense", 3) "It's assuming that the one who worked hard to grow all the flowers does not appreciate them or share, 4) "This would make sense if the flowers represent food but then it doesn't… hmm", 5) "Looks like; 'I beg your pardon, I never promised you a rose garden' AND 'rose ceremony' rolled up as one", 5) "the point is that the poor can more appreciate the small things in life but idk why a middle class woman has a million flowers", 6) "I was thinking the one person was happy with what she had the other person was unhappy at what they missed", 7) "Our joys can easily turn into sorrows, if taken to excess", 8) "Keep it Simple Stupid"; 9) "The flowers represent opportunities; the poor having little zealously grab any they can get & run with it, while the middle class are always looking for the next best thing"; 10) "Blondes actually don't have more fun".

Neutral Responses:

There is nothing wrong with any of the responses since it's a simple picture and people will interpret the art as they will. The part we'd highlight is that the positive responses mainly came from people who are fans of the content (twitter/blog etc.), not surprising! If you can use art to find people who will view the world in a similar way as you that's called a "coincidental connection" (something we don't believe in). If it can be used to interpret a person's mood at any given time, it can certainly be used on yourself.

Art can be used as a tool to see how someone else feels at the moment.

There is no way to check this but we'd wager that those who viewed the photo positively were feeling good at the moment. If you started from nothing and made it that photo will likely make you feel better versus worse. You'll recall your first win, your first success and your first step in the right direction. If someone started from nothing and made it there is practically no way they could view that photo negatively. If they are rich and happy today they won't view the flowers side of the fence as a negative.

Positive Responses Mood:

Likely unhappy. Trying to spin it as a negative likely means their mood is not good. It could be temporary or it could be permanent. We don't know. All we know is that the negativity should be avoided so we don't respond and move on. No point in making enemies since they will likely be in a better mood tomorrow (hence why we don't respond to negativity and delete all negative comments from the blog).

Negative Responses:

Now that all of you believe we're crazy, lets see if someone is currently trying to make a decision. Lets see if someone actually tries it and reports back (we doubt it but it would be interesting indeed). On that note, back to stacking chips and our next post will go back to business as usual. Outlining ways to get money and avoid .

Conclusion: burning valuable time
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View on Wealth and Why We Don't Need to Check Prices

View on Wealth and Why We Don't Need to Check Prices

In bull markets, like what we're seeing today, a lot of people feel wealthier. They look at their portfolios and realize they are up say 20-30% and believe they are "way ahead'. Unfortunately, this may or may not be true in terms of their actual wealth. Why? Well wealth is relative to the people around you… it is not a dollar number. Dollar numbers are only useful for a snapshot, I.E a millionaire in 1960 was definitely wealthy and a millionaire today, is not in the same net worth bracket (not even close). In addition to that, wealth has absolutely nothing to do with your annual earnings. If you make $500K a year or $100K a year and both people save nothing… They are both poor. So we can take a look at this on a deeper level and help explain why we aren't investing aggressively this year or in 2019.

As stated above, wealth simply means Ownership of assets that generate cash flow or go up in value over the long-term. So a person with $1,000,000 in stocks is certainly doing well and that same person in 1960 would be elite due to inflation.

Wealth is Relative: *"You own more than the average person".*

Understanding that wealth is relative is quite difficult for your average person. The average person doesn't save much and their only view of wealth is based on what they see and feel. So if a person is spending $20,000 a month they are "rich" even if you find out that they only make $20,500 a month.

That is the easiest way to explain wealth creation. If there are 100 people in the room and your net worth goes up 10% while the other 99 saw an increase of 15% you're actually poorer in terms of wealth. We're not saying your life is getting worse (since the world generally gets better every single year for all socio-economic groups), we're simply referring to your level of wealth.

The only way to get wealthier is to increase your net worth at a faster rate than the average person.

Once we see that the above is true, the second rule you need to follow is that the only way to gain wealth is through investing. If inflation is 2% it means your relative wealth goes down every single year since you're generating a 0% return. I.E. it doesn't make any sense to hold cash unless you believe 1) valuations come down in the near future or 2) you need the money for some sort of payment (emergency money and to pay bills). A high cash position over the course of say 15 years, will result in a significant reduction in wealth.

Tough to Get Richer Without Becoming an Owner:

Investing is just a fancy word for becoming an owner in something. If you're not the owner of something it means you must consistently earn more than the average increase in net income of the S&P 500. We're keeping it simple with that example. While this is not difficult when you're young and earnings go up 20% in many cases, it gets significantly harder when you may have down years or flat compensation for several years in a row. Our best guess is that this is the main reason for low savings rates in the USA. The majority of people see incomes go up from age 20-40 and believe this will "always continue". Which then results in disappointment as it's certainly difficult to get a 20-30% raise when you're making multiple six-figures for any particular company.

Even if you don't want to become an entrepreneur and start your own business, you still need to put the vast majority of your money into ownership of assets (real estate or stocks for example) in order to maintain or gain relative to the population. It's simply how wealth and money works.

Now that we've mathematically proven you can't get ahead without being an owner unless you grow your net worth faster than the S&P 500… Why are we going into cash/crypto instead of equities… Well same old basic probabilities. Starting with the economic cycle.

The reason why we see consistent economic cycles is quite simple: 1) wage growth unlikely grows at the same rate as earnings for a Company, 2) as this occurs the value of the Company grows – say net income growth of 10% vs. expense growth of around 2-5%, 3) the Company hires more but eventually they cannot generate good returns with new employees – profits stop growing and may decline as they over hire and 4) as that happens, the cost of doing business usually goes up, creditors ask for payments.

Basic Economic Cycles:

The economic cycle is well known, but the concept of companies outgrowing wages seems to be lost on many people. No one asks the obvious question… The answer is they wouldn't. So unless the company is going to profit from a particular hire they are not going to pick them up which then makes it natural for net income to outgrow wages over the long term. Eventually, you can't really squeeze additional productivity out of the low performing individuals.

Why would a Company hire someone if they are not going to generate an economic return?

That brings us to today. Unless someone wants to make the argument that economic cycles are "done forever" and we're going to experience forever growth, we have to acknowledge that S&P returns are not independent events. If you've seen an increase for 10 years in a row, the chances of the next year continuing to grow at the same rate is unlikely. Roughly speaking, if you invested starting in 2009 (after the draw down but not the exact bottom) and stopped investing at the end of 2018 the S&P 500 has compounded by about .Think this through a bit, if we add the latest bull run (2019) the total would be around compounding (remember you didn't have to add, you simply had to hold).

11.5%12.3%

Since we know that long-term stock price returns are around 7-8% it means you're increasing at a rate that is 50% higher than the entire history of the stock market. This is absolutely fantastic if you already bought and not that great if you're looking to add since over the course of 30-years the average compounding should be closer to 7-8% not 12%… Only way to go to 7-8% over 30 years is to have returns that are by definition lower than 12%.

A final item we'd add is the assumption that economic cycles are normal and we're not experiencing independent events. The debt cycle is normal in our opinion, you increase loans, they result in bigger output than the rate, eventually no one can find a good source of returns, debt market tightens up, leads to recession… so on and so forth. Since we're now in our 12 year of expansion (keep it simple and say 2008 to 2020), that would mean the chances of next year being up is around 28% (90% to the exponent of 12).

th*Note: to all the real stats people out there we know this is definitely not the best way to explain it, the math is just used since its easy to confirm and helps explain the next point below.*

Building off of this same assumption (economic cycles are normal) it means that the expected payoff of each year invested in the S&P 500 declines during a bull run. If the average bull run is around 10 years (it's less but keep it simple) it means that each year should be up around 9-11% with a drawdown year, followed by another 10 years of upside. Since we know the chances of a bull market running for 20 years is significantly lower than a bull market running for 5 years, we should just take an expected value on the returns. If we use 28% it means that investing now is going to generate around 2.8% (assume 10% returns). Again this is simple but the point should be clear now.

The high-level explanation above should trigger an understanding of why diversification is so powerful. If the stock market pulls down this means other assets may go up in value (gold, bitcoin etc.). So? You actually want to be wealthy in all investment categories! Surprise, surprise, if money is going away from one asset class it has to go somewhere else.

What Does This Have to Do With Wealth:

Take a look at your options: 1) stocks, 2) bonds, 3) real estate, 4) crypto and 5) forced appreciation by investing cash in your own products/business/life.

At this point, we feel that we've got enough money in the first three categories. If the stock market continues to boom and you have 7-figures in there already, you're not really getting richer by adding another $50,000 for example. Similarly, if you have two rental properties worth $500,000, by adding a third one worth $300,000… Nothing really happens since the other two will step function up if the market booms. So you're left with only two options… asymmetric bets (speculative crypto assets) and your own forced appreciation which can generate returns higher than 10% without the risk of drawdowns.

"House Rich", "Paper Profits", "Crypto Rich", "Illiquid Stock". You've seen all of these phrases before. The goal? You want to be rich in terms of all of these categories!

Being rich in just one category and poor in another creates "wealth transfer" risk. In the situation where stock funds flow into crypto, you'd be absolutely burned if you had $0 in crypto. Similarly, if you had all your money in crypto, the government clamps down and you can't sell, you're instantly broke. Both are ugly. You see them all the time (WeWork, crypto bust in 2017 and more).

If we can agree that the expected returns of traditional assets is actually lower now (given a 12 year bull market), it means the ownership you want to pick up should be in assets that don't have clear winners yet. Crypto and your own ideas are very clear examples of this. Mathematically, using bitcoin as an example, there are only 10M real coins (large chunk sold and large chunk held by early investors for 5-10+ years). Assuming the long-term value is equal to gold (a few trillion or $150,000 per coin) or ~17x return, you'd have to believe the chances of this being unsuccessful is less than a fraction of a percent (around 0.15%). Since we think the chances of crypto being successful is a lot higher than 0.15% it makes it an investable asset from a risk reward perspective.

To wrap this all up, if stocks suddenly came down 40% and we hit a recession, it would likely make the crypto space less investable. Why? Well the implies return of the S&P would be near 10% again and we'd have to redo the risk reward profile across all of the asset classes.

As a final note, for those that really believe new classes like crypto are worth nothing… that's going to be a painful experience. The chances of a new technology being worth nothing after a decade is practically zero since it is usually legacy technologies that suddenly go the way of the dinosaur (fax machines). Your probability of it going to zero may be higher than ours, but we really doubt anyone can put a number under 0.15% in many cases.

By thinking in terms of probabilities and implied returns we can see what type of real risk you're taking with every single investment. Also. This prevents you from ever becoming "poor" again. This caused a ton of turmoil on our Twitter as we laughed at people who have a grand total of 1 Bitcoin being emotionally moved by the price. If one coin causes emotional volatility the chances they sell when it hits $15,000 or $20,000 is a lot higher and it also means they miss the point on what diversification and wealth really is. Wealth is about maintaining ownership of various assets on a relative basis to the group. It has nothing to do with the price.

How This Keeps You Wealthy: *If you are a large owner in every asset class wealth shift doesn't hurt you at all.Price means nothing since it's purchasing power that matters.*

While the poor (or eventual poor) focus on trading around, you should be focused on constant accumulation. If you're consistently accumulating assets/wealth, it isn't possible to fall behind over the long term.

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Wall Street and Fashion – Don't Break the Bank

Wall Street and Fashion – Don't Break the Bank

One of our writers was recently pinged regarding "fitting in" and fashion. This is a topic we love. In fact, the answer is already in the quotes. and stay in shape. This is the best way to avoid being hated on at work and fitting in while not standing out as the "poor guy" in the office. You need a wardrobe that costs significantly less than everyone else and a nice body as well.

Get clothes that fit

Upper body looks:

Shirts are relatively more difficult as sizes are made for extremely poorly proportioned men, however below are the three key points.

- This is the example you want to look at. The 1 is pointing to the tighter fit around the armpits and chest area as it exudes a man with a "V-taper". Effectively you want to emphasize the chest up and appear to be wider than normal. This is also done from the back. You'll be doing a lot of lat pull downs, wide grip pull ups and incline dumbbell flies to get the taper.
- This is a photo of bad fit and "okay" coloration. Notice how the shirt is not hugging Mr. Trump's arm. Instead it looks like his vest is a parachute and his T-shirt was made for someone with arms twice his size. Another minus point as his vest/parachute should end right where his shoulder begins to leave the socket.
- This is "Okay fit" and bad coloration. Take your hand and place it over the face of Daniel Craig. Without knowing it is him you can still tell that the guy has a V-taper. Now take your hand and place it over the face of person #3… you can't tell if he has a good body. The shoulders of Craig are up and parallel, for person #3 the shirt is slightly baggy in the arms and incredibly loose around his chest. On top of all this he is wearing another neutral color for pants. Bad style. He should replace the tan with grey, black or dark blue.

With the basics out of the way we recommend shirts as follows.

Shirts:

- Buy 6 pocket-less shirts in thrift stores and find cheap brands such as Van Heusen and Uniqlo to buy up the rest.

No pockets:

- Wear shirts that are not see through. The best way is to try all of your clothes on shirtless and simply make sure it does not look cheap.

Material:

- If you find a brand that fits your chest and waist perfectly but the arms do not, go and get the arms taken in $10-20.

Tailor:

Each shirt should not cost more than $30-40 on average all in.Over time get 12 of them. No more no less is needed. The real key here is not blowing any cash on things your "super cool co-workers" can't notice. They are not smart enough to know the difference between a Brooks Brothers (bad quality by the way) and a tailored no-name brand. Most people in finance have a fashion sense that ends with "the pocket-less shirt"

$500 all-in.

** Note:Make sure to avoid extensive tailoring, for every man there is a brand that will fit his chest and arms, waist and arms or arms and chest… so stick with a single type of tailoring.*

Lower Body Looks:

Overall pants are easier to get fit in one area, the top or bottom, resort to a tailor for one part and you should be good to go on $50-60 per pair of slacks, no more than 6 are needed.

$350 all-in.

Pants:

- Simply make the pants come in close to your ankles. You don't want a parachute pant leg coming down where it looks flimsy or rap-star thug style.
- Make sure your pockets do not protrude when you stand up. If your pockets do not look like they are being squeezed a bit together they are fitting just about right.

Finally the last items… belts and shoes.

For belts… simply get something cheap that matches your shoes. That simple. Avoid brand names and if you work for an extremely d-bag centric group, find a way to get fake ones. If they try to really inspect your belt they might just be a switch hitter so I wouldn't worry about that ever happening. $30-40 for a decent belt… only need 3.

$120 all-in.

For shoes… the truth is you need high quality ones. Why? They last longer on an economic basis and are the most obvious feature when you walk into meetings beyond your shirts. We recommend spending $250 per pair of shoes… start with two and you need maybe 3 max. Just like belts.

$750 all in.

Important Key Notes for Shoes:

- . Get them off Amazon for $15 bucks a pop for your shoe size.

Get Shoe Trees

- Get heel plates from your local shoe shiner. They cost $8 and make the heel of your shoe last many months longer
- Get regular shoe shines. These will make your $250 purchase last for 5+ years. You can wear quality shoes for many years if they are well taken care of.

To have a solid business casual outfit selection all-in you're looking at This isn't that bad at all and it will last many years. The trick is to make sure you buy quality items, keep them in shape and avoid a constant wardrobe change. The impact you want is this – be slightly above the rest in terms of stylish looks and .

Conclusion: $1720 and $30 a month of maintenance. people will have a difficult time knocking on your clothes if you look better than them

One glaring omission here that This will be a separate post in the future, however for now stick with Black, Navy Blue and a Grey . That's all. Get one suit custom for real meetings and the other suits are not of great importance, show up to work slightly early hang up the suit jacket and it will become increasingly difficult for people to know you only own a few suits. For ties keep it simple, take note of the patterns people wear around the office and simply find the exact same patterns from a cheaper outlet. At the end of the day, this post focused more on exuding a presence and fit because

we did not include is suits.(three tops max)no one cares if you have Ferragamo loafers if you can't see them over your expanding waist line.
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Wall Street Dating Economics

Wall Street Dating Economics

Unfortunately, you're going to spend the majority of your time staring at a computer screen, working excruciatingly hard and you will have minimal time to really have a social life. So what's the most efficient way to remain sane? The answer, after too much money wasted over the years, is to run a cost-benefit analysis on your pick-ups. In short, .

shoot for one night stands, alcohol only meet-ups and only use dates for girls in the 18-21 range that you would allow in your rotation

This one is the fastest and most economical as your entire cost should tally to around $40-100. . Cheap. At this venue you can shoot for anyone you find attractive and collect phone numbers while filling up your "drink meet up" pipeline. There is no reason to take them out on real dates since you already know they drink alcohol.

One Night Stands: Such as this one

Notably, when you go out at night do a quick venue adjustment to your wardrobe. If you know it's a hipster/dive bar scene, stick with v-necks and well fitted jeans. If it's in an upper scale scene you'll suit up and dress a notch above everyone wearing rolled up long-sleeve shirts and 7 for all mankind jeans. Your goal is to stand out just a little bit from the crowd so you're viewed as interesting.

This can get slightly more expensive as you want to move to different venues a few times to keep the fun exciting "everything happens in the moment" vibe going. We'll peg this at ~$100. Since the goal is to continue drinking and dancing as much as possible. The recommended approach is as follows.

Drink Dates:

- Drink venue, one cocktail each and maybe some small appetizer
- Venue change to dance floor/lounge area (much closer to your apartment)
- Feel the mood change as it hit's the peak, make intentions clear on dance floor
- Grab shots and leave to your apartment which happens to be ~5 minutes away
- $30 for initial drinks, $15 cab ride, $20 entry to venue, $25 more drinks, $10 cab

Since every player will go through a you're going to run into a few girls worth keeping around during those periods. In that case, you'll quickly realize While there are always exceptions to the rule this is a great guideline to have until your game is on lock 24/7/365. To drive the point home, take a look at how quickly expectations rise within a large city as a girl ages.

"Real Dates": dry spell,American women 25+ years old have priced themselves out of the market!

Expectations by Age

Calculating out a 3 day max date to close for your average player, you find that 21 year olds cap you out in terms of willingness to spend money on a date as the graph below depicts. Basically, as soon as her environment changes, surrounded by tons of guys willing to pay $250+ just to go on a date, her expectations start to skyrocket. In addition, since she's going to be in your rotation, a weekly or bi-weekly date is going to be next to inevitable.

Before the gripes come in about not needing that much for dates, this analysis assumes you live in a large metropolis where cash is abundant… ie. You should be living in an expensive area because you're trying to stack cash. Inevitably, she'll be getting hit on all day by guys trying to buy her affection which has an adverse impact on your bottom-line as well. Bastards.

If you're in the game long-term… The game of life that is, you want to acquire additional capital on a y/y basis (revenue/investment returns) and increase your net income margin (operating margin expansion). Funny enough, running your life like an actual business is not a bad operating model in the US, you just need to take a step back and realize why your expenses continue to climb, it is usually due to expectations. Keep your expenses flat and one day You'll be living in an area where expectations cap out well below the watermark.

Conclusion: you won't even need to compete in this hockey stick expense growth environment.
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Wall Street: Past Present and Future

Wall Street: Past Present and Future

We haven't done a major Wall Street post in a while for a reason: not much has changed. In fact, we went through all of our recruiting advice, , resume advice and posts that talk about each industry… nothing has changed except the valuation multiples since the stock market has continued to work higher. Is this good or bad news? It's neither, but good news for us since we don't have to change anything. The posts we put upin the past are as close to "evergreen" as it gets since the industry hasn't changed at all. Also, people continue to waste their time buying modeling courses, debating online about $10K bonus differences and which bank is the "best". In short, nothing meaningful has changed at all. For fun we'll go ahead and highlight all the items to be aware of and unsurprisingly you'll see why we're glad we left.

interview advice

In the past we gave the following advice: 1) go to M&A, 2) worry more about getting promoted than getting the most prestigious bank – ie. better to be a VP at Citigroup than a career Associate at Morgan Stanley, 3) worry more about getting the right job experience when compared to a 4.0 GPA – this means a 3.5 GPA and legitimate experience kills a 4.0 GPA and no experience, 4) don't go into secularly declining industries like retail, focus on good areas such as Technology and Bio-tech and 5) don't waste your money on buying expensive courses since you'll be trained on the job anyway.

Past:

Quite literally nothing has changed from this advice. It is still the same. If people want to know more about our career advice they can always pick up our book but at the end of the day the same highlights above still apply. We thought people would figure this industry out by now but we *Still* get the same questions. It's honestly embarrassing at this point since it's not even a "hot" industry anymore and more people are interested in product management and going into technology positions today. That is where the money is. We've reached a point where engineering is outpacing finance even at entry level. To conclude this section, we're not going to link to every post but please use the search bar for all your questions. We can all but guarantee we've answered the major ones and nothing has changed.

This gets a little bit more fun. Why? We'll we've correctly given out bonus expectations *before* they are officially paid out every single time in December. How is this possible consistently? We know the guys who have access to year end budgets. It's never going to be 100% correct but it's been accurate since budgets are set in December, we release them at that time and people are still "shocked" when they are accurate in February/March when those payments are made. Anyway. As it currently stands, the year is tracking to be up again. Probably to the tune of 5-7% but that is an initial guess and a lot can change in Q4 if the market tanks or a lot of IPOs are priced in Q4. So we won't comment on the official number until December but you have our guess at this point in time. As a small note, remember that your bonus is deferred when you get to the VP level with a good chunk of it (typically around 50% or so) deferred over multiple years 3-5 years on vesting of stock. Less is deferred at the VP level and more is deferred at the MD level since your bonus is higher.

Present: (2017 numbers below).

If you thought Wall Street was competitive before it appears to be getting worse. Why? Everyone is fighting to be part of the next big deal. Despite numbers being up 5-8%, the big banks with the best rain makers were up double digits compensation wise and took up the majority of the press. What was swept under the rug is how little the low performers were paid. We can't confirm this since we don't know each bank, but we can say we'd bet heavily on many guys being flat or down last year if they were in a group/industry that did terribly. Instead of worrying about who those people were lets focus on how to make you more money. In short, join the group with the most revenue. If you're looking for money, focus on joining the group with the guys who bring in the most deals even if this means working 100 hours a week instead of 80 hours a week.

:[Separation of the Groups]

Pausing for a second again you can see why we're concerned about the competitive nature now. Essentially, the top paying groups will work their people hard making it difficult to start a side business. This is a negative trend for anyone smart enough to realize they don't want to spend 20 years on Wall Street. It is also bad for the internal work environment as everyone fights and claws to get on the next deal and work with the right people in the office. Luckily, our advice remains stable. Do the maximum to be a "top bucket" analyst/associate and that's it. The one benefit of working in an office is that your reputation is difficult to change if you leave a solid first impression the first 9 months.

As always you want to avoid these group. Unless you've avoided the news for the last 2 years you'll know that fund raising is slowly being disrupted by ICOs and other decentralized fund raising capabilities. This doesn't matter for the next 5 years but it doesn't help the industry in 10-15 years or so. The skills acquired in ECM/DCM are just not useful for anything. You're better off in M&A where you widen the exit options. As the old saying goes, if you don't know what direction to go in, choose the one that opens the most doors for you. M&A does that and is transferable into Private Equity, Hedge Funds (merger arb) and corporate development at any top tier company.

Avoid ECM/DCM:

We're sure people will still complain about the paragraph above. They know "so and so" who makes a lot of money doing ECM/DCM. That is great. There are also guys making a lot of money doing cash equities trading today… We all know that isn't going to last very long. Unless there is an extremely big reason for you to go into ECM/DCM our point is that M&A is the best "risk reward" group to jump into. Two reasons to go into ECM would be as follows: 1) you already have a side biz running that just needs funding and 2) your parent/brother is the head of the group. As you can see both o these are extreme situations and the move to ECM has nothing to do with the actual job function.

Before signing off on this sub-segment we want to ask one more question. Have we been in a major bull run for 10 years? The answer is yes. Before anyone calls us perms-bears we would tell them to read out prior posts highlighting our recommendation to keep buying the market ever since 2012. In short, we have never been bearish. Our point here is that bull runs eventually do hit choppy points and it has been over 10 years so far. It's much more likely we see a hiccup in the next 5 years and ECM is going to get cut a lot faster than M&A. In fact, when things hit the fan, M&A can heat up in some cases as companies are forced to sell assets. M&A is essentially more stable over 10-20 year cycles and ECM has secular headwinds (ICOs) along with heavy reliance on a positive equity market.

The industry seems to get smaller every year. While it may not seem like it, the logos we see on specific deals continue to favor the larger banks and top tier boutiques: Goldman, Morgan, Lazard, Evercore, Moelis etc. You can already guess what we have to say about this… try your best to join the winners. We're not going to sit down and argue about joining XYZ bank or ZYX bank since that is something 20-22 year olds do with no experience. Instead we'll simply say that competition for the top spots is continuing to climb. The good news? Mid-tier banks are actually getting easier to get into. This is great if you're looking to do investment banking for a few years and quit as you'll make similar money and don't have to compete with the best and the brightest. and the rare positions at the major aforementioned firms.

Consolidation of Banks: The best and the brightest are fighting for technology jobs

The turnover between the major banks has remained stable. Essentially, the industry still sees major turnover and people jump from bank to bank. The only thing we've noticed is that the jumps tend to be "closer to together". Meaning it is harder to jump from a mid-tier bank like a Piper Jaffray to a Major bank like Morgan Stanley. We're sure it still happens in special occasions, we're simply noting that the ability to move up in big steps has slowed down since the industry has consolidated and there are less general seats at each respective bank. Beyond that not much has changed from ~10 years ago.

Well so far the picture isn't great unless you're at a bulge bracket, within M&A or already pretty well off. Luckily we do have *some* good news for those that are still in the industry. There are a few things that should help: 1) hedge funds that consistently outperform will pay a lot of money and the fund flows will continue to go up, 2) if you're in investment banking, people get promoted within a lot easier when things go bad since no one wants to leave revenue on the table and 3) the competition is getting weaker so even if the people are "fighting hard" for the same slots, the actual people you're competing against are not as bright. Before moving on we should explain that last point further. While competition is fierce in terms of people desperately trying to get into the same groups and banks, the type of people applying are getting weaker. That's a fine point that needs to be separated. 10-20 years ago it really was the "best and the brightest" fighting for all of the slots. Now it's more like the B+ talent fighting to get into Wall Street. This is good since the guys you compete with are generally weaker across the board.

The Future:

Markets are becoming more efficient. We will never believe that markets are efficient as highlighted by consistent booms/bubbles and busts. But. We will say the market becomes more rational over time. This is good if you're a top performer since it increases transparency. An increase in transparency only benefits the top performers which are now well known (Tiger funds, Renaissance, etc.). This means the best performers are rewarded with even more of the pie and they will pay more (hopefully this is you in the future!).

To close it out on a positive item for Investment Banking, when times get tougher, you have a very good shot at getting promoted. If you are an associate and well liked… and the VP ahead of you hasn't been doing amazing… this is your chance to jump into a revenue generating role adding over $150K+ to your annual income. The firm will typically fire the guys in the middle (the VP/low end director level) and try to close the gap by promoting one or two low end guys to make up the revenue gap. Naturally, if you're underperforming and you're in the middle layer (VP) you should be working hard to make sure you justify your value to the company. As many of you already know, the low level generator roles are the most dangerous positions (similar to middle management in any major company).

Q&A Update: We had a issue with hosting so we're going to do multiple posts this week. In addition, we will be hosting our Q&A on Friday October 26th for 24 hours. Thanks!
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Wall Street Pay

While everyone should ask themselves which they would be good at, usually starting at the sell side, its also important to look a the career progression below:

Wall Street Profession

Effectively the difference between investment banking and the rest of the sell-side is this, if you can sell garbage you'll make a lot of money. In addition, at the low-end its one of the best decisions because you'll get paid high even if you aren't able to sell (Analysts/Associates practically never sell) and aren't that great at your job. Your downside (excluding the 2008 disaster) is a $100K+ payout. Not a bad gig. Downside? You'll be cracking 80 hrs no doubt.

Investment Banking:

If you're less social, this will be a good job for you at the lower end as the "Analyst" (eg: Managing Director) will be client facing so you can hide behind excel sheets and earnings recaps. There are two things to consider here 1) your base pay can reach the 200K mark and 2) the upside is limited as 200K base will likely come with smaller bonuses (25% range). Downside? It's tough to move up unless your Managing Director retires, or suffers a stroke from his divorce settlement.

Research:

Welcome back to that Frat-tastic college environment. Again similar to research, the entry/middle level has lower pay relative to investment banking, however if you love being on the phone and sending out hundreds of emails quickly, this job is for you. Be honest with yourself. If you are not a likable person, you'll get crushed in this biz. Downside? Sales and Trading competes aggressively for "attention" if research analysts and investment bankers are "beggars in suits" you'll be competing for the attention of both clients and the good Managing Directors.

Sales and Trading:

If you can get a low end job and maintain traction in a Hedge fund? Don't leave. Notably, most hedge fund cats get started after racking up 2-3 years of experience. Unlike the sell-side, you can be an absolute asshole and still survive, why? How much green did you bring in, that's it. Downside? You're in a highly volatile environment and you're a slave to the two and twenty. 2% of assets, and 20% on above market rate returns. Of course the 20 is also substantial upside if you're the next Paulson, only need one great year.

Hedge Funds:

Enter at a young age? It's actually a rough gig as jumps are tough to make and you're a slave to the slow progress up that corporate ladder. The huge plus side to Mutual Funds is at the top end. 100x better than even a Hedge fund from a stability standpoint as your pay is effectively tied to assets under management, best gig in the world has to be Fidelity long-only with billions under management. Downside? Good luck breaking into the top if you're not connected, you'll need God himself to help.

Mutual Funds:

Conclusion: The descriptions and paths are relatively short for two huge reasons: 1) you can make large jumps in high competition environments (Investment banking, hedge funds etc.) so you can have just a few years under your belt but get paid like you have 7+ years of experience if you're good and This was mentioned previously but needs repeating, if you're extremely good at any part of finance you'll see so much green you won't need to worry about money by your mid-thirties that's for sure.

2) do what you will be best at.

Note:Privateequity was excluded from this analysis as was Venture Capital. The big reason why is more money is made when you have an actual stake in the LBO or the VC funding. If you have cash already or break into one of the MAJOR PE firms (TPG, KKR, etc.) then this is a great path for you. We may add a post for this route in the future.

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WallStreetPlayboys Success Stories Start Rolling In

It is that time of the year. .

Wall Street Recruiting

So far so good we've received over 25+ thank you emails this month for the content we have added, in particular our posts on 1) , 2) 3) honesty and 4) were of most value according to our thank you emails. Notably, a common theme in the emails was "thank you for the " as we were quite blunt in responding to both positives and negatives within a person's background/resume.

Standing Out as a Non-TargetResume Template,Cover Letter Investment Banking Interview Q&A **honest truths**

Some Placement Key Stats:

~10 placements into bulge bracket banks (6 male, 2 female, 2 unknown)

~5 placements into elite boutiques (3 male, 1 female, 1 unknown)

~10 placements into undisclosed banks (unknown identities)

Some Key Quotes:

"My interviewer at [bulge bracket bank] was more impressed by resume after taking the advice from your blog" – hired

"The resume format definitely seems more professional I will be using it from now on" – hired.

"Thank you for removing pieces of my resume that I did not realize were unprofessional" – hired

"The key valuation metrics by segment, was a during the interview, I had to interview with multiple industry groups" – hired

great cheat sheet

"Thank you for highlighting key questions I will likely be asked based on my experience" – hired

"The Interview Q&A was what I was asked during my interviews! The Superday is more specific to each bank but every bank asked at least 5 of the questions you guys highlighted, thanks!" –

exactlyfemale hire

Note to The Recent Hires:

More likely than not the successful new hires are reading this post and to all of them, Why?

congratulations you deserve all the credit. Less than 1% of people take the time to find the truth even when it is readily available on the Internet.

Final Thoughts:

With all of the high fives out of the way, we suggest all of you go ahead and read our post on now that your future is even brighter. Finally, we hope all of you can survive 5+ years on Wall Street, few people will make it this far but if you do the grass .

preparing for your jobcertainly becomes greener
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Watch the Company Man Give Away His Life

Watch the Company Man Give Away His Life

John and Adam walk into their cubicles for the first day of work: Since it's the first day, everyone drinks the Company Kool-Aid and heads out to "happy hour" (Note: there is nothing happy about happy hour).

"Welcome to Company X! We pride ourselves in client service, diversity, going the extra mile and of course grooming bright up and coming stars like yourself. Last year we grew revenue and net income by X%! You're joining an elite group of hard working individuals dedicated to gaining market share and building long-standing relationships with our customers"

John and Adam do well in year one at the company. They are both ranked within the top bucket at their firm. This means they both obtain an extremely high bonus equal to ~100% of their base salaries. John does slightly better since he is ranked as the #1 person and receives 100%, Adam does comparably well and receives 95%. Both become friends for political reasons and they continue to work hard selling as much product as they possibly can.

John and Adam – Year One:

Since they are friends for political reasons, they discuss how the bonus structure is created and how much they are being paid relative to what the Company makes in profit. After running the math for year two they realize that net income at the company will be up about 20% with revenue going up about 10% as well. However, when they receive their bonuses they are both up approximately 10%! Instead of growing their bottom line at the same rate as the Company they are increasing at half of the rate. Immediately, they realize they are never going to be paid for what they are bringing in.

Realization – Year Two:

Since John has been #1 at the firm for two years in a row now, he decides to focus even more on growing his Career. He begins putting a bigger difference between himself and Adam when it comes to total revenue generation. Adam on the other hand takes a second option, he does the minimum to remain at the top of the group. Adam realizes that he will be promoted so long as he is in the top 10% at the firm… and his income will only drop by about 5%. By taking option two he commits himself to developing a second revenue stream with his free time. Sure beats watching Netflix and sports replays everyday (or worse reading about politics).

Fork in the Road:

Both John and Adam have been promoted. They are now solidified as being top-tier workers while John makes approximately 15% more than Adam. Adam has become much more cunning. When the group gathers up to talk about bonuses he explains that he makes 10% less than he actually does (makes sure the lie down is believable). This makes everyone less likely to be jealous of him and they still view him as a top tier guy to know since he has been in the top bucket five years in a row. What they don't know is that he has developed a second income stream that now makes his income comparable to John. While John Makes $250,000 a year, Adam makes $210,000 a year with $40,000 a year from his other idea.

Time Passes By – Year Five: Every year he lies down.

John and Adam are now responsible for managing a small team of junior sales representatives. This is an important turning point and both see an increase to their total income. The value of creating a second income stream is now seen. Why does this happen? Well John has 100% of his income tied to the Company and obsessively hounds all of his employees to give 110%. Adam on the other hand attempts to leverage his time by giving away some additional responsibility when the junior employee shows she is good enough to make the sale. Not only does Adam save time, he also improves his political standing (he's a good "leader"). When the reviews come around again, John makes slightly more again, however his "360 degree review" comes in a tad below Adam. While John makes $350,000, Adam now makes $310,000 with another $90,000 coming from his secondary source of income.

Management Time Begins: John becomes a micromanager, Adam becomes a delegator.

John and Adam are now levering up. They both buy a property to live in and obtain a second property for rental income. The difference is that the leverage now feels even more stressful for John. Not only does he have to micromanage his employees he also has to perform otherwise he won't be able to cover his interest payments on the debt. His stress levels have gone no where but up for the last 7-10 years. Adam? He is continuing to stay in the top bucket (no more no less, essentially an A- student). He refuses to invest any more time than that and consistently gives one of his employees a 5-star review (the top in the group, focusing entirely on meritocracy/performance – highest sales).

Levering Up:

At this point, the people on John's team see a higher attrition rate, while he is still making slightly more money than Adam at the Company, the instability of his team makes it difficult to scale. Adam on the other hand sees minor attrition. He gives slightly more work to the star performer (Alison) who then receives a small promotion. Not only does she get promoted but Alison can now handle slightly larger accounts freeing up even more of Adam's time with a growing revenue line (no slow down). By shirking partially to build his other income streams he is actually gaining ground now. John makes $380,000 while Adam makes $350,000 and $150,000 from his secondary source of income. Their rental properties and current homes are running at rough break even so they ignore the values in terms of cash flow.

Churn Rate:

A new competing product emerges in their space. Unlike anything they have seen before the Company is no longer growing and instead is struggling to see flat-lined revenue numbers. Unfortunately both of them cannot earn any more money and since they are higher paid they are asked to "take one for the team". Both of them go down ~25% y/y and earn significantly less than they did the year before. John makes $300,000, while Adam makes $285,000 and his secondary source of income stays at $150,000.

Structural Change:

Unfortunately, the Company needs to downsize. John is let go. Most will assume this doesn't make any sense however, from the Company's perspective it can certainly happen. John does not have anyone on his team to fill a bigger role. Adam on the other hand gets paid less and has a person younger than he is that is ready to take on a bigger role. The decision has been made. Adam will take on slightly more responsibility and his trainee Alison will take on a bigger role as well. Adam and Alison take over a large chunk of John's business. John's income goes to (he does have some investment income of $40,000 a year). Adam makes the exact same amount at $285,000 and his secondary income is stable at $150,000. He decides it makes sense to commit more time to the Company this year just to make the new structure runs well, after that he'll go back to his business.

Firings Begin: zero

Everything is flat the next year and Adam finds time to focus more on his business. Adam is able to get his business up to $200,000 a year while Alison has taken on more responsibilities (her income goes up 20%!). Adam is back to generating almost $500,000 a year in total compensation with a 60/40 split between career and business income. On an after tax basis, he's actually earning more from his Company.

Stabilization of the Environment:

John is searching for work and it will take him a solid 6 months just to find something that pays ~20% less than what he was making before. It is harder to find a position when you're unemployed than when you had a career in the first place. In addition, he is living a terribly boring life given that his income stream is only ~$40,000. The Company man has done everything right in his eyes. He was always the #1 guy at the firm and yet he couldn't get through the layoff round. The one bright side is he does have transferable skills. He harbors quite a lot of resentment for the Company given that he always outperformed Adam.

What Happened to John:

The Company is doing better and Adam's business is still outgrowing his compensation at the firm. Alison has also been doing a lot better with her new accounts. Instead of stepping on the gas, Adam continues to lay off the gas pedal. He spends more time developing his other business line and even came up with a third idea that generates a decent $50,000 in its first year! At this point he Makes $300,000 from his Career, $350,000 from his second income stream and $50,000 from his third (not to mention his investment income).

A Year Passes:

Well after surviving the first round of cuts the Company goes through another tough patch. Luckily Adam was able to raise his hand for the next round in a politically correct manner. This gives him a nice severance package and Allison is now heading up the group with a couple of other junior employees. The company cannot figure out why Adam would raise his hand (he wasn't on "the list"). Five weeks later they find he is running a business (the third one) and believe that was his small amount of income. What they don't realize is that he now has two incomes $400,000 from his secondary source and $100,000 from this third source. His career goes to zero but he gets a nice severance package to .

Adam Gets Laid Off: buy yet another rental property

John asks Adam to grab "lunch" the standard corporate move to catch up with someone in the corporate industry. Always some sort of sushi or seafood place right in the center of downtown. John expects Adam to be a bit stressed but finds that Adam looks a solid 5 years younger than he expected. John on the other hand is back to the grind making good money at $400,000+ a year in another Enterprise sales position. Adam finally spills the beans and explains he makes more now than he did at the Company. John is shocked by this given that Adam doesn't have a "prestigious employer". Instead of asking about networking Adam just talks about some new rental properties, traveling and his new idea that made $100,000 last year (not much but he sees potential now). John begins to question a lot of decisions and wonders if it makes sense to put all his eggs in the company basket ever again. Unfortunately, it's a bit too late for John. He'll have to start from square one paying a hefty life tax to make it. While he gets some traction it just never gets above $5,000 a month.

Adam Gets a Call From John:

The math is painful but the risk avoidance is the real killer. Instead of looking at this from a pure financial position (which is bad) we should also look at the numbers from a risk perspective. When Adam begins to make $90,000 a year from he is able to instead of squeezing the profit line. This change in thought process is worth more than $90,000 (nothing compared to his overall income.)

How Does This Play Out Mathematically? his secondary source of income***think about scale*** *Note: we assume 45% of income as the savings rate and a 4% return profile.*

Networth Difference

Now the value becomes incredibly clear. While Adam has made ~47% more than John, If Adam believes in his third idea, he can sell the asset from Idea #2. While we have used a 10% discount rate giving the value of the assets $4M and $1.5M respectively, you could argue for both more and less (implies a 10x P/E multiple). Even if we give it a 2x P/E valuation that is $1.1M in equity value for his two assets. That $1.1M is approximately equal to John's $1.4M total net worth from a 4.5% yield in investments. This is why the quickest path to financial freedom is by becoming an owner.

.the real value is in ownership and equity

We wish this had a better ending but it doesn't. John and Adam worked in a sector that has now been largely automated. While there is a need for a few account managers to do some face to face interactions, the primary re-billing business has no need for material human interaction anymore. John ends up seeing a 50% paycut and now makes $200,000 a year (he made the same amount at just 25 years of age). Lucky for him, he was investing a lot of money so he has enough . The problem is that he is still friends with Adam. Adam is officially "living the dream". Instead of selling his Company he ended up hiring a couple of employees to run the business. It still generates $400K a year for him. His third business? Well that was a 10 bagger and now generates over $1M per year… John now questions if being a top performer was worth the risk… The risk of not diversifying his income streams.

What Happens Over the Next Five Years? passive income to survive

John finally asks how Adam was able to do all of this work while maintaining his career. Adam simply says . Instead of focusing on being the #1 person in the firm he realized that being in the top group was "good enough" to get promoted. While he would "lose" an extra $20-50K per year… that gave him extra to pursue other ideas. Instead of trying to go the extra-mile for the Company… he went the extra-mile for the person that matters: himself. While he never dropped the ball at work, he also knew relying on a single source of income was a dangerous matter. After all, he could never sell his career since there was no equity value and who knew if the business would last for 20+ years (quite a long time for change). Besides, if he was unwilling to lose ~$20-50K a year during his youth, then he never really valued his time in the first place. Finally, Alison who is still at the Company, has followed the path laid out by Adam so she is less worried about the near-term decline in the industry.

John and Adam Catch Up: "I decided to live efficiently"time

This is one of the cleanest ways to get rich. People believe working for a Company is "less risky" even though a Company is just a machine within an industry. And? . While there are many takeaways from this story (names changed for good reason) here are the big ones: 1) You don't need to be the #1 performer when you're working for someone else, 2) levering up can be stressful if you're relying on one income stream, 3) always lie down when it comes to your income in a corporate environment, 4) when you build an income stream for yourself, it can be sold so 5) companies look at return on investment, just because someone is being paid more than you does not mean they are first to get laid-off/fired, 6) learning how to delegate and leverage your time can be more valuable than doing everything by yourself, and 7) you only live once so you should give yourself a shot at being rich… besides it's the least risky option if you're living your life …. Oh and one last thing. The Company man has his life identity tied to his career… No need for further explanation.

Concluding Remarks: No one knows if that specific industry will last for 20 yearsyou should at least double the value of annual business income; efficiently
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Weekly Workout Routine

Weekly Workout Routine

This post works under the assumption that you are working a professional job that will have sporadic hours and you are young enough to put in the work. If you're closer to the high end of the expected age range of 18-29, we would recommend taking out a single day from the lifting schedule. With that said, our assumptions imply that that you're not working 40 hours per week. You are likely working closer to 60 hours a week. This means your workouts need to be impactful, efficient and intense.

The best way to work out can be broken into two parts. Your typical work week and a hectic work week. Positively, you can stick to the basics of body building while maintaining a schedule that will make you want to jump off a bridge once every few months (slight joke).

Ideally you already know how to lift with proper form, if not you should certainly find an experienced lifting partner for 1-2 weeks of training.

Lifting Basics:

We'll begin by working under the belief that you have never touched a barbell or a dumbbell. We are also going to assume you're lifting to get muscular and do not have an interest in anabolic steroids or becoming the next Arnold Schwarzenwgger. Instead we are going to build 1) an aesthetically pleasing body, 2) spur on hypertropy and 3) give you endurance to last in a real life fight.

To help you understand the goals, here are the ideal metrics from an aesthetic standpoint to build the "golden ratio" around your entire body. Looks are about proportions. Simply measure your wrist, assuming you are not significantly overweight, and make the following calculations.

Wrist measured at connection point to arm.

6.57x

Chest:

4.57x

Waist:

5.57x

Hip:

3.43x

Thigh:

2.43x

Bicep:

2.43x

Neck:

2.29x

Calves:

1.86x

Forearm:

Feel free to make minor adjustments to the ratios outlines above if you notice proportional issues upon further examination, however if you can meet the metrics above, from an aesthetic perspective you will be in the top 5% (more likely 1% in the adult world). With that lets jump into proper form and a solid workout routine.

Lifting in Stages

The first course of action is to avoid injury. If you begin lifting heavy weights with low reps you are likely on the road to injury…. While we are fans of strong lifts or the 5×5 program, if you want to play on the safe side it is better to have higher reps (to get your form down correctly) and increase the weight from there.

Even more so if you're working an office job where you are seated all day. Instead we would recommend a three stage lifting cycle. Each stage will last six weeks. Once you go through two full cycles (36 weeks) you can safely stick with stage two then stage three (ignoring stage 1) if you're simply looking to pack on some more muscle.

Stage One Endurance: High reps low weight, 15+ reps of each exercise, 3 sets

Stage Two Transition: 10 reps 3 sets

Stage Three Mass: 6 reps 4 sets

Plan on having and you should be sweating after your first exercise. If you are not sweating, decrease the rest time or increase the weight. Generally speaking, lower rest time is the solution.

45 seconds of rest between each set

To wrap up our basic recommendations, you should superset with two exercises. When you are doing chest and back exercises you want to super set: an example being incline bench press with pull downs. After finishing your incline set immediately run over to the pull down exercise. We believe in this structure because you are a working professional and have minimal time to commit to the gym. Get the most out of every single minute you are in the gym.

Hitting the Gym

Welcome to your first workout.

The gym is a metaphor for life. You will do more reps, more sets more more more until you find out what your body is capable of. Every time you break a plateau it was the previous 1,000 reps that got you there and all that does is inspire you to do… 1,000 more reps.

At this stage we assume that you are lost in the gym and it is time to build the appropriate building blocks. For those that lift you already know the most important word in lifting. Form. No form? The rep doesn't count. No form? No noticeable gains. No form? Injuries. No form? You shouldn't even show up to the gym.

Now that we have annoyed you with the importance of form at the gym, we're going to provide you with a 7 day routine with an emphasis on proper form. From our experience the goal is to work out 7 days a week if possible when you're young (18-22) and adjust to 4-6 days when you're older (late 20s). So we will go ahead and go through a full week of exercises starting with legs.

Legs

Find the day that is slowest for you from a work-life perspective during the week. If you are working long hours it is usually Monday morning. If you are partying you are generally hung over on a Sunday so Monday is a good day to go ahead and get the heavy stuff out of the way (Saturday afternoon is a close second).

We suggest a quick 2-5 minute bike spin just to get the blood flowing. After that to help avoid injury spend 5 minutes getting loose with the following exercises. 1) lunges, 2) side lunges and 3) leg kicks. Keep it basic. By the end you should feel loosened up and ready to go.

Warm up:

Super Set 1:

This is your bread and butter starting workout. While you may be able to do a much higher load, begin with a weight that can be done 15 times. Remember the original rules (15+ reps, 3 sets). We suggest a double overhand grip to increase grip strength for the future stages. Classic deadlifts have one hand over and one hand under, since the weight is lower with straight legs, begin with the overhand grip and work on a grip that would emulate the movie Jaws.

Straight Legged Dead Lift:

Your hamstrings should feel stretched, a similar feeling to doing a regular stretch. If your hamstrings do not feel guitar string tight you are doing them wrong. Feet flat, no knee movement and mentally focus on your hamstrings. As always keep your stomach sucked in to keep your core stable and flex your glutes if you feel any instability issues. Proper form as always.

Notes on form:

Before we jump to the next exercise you are wondering. Why not a regular dead lift? The answer is two fold 1) perfect form, 2) no injuries and 3) additional upside from regular deadlifts for mass building. We want endurance and strength to prevent injury in 6 weeks.

: The best thing about this exercise is it can help prevent injury as you have a hard time going high up the weight stack. You also improve your balance and on top of all this we continue to work on your grip since the weight is in your hand rather than on your back.

One Legged Squats

During the load phase, coming down, you should mentally focus on the glutes and hamstrings. Your quadriceps will naturally work. Keep the weight in the same hand as the leg that performs the squat. Your resting leg should be doing exactly that. Resting. If your toes hurt it means you are pushing up on the reloading phase. Mentally lower on the load phase and remember to isolate one leg on the reloading phase.

Notes on form:

Super Set 2:

: With your legs already firing from proper form from the first super set, it is time to continue stretching the muscles and working specific sections to create the mind muscle connection that you will need in stage 2 and stage 3. Here, many beginners will struggle as the motion is difficult to perform. Place the weight on the floor, step to the weight, leg straight and bend over to lift the dumbbell off the ground.

One Legged Dead Lift

Remember that form is everything. To help stabilize you need to visualize properly, pretend your toes are claws gripping the ground, squeeze your glutes to avoid falling over and keep your leg straight throughout the exercise. If this exercise is difficult, don't be surprised, you'll have it down by the 3rd or 4th day.

Notes on form:

As you can guess we are super setting with a squat like motion that requires stability. Right leg, right hand holds the weight. During the load phase remember to mentally focus on your glutes and hamstrings.

Lunges:

The exercise is fairly easy if you did your one legged squats correctly. The bigger form issues we see here are 1) over extending your leg putting pressure on the knee cap and 2) doing the motion too quickly. Try to count to three on the way up and on the way down for each repetition. Keep your core tight through the entire exercise

Notes on Form:

Super Set 3:

For the serious lifters, you are laughing out loud at reading those two words. However when it is your first day in the gym, it is much smarter to build endurance and muscle while preventing injury. Six weeks of lighter low impact leg workouts can help prevent injury so we continue to suggest this route for beginners.

Hamstring Extensions:

Luckily there is very little that you can do wrong with regard to form. Simply make sure the equipment is appropriately set up. Back straight and do not away your body when working the machine. Your lower back should remain resting against the back at all times.

Notes on Form:

Similar to the above exercise, serious gym fanatics will not use this machine. Squats are the norm, but we will get to these later.

Quadricep Extensions:

Again, similar to hamstring extensions, the biggest issues are 1) lower back movement, 2) appropriate settings on the machine and 3) full range of motion. The one issue with machines is it is very easy to cheat by using your core to help you through the motion. Do not succumb to the ease of the motion. If it feels easy, you're doing it wrong.

Notes on Form:

Final Routine:

: This is another simple exercise to add to your routine. You should be tired at this point, so you can push out a few sets of weighted calf raises.

Calf raises

Calf raises are quite easy to perform, the biggest mistake made is full range of motion. When you decline your heels should be pointing downward (not flat) and the top of the calf raise should be feel as if you're trying to become a ballerina. Always choose lighter weight over cheating on your form. All the way to the top, all the way to the bottom. Also, do not use your shoulders to help push the weight up.

Notes on Form:

Arms

After going through a heavy leg day, you will notice that you are significantly more hungry and energetic the next day. This is because legs are highly anabolic. What this means is you're going to feel stronger in general throughout the next day. Arms are a weak point in general for most men, from our experience the added energy helps get through a few extra reps and add a little bit more muscle by going from legs straight into arms the next day. Finally, the bicep is a smaller muscle group so we suggest adding a burnout phase to increase endurance for this muscle group.

Since we will be working out arms instead of legs, we recommend doing a light 5 minute jog followed by weighted stretching. There is no need to jog for over 5-10 minutes since we don't want to waste your energy on the treadmill instead of lifting heavy weights. Break into a quick sweat, get off the machine and stretch out your triceps and biceps and simply get ready to hit the weights.

Warm Up:

Superset 1

Grab a bench and place it at a 60 degree angle. Pick up a lighter weight since we will be performing 15 reps and rest your upper arm on the bench. You should feel as if your arm is dislocated (ie: not helping you perform the exercise). Raise the weight up and if you want to increase the burn act as if you are flexing your bicep. When you relax the motion, slowly count to three on the way down and remember that it should feel as if the muscle is being stretched. Contraction, followed by a stretch.

Preacher Curls:

The biggest way to ruin this exercise is by engaging your deltoid. Any upper arm or shoulder movement will ruin the exercise as the wrong muscle group is being fired at this point. The same incorrect muscle group will likely ruin your subsequent exercises as well. Remember to mentally focus on the bicep, raise the weight as if you are flexing and stretch the muscle on the way down. If you feel your deltoid or shoulder engage, stop the exercise shake your arm and get back to the bench.

Notes on Form:

Grab a flat bench, put your knee on the bench with your thigh perpendicular to the bench. Right knee, right arm holds the weight and vice versa. Keep your head down and keep your elbow locked. Move the weight backwards until it is parallel with your flat back and squeeze the tricep. Slowly lower the weight down back to its original position.

Kickbacks:

There are several difficulties when doing this exercise for beginners. 1) keeping your head down, 2) full extension of the tricep, 3) maintaining a flat back and 4) remembering to slowly lower the weight. We suggest you go to the gym with a lifting partner on your first day to get the form down. Raising your head to look at the mirror will limit your range of motion on the kick back so a spotter/form checker will be of great value for you. Once the form is tight, mentally remember to extend and slowly lower the weight as many people attempt to lower the weight in a second or less.

Notes on Form:

Superset 2

Find a place to sit down, either on a bench or a step up box should work fine. Pick up the weight and place your elbow against your inner thigh. This will help prevent engagement of the deltoid muscle. Luckily after the first exercise your bicep should be engaged limiting negative form issues.

Seated Curls:

As mentioned, form issues are limited however the two main concerns are 1) using your deltoid and 2) twisting your upper body to ease the contraction. Keep your core tight throughout the routine, limit elbow movement and mentally remember to keep the shoulder/deltoid disengaged. Similar to the preacher curls, if the deltoid begins to work, stand up and shake out your arm.

Notes on Form:

This exercise is being mimicked during the warm up part of the routine. You are placing a heavy weight behind your head and raising it up from shoulder level to above your head. Depending on how flexible you are this will be harder or easier for you, if it is difficult you'll increase your flexibility quickly and if it is easy, you'll see gains due to wide range of motion. Keep your elbows in place, lower the weight behind your head to a ~90% angle and slowly raise the weight back up above your head.

Overhead Tricep Extension:

This is a great exercise to really stretch out the tricep and allows you to increase your ability to stabilize a weight. If you're having trouble performing the exercise at first, pick up a heavier weight to stretch your triceps (increasing range of motion) and get back to the exercise. The main issues with form here are 1) arching the lower back and 2) allowing the elbow to move. If you can prevent elbow movement with your back straight and go through the full range of motion, you'll quickly feel a burn through your entire tricep.

Notes on Form:

Superset 3

Find a dual adjustable pulley machine and set the cables to the ground. This exercise will require high concentration and an engaged core to prevent deltoid engagement and proper form. The best part of this exercise is the range of motion, unlike some of the exercises we will walk through later on, this exercise gets the full 150-180 degrees of motion. Lift the pulleys and take a couple of steps back, with the weights engaged fully extend your arm and tighten your core with a slight lean if you'd like. Raise the weights up to full contraction and slowly lower the weight.

Cable Bicep Curls:

At this point you're likely a bit tired from the previous exercises, however you should have an intense burning feeling when performing the exercise which will let you know if you are doing them correctly. When you are fatigued, you are much more likely to break form (core destabilization or deltoid engagement). To prevent a break in form, before you perform the first rep double check your alignment and core in the mirror. After you've confirmed your posture mentally check into your bicep and remember not to cheat towards the end of the contraction (many will try to use the shoulders at the end of the exercise).

Notes on Form:

Final Touches

This is a classic burnout routine for the end of your lifting session. You perform 7 extended bicep pumps, 7 mid range pumps and 7 near contracted pumps. The idea is to fully engorge the bicep with blood. By the end of this routine your arms should feel useless and tired, unable to lift heavy weight. To perform this correctly pick up a relatively light bar, stand feet shoulders width apart, back straight and go through the three sections of the workout. If you find that the upper piece of the workout is harder than the lower piece, you can start from the top and move down. Repeat this exercise for two reps and you should be fully burned out.

Twenty Ones:

The form issue is rather clear here, fatigue causing you to rock your core. The best way to prevent this is to stand sideways to a mirror, this will keep you mentally in check as you go through each repetition. You can double check your form halfway through and confirm that you are not moving your hips to make the exercise easier or engaging your delts.

Notes on Form:

Chest and Back

Now that your arms and legs are slightly sore, it is time to work on your V-taper. The V-taper is a function of low body fat (small waist) and a wide chest/back. Generally, most men do not workout to widen their back and will see immediate results with wide grip exercises and a dumbbell chest press or cable fly. Your back is a larger muscle group compared to your chest so we recommended an extra chest exercise at the end of your workout in stage one.

Superset 1

For a chest and back day we've found that a simple 5 minute jog will do the trick and you do not need to do much stretching if you begin your first routine with a lighter weight and perfect form. By the time you are done with your first set you should feel loose and ready to go. To be extra cautious, feel free to do a warm up set with the bar only to prevent any injuries.

Warm Up:

Pick up a relatively heavy weight, heavier than a tricep kick back and place your knee on a flat bench (right knee, right arm holds the weight). With your back flat and second arm supporting yourself on the bench allow your arm to fully extend. Slowly raise the weight until your arm is parallel with your back. If you wish to make the exercises more difficult, on the way down allow the weight to come in front of your chest a bit (beneath the bench) and slowly raise the weight back up (this helps engage the lats).

Bent Over Row:

Once your body is properly positioned the number one mistake is twisting your back to make the exercise easier. This is also why engaging the lats, by moving the weight closer to center on the way down, is actually quite difficult to perform. The best way to prevent this is to start with the simple raise and lowering of the weight and mentally remembering to keep your back flat. In addition, do not cheat the set by quickly lowering the weight, instead pause at the top of the movement and slowly lower the weight down.

Notes on Form:

Find a flat bench and pick up two dumbbells placing them on your knees. As you roll back use your knees to kick the weights up into your hands and lay perfectly flat on the bench. When you begin lowering the weights mentally tell yourself to flare your arms elbows out to achieve full range of motion (you should make a semi-circle type motion). Do not allow your lower back to raise off of the bench, this will prevent injury and it will also keep you honest in the amount of weight you can handle. When raising the weights back up, do not allow your arms to come in, maintain the same circular path for maximum resistance and range of motion.

Dumbbell Bench Press:

We like this exercise to start as it prevents a beginning lifter from going too heavy. Unlike a regular bench press it is difficult to move a heavy weight and you are less likely to arch your back to help you complete the exercises. With that said, the main issues to look out for are 1) full range of motion both on the decline and return, 2) maintaining a flat core and 3) squeezing at the top of each repetition to engage the chest. Once you have completed the first set there should be a noticeable pump in your upper body from the exercise.

Notes on Form:

Superset 2

Luckily chest exercises are difficult to do improperly. Simply take a seat and count to 3 on the way down and on the way up throughout the workout. Do not allow yourself to engage the shoulder or else you may end up with a "pinch" feeling during the workout.

Incline Bench:

In general as noted above, it is quite difficult to ruin your form unless the weight is too high. Keep your lower back pressed against the bench, keep your chest working and avoid lifting the bar backward which will engage the shoulder.

Notes on Form:

You'll see a large amount of gains in terms of the V-taper here. Take a wide grip on the pullup bar, maybe even use some fat gripz and get to work.

Wide Grip Pullups:

No cheating allowed here. Full range of motion down and full chin clearance of the bar at the top. Do not do "kipping" pullups or any action that will give you momentum as you'll develop tennis elbow or golfers elbow due to higher repetitions in a short period of time. If you're into cross fit that's fine, we can agree to disagree and would stick with slower motions to build muscle since we're looking for aesthetics here.

Notes on Form:

Superset 3

Not much needs to be said here, take a shoulder width grip and remember to count to three on the way down and on the way up

Flat Bench:

No momentum. No lifting off the bench. If your lower back raises off the bench the rep does not count and if you rush through each rep you're not going to build muscle.

Notes on Form:

If you're feeling confident you can jump right into a rack pull if your core is stable but generally would recommend a wide grip row. Either with your palms facing inward or your palms facing down, the goal is to simply take a wide grip on the machine. Focus mentally on the outer edges of your back, remember the goal is aesthetics!

Rack Pulls or Wide Grip Row:

If you're going to stick to a row, the main goal is to keep your back straight and chest up against the pad. Alternatively, in a seated position your body should remain vertical. For rack pulls, you'll want a spotter your first time around to make sure your form is pristine. No shoulder jerk movements and raise the bar with your back entirely flat. When coming back down do not arch your back, this will prevent injury.

Notes on Form:

Final Touches

Since you're more mentally focused on your back throughout the workout, it is usually better to end with an extra chest exercise. We would use a cable fly and focus on keeping your arms out as far as possible increasing the range of motion. Focus on the outer edges of your pecs and you should feel a solid burn throughout.

Cable Fly:

Similar to back exercises, do not lean or adjust your posture. Remain stable against the padding and prevent the use of your biceps by having your arm as straight as possible (full range of motion).

Notes on Form:

Concluding Remarks

Are people going to disagree with this set up? Yes. Can this set up be improved? Yes. If you do not want to follow any of the workouts it is actually perfectly fine. The one thing we can all agree on however is this: . Below is a list of the three stage cycle, decreasing rep count to build mass. Feel free to follow it, feel free to cut it down but at the end of the day, you're only going to get better with a minimum commitment of 4-5 days of real lifting.

4-5 days at minimum at the gym and compound movements for a beginner

Finally, if you absolutely hate the workout routine then the verbal notes on form should at least be helpful along with the metrics to an aesthetically pleasing look. Find someone with the look you want to emulate, ask them for their routine and get to work.

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1) Cardio is not needed to build a solid physique, 2)If you must add some cardio simply take up swimming, 3) Diet has been covered in a previous post and without a , 4) a lifting partner will help tremendously, unfortunately most people can't even lift 5 days a week, 5) If you workout 3-4 days a week, you're no where near your physical potential, 6) when a week is hectic again, go with legs first since hotels will unlikely have a solid squat machine, 7) pullups can be replaced with pull downs.

Some side notes: strong diet you will not see any meaningful gains

As a commenter noted, if you are busy the clear days to skip are arms. The key to weightlifting is all in legs, back and chest since your arms will be hit in the process. We are simply setting the bar high to create good habits

Workout revised

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What a Year – Mind Boggling Some Expectations…

What a Year – Mind Boggling Some Expectations…

Lots of brain cells were lost over the past 72 hours. People who believe that you can just "bounce back" from margin liquidations to people who still believe you can access Bloomberg terminals with a twitter link (which would mean their entire business is worthless). Instead of getting infuriated we're going to offer solutions as usual. For those that believe we're frauds, luckily we have a track record dating back to 2012 in print and unedited (trump election, stock market crash, sports bets, compensation updates etc.). Do we get them right all the time? No. And… as several long-term readers have noticed 80-90% accuracy over 8 years is pretty high and at minimum we have been transparent. More than the vast majority of people can say. We would like to thank the people who have followed for years as they are both 1) the people we're writing for and 2) the people who also hold us accountable when we're wrong. We're fine with this set up. See the comment from someone earlier this week.

"Guys you have no idea how much of an impact you've had on my life. Followed you since 2012/13. Literally 90% of your predictions come true. Everything in my life has been influenced from you.

This is just a short comment to say thank you for being the older brother figure, followed your sales advice, investment advice and now am sitting pretty in this situation. I wish I could contribute back in some way. I've already bought all 3 of your products. Keep doing what you're doing. Saving lives.

Please don't ever stop this blog.. I don't know what I would do without it."

The money printer is on fire. Print, print, print, 0% interest rates, print, print, print. Massive amounts of damage has already been done. The only time over the past decade or so when GDP was negative? The 2008-2009 financial crisis and the Stock market was cut in half. According to that metric it means you could easily see the S&P 500 break 2,000 and stay there for a while. The way you see the market recovery in the idiotic "V-shape" recovery that everyone is praying for is through massive printing, inflation and more 0-1% interest rate debt.

On to Solutions:

One thing we've learned in life is that people will always do what they are going to do. As soon as someone is committed to buying stocks they will buy. Period. They will not go back to our old posts suggesting to stay liquid in cash and crypto for over 2 years now. They just won't. So here is some advice if you are going to buy. (no we are not adding to stocks). We repeat, we are not buying a single share. We suggest a put protection strategy. If you are wrong you're not going to be wrong by "10%", you're going to be wrong by 25% in one of the most liquid investments in the world (if attempting to time the bottom on the S&P 500).

If and only if you're going to buy.

What does this mean, it means if you were going to buy $100 of S&P 500, for the love of god please buy $95 of the S&P 500 and buy $5 worth of put options that are way out of the money and a 18 month time horizon (maybe even less). Why? You need to find a way to make sure if you're wrong that you're not down 20-30%. That is absolutely critical and it is absolutely unacceptable to put your life or the well being of your family at jeopardy.

The other solution is unsurprisingly the same. Keep doing what we've suggested for 24 months now, stay in cash and crypto (maybe a bit of gold after the pull back). This is good enough. If you don't like crypto that is also fine. The value of the dollar is going to spike temporarily (already is and likely will) as people sell everything to make ends meet. When you sell an asset you're "trading it" for dollars so demand for dollars goes up. Cannot be simplified easier than that. Anything sold for dollars is demand for dollars by definition.

As you can see, despite all of the wild swings, nothing has changed quite yet. if you were long since 2012 (see our old posts – as an example), you have a cost basis in the S&P way below where it is trading today so there is no reason to add. That is what we would suggest at this time. Again. We realize it is a free market so if you're going to play hero and try to buy the exact bottom, please purchase some puts to limit downside significantly.

here from 2013

No fun and games here. A cascading pile of garbage. People who are in the middle class are unable to pay rent. In 2008-2009 around 60-65% were home owners, today around 40% are which means 60% are living in rented apartments. Those rented apartments are also levered up by companies. They don't own the building in cash. This means…. You have the renters unable to pay, then the building cannot pay, which then means a massive default is about to occur. Multiply this out for casinos, restaurants, bars, clubs, dry cleaners, shoe repair, clothing/apparel, gyms, dentists, etc.

What Exactly is Happening?

Unless this problem is solved quickly, you're going to see a cascading pile of garbage as debt upon debt is defaulted on. So at this point, we will make an assumption. As we think about it, we're seeing a higher likelihood of As many of you know we don't like to edit posts so we have to emphasize "At this time" since a lot of parts are still moving every 24 hours. It seems like the world has agreed to simply print trillions upon trillions of dollars. This means prices eventually have to go up. Also… This is where it gets tricky, . If prices of all assets are going up rapidly, the middle class actually loses the most. Think about it. For all the guys "praying to buy the dip", if there is a V-shape recovery the only winner is rich people (everyone else loses). We doubt the american population will be okay with that.

stagflation/hyperinflation at this time.the government needs to find a way to force the companies to raise wages if they resort to massive inflation

For the guys who look at the CPI and say "there is no inflation" we have nothing but laughter for you. You didn't bother to read a single SEC filing. What is happening? For the last decade companies have borrowed money with low interest rate debt and bought back shares of their own stock. This is fine if you have a lot of cash as you're returning value to shareholders. In fact we're completely fine with share repurchases if a company can last 12-24 months without needing additional financing. In simple terms again… If you borrow $100,000 to buy a home worth $400,000 but you have 24 months of cash in a bank account in case you lose your job. You are being financially responsible. What are many of these companies doing? They are buying that $400,000 home but they have 3 months of cash in case the business goes down. This is not responsible. We're not going to argue here with the exact number of months needed since that's for you to decide. But. We think everyone can agree that we shouldn't just give these companies free money for taking on debt to buy back stock. You wouldn't consider yourself responsible if you didn't have an emergency cash fund so why shouldn't these companies be held to the same standard?

Since some of you are numbers people here is what we are trying to say visually. You run a company and have $2M in the bank. Nothing to do with it so you repurchase shares of your own stock and take out some outside investors money. You have $1M left and can survive 2 years on that if things hit the fan. That is totally fine in our opinion. You had nothing else to invest in. But. What companies did is they had $2M in the bank, enough to last 1 year. They said "well fuck it rates are low" lets borrow $4M and just buy our own stock. This then means they have a net debt position of $2M accruing 2% interest. It works fine if you're profitable but then wham, recession and you could go bankrupt fast.

Short disclaimer: if you don't know what a buyback is, it is when the Company say Apple, takes money from the Company to purchase shares of itself. Apple in particular is probably okay as they run a very large cash position, so they are being fiscally responsible. Companies like Boeing? Not so much, as they were levered up with thin margins, less excuses there (a topic for another day if people are interested).

How much have companies spent on buybacks? Sit down first. Take a deep breath. Take a second deep breath. Corporate buybacks have accounted for more share purchase activity So where is the inflation? Very clearly in assets. So the companies are getting richer and richer and none of its workers get anything except for the ones at the top with large amounts of shares (and of course all investment "professionals"). The worst offenders don't even offer their employees 401K matching to participate in the growth of the company.

than all household purchases, all mutual fund purchases and all ETF purchases… COMBINED.

There is no reason to be coy about it. This is a complete mess. Now you have a halted economy and these companies are forced to stop buying back shares as they have to spend money to pay employees rent etc. Don't even get us started on the fact that buybacks actually *help* with taxes. That is right, the government is set up to reward the company for repurchasing shares. To emphasize, there is nothing wrong with buybacks. There is something incredibly wrong with borrowing money you can't pay back to purchase your own shares. That is beyond irresponsible. We won't repeat ourselves to re-read the paragraph three levels up (it should probably be re-read a few times if you're new to this). In simple terms once again, unless you were long assets for the last decade you fell incredibly far behind on the socioeconomic ladder. Partially by no fault of your own.

Unmitigated Disaster:

Want some numbers? Okay.

[You can look at the recent tweet by Marriott.]

Since we know most people don't like watching videos or reading in general, the punch line is that they are seeing 75% reductions. This is 3x worse than the great recession and dot com bubble which was 25%. Unfortunately most people do not understand leverage. How awful and painful it is. Go back to the basic business example we laid out earlier this week. You run a business with $100K a month in revenue, $80K in costs $20K in profits per month. If revenues are $0 you actually lose $80K which is four full months of income (per month you are closed). Now you run this number with real revenue. Marriott does $23B in revenue per year, that is more than $6B per quarter or around $2B per month. If its down 75%…. You can figure this one out… That is billions per month. Much more severe than 2008-2009. Even if they get a 0% interest rate loan, it has to be paid back over the course of time with future earnings (or default and bankruptcy).

Assuming that you care about the future of the United States you really have a few clear solutions. On a microeconomic scale do your best to help your local sized businesses if you can. We won't waste our time asking how much everyone is worth. If you can afford it, order catering, get your dry cleaning done, get haircuts etc all in your local area ASAP. They run on slim margins and when the doors open that's where you want your dollars to go.

More important Matters – Solutions:

The second solution is also why we don't think this is solved in a "v-shape" recovery. If it is a V-shape recovery 90% of people should not be happy. The second solution here is to actually cut all your airline and hotel stays to a bare minimum. Once borders re-open the virus is back out and could come back in massive form by Nov-Feb. This is a simple precaution you should take. We cannot stand it when people say we're exaggerating about "over run hospitals". We're very clearly talking about hospital beds and ICUs. They already have people in them and the "20-30 ICUs per 100,000" does not mean they are "all empty". People get lung cancer, they get into accidents etc. So You do not want to take that risk especially in the winter time.

The third solution is to have a SHTF liquid solution. Yes the situation is that severe that you should have some money (physical), some gold (physical) and a Trezor or Ledger with some crypto in it. There is just no exception to this if you can afford it, the world has gone mad with printing and you must make sure you're exposed to these stores of value in the rare case that fiat collapses or we go into hyperinflation. Not a drill. To make sure we're not pegged as idiots, it doesn't need to be more than a few points of your net worth. The point remains the same, it is your job to be safe if everything hits the fan.

The fourth item is to learn sales. Now. Not tomorrow. Not next week. Now. The main skill that will take you out of a recession or even hyper inflation if you remain employed is sales. People will need to make up lost ground and you need to be good at selling. Online, in person, on the phone it doesn't matter. As usual we prefer online as it is much more scalable.

The fifth item is for wealthier people. As mentioned at the start if people are going to try to time the bottom that is fine. Look at ALL of your assets. Find a way to buy protection with an option. Yes we realize you may "guarantee" a loss of a few points. But losing 2-3 percent when anything could collapse 25% any given day is a winning bet to make. Better to sleep easy at night focus on things that matter and lock in a 2% loss on items you're not comfortable with.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return

Since there is a lot of demand we will do another Q&A this Sunday. It will only be 6 hours long and as usual for purchasers only.

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What Group to Join? Hint ECM/DCM is for Suckers.

*** we will be updating this post shortly. The comments were spammed due to meaningless rebuttals***

A few people have emailed asking about specific groups and what they should and should not do when they start an investment banking job. Some of the questions are quite specific so before we jump into what this post is all about here is an overview of the main "groups" within investment banking:

“Basically, this is what you will be doing… You will help raise money for companies in the form of Equity, hence equity capital markets. Sometimes the segment gets more spread but some examples of equity raises would be 1) Initial Public Offering, 2) Follow-On-Offering, 3) Registered Direct Offering. If we want to get more granular you may also work on some Private Investment in Public Equity (PIPE) deals as well. Bottom line? You’re simply raising money and are trying to convince your relationships that they should be interested at $x price per share.

Equity Capital Markets (ECM): *Yeah you know I want to work on IPO’s and stuff.”*

Generally most people have no clue about anything bond related because it is not “sexy” but to put things in perspective the bond market is than the equity market. With that said, DCM is similar to ECM in that you are helping raise capital, however in this case we’re looking at 1) Convertible bonds, 2) Long-term/Short-term Debt, 3) Subordinate Debt, 4) Mezzanine Debt, 5) Bridge loans (Pre-IPO) and anything else bond related. One segment in particular that would be heavily DCM related would of course be… Public Finance Investment banking, this would be equivalent to raising bonds to pay for a new bridge, sports stadium or other publicly financed facilities.

Debt Capital Markets (DCM): *“Yeah I want to work in the bond market yo.”* 4x+ larger

So no one really says that last part, however that is the jist. In simple terms, if you work for a major bank you will help advise in buying companies for your relationships or helping sell companies to larger companies. The reason why this is the most “prestigious” piece of the sell side is that it is hands down the most analytical. Unlike ECM/DCM where valuations are simple, usually taking the high end of comps and sticking a price tag on there (sort of joking), you’re working to get two parties to agree on a price for an entity and at the same time convincing them that the combination will be lucrative. The reason why you’re going to be getting killed should be relatively clear, you now have two or three bosses, your bank and the Company you are advising who will have no problems emailing you last second for anything they wish.

Mergers and Acquisitions (M&A): *“I want to help buy and sell companies and work all night.”*

This one becomes tricky as you may work on everything from Equity to M&A. In this case you are focusing in a sector but are getting to see the various transactions from M&A to Equity raises (debt would be unusual). This is certainly a good fit for those that want to work in a specific sector long-term.

Industry Group (Medical, Technology, Consumer, Financial, Industrial etc.): *“I want to know a space.”*

Other groups can include restructuring, leveraged finance, specific M&A shops such as a Medical only M&A firm or Industrial only Advisory firm etc. The other category can be good and bad depending on the prestige of the firm and your interest level, just recognize that you’re becoming more and more niche.

Other:

With the basics out of the way, lets take a high level look at how you should view your career. In order to survive Wall Street long-term you likely want to The reason why we recommend this is because it is next to impossible to know how good you will be or how hard you are willing to work. It is quite easy to say “I can work 120 hours a week with a MD yelling down my throat no problem!” it is a whole different level . In addition, you may not like this space for the long-term and may want to jump to

start in a position that is most marketable.to actually do this and do it properlyresearch, sales, hedge funds, private equity or otherwise.

With that said if you’re looking for a in Investment Banking to kick off your career, start in Here is why:

transaction based job M&A or an Industry Group.

You will have the technical skill set to move to ECM, valuing M&A is more rigorous than ECM

If you start in an industry you will have a chance to work in corporate development as a plan B if you’re unable to survive Wall Street hours

Your hours will be higher in both of these groups relative to ECM/DCM ()

No pain no gain

You will quickly see your skillsets, if you are better at excel and numbers M&A may be good, if you’re better at working politics/building relationships it may actually be smart to go into ECM/DCM and build up a client base in the future

Now that we’ve cleared up some general guidelines when deciding on what to do within Wall Street there is one last thing that we should leave you with. You will eventually need to choose your own path and focus specifically on a sector to become an expert in. This could be as specific as being “the guy” for picking medical stocks in a global hedge fund portfolio, to being “the guy” as the investor liason for any consumer equity raises. At the end of the day, when you find your talents you zero in and become known for that space. Once this is done, you’ll unlikely venture out of the sector/product but we should note that starting out niche can be a terrible decision, as almost nothing you learned in college will be applied on the job. One final caveat would be an extreme passion in a space, in that case you’re certainly better off joining an industry group versus a general M&A group.

Conclusion: Without becoming niche you will never become rich.

Remember, you want to be marketable when you’re young followed by building a reputation or brand for yourself mid-career.

Good luck.

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What Happens When You Execute With Efficiency

What Happens When You Execute With Efficiency

When I was in my I realized I had been lied to by a lot of people. They didn’t mean to spread lies, but good intentions do not change the facts. I always got good grades in college and high school and did what my teachers and parents asked me to do and didn’t complain. Yet I was $35k in student debt and living with my parents after my ‘help the world’ attempt in the Peace Corps (literally one of the things this blog warns against). Sure I had “helped the world” but I was now incredibly unhappy and mostly felt like a loser and was definitely not helping the world. I was further demoralized when I found that my $40k/year undergrad degree was not helpful at all in landing me gainful employment in my chosen college major–teaching and coaching high school–since those jobs were scarce.

mid-20s

I wish I’d had a better framework for success at the time (would have gone), but I at least had the sense that my current situation was a dead end. When I decided never to teach high school again, my parents and friends freaked and that was the beginning of me doing what felt like going against the grain (aka the masses).

right into tech sales

I knew I needed a change but I didn't know what. So I moved to a world class city, got a job at a top 10 restaurant, and proceeded to work and party. Leaving a shift every night with a fistful of cash, booze and women around was a recipe for hedonism and soon after, I found myself in credit card debt and unable to even pay my tax returns. The no-interest credit cards I'd taken out started charging interest and that made a bad thing worse. I turned 28 and had no 401k, and nothing to show for the life I'd led except a pile of debt. I had a moment of reflection when I asked one of the cooks at my restaurant (guy was 34) about his 401k and he chuckled and looked at me like I was nuts. Why would he save money? How would he buy beers after his shift?

It was tough at the time but I had to look myself in the mirror (final straw was a basketball game that dislocated my finger and I had no health insurance) and recognized It was a but one that I needed to accept.

*"I am no better than that cook, and if I continue down this path I will end up just like him."*blow to my ego

For me, the problem wasn't working hard or having the energy to work. I've always been a go-getter and willing to learn, even though I'm not the fastest learner. The problem was I had the wrong mentality. I wasn't channeling my energy into something substantial or building a client base. I was working hourly. Right around that soul-searching time there were three key mindset shifts that (finally!) occurred to me to put into action, thanks in part to stumbling onto this blog: They are not for partying your ass off 4-5 nights a week like I was doing. Your energy declines around age 30 so you had better set future you up for success. Nothing wrong with partying per say, but ideally you are combining it with work. If you are ever going to be rich you need to be not time for money exchanges. You must have a product or a client base to sell to. This is non-negociable. Even a consultant making $100/hour will be spinning their wheels if the end goal is early retirement. Most people over-research and don't just dive in, even most smart people. They'll ask a million questions but they won't take a risk and try a new job or endeavor, because if they fail that would deflate their ego.

1) Your 20s are for working your ass off:2) You *must* make more than an hourly wage:paid on performance 3) Most people don't take action:

With these realizations, I needed to put them into action ASAP. Luckily I was in a top tier city and I was able to get a job at a technology sales company no problem by charming my manager and talking about all the good things I did with the kids in the Peace Corps (hey at least it got me something). These jobs aren't that hard to get and starting salary was shit, but the commission was rife with potential… Six months after making it off the 'starter' floor I looked at the guy in the desk next to me and he was also 34 years old like the cook at the restaurant. But when I asked him about his 401k, instead of laughing he offered to take fifteen minutes and work through the math of how he wanted to retire at age 45. He was the first literal millionaire I'd met. This was obviously a stark contrast with the cook, but then again most of the masses don't give much of a thought to their 401k and many live paycheck to paycheck, convincing themselves that "money is the root of all evil." This is of course a way of protecting their ego from recognizing their own laziness.

I spent a lot of late nights the first year at the company while not really even making that much money, but it earned the respect of a lot of the other sales guys that I was in this to learn and was willing to put in the work. When they saw I was legit they took me under their wing and were as open as could be with all of their tips. Not only did they advise me in matters of my job, but I also soaked up their perspectives on savings, 401k etc, even life and time management. For example I will never wait in a line again for food longer than 5 minutes (pretty sure I read that on the twitter feed of this blog). I will pre-plan my day better than that. If you wait in a line for a half hour you are saying your time is worth less than $30 an hour if that food costs you $15.

I did my best to mirror what the upper tier sales guys were doing and make it my own style, and eventually was able to develop my own way of closing deals. I have a much more laid back personality, so the aggressiveness and frankness necessary for sales was not natural to me. After a while I got the hang of it by simply not giving up and reading a few books. As far as numbers go at year 1 I was at around $35k, year 2 $50k, year 4 $60k+.

At about year one into the job I kicked my side business into a higher gear. I quickly realized that with a few simple changes in my day I could put in . My commute was about 30 minutes each way, so that hour turned into the time I would personally message clients and gain rapport. Many were shocked that I was taking the time to do so. It also gave me a sense of accomplishment rather than just staring out the window or playing candy crush like most of the masses during their work commute.

at least 2-3 hours of work into the side business without even working before or after work hours

Secondly, I simply turned my work downtime into time for my side business. This was especially useful during slow seasons and holidays. While other employees were complaining about 'how slow it was' and how they 'had nothing to do,' I would simply nod my head in agreement and slip my noise canceling headphones over my ears to tune them out while I worked like a dog on my side business (as this blog has stated many times). As I became more efficient at my job and handling my client base, I was able to do more work for the side biz while I was at work. I'm pretty sure at this point companies don't expect a full 100% output from their employees anymore, given all of the distractions for the masses (smartphones, fantasy, dating apps, etc) so just do the opposite and work on something long term while everyone else is checking their losing fantasy football team's stats every ten minutes.

"Smile, nod and agree"

Another key factor in all this was that by the 2 year mark of working in tech sales, I was making enough money that I was able to take a . Those paid off big time. People have asked me about choosing a niche and as far as that goes, Efficiency explains better than I can with many ideas for a product. The key is to get started and fail two or ten times, however many it takes. Failure is not a bad thing this is literally part of the process for finding your niche.

risk on spending big for some ads for the side biz

Now, in my 30s I am not "rich" but I am not living paycheck to paycheck. I am on the brink of quitting my job as the side business is doing very well and I need to capture the momentum, which will require full time attention. It is not an easy gig but it is product and client based, skills I developed during my time in sales. Next year I am forecasting 150-200k gross, plus the gains are passive since it is product based so I will build on top of that the following year. When it comes to choosing a niche, some passive product income is necessary if you want to get rich.

I also feel very happy that if need be I can always fall back on technology sales since it is a high need area. I would definitely look to do enterprise sales as instructed in this blog. Wish I had done that at age 21 or 22 (you can get into tech sales with an associate's degree). If you are in a job and you are not sure about quitting or trying something else my suggestion is to look at the guy who is one rung on the ladder or so ahead of you and ask yourself

*"Is this who I want to be ?"*in five years

In my case I decided I didn't want to be working in a restaurant with no savings hooking up with 6's. Looking back it is clear as day that I made the right decision but in the moment there was a certain inertia keeping me from pulling the trigger on trying something new. If I hadn't dislocated my finger and had the issue pushed, who knows I might have stuck around for a few more years. Most people react to their environment and not vice versa but you can be different if you choose. It just takes some guts.

in five years

I recently went back to the restaurant I worked at and, without prompting, the few people who I knew from my time there came up to me and gave a laundry list of reasons why they were still working at a restaurant. I didn't ask them what they were up to. It wasn't even on my mind to be honest. But they felt the need to defend their choice to remain in a dead-end situation. This was a red flag they had something else on their mind they should be doing.

This is indeed the greatest time in history to be alive, and all the negativity we are bombarded with is shocking. Nod, play dumb when necessary, and do not waste time trying to change the minds of idiots.

One question I've wondered about is why WSPs keep this blog? Like the writers of this blog, I am floored that more people don't just do the things written here and get their life in order and flood the market. But as I become more successful, I have started being asked by a few people in real life "how did I do xyz". I tell them, and often they nod with a glazed look and I know what they're thinking: "But that sounds so hard. I could never do that."

You can do it but you won't do it because of any rah-rah motivational post. Work on being a producer not a consumer on your down time and you will be surprised how far you can go. And read Efficiency – I wish I had read this book at age 18.

Keanu

Follow Here: Twitter: @youngmanredpill

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality.

Efficiency, Get Rich Without Giving Up Your Life
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What if Game was a Category in Jeopardy?

What if Game was a Category in Jeopardy?

Alex Trebek is ready to start the show and for some reason "Game" is the drop down category. You sit back and smile. By god almighty if you don't sweep this category you're going to be back handed by your boys when you get home.

Lets start with some $200 category questions shall we? Alex Trebek gets on stage… You are selected and state…

"Game for $200 please"

1) This permanent mark suggests the girl has slept with 20+ men. "What is a Tattoo?" – correct for $200!

2) This night is the easiest day of the weekend to get a one night stand. "What is Saturday night?" – correct for $200!

3) This t-shirt is worn by weak competition on a night out. "What is a striped collared shirt?" – correct for $200!

4) This object is used to pay for drinks by beginners. "What is a credit card?" – correct for $200!

5) A man with no game will place his hands in this area while standing at the bar. "What are his pockets?" – correct for $200

Alright, this was too easy lets go to the $400 questions shall we.

"Game for $400 please"

1) This day is chosen for maximizing your date during the week. "What is Thursday Night?" – correct for $400!

2) This ethnicity will have selfies taken in a car. "What are Latinas?" – correct for $400!

3) This ethnicity will have selfies taken in a bathroom. "What are white girls?" – correct for $400!

4) Both Asians and White girls will purchase this smartphone. "What is an iPhone?" – correct for $400!

(Note Samsung for Latinas)

5) If a girl contacts you out of the blue she is looking for this. "What is sex?" – correct for $400!

Lets move on to the harder questions,

“Game for $600 Alex”

1) This ethnicity is most likely to touch your chest on the dance floor. “What is a white girl?” – correct for $600! (Note Latinas usually flirt with a knee touch when sitting and Asian girls will more likely do a light jab on your shoulder)

2) These two statements are made when you get a girl back to your place. “What are ‘we’re not having sex tonight’ and ‘I’ve never done this before!'” – correct for $600!

3) This can be used as an opener for both day and night game. “What is an assumption?” – correct for $600!

4) This metric is used to determine if your proportions are aesthetically pleasing. “What is the waist to shoulder ratio?” – correct for $600!

5) This ethnicity is most likely to text with proper grammar. “What is an Indian girl?” – correct for $600!

Getting to the home stretch here,

“Game for $800 please”

1) This color is best used as a pocket square to draw attention at night. “What is red?” – correct for $800

2) This shirt will work for all game scenarios, day and night. “What is a fitted white collar shirt?” – correct for $800

3) This message is best used to spark or restart a conversation. “What is a picture message?” – correct for $800

4) This is the most effective statement to close an American girl you meet at night. “What is ‘lets go.'” – correct for $800

5) This ethnicity sends the most emojis, emoticons and smiley faces. “What is a Latina” – correct for $800

Final section of the game, let’s close it out strong here.

“Game for $1,000 Alex”

1) These two drugs and five types of alcohol will help you the most in attracting 7+s. “What is ecstasy, cocaine, vodka, champagne, wine, beer and rum” – correct for $1,000 (long answer for that one… you should be sweating now)

2) After this event, condom usage for women declines by at least 3x. “What is college graduation?” – correct for $1,000

3) A girl enters her information into your phone. After seeing this item you know your chances of hooking up are high. “What is her last name?” – correct for $1,000

4) A girl mentions her ex-boyfriend before you’ve had sex, your chances of hooking up are now this. “What is zero mother f****** percent” – correct for $1,000

5) You can begin teaching game when it takes you X days of going out to obtain a new notch. “What is 7 days?” – correct for $1,000

Ahh screw it lets have some

daily doubles.

1) These colors should be used for your first suit. “What are navy blue and grey?” Correct!

2) This is the minimum percentage tip used to lock down a bartender. “What is 50%?” Correct!

3) If you are in a mini relationship this is the maximum days per week you should see each other. “What is two?” Correct!

4) A girl claims she has slept with 5 men in her life, this number represents the truth. “What is 15?” Correct!

5) Two 7s are in a restaurant with their boyfriends, you should observe this man for 5 minutes before leaving. “What is the ugliest guy?” Correct!

… The question flashes up.

Final Jeopardy

This is the easiest city in the United States for Game. “What is New York City” – Correct!

How did you do in Game Jeopardy? We may need to make this more difficult…

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What Information Do You Need?

Most of our writers have been on vacation for the last week and will be returning. We’ll be writing up an article on anything you are interested in. Leave a comment or shoot us an email and we’ll write up an elongated answer on September 22, 2013.

To kicks things off, do you need a post on any of the following:

Personal capital allocation policies?

Usefulness of XYZ degree?

What Life is like in IB/HF’s/Research/PE?

Valuation of XYZ sector?

How to get a job on the Street in a single post?

When to leave the Street?

Let us know.

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What is a Regular Person?

What is a Regular Person?

Cutting straight to the point, a regular person is someone who should not bother . They should immediately close the browser and go to a motivational seminar or spend their money on self help books written by unsuccessful people. If they are really ambitious, they can go ahead and update their resume and find another hourly or salary job that requires no change in responsibility or skill-set.

reading this blog

In short? Regular people should be avoided at all costs and you can see the impact they can have on this blog alone. For one reason or another, traffic has tripled here (again), we have to automatically mark hundreds of comments as spam (again) and for some reason they think this blog is written for them (it isn’t). This post is going to go borderline “nasty” in commentary towards regular people in an attempt to kick them off the website forever.

Regular people simply *slow you down*.

No joke, they are impressed by this. Regular people believe that $3,000/month while doing nothing is an “accomplishment”. They believe that it is obtainable by starting a website catered to other imbeciles like themselves and that it will free them up to “see the world”. In reality? $3,000 a month doesn’t even pay for rent in a major city and should be achieved well before your 30th birthday. Think about it. Even at 7% returns all you would need is just over $500K to hit this marker.

#1 Regular People are Impressed by $3,000 in Monthly Passive Income:

You would think that a regular person would be failing day and night to improve his current circumstances. But. In reality, he is busy being an expert on everything. You can compete professionally in tennis but somehow he will claim that he gave up his “potential” way back in high school. He “could have” been in the same position as you if he “wanted to”.

#2 Regular People Never Fail:

Since he has never accomplished anything… but… believes that he will be “successful in the future” he passes on more non-sense advice to anyone who will listen. He will give you advice on fitness (never even competed in college), money (doesn’t even make $250K), girls (he was the “man” in college) and your career (hasn’t gotten promoted in 5 years). Never challenge any of his ideas because he will get extremely upset. Much better to smile, nod and agree.

#3 Regular People Pass On Bad Advice:

Lets draw the line at tier 3 and above Wall Street professionals. This means you do not interact with retail clients at all. In short? Wall Street employees don't even interact with regular people on a work basis let alone care about their pocket books. Wall Street is a fee based organization and a performance based entity as well. No employee on Wall Street is interested in squeezing out $50 from a guy who makes $100K a year. It is a waste of time. Front office Wall Street employees are only interested in major institutions and company management teams. A regular person's Scott Trade account isn't even on the radar.

#4 Regular People Believe Wall Street Wants to Rip Them Off:

Since regular people are smarter than you when it comes to… well… everything. They deserve the best. This means they have no problem ringing up hundreds or even thousands of dollars of credit card debt. In addition? They have the audacity to complain when they are charged late fees! They are living well beyond what they can afford to purchase but… because they "deserve it"… they believe all fees should be waved.

#5 Regular People Live Above Their Means:

This is a major hint for those of you looking to make money. If you want to start a finance blog catered to the masses create one where you claim you were "up to your eyeballs in credit card debt but figured out how to solve your problems using this one quick trick!".

If you want to target the masses (idiots) you need to write extremely "moving pieces". The best example of a way to speak to the masses is Steve Jobs' 2005 commencement speech at Stanford University. It had everything lined up perfectly to go viral with "regular people". People saw the word Stanford and thought they were getting a sneak peek at "elite" advice. Of course Steve Jobs realizes he is on stage being recorded so his *audience* is really *the world* not just Stanford university students. So he created a pump up feel good speech that went viral. No doubt this helped his product sales. For those that actually read his book? You'll realize he was a tyrant just like the vast majority of successful people. Beautifully delivered and well marketed.

#6 Regular People are Emotional:

If you want more examples of how to communicate with regular people, just pull up videos of viral motivational speeches. These are all targeted at regular people.

The difference between elite and regular is subtle. Elite people adapt to their environment while regular people are *impacted* by their environment. Regular people are easily swayed by the opinions of strangers. Therefore, a new environment will actually change the way they think. . They are too scared to stand out so they will blend into whatever crowd you put them in.

#7 Regular People are Influenced by Their Environment: <u>Regular people are essentially chameleons</u>

Alternatively? Elite people will *adapt* to the new rules they are handed. Instead of simply trying to fit in like a chameleon they will figure out how to succeed in the new environment regardless of what other people are doing.

The difference between regular people and elite people is this. Regular people lie *up* elite people lie *down*. If a regular guy claims to make $100K a year he probably makes closer to $80K. Meanwhile. If an elite person tells you he makes $80K he probably makes $250K+. He is just giving a low ball number to avoid answering questions all day.

#8 Regular People are Liars:

Of course there are new money elite people who like to flash cash, however, most rich people enjoy hiding their wealth. They have already been "hit up" for loans and favors by their closest friends and relatives so they decided to simply hide it.

Try and poke around for clues? They won't have any interest in giving you information unless they find a way for both of you to benefit.

Another false assumption. Rich people are generally extremely logical. If you ask for a favor that you know he can easily do and he says "no" this does not imply that the person is mean. Instead? It implies that he has no reason to grant the favor.

#9 Regular People Believe Rich People Are Mean:

Regular people expect hand outs and this is exactly why a rich person is never going to say yes. A smart person who is good at networking is going to ask for basic advice, execute on it and show results before asking for any hand outs.

Regular people expect rich people to simply give them something for "knowing them". No joke. This is how they think. If they simply know the rich person they believe this entitles them to some sort of income.

If you meet a regular person in 2015 and run into him in 2017, you will be talking to the exact same person. His income probably went up by 3-5%, he gained or lost 2-5 pounds and his face is slightly narrower due to the increase in age. You don't have to ask him what he has been up to because he can summarize his entire two years in five minutes. He went to work for an hourly wage or annual salary. He hit the gym a few times but quit. He read a couple of self help books. The end.

#10 Regular People Rarely Improve:

It is very easy to tell when you're dealing with a regular person since his life never changes. It's the same story every single year and he has the same "accomplishments" to hang his hat on. The only difference is the accomplishments are now 2 years further in the past.

Over the last 10 years we have seen nothing but massive economic opportunity. Sure some cities have seen more benefits than others. But. Life in the USA has gone no where but up and to the right. This of course assumes that your life has improved. Regular people live for the past because they don't think their future is going to be any better. In short, avoid anyone who talks about the past. No one talks about the past if their future is brighter.

#11 Regular People Long for the Past:

This is what inspired this post in the first place. We missed a full post because of all the terrible questions and emails we received. Regular people cannot even ask a question without giving their life story as a back drop. Classic ways to tell if you're talking to a regular person:

#12 Regular People Ask Terrible Questions:

1) "Wow really great post I just had a quick question…. 10 sentences later… what are your thoughts on this" – We don't care about your life story. No one does.

2) "I read this book written by so and so what do you think" – It doesn't matter what we think. Reading more than 1 book every two months is a waste of time. Try the philosophies you learned and see if it works. That is your answer. If it doesn't work then it was a terrible book. If it does work it was a great purchase.

3) "What do you think is going to happen to the economy" – We don't care again. Even if the S&P 500 goes down by 50% it won't change our lifestyles at all. Funny enough, in the comments people said we were at the peak. Of course the market is up another 20%+ since then. Again. Even if it corrects down by 50%,

you should be running a company, so it will be meaningless anyway.

The easiest way to sell a regular position on a wage slavery job is to tell them that it pays extremely high on a "per hour basis". Once they believe that it is is the best position in terms of time for money exchange they will sign the dotted line. Why? They want to do the minimum. Without actually creating any value they believe that their time is valuable (it isn't). Instead of creating enough value around them (forcing their time to become valuable) they assume that their time is valuable from day one which leads to a life of mediocrity.

#13 Regular People Do the Minimum:

Since regular people refuse to create anything they will naturally avoid any revenue generating positions. They do not like risk or creativity. This is a given. Instead they expect to be handed a pamphlet that says do X then do Y then do Z. Make the pamphlet incredibly detailed so a robot could do the exact same thing. Then they will complain when a robot takes their job.

#14 Regular People Like Rules:

Naturally, if regular people dislike creating and thinking on their feet they will hate sales. (remember regular people never fail!) so this goes against their core belief system (they are "special").

#15 Regular People Hate Sales: Sales requires a person to be rejected hundreds of times per week

Regular people gossip more than soap operas. No joke. Since nothing is going on in their lives they will track your life like the CIA. In fact, even if you obtain a promotion at a different Company for the split second they find you "left" they will barrage you with emails and texts about how they "knew you were going to fail" (they assume you were let go). If you are on social media (you shouldn't be) then this will be amplified 10x when your Linked-in profile is changed.

#16 Regular People Are Waiting for You to Slip:

The bigger the divide between you and regular people becomes, the more they will hate you for it. They don't have the guts to tell you to your face and instead will try to find ways to take you down. It is much better to build a large moat around your life instead. Blend into the crowd, don't flash anything and avoid giving out information at all costs. Notably, even if you live in an upper middle class area, continue to do this since you may find that there is a large divide between you and your neighbors as well.

#17 Regular People Hate It When You Succeed:

They are simply boring. Boring type A people that you would never want to spend your time with. They are so easy to figure out that you can have a single 15 minute lunch with them and know that you have no interest in meeting them ever again. Is this judgemental? Yes. Is it true? Yup. You can box up a regular person within fifteen minutes (tops).

#18 Regular People Are Not Interesting:

This one is by far the most humorous. If someone is easily influenced by their environment then they are not socially aware by definition. We're extremely aware that this blog has been raided by regular people over the last 2 months and have no problem calling it out and losing the "traffic" since it is junk traffic to begin with (we also know where it is coming from). Regular people believe they are smart and make their own decisions (thinking they are socially aware) but instead, the same tired old "tricks" will work on them. Look no further than the ad space on yahoo to prove this theory to be true.

#19 Regular People Believe They Are Socially Aware:

Finally, regular people are easily upset. You can tell them that their favorite character on XYZ sitcom died and they will actually cry or become unhappy. In fact? Regular people may even hate an actor or actress if he is a Villain on a TV show! It isn't even real!

#20 Regular People Are Easily Upset:

Things like this are beyond comprehension for most of our readers (the ones around a few months ago).

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With the rant over, we are going to allow comments for a total of 5 days before they are automatically shut off to avoid seeing more "comments" and "questions" from the regulars. We will search for an intern or someone else to monitor the comments on a weekly basis (we hope to have a solution by the end of the month).

In the mean time, since we're clearly annoyed, feel free to fill the comments with bashing of regular people! They have temporarily ruined this blog so may as well get some entertainment out of it!

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What is Decentralized Finance and Yield Farming – Easy Quick Read

What is Decentralized Finance and Yield Farming – Easy Quick Read

For one reason or another, we're getting a lot of questions about decentralized finance. Typically when a new industry is created, it is quite difficult to explain as most people are not involved. For example, the number of people who know the difference between bitcoin and ethereum is likely small. For fun we'll go ahead and explain what it does and that will then explain why we recommend going into tech instead of finance if you have the choice. Again. M&A is still around but we'd encourage you to avoid moving into capital raising activities.

In simple terms, we've found a way to make digital money that cannot be replicated. There is a lot more to this but that is one of the main ideas. Before, if you got a digital item it was easy to copy/pirate and send around. Photos, videos, music etc. While many will disagree and say it won't work, we have to go ahead and assume it does work. Otherwise the next step will not make a lot of sense. So we're going to assume that these crypto items (Bitcoin, Ethereum etc.) are worth something and can be used as money. If you believe they are worthless, then simply put that view aside for a second and read on.

Reminder of Basics:

If we have digital currencies that are secure, we could in theory let people borrow them. So if you own a single bitcoin but don't need to use it any time soon, you could lend this bitcoin to someone else and charge them an interest rate. We're not going to explain how all this stuff works since it's a headache. Just imagine you're holding onto one bitcoin and you don't need to spend it for the next year or two.

If We Have Digital Money, What Does this Do?

So instead of spending it, you create a loan with someone else who needs the bitcoin. Again. Assume that there is a small economy where bitcoin is accepted as a form of payment.

What you do is simply create a loan that says "I will give you 1 bitcoin if you give me 1.02 bitcoins back in the future". A easier and more intuitive example is a collateral based loan. So you borrow $1,000 US dollars and you let the person hold onto your 1 bitcoin until you pay them $1,050. If you don't pay them, and the loan balance keeps going up $1,100 to $1,150 etc. the person is able to officially take your 1 bitcoin (the person defaulted on the loan).

Now we can move onto the next set of implications here. If we can agree that a bitcoin/ether etc. has value and isn't worth nothing, this means we now have a peer-to-peer loan market (Uber but for loans). So you can run around this network and find the best interest rates and make a return.

Assume This Works:

So if you have one bitcoin and want to make a return on it, you can loan it to person A for 10%, Person B for 6% or Person C for 8%. Well all else equal you're going to loan it to person A so you can generate a higher return for yourself. You get to keep your crypto and earn a return on it as the coin is returned to you if the person fails to make a payment.

Since this is a peer to peer market, you can see how demand will change for certain coins/currencies. If the demand for Bitcoin is extremely high then you can probably get a high rate of return by lending it out. If there is high demand for ethers, you will get a higher rate of return for ethers. Now for those that are actually following the space you'll recognize that this isn't exactly what happened or how it works but we're really attempting to bring it down to the basics/high level concepts.

This part is extremely complicated for those that are not involved in the space. In short there are pools of money. So if you want to lend out your bitcoin you would actually put it up in a large pool of money that has bitcoins, ethers, etc. This pool is accessible by people who want to borrow the assets. Hate repeating ourselves, but this isn't exactly how everything works in perfect detail, but the concept is the same.

Yield Farming: *In addition, a lot of the pools then issues tokens that paid people for holding their crypto assets within the pool.*

So if you have different pools of money with different return profiles and each pool incentivizes people to leave their money there, you can see how the returns will be volatile. If you know Pool A offers a return of 10% and Pool B offers a return of 20% you're going to choose Pool B. That is level one thinking. Level two is that you could then in theory borrow from pool A and lend to Pool B. Since you have to pay 10% interest to borrow but can collect 20% in Pool B that's a 10% return on "borrowed money".

Well this all sounds good but who in the world is executing all of these loans/contracts? That is the point. It is done by code. Before, you had to go to an intermediary that would set all of this up based on a set of rules/laws. The rules/laws for liquidations and payments are all made with lines of code. We'll let the reader decide what this means for a lot of services we have today.

One Big Elephant in the Room:

Right now the vast majority of all loans are made using the Ethereum blockchain. Individuals send their bitcoin/ether etc into a pool of money to earn a higher return. By having it in that pool they may earn additional rewards for using that system. Since the space is new there are extremely high rates of returns. If you move money around in the system aggressively you can see yields upwards of 100%.

Explanation with Correct Wording:

To be clear here, the higher yields usually involve a ton of risk and that is no different here. If you decide to borrow from one pool and put it into another pool, if the price goes down/collapses you could get liquidated in a matter of seconds. Any time you see extremely high returns you should acknowledge that risk is typically high as well.

Straight to the point: if this works you are the bank. You don't need legacy banking services if crypto assets are able to function as currencies. You get to decide if you want to make loans (letting people borrow) and you can even decide on the interest rate. If you are asking for too much you won't get any interest, if you offer an interest rate that is extremely low someone will take the offer quickly (worldwide).

For Those That Need Direction:

Addressing Confusion!

In basic terms how this works. You put up $10K in bitcoin as collateral. You don't want to sell your BTC but you need cash to pay for something (the cash is really USDC/Tether etc. but just imagine physical cash so its easier to think about).

Well you cannot borrow $10K. Why? Because if the price drops the person who lets you borrow $10K loses money.

So you can borrow say $2K at an interest rate you two agree upon. Therefore the contract held on the internet holds your $10K and you have to pay $2K back plus interest to get your bitcoin back. If you don't pay and you owe *close* to what bitcoin is worth, you get liquidated and the person who loaned you the cash gets your bitcoin.

This is done automatically without an intermediary, credit worthiness is a dead concept because you two agreed upon the rates. You decided to take the loan at X% and he decided to give the loan at X%. If you fail to pay you lose your Bitcoin to him and if you do pay, you get your bitcoin back and never had to sell it.

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What is Money? Fiat & Non-Fiat

What is Money? Fiat & Non-Fiat

For fun we decided this is a good time to explain the function of money. We use it every day. It will also explain why we're always going to hold some gold/crypto even if both assets went to zero (extremely unlikely in our opinion). "Money" is essentially a solution to the coincidence of wants. In simple terms, money eliminates the barter system and in theory is supposed to hold value over time (ideal situation). So we can walk through what money is and why you should never have 100% of your assets tied to one "type of money" be it the US Dollar, the Euro or even Gold.

Without money, you have a hard time making efficient markets and creating consistent trade. For example, it is unlikely to walk around during the day and find someone who is willing to fix your car in exchange for four Apple iPhones. Maybe this happens once in a blue moon, but it's not a good system since you have to search for a person who wants the 4 iPhones in exchange for car repairs. With a standard accepted form of money, be it cash, gold, bitcoin or otherwise, you have at least created an asset that represents the medium of exchange. IE. if everyone accepts one of the forms of money, everyone "pegs" their services to this asset and the markets become a lot more fluid for trade/transaction. In our view, this is the most important use of money. If people accept any asset as money, it's winning in a big way.

Coincidence of Wants:

Small amounts of Inflation is not a big of deal. Why? Well anyone who owns assets (homes, stocks, etc.) will not be impacted by inflation. If the price of all goods rise, that means the price of your asset will rise as well (over the long-term). If people want to argue with this just look at inflation and compare it to the price of the average home (national comment, do not cherry pick) over 30+ years.

Onto Inflation:

The next step is understanding the upside and downside of inflation. The *upside* of inflation is the part that no one talks about (mentioned above). If you buy a home for $200K, and put down a $40K downpayment and *borrow* $160K this means 80% of the home is borrowed money. Now if you are *borrowing* money do you want the debt to be inflated away or do you want deflation. Of course you want inflation. If the price of the home rises by 3% per year (in-line with inflation) and the debt amount remains flat, you're making money. Why? It means the $160K you borrowed on day 1 is no longer worth $160K it's actually worth less… inflation eats away at the money you borrowed.

The downside of inflation is the one that everyone is aware of. If you are unable to acquire assets and have all of your net worth in cash, it means you will be worth less at the end of the year. So if your average joe saves $10K in a year, he will have the buying power of around $9.8K by the end of the year (we're making up an example). So by sitting on cash under his mattress he's becoming poorer.

Since we like to summarize things in single sentences: . If you knew that the price of food/water is going to go up 20% next year, you'd stock up. If you knew the price was going to fall 20% next year, you'd spend a minimal amount and wait (quite simple!)

1) inflation incentivizes spending the money and 2) deflation incentivizes saving the money

Here we're going to open up a debate. Something for everyone to think about. In our opinion, the ideal money is able to act as a form of money *world wide*, the value slowly erodes at a rate of 1% and there is no debt associated with the money. In an ideal world, there would also be a second type of money that is also accepted *world wide* and *maintains* its value exactly and has no debt associated with it.

What is the Ideal Money:

Since we don't live in an ideal world, the biggest component is world wide acceptance followed by a minimal inflation/deflation associated with it. Again. In our opinion, you want some inflation otherwise you can't create . With a minimal amount of inflation (1-2%), you force individuals to become 1-2% more productive per year to maintain their lifestyles. This seems reasonable since you want to incentivize talented people. The smartest people in the world should be incentivized to take on some debt and create products that will make the world a better place. The last thing you want to do is incentivize the smartest people to stop working entirely and go live on a private island.

productivity

By making sure the value of the money erodes slightly, you force smart people to think of ways to make the money more productive. Investing in new ideas, products, services etc. This drives up productivity and increases tax revenue for your country. If individuals in your country get richer, they pay more taxes (of course!) which is good for your government. As our wealthier readers know, mid-low income earners don't actually pay anything in tax (they have deductions etc) while the wealthy pay the vast majority of all taxes.

Moving onto how the world operates today. Right now about 60-65% of all global reserves is the United States Dollar. The US Dollar is the reserve currency as the economy is the largest, we're open to trade and we have a highly democratic organization (polar opposite would be something like North Korea). Even if a country has the largest GDP, they need to be a trusted trade partner and open to interactions otherwise there is no reason to use the currency worldwide.

Reserve Currency and Worldwide Problems in a Nutshell:

If your country is the reserve currency it means one simple thing: you will act as a net importer of goods. Why? Well if everyone uses your currency as the trusted transaction vehicle, the demand for your currency is the highest. So if the US dollar is used for deals between the EU and South America, they would need to buy or hold US Dollars to make trades. Since it's the global reserve currency, the value of the dollar remains strong and it becomes harder for the US to export items to other countries. This intuitively makes logical sense.

Now we're going deeper into the rabbit hole. This all seems fine until you have a massive global pandemic that causes businesses to freeze. These businesses are not making money and cannot pay their debt. Guess what. Their debt is likely denominated in US Dollars. Why? Well, if the vast majority of transactions are created using the US dollar, they need to have loans taken out in US dollars. Meanwhile everyone is trying to sell assets to covert into US dollars, making the dollar stronger.

Enter COVID-19 and Shattered Supply Chains:

Since the prior three paragraphs pack a ton of information into a single place, think about the following process: 1) US dollar is reserve currency, 2) companies and countries globally use the US dollar for the majority of transactions – international trade, 3) since interest rates have been low a lot of these companies have a lot of debt, this debt is naturally denominated in US dollars as this is the currency needed for trade, 4) COVID-19 causes the global economy to pause/halt for 3-6 months so far, 5) companies and individuals have to scramble for money to pay off their debts so they 6) this means the demand for the dollar goes up making the debt even more expensive for the foreign country and finally 7) the US government steps in to print a TON of money to try and devalue the dollar and prevent the death spiral from continuing.

sell everything in exchange for USD;

On crypto twitter (and gold twitter), you'll see the meme "Money printer go Brrr". Now you understand why they are printing the money. The government is attempting to stabilize the global economy by printing the difference in lost GDP. We can argue about the *correct* way to do this but the step by step should make it clear.

We've done our best to explain money in a short post. If you think about the investment risks present in your life you think about the following: 1) stock market corrections, 2) single company investments that could go bankrupt, 3) sudden drop in demand on levered investments like real estate, 4) sudden loss of property due to a natural disaster – need for insurance and 5) business competition and potential career loss.

What This Means for You:

Few (if any) think about sudden currency devaluation. We don't think about it in the United States since we're the reserve currency at this point in time. Countries like Argentina, Venezuela, Lebanon and many others would understand this risk. So. You as an individual should never have 100% exposure to a single currency. US Stocks, US Bonds, US currency are all based on a single nation. Instead you want to own a form of money that isn't tied to the same nation. You can do this by buying a small amount of fiat (government currency) in other nations and by buying an asset like gold and bitcoin which is not tied to any sovereign entity. Gold, Bitcoin etc. are insurance against Fiat collapse in your country.

For some historical context, reserve currencies last for ~100 years or so. Gold (since it is not tied to a government) has been around for many hundreds of years and Bitcoin is a new "digital gold" that has been around for just over 10 years (a drop in the ocean). While many will laugh at the 100 year comment, the last major worldwide pandemic was also about 100 years ago in 1918-1919 with the Spanish flu. For fun, the US dollar has been the reserve currency for around 76 years if we use the Bretton Woods agreement as the official start of the US dollar becoming the world's reserve currency.

Fiat money is government backed currency. Since most governments are in debt (just see the US debt clock website:). It is clear that there is potential for the currency to collapse. From a "business perspective", taxes are a contribution to your government for the services they provide (school, infrastructure, defense etc.), think of it as a subscription based payment for residing in the country/state.

Moving onto Fiat Money: https://www.usdebtclock.org/world-debt-clock.html

With this in mind, it means that countries with high debt/GDP ratios are at risk. Check out this simple website: . As you can see the countries that had high debt/GDP ratios are also the ones at risk for default (general comment) as Lebanon saw currency collapse, Italy has been on the brink the last few years and the Cyprus collapse is well known.

https://worldpopulationreview.com/country-rankings/debt-to-gdp-ratio-by-country

This basket includes metals and crypto currency. Gold, silver, copper, palladium etc. can be used as a form of money as it dates back hundreds of years. Crypto currencies can be used as money in niche instances (also not backed by a government). The strongest counter argument to crypto currencies has been their reliance on adoption. IE. unlike gold/silver/copper which have real world use cases, crypto currencies need to rely on pure adoption to drive growth. Unlike commodities which can have underlying demand (used for industrial equipment).

Non-Fiat Money:

Using gold and bitcoin as comparisons, gold is hard to transport, can be faked (see the latest China scandal) and is arguably less secure (easier to steal). Bitcoin is significantly easier to transport, cannot be faked but does not have a real world use case beyond "transfer of value/store of value". IE. if people stop using bitcoin entirely (we think next to no shot of this happening), there is no other use case. Gold can be used for industrial applications even if it's no longer used as a store of value or type of money.

With a basic understanding of the two types of money: fiat and non-fiat, it is difficult to see a complete collapse of fiat money in our lifetime. It would require a complete global overhaul. That said, it is extremely likely that we see continuous "fiat currency collapse". IE. 1-5 countries default and their currencies collapse. This leads to *some* ownership of non-fiat currencies over a long period of time. Also. If the global collapse occurs, you'll own the insurance which is non-fiat money.

The Broad View:

With the summary of money out of the way and why everyone reading this should own some gold/crypto, we're ending on a positive global note. It has been a tough year but we feel like we're hitting a turning point. We'd be lying if we said we thought it would get this bad but here we are.

Feels Like a Turn:

The good news? As of July 4, 2020, it seems that we're starting to hit a bottom in terms of *morale*. More bankruptcies will occur, however, it feels like we're starting to get comfortable with the end result (high single digit to double digit unemployment for the near/medium term). The last stage of grief is setting in and the majority have accepted the results. This will lead to corporate restructuring by the end of the year (Q4 or so) and then we're back to rebuilding (likely a 2-3 year rebuild similar to 2008-2011 where it took three years to really get some confidence back).

Make no mistake, more bankruptcies will come. And. . That is the key to rebuilding.

We're prepared for it this time and don't have unreasonable expectations

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**
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What is Rich?

What is Rich?

While we no longer answer questions on this blog we continue to receive this one over and over again. We'll go ahead and answer the question and as always, no one will agree on the definition. But. Lets get started.

Definition: *"A rich person is someone who have to work will be happy for the rest of his life."* does notand

The second part of the quote after the and is significantly harder to achieve than the first piece. We'll start with the part of becoming rich first… Money.

easiest

Part 1: Income Related Needs

For most people, this is the reality. While it appears to be a lot of money for a college aged student, a million dollars doesn't go anywhere if you were successful as an adolescent in the first place. Assuming you wanted to get the most out of your life, living on $40K a year in Flint, Michigan probably isn't on the to do list. Ambitious people do not enjoy sitting on the beach every single day drinking Mai Thai's… Watching their body degrade over time. This leads us to the second issue in answering the question… Your location will materially impact your financial needs for being "rich".

A Million Isn't Enough:

Before someone tries to reach the definition of rich (financially), the primary problem is finding a city or cities where you'll be happy to live over the next 40+ years. The result of this problem is the need to travel to at least ~40 cities over the course of 10 years (hence no reason to buy a home in your 20s). Even with that backdrop, most find that they will prefer a dual city life living half the year in city 1 and the other half in city 2 (New York and Buenos Aires for example)

Location or "Locations":

This is where the math becomes extremely complicated. If you're only able to cover food, shelter and your utilities, there is no way anyone outside of a Buddhist monk will be happy. With a list of several well off individuals, it seems the baseline is ~3x or more of monthly rent would cover lifestyle/entertainment expenses. Notably, we're using the phrase rent to refer to the cost of living in a place you may own (IE: at least ~4K/month – multiply by 3x – for a 1 bedroom in soho, even if you own the property outright)

Lifestyle Expenses:

The last real item on the list is a *growing* Healthcare & Disaster Recovery fund that remains untouched. This will make it next to impossible for you to eat into principal (let's draw the line at ~$500/month minimum or $6K per year per person).

Healthcare/Disaster Recovery:

Summary Examples:

Very likely to describe the vast majority of our readers at this point. We aggressively spam comments and keep the haters off of here so it generally results in a readership similar to the one we've tailored to.

Bachelor:

Low 7 figure net worth. Lets assume $2M (minimum). At 5% returns this is about $100K per year. We'll assume a 20% tax rate getting us to $80K per year. At this level you can live a great life in 99% of cities in the world (let's cross off the top 10 or so from an expense perspective) and it would look something like this:

The Stats:

A single guy in Austin, Texas: $6,666 a month income – $1,500 "rent cost" – 3x ($1,500) – $500 healthcare = $166 remaining for wiggle room.

—

Forone reason or another, it seems that most individuals who successfully sell or create a small to medium sized business (SMB) tend to have a family or a spouse. This post is not going to bother giving an answer as to why or if it is a good idea (since there are always exceptions). Instead we'll just crunch the numbers.

Successful Business:

A successful business that has been sold should generate . This brings in $250K in cash flow or $200K in after tax money if we continue with the rough 20% tax rate.

The Stats:a net cash *event* of ~$5M

$16,666 per month – $3,000 rent cost – 3x ($3,000) – $1,500 healthcare. This leaves about $3,100 a month for raising a young boy/girl in a top tier public school (or home schooling).

Family in Los Angeles:

In short, the bare-bones minimum to start on the definition of being rich is around $2M in cash/liquid assets within a 2-4 day settling period. Importantly, as mentioned at the beginning of this post, getting the money is the easiest part of becoming rich. We stated above that being "happy" is the part that most will struggle with. There are many financially well off individuals with nagging wives (looking at you *many* lawyers and bankers) and there are many rich engineers with negative social skills (just go to a tech city). All of this aside, the second hardest item to obtain is a healthy mind and body which is part two of becoming "rich".

Summary:**financially**

Part 2: Physical Health Related Needs

Unless you were born into a wealthy family (good for you!) chances are your body is used to consuming garbage to put it bluntly. Fast food, boxed microwaveable meals, canned goods, pastas and so on. Many people in the United States (roughly half) are overweight and continue to shorten their lives by consuming garbage on a daily basis. Slowly killing their bodies.

Retraining Your Tastes:

The gut is the second brain because it tells your body if you're moving in the right direction. In fact, if you're not well off financially as of today (which is fine) we would suggest *starting with fixing your diet*. You'll gain more energy and focus than you can possibly imagine by simply fixing what you consume.

There should be *no thinking* involved when it comes to walking to the gym. (more likely some form of exercise twice a day! Yoga and lifting for example). Building your body is literally no different from building a Company. If you put in the work every single day when you are older you will continue to reap the benefits even as your body slows down. Muscle memory is absolutely real.

Daily Exercise:*Similar to brushing your teeth you should be doing something physical every single day*

You do not need to be 5% body fat and lifting a new personal record every month. However. You need to feel energetic. You should be bouncing off of walls relative to your age suggesting health and vitality.

This section is *not* for people under the age of 25. If you are under 25 your body can take an immense amount of punishment. Those that are under 25 should continue to push as hard as they possibly can because the tank refills so quickly there is practically no such thing as "over training" or "over working".

Recovery:

Once you surpass the age of 25 you should *know* your limits. If you don't know what your limits are at this point then you did not bother working hard when you were under 25. This is "mean". This is also true. Eventually you find your breaking point on when it is 1) time to step away from the computer, 2) time to avoid that extra rep and 3) time to stop chasing that sales lead. This is simply called experience.

We don't know what the breaking point is for you. It is probably much later than ours to be honest, which gives you a competitive advantage. But. Some breaking point signs include: 1) Discombobulation: Where you are suddenly leaving items in the wrong places and using things incorrectly. A great example is putting items in the freezer instead of the refrigerator because your head is not in the right place. Another basic example is placing your keys into an obscure drawer or thrown on a piece of furniture instead of your usual designated area. 2) Pinches or Buckling: if you are exercising hard and feel a "pinch" or you sporadically buckle… You are done. There is no reason to push past a pinch or buckling as a tear or strain will set you back several weeks or months. Stop. Move slowly. Relax. Ice and… Go Home.

Summary Examples:

This is a great spot, an inflection point for most. If you're more of an Ectomorph it means your primary activity is eating a bit more and making sure you fill out your frame. Your goal is to find your physical breaking point and where your body simply feels "too heavy" since the primary goal is putting on muscle mass. Opposite of this would be an Endomorph, where you're constantly trying to cut body fat down with intermittent fasting, more high intensity training etc.

Male in His Mid-Twenties:

Simply put a person in his mid-twenties has plenty of time to constantly exercise (5-7 days a week) and find his ideal weight to wake up invigorated every single day.

Here you've moved on. You already know where your body feels best and it is usually a tad lighter than you were in your early twenties (notice professional athletes tend to lean out a tad as they reach 30) to prevent your heart from over working. That said you have a few set routines and know your body extremely well. You can prioritize rest and recovery a bit more since your work outs are extremely focused (4-6 days a week) and the diet piece is on track.

Male in His Thirties:

On a side note, you're stretching, foam rolling and loosening up your body consistently. Something you didn't worry about a decade ago.

Staying healthy is significantly harder than obtaining money. There is no comparison. Generally, the individuals who are healthy but not wealthy are unable to condense their exercise efficiently. Spending 3 hours in a gym per day (unless a college or professional athlete) is an utter waste of time. The real trick is being *consistent*. If you are able to remain in near tip-top shape with 5-6 hours dedicated to your health per week, you will have enough energy to push aggressively towards your financial goals.

Summary:

Finally, we're moving onto the most complicated piece of being happy which is your relationships and view of your own life. We don't know if there ever will be an answer but we'll attempt to make the grey area of life make sense.

Part 3: Personal Relationships

A person is rich ($2M+ minimum). A person is healthy (extremely energetic). A person is not happy.

This person still fails our definition of being "rich". Being financially well off and with all of the energy in the world is simply not enough if they are unhappy. A cheesy line is . That is a bit far fetched as many people may prefer being alone (they would be happy) but the point shines through. A person with money, 9% body fat and depression is not a rich man.

"you're not rich if you have no one to share your life with"

We have a few posts scattered on here regarding this topic and instead this will be a condensed version. If we had to summarize it in a sentence it would be this: "most people are not worth your time". Hopefully, that caught some attention given the more soft spoken paragraph above. Most people will be perfectly fine earning a middling wage of $100K a year and giving life advice based on their non-success. Most people will not understand why you become irate when a person who makes a fraction of what you make gives you advice. A homeless man giving advice to person who makes $100K a year is *exactly the same* as a unhappy man who makes $100K a year giving advice to a happy go lucky multi-millionaire. We repeat. There is no difference!

Friends:

If you wish to obtain friends you really need to find three things and three things only: 1) soft touch relationships, 2) no overlap in business or finances – no need for each other and 3) similar view of the world around you.

Those three items are incredibly difficult to find in any single person. We recommend searching far and wide from the gym you attend to internet bloggers you enjoy reading. There is no way you will find 5-10 people who fit the above three items in your day to day life. It just won't happen.

We do not have a formula for finding them. Again. We do not have a formula for finding them. If you're lucky enough to find five you will be one of the happiest people in your city. Just remember. If you break one of the three items, you're putting the friendship in jeopardy. A good friend is always busy doing something but has time to visit when you're around sporadically. He does not need you for money and you don't argue about useless topics such as politics.

This is much of the same. We really do not care if you want to get married we simply believe it is Just give her the ring (a nice one if you like) give her the wedding, but do *not* sign a contract giving the government control over your life.

Dating:not an intelligent move financially.

The saddest people we know treat dating like a sport. They expect their partner (girl) to actually live up to their own standards! We'll break the bad news now and tell you that if you are a multi-millionaire, physically in shape and have a load of real friends… No one is going to match you eye for an eye.

But. Your personal standards will never actually be met.

*You absolutely *must* have high standards.*

Why? Women always date up.

If she didn't look up to you in the first place (IE: think you're one of the best catches of her life) then there is no way she would have gone on a date in the first place. Instead of expecting an equal partner, you should find out exactly what matters to you the most and look for those 3-5 qualities instead of a laundry list of items that simply won't be found. Reiteration. Your equal will have no interest in dating you. This goes for all of the authors here as well. Reality.

The final item on the list will come as a shock to . Even if you have everything above from money to health to friends to a great dating life… You're still not going to be happy. You will need to find something to build, grow and improve upon. For us this is simply business and finance. For others it may be art and a family. Who knows.

Mental Up Keep: regular people (we think we've finally banned them all!)

What we do know though, is that if you meet all of the criteria laid out above, you will People will not understand your decisions because you are living a much more fulfilling life. Maybe you take the first contract that pays less than the second contract option. Why? Easy you didn't want to do the other task and didn't think it would be fun!

***not do anything you do not want to do*.**

In short, once you're happy and your decisions no longer make "rational sense" to the common man (IE: lazy slob) you're no longer touchable.

Summary of the Post:

- From a pure financial perspective the bare minimum to be considered rich in the United States as of 2015 is about $2M for a single person and about $4M for a person considering having a family
- Finding a city where you hope to spend the majority of your life is incredibly difficult. There are literally thousands of options and you must find a few that fit your needs
- Financially savvy individuals never touch their principal and always have a slush fund that is increasing to prevent disasters from eating into the pyramid they have built
- Before bothering with money, health is *always* more important than wealth. We realize how funny that looks given the name of this blog but we've said it many many times before. Health >wealth. You only have one body and one mind.

Find your breaking points before it actually breaks on you

- If you have five friends that meet our criteria: 1) constantly busy, soft touch relationship, 2) does not need you financially and 3) sees the world in a *similar* manner as you… You're an extremely rich man from a friendship perspective. Look far and wide for these individuals, there are no tricks as less than 5% of the human population will meet this criteria
- Women date up. This is not a politically correct comment but it is true. Find what you want in a female and do not expect to meet your equal because your equal is always looking for a different man to look up to. Reality check.
- If you are rich, healthy, have friends (or a family)… You're still going to build something or perhaps work for money. Your life will not make sense to normal people and your decisions will be made to maximize general happiness. However. If you're working because you *have to* then your incentives cannot possibly be in the correct place.

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What Isn't Going To Change? And Q&A Announcement

What Isn't Going To Change? And Q&A Announcement

After the COVID-19 outbreak started, many people started asking "what will change in the future". Instead, it's usually safer to ask "what isn't going to change". That answer results in clear investment opportunities with limited risk. We say limited as no investment is risk free, even a currency in your country. When we think about the future, most want grand explanations full of dramatic shifts. The reality is that the future will see an acceleration of technology and an individual should prepare for the new environment.

If you've been following the blog over the last 8 years or so, you've seen a slow and steady shift to technology instead of finance. This isn't because we're negative. It is because it is happening. If computer systems can beat the #1 player in Go (or any game at this point) and can drive cars in the future, it is certainly going to be able to do basic accounting/math problems. The artificial intelligence can quickly calculate the impact of a merger on financials without an excel jockey in the middle.

Technology Will "Eat The World":

Technology will continue to make our lives easier… If true… this means that we should be over-exposed to technology from an investment perspective. Take the S&P 500 and look at the mix of the various industries, oil & gas, real estate, financial services etc. Simply take this mix and buy more of the technology sector. Sure. You may lose money in a particular year, month or week. And. Over the next 10-years you'll eventually see technology become a more and more important part of the index.

Knowing that technology will continue to push forward at rapid rates (self-driving cars, curing diseases with AI, drones and new automated delivery devices) we can conclude that working in an industry that continues to help technology is a positive as well. For that we have to go "up stream" and move to the supplier side.

We went from everyone wanting to create a blog to everyone wanting to create a brand to everyone wanting to have their own e-commerce store. The good news is that this trend will continue. You should then think about businesses that can move upstream. In simple words, you want to sell all those picks and shovels to the people creating brands and companies.

Moving Tech Upstream:

Some simple examples include: servers, manufacturing and logistics. If we can agree that people want to create their own "online brand" and push to internet based businesses, it means you want to be the "helper" for all of these people. You don't care who wins in this case as some of them will fail and some of them will succeed. You're just there to help them run their business by giving them servers, a manufacturing facility or offering a warehouse for storage.

Yes this is our next point of advice for anyone who is young. If you already have decent cash flows, you want to try and move upstream. This is less risky as you're simply a picks and shovels play on the future of commerce. You don't need to "win' which is the hardest part of building a brand. Instead, think about the billions of people who will attempt to create commerce businesses online and ask yourself "how do i help them". This gives you a stable return with less risk.

With the current set up, wealth inequality is going to continue to rise. Currently, money printing is continuing at a rate we've never seen in human history. Billion and Billions and Billions of dollars… printed out of thin air. This money is not going directly to the people who are unemployed it is going into the "economic system" which is just a simple way of saying asset prices. The rich are spending *less* because they cannot travel, cannot spend on fancy trinkets and cannot go to expensive restaurants as frequently as they did in 2019. So all of this money has to go somewhere and it's going into assets (stocks, real estate, gold, crypto etc.).

Wealth Inequality:

In addition, the companies that were forced to shut down (hair salons, restaurants, bars etc.) are taking out 0% interest loans due to specialized programs. The problem is that debt needs to be paid at some point. So if you are a small business owner, you're probably better off shutting it down entirely and waiting until the pandemic is over before trying again. If you were already levered up prior to this, then you're in for a rough decade. Having a partially opened business at "25%" capacity when your operating margins were already low at 10% is not going to help you as you won't be able to cover fixed costs. If we can agree that inequality increased recently, it means scarce assets will continue to rise in value (beach houses etc).

Outside of technology with COVID-19 or without COVID-19, more and more money will likely pour into the healthcare industry. After something this drastic, countries and companies will look into pandemic planning. They will also invest in the same healthcare trends that were here prior to COVID-19 (aging population as baby boomers are largely retired at this point).

Healthcare Investment:

Unless you're an expert in the field, it's probably best to avoid betting on specific stocks. You can simply look at the industry and make sure you are exposed to some of those trends in healthcare, bio-technology etc. Just buy the basket. If you have extra money sitting on the sidelines… you should be sprinting (not running) to put those dollars to work in a real asset if we're going to continue to print money (devaluing fiat currencies).

It's highly unlikely that zero emission policies go the way of the dinosaur. The future is electric and we know that electrification of vehicles (cars, trucks etc) will continue. In addition, we know that alternative forms of energy will ramp up (reliance on oil is going to go down). If people believe otherwise we'd love to hear it. From our own research, it seems unlikely that digging oil out of the ground is energy efficient long-term.

Some Specific Changes (Tech and Healthcare):

Electrification ideas are actually quite easy to find. Wait for companies that have real units/volumes. Tesla has been a good example, battery companies will come around and solar panels will eventually work. Cost declines are real when it comes to these industries so you don't need to invest in questionable companies with no real volumes (just look at Nikola for an example of why it isn't worth it to invest in companies without units).

Another good example is "going up stream again"… but for technology. Instead of looking at the past, ask "what type of products are needed for electric vehicles?". This changes the mix of commodities. So you will likely see an increase in commodity prices for minerals used in electric vehicles, solar panels etc.

Mental health is one area that needs to be addressed. This blog is probably one of the least empathetic areas on the internet. That said, anyone who has seen a wide range of economic spectrums knows that people (in general) want/need to feel appreciated/valuable. The worst thing is to feel "useless" and "good at nothing".

With artificial intelligence ramping up (for better or worse we're using it and seeing it), it is clear that many jobs will be automated. There is no way that the government and tech companies will create a seamless and perfect transition into the new normal. Structural unemployment increases and we need a way to both offer new education systems and mental health care systems. .

You do not want to see a society where everyone has nothing to lose

If riots are bad now, the prior sentence would be 10x worse (or more). Hopefully the tone shines through, we're not kidding when we say it's a big issue. That said, the chances that the average person will agree is low, so you're better off owning the bio-tech/healthcare industry in general. It's hard for the average person to understand exponential change in job losses.

On a more likely note, healthcare spending will shift into disease research (due to COVID), life extension (continued from past) and new equipment to detect diseases. Those three have been going on prior to the pandemic (COVID accelerates one of them) but even if we solve COVID tomorrow, the main three will remain as "big problems" for society to solve.

The last one related to both technology and health is actually our water supply. At this point, we do have the technology to remove salt from ocean water. The problem is that the cost is too high (equipment needed). In the future, we'll likely develop new solutions to clean/purify water that were unavailable in the past. If you want to see how serious water issues can be, look at Flint, Michigan in the United States. That is a city in a first world country. If you extend that problem globally it becomes a serious issue that needs to be resolved.

Prior to the pandemic, individuals were still loading up tons of debt to go and get educations that may or may not actually benefit their long-term future. This led to a large debt burden for huge chunks of society. If you were a millennial, you watched 9/11 followed by a great recession followed by this pandemic. Meanwhile, you were told to go to college and that college did not guarantee any increase in income (or any income at all)… pretty sweet deal!

Higher Amounts of Personal Debt:

That aside, many companies took the interest free loans to stay afloat so the amount of debt is simply going up. This is going to lead to a very long drawn out recovery from an economic view (not talking about stocks in this case). In short, doesn't make sense to own any bonds… especially those safe ones like student loans.

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending and PED use to improve quality of life.

Newer Readers: 1) Efficiency2) Triangle InvestingSpending for Maximum Return**We hold Q&As 1x a month for purchasers only.**

Specific Q&A announcement. On October 1 we will hold another Q&A. This one will focus ONLY on investment questions or ideas. We will provide opinions and see if a specific topic Q&A is better when it comes to improving quality.
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What Should Change Over 10 -Years and Q&A Announcement

What Should Change Over 10 -Years and Q&A Announcement

In a change of pace we're going to talk about the past and emphasize how quickly things can change in just 5-10 years. In such a short period of time it is possible to switch from being a "consumer" to a "producer". It is possible to start billion dollar companies and it is is possible to change your life in a positive or negative direction quite dramatically. The odd thing about making dramatic shifts is that you have an extremely hard time remembering how it all happened. There is no "one event" that signifies a shift but more of a snowball of events that occur getting you to the destination. Hopefully a lot of the items below will either be 1) something you relate to or 2) something you will relate to in about 5-10 years.

These calendars are not the same at all. Say what you will about "every rich person is different" but . Here are a few: December and January are some of the worst months. New years isn't much of an event as you're usually planning real events (promotions, products etc to start off 2019) which occur in January. February and March is a nightmare due to tax season and organizing an insane amount of paperwork. April – June is more stable. July – August is significantly more relaxing. September-October is similar to June and July. That's a good general guideline of what a year looks like for someone who is in the producer camp. In fact, this kind of helps explain the whole "miserable rich person" stereotype/belief. During the holidays they are much more focused work and the last thing they are worried about is decorations (they are probably the ones shipping all those items!)

Producer vs Consumer Calendar: there are always a lot of similarities

The consumer calendar or what we would call the normal person calendar is just not the same. If you've been in the lower class or middle class its pretty similar in terms of the calendar. January – March there is a lot of work as most people in this group are employees trying to ramp a new product/business line. April is okay since there is no significant work for a W-2 filing. May is similar to February. June to August is relaxing as most of the higher ups are on vacation. September – Mid-November is a last second grind similar to January to March. Mid-November to December is incredibly slow. This is quite different from the prior paragraph and should give a good overview of how your own priorities will change.

As a fun note to sign off on this sub-section, 2018 was the first year where no contacts messaged with "what are you doing for New Years". Everyone already knows what is happening… Absolutely nothing. You're spending your time ramping on new projects and trying to set up 2019 so that your total income is up year-over-year. No guarantees on your income, but, working hard when everyone else is busy watching football and eating is usually a good formula for success.

When you go out at night it's hard to remember how fast things have changed. We're using a few years of wiggle room. But. There was no iPhone, no Uber/Lyft, no Instagram and no Airbnb. Sure the first iPhone came out in 2007 and Airbnb was founded in August 2008, yet the point remains… A ton can change in just 10 years. In fact when you go out to eat, drink or party, the chances you talk to someone who was born to remember life “before the internet” is quite slim. At this point it is hard to remember flip phones let alone life before WiFi. . Realistically we’ll take the under on creating the next Uber since the chances are so slim… But… Creating $100,000 or $200,000 business? Sure easily achievable. This is not a “for us comment” and is a for “for you” comment as we think it’s possible for quite literally anyone.

Billions Over 10 Years: *The main point here is that you only really need one good product to get rich*

Flipping it around to the potential negative… in a word socio-economic changes. Taking a look over the last 10-years you’ll have to chalk up a lot of success to luck. In fact, we’d question anyone who if they made it to a million dollars or more (you need a little luck) in a short time frame. Luck cuts both ways and many people can fall into the “Have Nots” quickly. This is something we’ve noticed in dramatic fashion. By the time people are 30 they are squarely stuck treading water or they’ve made enough money to not have serious worries ever again. It is excruciatingly rare to see someone in-between and if they are it’s usually someone with more time freedom and a not as much money (traveling but clearing $80-120K a year). Looking back, having a secondary source of income that can cover at least 40-50% of your living expenses is enough to change your life forever. If you were making around $100,000 a year after taxes and another person was making $60,000 and $40,000… We’ll bet on the second guy making it 10 times out of 10. There is something mental/physiological that happens when you realize you will always have some money coming in. It makes your main income producing work improve and at the same time your cash flows will unlikely go into the red any time soon.

does not believe in luck*The #1 cause of this downfall based on our own analysis is relying on a single form of income to pay bills.*

What does this mean? It means we wouldn’t be surprised to see more tension between the “haves” and the “have nots” over the next few years. There has been a distinct cultural shift that is difficult to ignore unless you’ve stayed in a bubble the past decade. More and more people are searching for ways to make it into the “top of the triangle” and the people at the top are becoming more and more annoyed at the constant asks. Unlike the positive solution in the above paragraph we have no answer to this one. As more and more automation comes out and it becomes harder for individuals to add value to a process, this will lead to more consolidation of money to the top. If you’re good at reading between the lines, this is one of the reasons why we’re against student debt for anything that can’t be paid back rapidly (a year or two post graduation). It is related since student debt forces the graduate to “break even” for several years before being able to .

gain any investment momentum

One of the main reasons why generational wealth doesn’t work and why parents aren’t always the best people to ask for advice is this: change of value. 30 years ago it made complete sense to go to college. No one was doing it and it would get you far ahead in a legitimate career. This is the same for the typical MBA program as well where obtaining a top tier MBA resulted in a significant increase in earnings. If you look at the same strategy today… the Math doesn’t add up so well. The hardest part about looking back on what worked in the past is admitting that it is no longer a viable strategy. Similarly, if you go back and look at interest rates in 2006, they were at 5%… If this blog was around then it would say “just park your money in 5-6% returns and focus all your energy on a business/career”. Instead that strategy blew up and had to be revised.

What Used to Work Changes:

While these items are all in hindsight, if we look at what is happening today.. the same repeated mistakes are happening again. A good example of this is going into a fund raising position. While this has historically been a smart way to make money as you’re taking a spread on large money raises, the space is becoming less and less lucrative. Spotify direct listed for an IPO without fees and Slack may do the exact same. At the lower levels of fund raising it is also becoming easier and easier to obtain money directly from individuals and this is only going to accelerate in the future. As this continues (that’s our bet of course so it is biased), what you’re going to see is a contraction of fees and more value being shifted to positions where actual returns can be justified. The easiest example would be real estate where the agent can at least add to the process by helping you negotiate a higher/lower price and build a business around being an exceptional seller/buyer. This adds a lot to the process and is completely unrelated to someone simply connecting two people who have never met (becoming increasingly easy to find them via a search or your own personal contacts).

For fun if we look back over the last 10 years here are some things that no longer work: 1) levering up for education without specific knowledge and the ability to repay quickly, 2) ignoring the stock market and having risk free returns drive your net-worth, 3) paying for any type of education that leads to no increase in income, 4) working in a position that can be quickly automated – vast majority of ad purchasing and bulk of manual labor and 5) large number of brick and mortar businesses due to high-cost and barriers to entry (Amazon killing pricing by commoditizing the offering). There are a lot more but we picked out 5 that are difficult to argue against – even for the people who don’t understand statistics and enjoy the whole “exception to the rule argument”. Also as a note, one strange industry has stood the test of time and that appears to be real estate. At the end of the day people need somewhere to live so it’s hard to shoot blanks here.

“Objects in Motion Stay in Motion”. While this is a phrase usually reserved for physics we’d say it’s a much better rule for life in general. If you have upward momentum or downward momentum… it is quite difficult to turn that ship around the longer you stay in that same direction. A good way to think about it is added weight. If you’re in the ocean and driving a boat, every year weight is added to the boat. By the time you’re 40-50 years old or so, the direction is already set and you can’t really do much to suddenly change course unless a dramatic event occurs. You’re either headed to live in Antarctica at that point or Miami Beach.

Physics Applies to Life:

To see if someone is moving in the right direction is based on how much they have invested as a percentage of total earnings over a 10-year span. Add up all of the earnings over a 10-year period (after taxes of course) and figure out how much the person has kept. We’d go ahead and wager that if the number is below 25-30% or so… momentum isn’t on their side yet. This only gets exacerbated over time. If someone has made $2M over the course of their 10 year frame and has $1 million that isn’t even close to someone with $500,000 as they are 7-10 years behind already. The difference is less related to the dollars they have and is more related to the time that they can purchase. The first person simply needs to pay the bills for 7-10 years to live a comfortable life, while the second person has to build and pay the bills to get to the same two million dollars. Not even close to comparable.

Graphically it is essentially a line chart. If you’re starting at zero, the original direction doesn’t make a big change initially. A chart with an exponential looks pretty similar to a chart with a steep vertical line for the first 5-6 iterations. Once you look out twenty iterations… the charts don’t look similar at all. One looks like it is going to a different destination entirely while the other appears to be flatlining. Does this mean you have to grow exponentially out of the blocks? No. Does it mean you have to find a way to make the curve turn up exponentially and compound? Yes.

Generally, if you’re younger it’s hard to tell which people are on the linear path versus the exponential path. To decide if it’s the correct one (without numbers) is the phone check. If you look back 10-years and are talking to the exact same people, that’s usually a bad sign. It is a bad sign since the person hasn’t moved into any new direction and the chances that the right person was found on day one is highly unlikely. Typically you have contacts you’ve known for 10 years or so… But… It’s highly unlikely you’ll talk to them frequently (a couple perhaps). Another good general rule is the skills you have to earn income. If it has been 6-8 years and there is only one way to earn money (with reasonable likelihood) this also sets up negatively for the next 10-15 years.

Take a look at every major decision that is made and they will likely compound in a big way over 10 years. Some big ones are 1) your first field of work, 2) your first location to live, 3) the amount you invest between ages 21-25 and 4) the amount of leverage you take on related to consumer goods vs. financial assets. If these four decisions are made correctly it’s almost impossible to *not* start with the “line graph” moving in the right direction. Undoing any of these four is like climbing out of an enormous hole in the ground. Instead of focusing on small decisions that might make a few extra dollars here and there (or save a few extra dollars) the fixed costs, linearity of compensation and investment percentage will determine the slope of the graph. In fact if you talk to someone who has amassed a high net worth, they can usually pin point only 3-4 events that really changed their life. Yes the grind and 100s of hours of work are a given… Yet… it consistently comes down to a few key decisions.

Decisions Compound:

Financial leverage is the best explanation here. If you buy any asset on 4x leverage your gains are not made immediately (unless you get lucky or flip the asset like a fixer upper house). Generally what happens is the spread between the rate of return and the cost of paying down debt creates a value gap. If we think about this further and include inflation it means the "cost of carrying debt" goes down even if your return is just enough to cover the payments. Now we would never recommend levering up to buy an asset that doesn't generate a return well ahead of the interest rate on the debt. Yet. Even a break even number isn't a loss since you're using someone else's money to give you an asset.

Another interesting thing you'll notice is that age makes time blow by. There is no way to pin point exactly why this is, but it is likely because each year becomes a smaller percentage of the total life you've lived. If you are twenty years old, two years is 10% of your entire life. When you reach forty, two years is just 5% or less than half. So on and so forth. So when you look at the gains you make from age 20 to thirty from a percentage standpoint they look incredibly high and replicating this gain is quit difficult. Similarly, this begins to blur the years together. You'll look back and say "I've known you for 6 years?" or "We used to think $XXX was successful"?

Time Flies By:

This brings us to a theory on trust. If you've lived to age 40… anyone who made it has been a close colleague/friend for about 20 years if you knew them since college (50% of your life). If you were fortunate to know someone since you were kids, that would expand the percentage to a whopping 80-90% or so. Naturally, as you get older the number of people you're going to trust then goes down. This is an interesting way to take more risk if you're older. A form or risk taking for someone in their 30s-40s who is looking to "level up" again should give more responsibility to younger people that they do not know as well. Feel free to take that to an extreme or less extreme.

The last one is similar to the "what used to work changes" theme. Essentially, it's hard to blame people for making mistakes when an entire generation (10-20 years older) is pressing them to go into something that no longer works. While we could say that a 20 year old should be smart enough to to figure out these types of decisions on their own… it just isn't as easy when you include the *amount* of pressure instilled on the younger generation. If your entire family and the school system forces you down a specific path, it isn't easy to step back and say no particularly since you're cutting loose a fall back plan. At the end of the day each generation is simply trying to survive so they encourage the younger generation to go down a path that gives them the highest probability chance of survival (life is difficult for the majority). Ironically, the highest probability chance of survival is rooted in un-teachable skills which conflicts directly with the advice being handed down to each new generation.

Trying to Survive:

One of the main reasons we recommend keeping a basic journal is seeing if your problems and life habits are changing. This was essentially the inspiration for the post. 1) if your general annual calendar isn't changing this is a bad sign, 2) if your day to day contacts are not changing and item number 1 isn't changing… this is a second red flag, 3) if you're trying to squeeze more results out of the same toothpaste tube – a job/career single form of income, it's not a smart decision, 4) the initial decisions being made today will have an exponential impact on your life 10-years later – it doesn't matter if you're 20, 30 or 40 years old, 5) risk isn't just financial and while leverage is the most common one cited, who you trust with your time and where you place your time is the biggest lever you have, 6) trying to pass down advice only works if you're up to date on the problems of the generation below you, otherwise it's just not possible to place the same tired advice that worked 20 years ago onto someone living today and finally 7) spend a lot less time worrying about the growth being 10%, 5% or 15%… focus more on growth being a single negative setback or a minus 10%… can negate many years of work.

Putting the Pieces Together: *positive*

Back to normal posting focusing on money going forward, we'll also hold our Q&A this Friday on January 18.
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What Type of Intelligence Do You Have?

What Type of Intelligence Do You Have?

We have already beaten it into everyone's heads. The only way to get *wealthy* is to start a Company. The only way to become well off is to go into . The rest is non-sense. No performance, no money, no exceptions. With that horse beaten to death, lets see what you're good at and determine which industry you should work in.

Silicon Valley, Sales or Wall Street

1) Why You Need to Determine Your Intelligence Set Early

2) Intent – The Broadest Talent

3) Numerics – The Most Difficult to Replicate

4) Synthesis – The Most Adaptable

5) Artistic – The Call Option

1) Why You Need to Determine Your Intelligence Set Early

You simply do not have time. We tried to explain this in our post on living a but it needs to be a non-debate.

balanced life*You do not have time.*

We hope that the vast majority of our readers are young because we can prevent them from ruining their lives chasing skirts at the expense of their future. You are going to get more physically attractive from 20 to 35 if you eat healthy and stay in the gym. However…

It will become exponentially difficult to learn new skills as you age that are ****equivalent to your competition**.**

We highlighted part of that sentence with 4 stars because it is paramount to understanding that you do not have time. Lets assume that you believe you can learn a new skill at 20 just as fast at 30… Great.

It doesn't matter! Too Late!

Why doesn't it matter? It doesn't matter because everyone starts from *zero*. If person A is equally as smart as you but starts building his salesmanship skills at age 20 and you start at age 30… Good Luck! While you may improve at the same rate as the 20 year old, you won't be as good as him until you are 40, you're cooked.

Now that we have spooked everyone… even if you've made some bad decisions… there is nothing you can do but fix it (take action). If you're 18 (hopefully) or if you're 30 (long-road ahead) the only way you're going to get better is to find your primary intelligence and leverage it immediately. Get into the ring and get ready to take .

all of those losses

2) Intent – The Broadest Talent

Some of you are going to read this section and believe it means "Emotional IQ". That is certainly close. The difference between intent and Emotional IQ is that you don't need control of your own emotions to have an amazing ability to recognize intent. Intent is an all encompassing skill that is fully transferable to every aspect of your life (except one): Business, Sales, Social Environments.

The elephant in the room? Minimal transfer skills to Silicon Valley/Quantitative Finance.

Do you ever wonder why Quants and Engineers are usually the two groups with the worst social skills? Do you ever wonder why they are so brilliant… yet… have a hard time in group environments? Well now you know. They have low abilities to read intent.

The good news is that intent is the easiest skill to learn. You can go from zero skills to moderate abilities in a year (maximum). The trick? If you recognize that your talents do not lie here, don't bother going into a pure sales role! You're going to be better off in a specialized business, Silicon Valley or Wall Street (Remove Investment Banking and Sales within Wall Street).

With the basics out of the way. here's a good bullet point checklist to see if you're good at recognizing intent:

1) Can you correctly read the difference between passive aggressive behavior and dis-interest?

2) If you are shown an advertisement can you determine if it is "good" without seeing the numbers?

3) Can you correctly read the difference between insecurity and an outright lie?

4) Are you able to tell when someone is lying about their achievements (up or down)?

5) When an acquaintance of yours says he/she is going to do X do you know with certainty that he/she will or will not do it?

Now that you've read these five questions you can now test yourself. You can use this as a quick quiz over the next 6 months and see if you have a *talent* for intent. Find at least 10 situations where you will have to ask *each* question to yourself and you need to try and get 50/50 correct. Try it anyway.

This is next to impossible.

If you are able to correctly recognize these behaviors 50-60% of the time (you're at the median). IF you can correctly recognize these behaviors 70-80% of the time (you're at the 1.5 standard deviation). If you clear 85%… You're extremely talented. If you're at 50% or below, ignore it as a primary talent, if you're at 70%+… Get ready to invest aggressively in your salesmanship.

For fun, lets go ahead and assume that you're good at this. You are able to correctly determine the *intent* behind what someone is doing 70% of the time. Congratulations! Now you can move on to building up your encyclopedia of reference points.

1) The best way to determine if someone is being passive aggressive with you… or is dis-interested in you… is to give them something they need. We would wager that everyone meets at least 5-10 of these people per day and don't recognize it.

Once you've got your list of people, you can see if you were correct. Give them an item worth about $20 that they *need* and see how they react. If they feel uncomfortable? They had no interest in you. They were not being passive aggressive. If they are extremely excited (fake) or they don't even say thank you (blunt) they are being passive aggressive. It really is that simple gentlemen.

If you don't want to spend anything and want to do it the long way, here's another method:

For the most part, when people give you short answers (assuming they are not meaningful) they don't care about you. If they try to gossip with you… You're likely talking to a passive aggressive person (hence why the vast majority of women gossip and are usually passive aggressive).

2) We put up a tweet of a fantastic advertisement we saw on Yahoo! It was for a skin care product with a "free trial" <– affiliate 101. It was so good you can view the advertisement below.

This one was an easy one to peg as "good" because of the advertisement copy: *horrifies surgeons* (ie: fake bias of positivity), *shocking trick* (IE: laced with emotion), *weird solution* (IE: targeted at morons looking for a magic cream), *younger* (IE: solution to the problem, clearly targeted at women 25-40 or so).

1)2)3)4)

Untitled 2

After clicking on the headline copy you enter the sales page. The sales page is also beyond fantastic. The details in the woman's face are extremely close to looking "real". That's what a good sales page should look like. Looking down you find the following: "botox injections" (Ie: pre-selling the product at a higher price point since botox is relatively expensive – cost of most generic skin products is below $1.00!); "recent clinical study" (IE: again, biasing the reader into believing in positive results), "contraction of facial muscles" (IE: how morons would understand how skin ages – making a connection by talking in this form of prose), "free trial" (IE: set them up for recurring billing).

1)2)3)4)

IMG_3002

That is how it is done! If you can correctly see solid ads, you're going to be swimming in money later… by writing them! This ad is simply fantastic. It is targeted at an extremely lucrative market as well.

Insecurity (decline of looks) + Income (women 25+ or married with access to hubby's $) = Cash Flow Machine

Pro-tip: As you can see… all good businesses target insecurity & fear. A great example is anyone who works in the industry knows that these courses are useless (you are trained on the job). But. Everyone wants an "edge" on their competition! In of not being able to perform up to standards, they sign up for modeling courses that won't help them at all. They could have just learned how to model But… That's too much work. Everyone wants "hand holding", making them less self-reliant and weaker performers in general… Sigh.

"Investment Banking Modeling Courses!" ***fear****for free* sitting at their desk.

3) If someone is insecure and you need to befriend them… You know what to do. The person is so insecure about topic X that you should simply big him or her up on topic X. Lets say your acquaintance has a lot of contacts that you want to sell your product to. Unfortunately, he is an extreme liar when it comes to getting girls (you know this). In order to get him to like you… Ask him for tips on picking up women!

Highlight the insecurity as a positive.

While it may sound counter intuitive… it works every time. He gets to give you "tips" while you get to build a relationship with him. He claims to be good at this (he's not) but here he is giving you advice. As you do this over the course of a few weeks he is incessantly lying through his teeth about how good he is and how you should do X, Y, Z. Unless the person has no heart at all, he is going to mentally feel bad about this. Over time as he lies to you about his conquest and you "believe it" he is going to feel bad about lying to you every single day. Then you pitch your product. He'll say yes.

Finally, if he was outright lying to you and it wasn't an act of insecurity… He won't give you any tips.

Side Note: This piece of advice was by far the most uncomfortable part of the entire post. It seems down right crazy. The problem is that you're going to have to *bend the rules* a lot as you go into higher stratospheres of income. In the end, if you're selling a legitimate product that you know he and his friends need… You've done nothing wrong. Your approach was slippery, but the end result was beneficial for . As always, art not science.

<u>*everyone*</u>

4) There is not much you can do here. If someone is a colossal liar, so be it. If someone is lying up or down by 10-15% about their achievements… They are probably normal. In fact, when your resume is handed to someone, everyone in the recruiting department assumes a "15% exaggeration factor".

The real benefit is catching the people who *lie down*. These people are the smartest ones in the room. They lie down because they want to see how you react when *you believe* you're doing better than them. As you all know… the guy who tries to "convince" you that he's rich… Is never rich. If they have to tell you they are ____ then they are not. Other people will tell you.

5) This is the easiest game to play during new years. When someone says they are going to do X for their "new years resolution" keep a quick journal and see if they follow through. If someone actually follows through with what they said they were going to do… Get ready to bring out the recruiting forces.

Anyone who says they are going to do X and actually does it consistently is already in the top 10%. They may never make it to the 1% or become exceedingly wealthy, but they will *never* be average. Why? If someone consistently commits to a task and completes it, they are of value.

The only exception to breaking a resolution, is in exchange for something better. (Example: guy says he will increase his income by $20K after switching firms. Instead. He starts a side hustle and makes $40K. Clearly this is a perfectly fine reason for avoiding the firm switch).

This type of intelligence must be cultivated. Even if you're scoring below the 50% marker in our "exam" it is a necessary skill to at least develop. Develop your skills to the 60% marker and move onto numerics and synthesis. If you're scoring in the 70%+ range out of the gate… here are the obvious career choices for you: Affiliate Marketing, *Sell-Side* Wall Street, Enterprise Level Sales, High End Promoting/Marketing <– only if it can be scaled, no hourly wages.

Concluding Remarks:

3) Numerics – The Most Difficult to Replicate

Ahh it finally hits you. Why in the world does everyone assume that being good with numbers is the end all be all of intelligence? Now you have the answer. It is nearly impossible to find this type of talent. This is both a blessing and a curse if your skills lie in numerics.

99/100 times we will wager that someone with numerical skills (enough to become a Quant or high level engineer) has social issues. They consistently use logic to explain *emotional* behavior of humans (practically you meet will have control of their emotions). Out of frustration, they end up being outcasts, particularly when it comes to dating.

<u>no one</u>

With the negative paragraph out of the way… Why? This type of talent is nearly impossible to learn. We will go so far as to say that it *cannot* be learned to the 1% level. You've got the gift or you don't. You can try to fight reality and claim this is a "limiting belief", but we've simply never seen it.

<u>They are going to clear low to mid six-figures (or more) every single year without skipping a beat.</u>

If you know someone who was not very good at math land a career at Renaissance Capital coding as a software engineer… Please let us know! (hint: they don't exist).

Fortunately, if you're good with numerics, you can quickly see if this is your talent because the stair steps are clearly laid out for you.

1) Are you blowing through the math section of your SAT (lets draw the line at 750)?

2) After blowing through these exams did you step on the gas pedal through an elite university? IE: you were not studying hard yet landing A-'s or better in complex courses?

3) Can you read a statistics report and immediately laugh at the findings?

4) Did you get through the 5+ round process to work at Google or as a Quant? (obviously you're good, ha!)

Now the questions above seem ludicrous… Because they are. This is the only form of intelligence that is easy to test and easy to measure. This is also why society focuses so much on it, they can easily *prove* if you're good at it so it becomes a primary measure of intelligence.

No matter how many people read this post, we can easily say that less than 2% will say "Yes" to all four of the questions above.

Now before we sign off on this topic we can create a baseline of understanding without becoming a Quant. So here are some quick math questions:

1) A person earns $100/hour and works a full time job. How much do they earn?

You should be able to do this in 5 seconds or less

The answer is: ~$200K. Instead of taking a calculator out… the answer is simply 2,000*hourly rate. Now you will never be fooled by BS claims of riches.

2) A stock goes up 10% on day one and declines 10% on day two. How much is the stock worth in 50 days?

You should be able to do this in about 10 seconds

The answer is: ~75% of original value. Regular people will need to take a calculator out. They will never understand the power of compound interest. The "true answer" is closer to 78% but once you realize that it is losing 1% in value every two days, the number pops up after one iteration.

3) You invest $25,000 at age 25. It grows at 5% per year. How much do you have at age 40?

You should be able to answer this one in 5 seconds

The answer is: ~$50K. The true answer is slightly higher but you simply know that it would take ~14 years to double. You round up so call it a wash. Double.

Wow. This is by far the most boring section we have ever written on the blog. Numerics is likely interesting to a very small subset of people (the ones that are extremely good at it). Positively, if you have mediocre skills when it comes to numbers, the door is wide open for a wide range of careers or business opportunities.

Concluding Remarks:

If you are extremely good with numbers… congrats! You'll always be well off (financially). Become a Quant or a high-end Software Engineer.

If you are mediocre with numbers: Investment Banking, Merger Arbitrage Hedge Funds, Sales and are all up your alley. If you're "good" with numerics. Engineering is still on the table, but becoming a high end Quant at a competitive Wall Street firm is not.

Real Estate

If you found the questions above to be difficult… You should immediately improve your baseline understanding of numbers. Once basic algebra becomes easy, the high level numbers when looking at a business will be easy to calculate.

While you can go ahead and try to bring a calculator and excel with you to every meeting, it is *much* better if you don't. Why? You can synthesize the data on the spot and play dumb if they give you too much information.

4) Synthesis – The Most Adaptable

Similar to intent, synthesis is the second unspoken form of intelligence. In short, you're probably a fantastic person when it comes to networking. Why? You can quickly make a connection with someone. You synthesize his or her skills and put them in contact with the right people to fulfill their needs. (transaction complete!)

Ever notice that solid real estate agents are always able to network like it was engrained in their brain to do so? They are natural synthesizers and of course… this leads to solid "leads".

The real interesting part about being able to synthesize information quickly is this:

*What *type* of information can you synthesize quickly?*

If you can synthesize 1) numbers, 2) emotion and 3) intent all at the same time… You have a wide range of career and business options ahead of you. If you're heavier on one versus the other… We still have solutions for you. If you're able to synthesize basic numbers and intent – You want to steer towards transactional work (Investment Banking, Private Equity); If you're able to synthesize emotion and numbers – you should look into portfolio management; If you're able to synthesize emotion and intent… but you are not good with numbers – every single product sales position is yours for the taking.

1) 2)3)

Similar to the other section lets see if you're good at synthesizing:

1) Can you correctly predict who will like each other in your phone? Everyone believes they can do this, very few can do this accurately.

2) Can you determine what type of asset your friend(s) are willing to purchase? Everyone has a different investment strategy, but can you figure out the next "big move" someone is going to make?

3) If you have twenty meetings in a day, can you remember all of the numbers you were given without checking your notes? How accurate were you and can you connect the dots to see if anyone is lying? (Fun fact: if you meet at least 20 people, someone lied to you in the meeting and the numbers will prove it)

4) You read an in-depth statistics report and compare it to a report you had read 6 months ago that contradicts the new data. Without referring to the second report are you able to determine which one is accurate *without* emotional attachment to either?

The first two items are easiest to test as you have access to information at your finger tips: the contact function in your phone. If you can correctly predict the moves of your friends, you're going to be very good at sales, Sell-side Wall Street, fund raising for a Private Equity firm and selling real estate.

On the other hand… If you find the first two tasks to be difficult, but find the next two tasks to be easy… You're better off working as an engineer or at a quantitative heavy hedge fund.

What started out as a "quick post" has somehow ballooned into a much more lengthy article. The good news is that the post can be summarized by the Venn diagram below.

Intelligence/Skills Overview:

Intelligence

For fun, here are some clear examples of the overlap:

1) James Harris Simons – would clearly fit into synthesis and numerics, Renaissance Technologies (purple)

"Why don't we have enough teachers of math and science in the public schools? One answer is well, if they knew the subject well, they'd also know enough to work for Google or Goldman Sachs or God knows where." – James Harris Simons (No surprise he is a mathematician!)

2) Ken Griffin – would fit more into intent and numerics. (yellow)

"We manage risk and provide liquidity. We are not a hedge fund… We use our capital base to provide liquidity to capital markets and to absorb the risk of risky assets… Our goal is to find underpriced and mispriced assets and hedge away the risk… We mitigate the macro risks that global macro managers take. We are the inverse of macro fund managers." – Ken Griffin (no surprise they run a market neutral book!)

3) Frank Quattrone – Would fit into intent and synthesis (light blue)

"I did nothing wrong. I am confident that the investigation will show that." – Frank Quattrone (Unquestionably the best Tech Banker today, unsurprisingly cool as a cucumber when being investigated)

4) Pure Intent (green) – . Zig Ziglar. Affiliate Marketing.

All sales all the time

5) Pure Synthesis (dark blue) – Head Hunters. Glocap.

6) Pure Numerics (red) – All of the quants and engineers gathering and organizing data but not yet in position to "pull the trigger" on the meaning of said data.

If you have no skills in any of the three categories… You should get to work . Of the three skills, Sales and Synthesis are the *easiest* to learn (numerics is the hardest to improve upon).

immediately

Now you see why it is so important to find out where your "intelligence" is the highest. You can quickly steer your life into a specific career or business model. If you know at age 20 that your skills are in sales and synthesis… Don't bother with becoming an engineer or working at a numerics heavy hedge fund. You'll get paved.

Instead, go into Banking or Private Equity and suddenly you'll find yourself moving up the ranks! The belief that everyone should go into X career is simply non-sense. If you can make Vice President or above in any of the fields mentioned here you're not going to be hurting for money. You will be raking it in. Making at and you won't even be thirty.

**minimum*$300-400K a year

Finally, if you're older… Then time is not on your side. You need to find out which area is best for you… starting yesterday. Get cracking on improving your skills in that arena. You need to work *harder* than everyone your age since you are playing catch up.

5) Artistic – The Call Option

We've separated this section out for a reason… It is a winner take all market. We can throw athletics into this category as well. If you're truly at the top of the food chain in terms of artistic abilities or athletic abilities… You're going to make a lot of money.

While Lil' Wayne may fail a standardized test… He'll make more money in a year than most people will make over 5, 10 or even 100 lifetimes. If that's not a form of "intelligence" we don't know what is. We'd happily trade his artistic/rap abilities over a 90th percentile score on some meaningless aptitude test.

The Action Bullets:

– If you're not where you want to be financially, time is *not* on your side. This is a stone cold reality. It only gets harder. If you don't take action today, you're simply giving the competition a head start.

– What are you good at? Intent, Synthesis or Numerics? You don't need to be good at all three (if so congrats!).

– If you find out you're not great at any of the three (scoring below 50% in all categories across 100 test runs) then you should invest in Sales first. There are too many products that need to be sold and there are too many ways to make money in sales. It is also the easiest to learn.

– Do not fit a square peg in a round hole. If you're great at numerics there is no reason to change your life and try to become a real estate agent. There is money everywhere. Again. Leverage *your* talents not what other people are "telling you" to do.

***leverage your talents*.**

– If you're in the top 1% when it comes to the arts… Congrats! Go ahead and go up the food chain and make that $$$.

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When Does the Snowball Effect Occur – Short Musings on Momentum

When Does the Snowball Effect Occur – Short Musings on Momentum

Compounding is one of the most important concepts to understand. Everyone knows about inflation and outpacing inflation is the only real way to increase your net-worth (passively). The problem is that most people give up before the game works in their favor. It seems like you're climbing up a hill with no end in sight. Oddly, once you get to the top of the hill, the momentum or snowball effect takes place quite rapidly. For fun we're going to try and calculate exactly when that happens. This post is entirely made for entertainment purposes.

Rough Benchmark $3-5 Million?

You will continue to earn money. The amount of money you earn will be able to cover your living expenses. This is an important point. Notice we said "living expenses". This means your active income (working for money) will not touch *any* investment gains. It is also a moving target. If you're living in Thailand earning $3,000 a month and spending $3,000 a month this is enough. Similarly, if you're living in NYC earning $10,000 a month and spending $10,000 a month, It is considered equivalent since we're focusing on your investments creating a snowball effect for you. Also. We assume you're under age 45 or so otherwise you'd probably want to work less.

The Only Rule: this is considered equivalent.

Unsurprisingly, we'll go with "absolutely not" here. If we assume you earn $25,000 a year from this (5% returns), it would actually be a lot lower due to taxes. Even if the tax rate came in at 20%, this is $20,000/year or $1,666/month. Think about it like this, unemployment income is approximately the same at the "high end" and no one would get wealthy saving 100% of an unemployment check.

Is $500,000 Enough?

The key here is figuring out the second leg of reinvestment. If you re-invest $20,000 in after tax money at 5%… That is only $1,000. Compounding isn't really helping you much unless your active income is contributing quite a bit more.

Still not there based on the math. You're definitely closer but it still doesn't move the needle. Now you're looking at $50,000/year or $40,000 or so after taxes. $40,000 would lead to $2,000 in extra income in Year Two. This is still quite small ($166/month). Yes you're able to put away an average income (just on investment gains) but this doesn't snowball the year after. The second year out you're only up an extra $2,000.

? Okay How about a Million

Quite close to the snowball effect. At $3 million you can now generate $150,000 a year or around $110,000 per year. This is getting very interesting since the incremental $110,000 per year now gets you $5,500 in year two as well. To keep the math simple, it means in Year 2 your ability to spend just went up by close to $500/month. This is almost equivalent to having another rental property. It's not quite there but it is close.

How about $3 million!

We'd say you're there at this point. At $5 million you're generating $250,000 a year without lifting a finger (ideally). This is around $200,000 in after tax income if structured correctly. Now you're looking at an additional $10,000 a year built off of the passive income alone. This is close to the after-tax cash flow of a basic home (average rent in the USA is around $1,000 a month – without expenses accounted for). We'll go ahead and call this the "snowball point". Somewhere between $3-5 million is when the game is officially over and your passive income surpasses four working families. An insane amount of momentum. Essentially, if your passive income is enough to buy a median home, it's pretty difficult to not have momentum since saving for a home is difficult for most working families.

How About $5 million?

Working Backwards

To make the math simple, we're going to use $4 million dollars. Assuming we're in agreement that this is enough to have the "snowball effect" take place, we can now take the age of 41 and solve backward to figure out how much needs to be saved. It's much more likely to be non-linear (since real gains are not made by 5-10% increases in a salary) but we'll outline two different paths for fun.

In the linear world someone would need to save $112,000 every single year for 21 years. Think about that for a second, with 5% returns (no correction ever) you're barely at $4,000,000 by the time you're 41 assuming you put away six figures immediately. This seems impossible. It seems impossible because there is practically no "career" in the world that we can think of where you would *save* $112,000 in your first year (emphasis on post-tax). Even high paying technology jobs cap out at around $250,000 after undergraduate education is complete (possible to save low 6-figures if you had no living expenses).

Now that we see the "save slowly" math doesn't work we can conclude that the vast majority of 1) use leverage or 2) own their own businesses. Anyone who has followed this blog for a decent amount of time will say this is redundant (true) but it's always good to see how illogical the masses can be. There is just no way to get to $4 million if you were to go to higher education by the way, you'd need to save around $225,000 per year (every year) to do this in just over 13 years.

multi-millionaires either

Three Ways to Get There

Since we have gone full circle and can conclude "working and saving" is not going to get you to the *Promised Land* there are really only 3 alternative options. None of these are mutually exclusive. You can try to do all three, a combination of the three, or master just one of the three.

This is the most common method to accelerating wealth and the answer is the same boring investment: Real estate. It's the most obvious and the most boring because it is the easiest one to calculate. With leverage of 4-5x or so a 5% return suddenly turns into a 20% return (yes we are doing napkin math). Want to know how much this moves the needle? Well instead of saving $112,000 per year for 21 years, you'd only need to save $18,000 per year to reach $4M in 21 years.

Option 1 – Leverage:

Of course the elephant in the room is that 20% returns are insanely high and secondly that leverage is diminished over time (can only have four loans out at the same time). But. The point remains. Levering up and being correct early accelerates your returns in a big way. Even a move from 5% to 10% would be a huge change in compounding ($62,000 required per year over 21 years at 10%).

Well… any business that actually works. A business can always be sold which accelerates your ability to jump a gap. For example, using the same $112,000 a year example… at age 30 you should have about a million dollars. But. If you had an asset and sold it for $1 million, you'd have $2 million dollars, a number that wouldn't have been hit until age 35, compounding alone if an asset is sold would get you to $3.5M (very close by age 40 without saving for 10 years). More importantly, the more successful you are the more likely the exit value goes up. If you've been around for twenty years and already made it to $4 million (without a sale!) you'd always have the optionality to hit the exit button pushing you into a new realm of wealth.

Option 2 – Any Business:

Our blog focuses on this option and option number two the most. We focus on option three here because 1) we don't see many websites talk about it and 2) we think it's the lowest risk for the highest reward. If you're already earning a six figure income the chances you work inside of an office is particularly high. We don't know what the percentage is, but we'd wager that most high earning professions are "white collar" in nature which means you have access to the Internet. With the internet you can now double down on income being earned which accelerates your earnings. If you could cover just 30% of the needed capital per year, it suddenly becomes a lot more feasible. Alternatively, if the second source covers living expenses only (they'll also feel rich). It's essentially a win win. We do nothing but laugh when people say this isn't possible since we've already had multiple individuals succeed with our blue print while the negative nay-sayers can't even earn $10/hr extra during their free time in front a computer (if you're desperate for cash you can always do freelance work online… if you can't even find freelance work we doubt the person even has a basic white collar position!).

Option 3 – : Multiple Income Streams*hint:*extremely

As a fun poll let us know what number is the snowball point for you!

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality … You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

*Efficiency, Get Rich Without Giving Up Your Life***Clicking Here.**
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When to Sell Your First Company (Part 1…)

When to Sell Your First Company (Part 1…)

As many of you know we're selling an online business over the next 3 months. The first part is probably the toughest: deciding when to sell. It's important because you'll need to set it up in a way that the buyer is interested and you no longer have interest in scaling the business. In addition, unless you've built a massive company, the payout needs to exceed the amount of time you're spending on it (i.e opportunity cost). Our guess is the first sale is typically done incorrectly (as is the case when trying anything for the first time) and the skills acquired will be worth 100x in the future.

What to Do Before You Hit Sell

Funny enough, you better have a good idea of what to do after you sell before deciding to sell in the first place. This doesn't make a lot of sense logically, since you're trying to create an event. The problem is that you'll be bored with a lot of money on your hands (a bad equation). We assume the typical person reading this blog is in their 20s to maximum of 40s which means they are not old enough to hit the "escape button" and move to an exotic island.

Step 1 – Have Something Else to Do:

How do you create something to do? Quite simple, if you only have one business you need to create a second one that is scalable and profitable. It doesn't necessarily need to be online, perhaps you also have a small real estate business or you run a few franchises in your city (you already know we would prefer two online businesses over anything else). This dynamic makes it a lot easier to sell your first business. You're going to hit the exit button and immediately turn your attention to your other idea. In a perfect situation, your second idea is growing significantly faster and you see more upside in the other project. Since you were able to run two companies at the same time, there is no doubt that upside will be seen by dedicating more time to it. In short, the first and most important item on your list is "what will you do after".

If you run your operations perfectly, you will unlikely receive a lot of bidders. This seems illogical, but you have to put yourself in the seat of acquirer. Would you buy a business that is perfectly run? Of course not. If you can't make it better then there is minimal upside for you in purchasing the asset. Maybe you used minimal paid traffic (only one source). Maybe you didn't sell all the possible product lines related to your niche (easy for them to create one). Maybe your advertising effort wasn't fully scaled. So on and so forth. While you should have parts of the operation run near-perfectly (otherwise you wouldn't be making any meaningful amount of money anyway!) there should be "meat on the bone". Without a carrot or reason to buy, you're losing out on a large number of bidders.

Step 2 – Leave a Strategy Untouched:

Now that you have a solid company that could be improved (not a major over haul improvement) you'll have to calculate the maximum cash flow per year you can make by going hands off. This is not something that we can give to you, some people would prefer selling an asset for 4-5x income… others would prefer keeping it and reducing the income by say 30-50% by outsourcing all of the tasks. Remember, the implied assumption is that you can teach someone to run the business. We don't know what type of Company you have, just see if the entire process can be outsourced/automated. If so then you're going to come up with your own conclusion: sell or keep.

Step 3 – Calculate the Outsource Cost:

If it is already clear that you're going to sell, you can skip this step. If however, you're still on the fence you can take a big risk. Hire a contractor (no employees) to try and fix one of the issues with the business. In step 2, there should be a couple of issues with the website so you'll have a third party come in and fix it. This a material risk because you will impact your cash flows and if the person does not add enough net income to offset his cost… you're in the red. We would recommend against this strategy but we have seen it work in the past. In short, you can roll the dice and maybe it does work but as you can see we have failed at this in the past!

Step 4 – Hire a Contractor:

At this point, you should have a very good idea if you're hitting the exit button, now we're going to go into the "double checking" part of the equation. This means you're going to see if there is any long-term opportunity that will be missed. In addition, it means you're going to make assumptions about the growth rate of your industry (demographics, not third party research). Two complete opposing example would be and . The diet pill market is enormous and relatively stable from a growth rate perspective. People are not getting any thinner any time soon and they will look for a quick fix. Brain pills on the other hand… This is a newer concept and while the market is smaller it is growing pretty rapidly right now. The clear answer? If you're still on the fence but you're in the diet pill market with stable growth go ahead and sell (nothing will change) if you're in the brain pill market… You got more work to do!

Step 5 – Market Research: diet pillsbrain pills

Now that you have a good handle of the market you'll have to decide if you're a market leader or not. It is unlikely you're #1 otherwise you're making tons of money and are exiting to an eight figure pay day (enjoy the incline!). The important question is if you're going to benefit from the growth of the overall industry by maintaining a #5 or #6 position. This part takes the most amount of work. If you were able to build a large following in a notable niche, the question is entirely around market share gains and your relative growth rate. If you think the market will consolidate to one or two providers… hit the alarm button and sell now. If you think it will remain fragmented… it is going to be tough to sell (your numbers will trend up in a steady state fashion). If you've gone through all five steps and land here with a niche market that is growing rapidly… we feel bad for you because it will be a headache of a decision to make.

Step 6 – Market Share:

The summary is quite simple: 1) make sure you have something to do after you sell – if the answer is nothing you shouldn't sell yet, 2) leave part of the business run imperfectly, 3) calculate the return on a sale vs. the return on outsourcing and 4) triple check (quadruple check) market share and market growth rates. The fourth part is probably the most difficult. If you are still on the fence after step 3, we'd say a good "rule of thumb" is to sell an asset if it's in a large market and only growing in-line and to . This could be for a niche market or a large market. As soon as you're growing "in-line" with the industry, a sale can make a lot of sense.

Conclusion:*never* sell any asset outpacing the market growth

What You Don’t Do

While the most important part is “what to do”, avoiding big mistakes is also part of winning. The good news is that several of the mistakes are easy to avoid (no skill), the last two take some time to learn (a good thing as you’ll make even more money in the future!). No doubt many people will still make the same mistakes, but we’ll try.

Partnerships just don’t work. If someone bids on your asset with some sort of “profit sharing” agreement, just avoid it. It’s not worth the headache. You’re better off deciding with 100% confidence that the asset should be sold or kept. We have no doubt that some people have pulled this off, that said it’s typically for very small scale ideas. If you are ever in a partnership scenario with a large sum of money on the table, suddenly contracts, “friendships” and everything under the sun go… right out the window. Trying to decide who is “adding the most value” between two people is horrific to say the least.

No Partnerships:

This seems obvious but we’ve seen this happen before. If you’re “done” with the product, don’t let it bleed out and die. You’ve probably seen this 100x before. . Not a large amount but at least it is profitable. Then they decide one day “hey this isn’t worth my time I am just going to let it go to zero”. This results in less money 99.999% of the time. Just sell it. Don’t give up… just sell! Even if you get a low-end valuation, you’re going to make more money by selling. As an example…. If the asset typically sells for 3x earnings… your biz will probably dwindle to retrieve 2x earnings if you let it run to zero. Be smart. Sell it.

Never Shut Down: Someone has a website making $X thousand a month

If you’re already ultra rich, you can feel free to gift a Company to someone. We’re guessing this isn’t the case. The reason you don’t sell to any friends or family is you’ll inevitably give them a discount. We know this sounds “unemotional” but that’s the reality of business. You have a personal life and a business life. If you end up selling the asset for a fair price you’re better off just giving your friends and family money as a gift instead. Hopefully, you’ve read between the lines. If you sell to friends/family they will inevitably ask you to help them run it, ask you more questions and blame you for any issues. A lose, lose situation.

Don’t Sell to “Friends and Family”:

No one wants to buy anything from someone who appears to be extremely smart. Make it seem like you’ve stumbled onto a decent business and you’re leaving to do something else. If you come off as incredibly intelligent you’re going to scare off buyers. They will wonder “this guy seems like he is a genius why in the world is he selling?”, which is not a good set up. This is more of an art than a science and if you come off as an amicable guy who is moving onto another venture, the sale will be quite smooth.

Don’t Appear to be *too* Intelligent: As usual, do the opposite.

This is the hardest one to get down right. If you’re used to flipping internet assets then it will be obvious… if it’s your first time… You’ll probably get it wrong. In short? This is a skill that you’ll acquire over 3-5 years or so. When you fix a website the revenue/profits go up in a rapid fashion making a “knee in the revenue curve”, this is when you want to hit the exit button. The numbers are going up (perfect set up for a sale) and if you sell before they plateau you’ll get the best multiple (earnings valuation). If you sell when they plateau… your multiple goes down in a big way.

Don’t sell after the “Knee”: You want to sell while numbers are going up and are about to plateau.

These are really the big five mistakes that are made: 1) partnerships, 2) giving up/shutting down, 3) selling to friends/family, 4) appearing to be intelligent hurting the sales process and 5) not selling when the asset still has upside potential. Like anything in life, the first sale never goes perfectly, but you can easily avoid the first three since they require no thought (simply avoid!). In future posts we’ll begin walking down the sales process.

Conclusion: If you have other comments be sure to leave them below and as usual no questions.

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“Where Do I Start?” the Easiest Way to Stop Making Excuses

“Where Do I Start?” the Easiest Way to Stop Making Excuses

While time for money exchanges are not the way to get rich and never will be (something we have explained hundreds of times on this blog) the one question that never gets asked is “what is the opportunity cost”. While we emphasize that it won’t make you rich, doing some tasks when you have free time or “double booking your income” is the easiest way to step your toes into the water. For example, if we look at your typical office worker, they spend a large amount of time doing meaningless things like watching YouTube clips and mainstream media reading. The first step is sitting down and “double earning” on your time. While we went all out internet business from the start some individuals need to start even smaller to realize the opportunity even exists.

Before listing off various ways to generate some fast income, think back to times when you were in a bad spot financially. Typically you’re forced to 1) ask around for a quick freelance job, 2) sell something you don’t need anymore, 3) do something that pays less than you are worth or 4) ask a friend for a few bucks. Now this is not something you should be doing ever again but we realize it happens to a lot of people and the four items above are the typical ways to make a few bucks. We’ll create a general guideline here: 1) if you’re worth under $100,000 you have to be proactive every working day, 2) if you’re worth over $100,000 but under $500,000 you have to be proactive on both freelance work and selling, 3) if you’re worth over $500,000 you can focus entirely on selling and 4) if you’re a millionaire or better you’re focusing on simply scaling your ideas as the average millionaire has around 4-7 streams of income. This is a good way to think about how “active” you should be and when you should work “hard” and avoid kidding yourself that working smart is the way to go (without being rich yet). Notice, we try to avoid asking people for money entirely as this teaches bad habits, causes you to obtain something for “free” at the expense of your reputation. Not a good idea.

Being Proactive:

This is a general time for money exchange at first. No one likes it. But it can be done at practically any hour of the day depending on what it is. You can start as low as a virtual assistant while concurrently working your desk job to as high as software coding for others while working at Google. The game of life always works in the same manner, the faster you create momentum (the Google engineer example), the faster you fall into other higher end money making opportunities. We’ve mentioned this before but physics applies to personal finance: objects in motion stay in motion.

Freelance Work:

Ideas for freelance work: 1) review people's resumes, 2) offer them mock interviews on the phone as well – this works particularly well for highly competitive industries, 3) virtual assistants always have some income, 4) tutoring and anything educational could also work remotely depending on the topic and 5) the classic "finding accounts" for anyone in affiliate marketing or an industry with the need for many IPs and addresses (there are a ton of these).

Are any of these positions sexy? No. That said, we know several people who do this when they graduate college. They work at a solid company or investment bank and can't think of a good way to make money instantly. So they go down the freelance work route for the first 6-12 months. This results in around $1,500 a month (so we've seen) after taxes. For those that are already rich, this isn't much, but if you're a college graduate an extra $1,500 is around 30% to your monthly income (quite a lot). Generally, speaking $100,000 in base is really ~$5,000-5,000 a month after taxes since you'll be contributing to some sort of 401K plan with a match attached to it.

Before moving on this is one of the worst ways to make money but the trade off is clear. If you're doing something like this and it targets an extremely high-end niche (like software engineering interview help) you make a lot more money per "hour" but it's incredibly difficult to outsource. That's the trade-off. If you do something like work as a virtual assistant, that pays less but it is possible to train someone else to do it (future VA business potential). Keep this in mind when you decide which route to go. Unsurprisingly, those VA positions you see on Fiverr or other "individuals" helping you out… are outsourced to someone else! The main account just leverages his high quality reviews to get new tasks and takes a cut as someone else does it for him. (surprisingly, not a bad business model if you're willing to build up a reputation over a long period of time)

Think back to when the internet came out and the main reselling market was a place called eBay and eventually something called craigslist. While these are still around, it was interesting to watch as some individuals turned them into full on businesses while others never really "put it together" and only made money during hot product seasons (most common was reselling video game consoles like the latest Nintendo product, believe this also worked for Sega Genesis as well if anyone remembers that old console)

Reselling and General Mark Ups:

Simple examples today include reselling physical coins, stamps, some sports cards, sneakers (very popular) and Legos. In the future we have no doubt this idea of "scarcity" value will continue in a large number of industries and could expand into digital items as well. Either way there are several ways to make money here all it takes is a little bit of proactive behavior: 1) reselling hot products – the laziest and easiest way, 2) learning about a specific niche and collecting items that should be of value in the future, 3) taking the time to actually search for items and 4) creating or selling popular products yourself by holding inventory on the books – clear business model in the future.

Normally we would only talk about the last one, something that scales. But. Everyone has to start somewhere. Maybe you only have a few hundred dollars or a few thousand dollars to try and create a return. In that case, in rank order you want to do 1) hot products, 2) collecting items you can already put a price tag on and then 3) deciding it is something you want to do, so you search and scale. Now before we move on here, there is no need to have an "interest" in the item you're selling. This is feel good nonsense as we know many people who have made a living off of reselling collectables with no true interest in them. In fact, being extremely interested in something could hurt your numbers. If you're interested in something you are more likely to attach personal bias to the value of the item and over value it relative to the real market number. Instead, the key to going down this route is simply having the knowledge base to learn about the product and scale it up in the future.

Rough estimate on how much you can make? We'd say if you simply look for hot products and never take the time to specialize you'll make around $10,000 a year pretty easily. This is lower risk, lower time commitment as well. The downside? By doing this (and nothing else), you're not going to scale it up in the future. If you decide to learn about a topic and scale it (purchasing or holding inventory) then it's an actual business that we will now cover as well.

Now we've reached the fun part of the post, scaling up your basic idea into something recurring or sustainable. We'll go ahead and use the collectable/hot product idea as they can be combined into one idea (so the concepts all stick). The first one is acquiring larger amounts of the hot products through your classic VPN and email hoarding technique.

Scaling Up:

For those familiar with affiliate marketing, one of the issues for the black hatters is that they run out of accounts. According to recent reports even white hat accounts are being banned frequently (luckily our stuff is extremely clean at this point due to long-term reputations – a topic for another day). We'll go ahead and say the vast majority of affiliate marketing is "grey hat" at best. Either way, if you have your Facebook or google account banned over and over again, you need to go and find a new account which is a hassle. New IP address new email etc. that is not tainted with a bad reputation/background.

How does this relate to buying hot products? It. Is. The. Same. Thing. You go ahead and create a bunch of bots (or pay someone to do it) and collect thousands of different IP addresses and emails. Why? Simple, now you can buy a lot more of the hot product (versus doing it yourself which will only get you a few units). You automate the process and simply hold a small amount of inventory at a time. This is also less risky as a new product with "limited edition numbers" will unlikely break the bank and it will have a 100% return policy.

Assuming you've got this down then there is basic supply chain management. This sounds fancier and more complicated than it is. If you scale up your niche you simply need to know where to ship the product to reduce your costs and improve your margins (taxes, shipping costs etc.). This one is a lot more complicated and is industry specific as we don't know what product you'll be buying, shipping or selling. The long-story short is that as you scale you can actually expand margins a bit by doing everything in a tax efficient manner.

Great news here… How much can you make? Since all of this can be run with a computer and a bunch of online logistics you could make more than $100,000 per year. We know, $100,000 a year doesn't sound like a lot given that everyone online makes "millions". That said making six figures is a substantial windfall for you… tax breaks!

A lot.

Take a step back and look at it from a bird's eye view. If you were making around $100,000 from your regular job and now make $100,000 from your online business, we'll bet practically everything we have that the online business will out-earn your job on an after tax basis. You can now deduct costs from your cell phone, wireless bill, part of your rent, your travel in certain cases, gas mileage etc. This is a huge deal as W-2 income is taxed based on the income while your online business is taxed based on your profit which has a lot more wiggle room associated with it. Simplistically, a W-2 is taxed immediately while in a business you receive all of the money, deduct expenses and are then taxed on the net amount. A huge difference financially.

Before moving on, we've never done a people management business but the concept there is the same. If for some reason you're great at hiring and training virtual assistants, it would result in the same benefits. You get to receive money up front, pay your employees and then get taxed on the net amount. Unfortunately, no matter how much we can "describe" these high-people management roles, we've never done them so we simply leave it at that. It's an arbitrage on what people are willing to pay and how efficiently you can train someone to do it for slightly less (collecting a spread)

One reason why people don't enjoy going to work is that they are going to get the same result regardless of how hard they work. You work in investment banking and do 50 page decks and this changes to 100 page decks? You get paid the same assuming your ranking in the firm is in the same tier.

View This as a Game:

Now in this new game, the VA scaling game or the product sales game, you are getting what you kill. It's an exciting feeling that you should view as a video game and not view as a "job". It isn't a job because you're collecting income based on your ability to think creatively and find mis-priced items in a market place. For people who grew up playing video games it's pretty similar to those old school RPG games. You kill a few low level monsters (like the hot product sales), then graduate to fight the medium level monsters (dealing with multiple accounts at the same time) and then finally go to the final stage of managing a large number of sales with transportation logistics across the USA (or your country).

The odd thing about this whole process is that once you get to a point where you're earning money yourself , the "a ha" moment kicks in. That's one thing we've noticed. Many people get stuck in the in-between part where they are working hard to make money (but have to put in tons of their own effort). Hopefully this post clears that mis-conception up. You can start at the absolute bottom (doing it yourself) and remember that this is just the start. Within 5-years you should have outsourced a ton of the work to see income in your accounts when you wake up in the morning.

Fun Side Note: *while you're sleeping*
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Why and How to Keep a Journal

Why and How to Keep a Journal

Practically no one keeps a Journal… Practically no one reads. Knowing that everyone else is avoiding these tasks… We know that these tasks will improve your life. So lets get cracking… For all of the people who hate on journals, this post should break down exactly why you should have one and how it is going to 1) increase performance and 2) force you to develop better habits.

The truth is that writing a single page in a word document will take less than 10 minutes. This is because all of the information is new, fresh and easily recalled. The 10 minutes you invest in tracking your own progress is going to show relative strengths, relative weaknesses and clear areas where improvements can be made immediately. All of these items are going to be difficult to track without consistency (consistency is key – day or night is not impactful).

Why Should You Write:

A journal is personal compounding interest. You won't see any noticeable gains unless you do this for at least 90+ days in a row. Why? It will be difficult to spot trends and see holes in your diet, workout, mentality and overall progress.

The benefit? Once you've established the habit you will be hooked as you'll make at least one adjustment that will benefit you immediately. If you do not see at least one or two holes over the course of a year, you should stop immediately… because it simply means you're not taking it seriously.

Enough with the over view, can you show a real life example?

Training journals are extremely common for weightlifting, sprinting, distance running, swimming etc. The difference between a high end journal and a low end training journal is this:

1) Athletics, the Most Common Example:

Simply tracks reps and weights

Person 1:

Tracks reps, weights… and also tracks muscular trends and soreness.

Person 2:

This is the difference between good and great. You're making a mind muscle connection and you're actively searching for areas to take your skills to the next level. If you are properly tracking your muscles and performance, you are now in a significantly better position to break a plateau.

Anyone who has attempted to break a plateau will know one thing… It seems impossible to crack for weeks at a time.This is the difference between Person 1 and Person two from the example above.

Training journal says "Squat: 3 sets of 8 reps at 275 lbs".

Person 1:

: Training journal says "Squat: 3 sets of 8 reps at 275", right IT band and hamstring is tighter than left.

Person 2

For serious athletes, you already know the solution to this. You attempt left legged and right legged jumps to see if there is a muscle imbalance. What happens next? When you run and jump to touch an arbitrary marker (vertical jump markers, a basketball backboard, a football goal post etc.) you will notice that there is a significant difference in the height (call it 2 inches instead of the typical 0.5 inches for left foot vs. right footed jumpers). Now you've confirmed the muscle imbalance and turn to your training regimen and realize the following… You've been running 200 meter sprints for the last 4 weeks.

If this is true the answer is simple, you're going to run the 200 meter sprint clockwise instead of counter clockwise forcing more pressure on your right leg during the bend of the turn. Your 200 meter workout suffers by a half second to a second, however your body adapts within a week or two and the next thing you know… You're now squatting 3×8 reps of 305lbs.

Not Sold yet? Not an athlete? How about this…

While calorie counting is all the rage these days, if you're a busy person who exercises it is best to start simple by monitoring exactly what was consumed and ignoring the total calorie count for now. If you want to go from good to great you can add the exact portion sizes, however, this routine will keep you honest about what you have actually consumed.

2) Diet: Track your diet at a high level.

How is this going to help? You're going to break bad habits.

Three years ago I personally had a bad habit of eating a chocolate glazed doughnut every single Sunday of the week (being honest sometimes two!). This was like clock work, I would rush to the bakery eat and then move on with my day, an odd habit. While it doesn't sound like much, just like other things in life the small efforts compound and add up. I couldn't seem to drop the last 1-2% of body fat I wanted.

After reading about the negative impacts of heavy carbohydrate consumption after lunch, I decided to track my diet in my regular journal. Things started to change. Instead of going to grab my glazed doughnut I was grabbing a banana and mixed fruit cup instead (an extra $3 no big deal). Within 6 months I noticed a slight change to my body fat which allowed me to reach my goal.

Why did this happen? This happened because I forced myself to write down what I ate and had to stare at the results every single day I double clicked the word document. Once you write down chocolate and maple glazed doughnut two times in a row… You start to shake your head. It becomes harder and harder to write down the bad decisions.

You change.

Still not sold yet? Believe your exercise routine is perfect? Believe your diet is impeccable? How about this…

Everyone reading this blog should have lofty goals. If they are not lofty you're not aiming high enough in the first place. With that in mind, how are you going to reach your goals if you are not learning something new? How are you going to retain the knowledge without writing it down? How are you going to debunk previous beliefs without tracking them? You simply can't.

3) Mental Growth:

For this one, lets turn to the work force. We already explained the and keeping a journal can help save your career as well. Every day you need to learn something new within your field. It can be as small as knowing your preferred color template or as large as knowing about a firm wide layoff.

importance of politicsManaging Directors

Write it down.

Many people are going to read the Managing Director example and think this is brown nosing when in reality it is simply people skills. If you know your superior is a hard core Boston Red Sox fan it is probably smart to avoid bragging about a New York Yankees win. Even if you are a Yankees fan, a socially intelligent person is going to avoid the topic entirely. Think about the you have. You certainly avoid some topics on purpose since you simply don't see eye to eye. We all have plenty of these. This will save trouble for both of you.

close friends

How is this going to add up? Keep light tabs on people, events and obtained knowledge. If you believe this is brown nosing, again you're missing the point. This is akin to knowing your best friends birthday or knowing his or her favourite food when you happen to be in the same area. There is a difference between being thoughtful and a suck-up. The difference is that you're not changing your personal beliefs to adjust for them, if you disagree with them, simply avoid the topic (see foolish people who argue about politics).

Fast forward 6 months. By this point you should know the quirks of the people within your office. You should know which groups dislike each other, which people love each other and which ones are simply apathetic. This is going to do a lot of leg work for you. Instead of worrying about prioritization and wondering what a certain person wants… you're going to have a quick document to check and confirm your beliefs. You can laugh now but if you do, you'll see that you have wasted your own time. Knowing that person A prefers to see Document 1 first instead of Document 2 first is going to change your entire workflow. In addition, everyone in the office will believe you are simply more efficient than others.

Do this correctly? During your performance reviews the first thing they will say is this:

"You seem to make the work environment easier for everyone around you"

If that doesn't give you an edge, nothing will.

If you're not sold on a Journal improving your physical and mental health then we do not know how to proceed. However… If you're looking to add this simple exercise to your life, below is a template that has been adjusted over the years.

We suggest a digital document as it is easier to search for information on a historical basis.

Day Month, Year

Today, I realized work was going to be lighter than usual so I decided to add an extra cardio workout at the end of the weight-lifting routine. Highlights of the day were 1) finishing document X and sending to client Y, 2) improving bench press by X lbs and 3) limiting caffeine intake to 1 cup of coffee.

Meal Summary:

Breakfast: 1lb mixed berries, 1 cup coffee, 16oz water, 1 cup almonds, 4oz ham and 2 fish oil tablets

Lunch: Half chicken, side brown rice, side of mixed vegetables (broccoli and cauliflower), 16 oz water and 1 banana.

Snack: Carrots and celery sticks. 8 oz water and 2 fish oil tablets

Post Workout: 300 calorie protein shake and 16 oz juice (carrots, apples, kale and coconut water)

Dinner: Half pound of salmon, mixed vegetables (zuchinni and carrots) and a handful of olives

Workout Summary:

Bench Press: 3×10 reps X LBS… No noticeable changes

Close Grip Row: 3×10 reps X LBS… No noticeable changes

Incline Bench: 3×10 reps X LBS… Personal record by 10lbs, right side seems stronger

Wide Grip Row: 3×10 reps X LBS… No noticeable change

Decline Bench: 3×10 reps X LBS… Notice left side soreness

Rack Pulls: 3×10 reps X LBS… Notice lower back pain is gone

Run: 3 miles easy run – Felt good today due to lower effort at work

Knowledge Gained:

1) Reminder that managing director Y is going to have his second child in about a week. He seems to stress with personal issues so better to avoid this week.

2) Left chest tightness means I should probably switch to dumbbell bench press to fix the imbalance

3) Finished chapter X of X book which suggests I change my email message pattern to Y.

4) Friday is going to be a longer than expected work day as XYZ project is running a bit slow. Going to prepare for this by taking off a bit earlier on Thursday as most people are out of the office at that time

Knowing the workload is likely going to be higher, I plan on reading a bit more and decreasing intensity at the gym. Will stick to weight lifting and avoid cardio giving me an extra 30 minutes to read book X on topic Y. Given the lower expectations for lifting, I plan on eating a tad less as well.

Plan for Tomorrow:

———————

****Bonus: Every year, you're going to add 400+ pages of writing. This will improve your typing speed and writing abilities as well. Just remember to write the truth and you can look back and see the performance for yourself.*
****

Why The Ninety Nine Percent Don't Understand Wall Street

A friend of ours tracked down this discussing this and the negative comments are exactly why the haters will remain in… the Ninety Nine percent. If you read the article and your takeaway is that we are 1) unhappy, 2) leeches or 3) angry about our lives here's some good news for you we already know what your We are creating a platform to motivate and inspire. In addition, if you're interested in getting into Wall Street we are giving you the tools you need. Maybe we are just stealing from you though… feel free to explain.

reddit threadarticleday looks like because you're a loser.

This is going to be a relatively long post because no one else is going to take the time to explain all of the "philosophical" arguments in a single post but lets get this started.

If you believe this is true have fun working in finance for your first 5-7 years because you won't be seeing any sunlight but that's not a problem because you're certainly working harder than us already… Right?

1) We Make Money By Doing Nothing. Myth.

Thank you professor in no job experience. Let me ask you a simple question. If we told you that we can sell your current house on the market for 10% above the current bidding price you are receiving… are you willing to give us 200bps? Now if you own a business and we can get you 10% higher on your Multi-million dollar business now would you be willing to give us 200bps? But maybe… you believe raising capital has no value.

2) We Create Zero Value. Well that zero value argument died in a hurry.

This one is another automatic gag reflex. Let's take a second to remember a story:

3) Capital Raising is "Free Money".

"There once was a time way back in the past where a young man had a great idea for a website. This young man was extremely competitive and rebelled against everything from his Ivy League Institution to job offers from major corporations. The idea was so great but he Flash forward just a few years later and that Company is now worth tens of billions of dollars, the story is so great that they made a movie about it, that company is called

just didn't have the capital to grow the business.Facebook."

Wait, that story was awful because we wanted to choose an example that actually adds value to Interesingly this guy IPO'd his . Lets move along.

your life. own life

If you believe that capital raising is bad, then you must ask yourself these two questions. By correctly delivering the business proposition to investors and finding people to outlay real dollar bills you are adding a lot of value, one might say you'd be fit for a job in

Is the recognition of talent or a solid business idea a useless skill? Is salesmanship a useless skill? Venture Capital.

Hard work is hard you should just quit. If you don't enjoy working hard you are going to fail at life. The difference between a winner and loser is entirely If you find someone who enjoys failing more than us please send them our way. Failing is fun because failure is just practice.If you get blown out by a 9.5… good you're closer to the next one. If you lose your job? Guess what it is time to grind and find another one, you might even get one that pays better.

4) These Guys Are Depressed. in your mind.

We will tell you one thing with absolute certainty, if you work as hard as possible you will become a more successful person. Knowing this statement is true since hard work leads to results how can hard work be depressing?

It can't if you want to win.

This is going to fly above most people's heads. Lets go take a jaunt to a fundraiser shall we? Hmm… why is this place full of successful people? If a man is starving, dying of thirst, sleeping on concrete and you hand him food he will be infinitely happier than the "life experiences" you received backpacking through a jungle with your iPhone and iPod. When we die, since we won't be having any kids in this lifetime, every single penny will be dropped into a charity. Maybe this makes us bad people.

5) Money Buys Happiness. Successful people want to help you win and part of helping you win is giving you opportunity.

If you're busy blaming other people for your life failures: Wall Street, Corporations, your parents, your brother, your Facebook "Frienddddsssszzzz", your 5'6″ height and your brown instead of blue eye color and you are not working hard you should blame yourself. If your number one instinct is to try and bring someone down, you should try bringing people up instead.

A real man of value makes everyone around him better.

Lets take a quick glance now and see if we're the bad people or not, you can take your life advice from us where we received this email just under 2 hours ago.

"Hi WSPs,

Wow, I don't know what to say. Thank you so much for putting so much work to edit my resume during Easter weekend. I really appreciate it. Now I am going to work in it per your suggestions and get back to you ASAP…

Thanks again and have a good week ahead,

Name"

Or you can take advice from some broke reddit keyboarder whose name is

"Throw in the Towel".

"What a terrible read. This blog didn't motivate me at all. If this is his average day then this guy's life sounds absolutely miserable. Do something you enjoy guys. Wealth is not everything like this idiot is saying."
We are trying to build trust where we can all win. The decision is yours.
****

Why We Fail at Achieving What We Most Desire

The best way to tackle this is to look at the "average day" of the "average man". For the lazy, the conclusion sums everything up in just a few short words. Look at the below routine and ask what would happen if you choose "instead".

We hit the snooze button instead of simply standing on our feet. We repeat.

We Awake.

We reach for a morning coffee at Starbucks instead of doing 10 pushups. We repeat.

We're Groggy.

. We sit and sigh instead of greeting everyone with a smile. We repeat.

We Have the Monday's

We eat what we "want today" instead of what will help us become healthier. We repeat.

We Eat.

We have the same friends we have known forever instead of branching out. We repeat.

We Retain.

We buy things online instead of asking if we really need the product. We repeat.

We Consume.

We head home instead of going to the gym because we "feel exhausted". We repeat.

We Finish Work.

We read about today's news instead of gaining wisdom for tomorrow. We repeat.

We Go Online.

We watch TV and the lights cause us to stay up late instead of reading a book. We repeat.

We Relax.

We sleep when we are tired from accomplishing little instead of pure exhaustion. We repeat.

We Sleep.

Hopefully this post has been slightly annoying or even repetitive. That is the point. The theme remains the same.Not you though, you're better than that.

Conclusion: We fail at achieving what we most desire, to obtain what we desire in the moment.

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Why You Will Never Really "Retire"

Why You Will Never Really "Retire"

The reason is actually quite simple. If you become successful in life, you're a person who enjoys becoming better every single day. You don't enjoy sitting around drinking a bunch of beers and eating French fries for 10 hours straight in front of a TV screen. You enjoy getting better at *something* every single year. It could be your physical fitness, your online business or your ability to read social situations. No matter what, you find an area in which your skills are lower than you want them to be and look to improve that area of life.

As you get better and better at what you do the number of people you compete against gets smaller and smaller. The level of competition needed to get into the top 10% or so is incredibly weak. We have only been writing for a short period of time (in the grand scheme of things) and we have an inbox full of people who made it through various routes: real estate, investment banking, online business etc. They are now hitting a point where each jump is harder because your competition is actually legitimate. You slip up once and you'll be passed immediately. Below is an email we received that highlights the change in pace (redacted his personal information).

Small Differences:

"About three years ago I decided I would give the information a try for a full year. I was working at accounting firm (redacted) and followed the plans to try and get into investment banking while improving my fitness since I was slacking after college. People don't tell you how much harder life is after college since you are trapped in an office for a large period of time. Fast forward a year and I got into investment banking and made just over $110,000 while I lost over 10 pounds of fat. Sure it wasn't a major change like some of your other readers but now I'm on track to make $200,000 this year with a small business on the side. What I noticed is that it's getting harder to move up since the people I have to compete against are actually trying just as hard as I am! Do you have any advice for staying on the course when you visibly see the difference?" from your book Efficiency

We do have an answer here. The answer is this This is e. Once you get into the top 10-20%, you know what it feels like to succeed and there is nothing that comes close to that feeling. Not even close. So instead of asking us how to stay the course ask yourself You're going to come up with nothing. Your other options are boring things like drinking with your "buddies" who are low value and have time to waste on just "hanging out" and giving up to live a life you left behind already (clearing $70-90K just getting by). Both options should make you feel sick.

"what else is there to do?" another rigged game in lif*"What else can I be doing that I won't regret in 5-years?"*

The real issue this person is struggling with is the *small differences* issue. This is why we gave away our PED routine (already regret that one). If you get to the top 10% or so, it's going to be a large number of small choices that will make you jump into the top 5% and beyond. Small differences include: 1) do you check your website design every month or every quarter?, 2) are you able to go to the gym 5 days a week instead of 6 days while seeing the same performance improvements due to intelligent training?, 3) are you pushing off those email responses to "tomorrow" or are you doing them all before you go to sleep at midnight? and 4) are you still holding onto some people that you know won't make it as they have given up or slowed down for good?

These are things that don't show up for months/years at a time. As you know (if you're improving), all results take long periods of time to show up. If you are a millionaire at 30, it's because of the decisions you made in your 20s. Now that you're competing against other millionaires… You're all making long-term bets and battling it out to see where you land at So. You have to stay the course and make tons of small difficult decisions even if your energy levels are lower and you're feeling tired. These will add up and you'll continue moving in the right direction. Besides, what else are you going to do? Just drink and hang out for 40 years? No thanks.

age 40… Not age 33.

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"I have 'Like Minds'… Do we have time to socialize and to hangout aimlessly? No. Do we want to do that? No. We want to work. I enjoy working" Kobe Bryant

One of the best things about your first major win (like the email we highlighted above) is that you *should* get addicted to that feeling. The "should" part is important as it's a quality of a future winner anyway. If you remember that high (how you felt at that point in time), it should be impossible to replicate. This assumes you really did something that you didn't think was possible within your time frame.

The Self Fulfilling Prophecy:

If the above is true then all you have to do is remember how it felt and ask yourself if it's better to give that up for good. Your answer is always going to be no. Sure. You may not get the exact *same* high every time, but it sure beats any other high you will get in the future. This is also why we acknowledge that practically every single one of you will go through a bender phase after you get rich.

In rank order in terms of dopamine rush: 1) financial independence, 2) 50% change in your annual income, 3) first real profitable sale in an online business while you're sleeping, 4) one time windfall of 3-5% of your net worth or more. The last one is critical, if you've trained your mind correctly you won't be excited by one time windfalls (lottery or a great stock option call) and you'll be more excited by the recurring revenue (items 1-3).

As you can see we do have one big concern we bring up consistently on this blog. The recognition that it's difficult to maintain motivation past the financial independence level since the dollars don't have as much meaning behind them anymore. The good news? After your first bender (or five), you'll have nothing else to do. And. You'll focus on the second option again which is increasing your income or net-worth by another 50% which shouldn't be easy at all.

As another note, you get to a point where "hanging out" just doesn't sound appealing anymore. Sitting around watching something on a television with 5 other people doing nothing every single week gets incredibly boring. It's actually more enjoyable to sit down and read something that will improve your life. A few hours (maximum) per week hanging out is beyond enough. Why anyone would enjoy hanging out with their friend every day after work for 5+ hours is incomprehensible (everyone in the room is quite literally getting worse).

Whilewe'lldo everything in our power to slow down the ticking hands of time, even at old age, there are things you can do to improve. Maybe you'll be less interested in your own net worth and you'll change your focus to charity, your kids and some sort of elaborate bucket list. The end result is still consistent interest in improving your life. By this stage in your life, you've tattooed a habit of self-improvement onto your bones and there is no going back. How anyone can live life hanging out and "chilling" doesn't make much sense since it's incredibly boring to you anyway.

Even At Old Age:

As a note, if you look at the ultra-wealthy, many of them do things such as consulting/advisory services. They sit on boards and work less hours while focusing more on high-level strategic changes. They don't bother with any more work that would be considered "grinding". You become more of a speaker/influencer at that time.

We do get some emails that effectively say that "this isn't worth it". This is great as we can instantly ignore them and never speak with them again. They gave us a great gift! They let us know up front that they will never make it in life. A deleted contact is gained time in many cases. You can work with winners instead.

"This Sounds Terrible":

When we read this post we're actually excited. There is nothing fun about sitting around. Going to the gym hitting a new "personal best" or having a personal best revenue day is *really really really* exciting. That is something that normal people cannot relate to since they haven't felt it before or don't think it's worth it. If it were possible to generate sales 16 hours a day and go to the gym for 16 hours a day we would do it. Unfortunately that isn't the case.

So with that we're only focused on the winners in life. If you ever feel like quitting instead of watching some crazy motivational video talk to yourself rationally: . You'll be back on your computer sending those emails within seconds.

"What else can I do that I won't regret in five years"

For those that are unfamiliar with our blog we have three high quality products in order: , and 3) . In order, you learn how to make a good amount of money (a million liquid within 10 years or so), how to correctly invest it and finally how we'd avoid blowing it all with intelligent spending.

Newer Readers: [1) Efficiency2) Triangle InvestingSpending for Maximum Return]
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Winning in Each Stage of Life

Winning in Each Stage of Life

Making transitions in life is probably one of the most under-rated skills. Similar to any high speed sport, the need to change speeds, directions and "run the game at your pace" is a critical skill. This occurs in life as well as we move from cranking long and hard hours to saving/investing to spending as much as we like. It isn't easy to make transitions because it requires you to learn a new "mental model" or whatever the self-help gurus are calling it these days. Any successful person you meet will talk about numerous big and life changing transitions they have made. We'll run through this in chronological order.

When you're extremely young, it is not clear where your skills are. While a few lucky people are born as a child "prodigy", the vast majority are born with a set of skills that range from 1 standard deviation below to one standard deviation above. The key is to shot-gun approach and try everything you can. After shot gun approaching your life, you'll find a handful of things where you're good at the task. The best example is in the physical realm (which is why we will always be interested in sports!). If you find that you're not very ambidextrous, you'll probably move into sports like golf and tennis and away from sports like basketball and soccer which require both sides of your body to be used frequently. On the other hand if you find out that this performance difference is immense (for some reason one arm/limb has significant strength), you may end up as a field goal kicker or shot put thrower. Either way, as you learn each and every nuance of how your body works, you'll decrease the list to select few.

Shotgun Approach:

This is typically the first failure in making a smooth transition. Many people do not bother to accept the reality of their skillset. If someone would make an excellent tennis player but then focuses on volleyball because they enjoy the sport more… this will typically lead to a disappointing result. Now to be clear, we're assuming the person is attempting to win and not doing this as a hobby. Since accepting reality now refers to making money, we can apply this to your soft skills. If you're unable to be a solid software developer/coder, it does not make sense to enter this field today just because it is "making money now". Instead if you find that sales comes easy to you… it's time to focus on that segment. Sure a top tier engineer may out earn you, but it's better than being a bottom barrel engineer and earning less than you would as a top tier sales professional. We've seen this mistake many times. We still get the same questions "which career to choose" and the answer is always the same… . If you're going to be one of the best at it, we place the chances of making no money at around 0.0001%. Unless you decide to be a social worker.

Accepting Reality: the one that you will be best at

Assuming you've done the first two big steps, you're now in the big leagues. Competing against other rational people who were able to analyze their own abilities and choose the correct path. Now here is the kicker… The big problems typically begin around this age 18-22. We'll put a band around it since some of you won't even bother going to college because you're already making money! 1) getting into a financially responsible situation, 2) avoiding the complete death of your personality, 3) giving up control, 4) sending the elevator back down and 5) re-learning how to spend liberally.

Competition Now Goes Up! *The Big Problems Are*:

This is a big one. It is not possible to know how you'll react when you start making a good amount of money. This is different for everyone. If you grew up lower middle class and make $100K/year out of the gate… . We don't know how you'll react but most people get a big surge in confidence and… Irresponsible spending and investing. We rarely talk about saving/frugality here because it isn't the best way to get rich but one thing we can recommend is "learning" how to deal with the large amount of income (large is relative to what you were previously earning).

1) Financial Responsibility: This is going to be a big dopamine rush

Interestingly, this happens all of the time from age 20 to age 60. Even if you're in your 40s… You may get a big one-time windfall and the exact same thing would occur (potential to lose it all through irresponsible spending and poor investments). For those that have made it, you'll notice that your "friends" or anyone who knows you're rich will "assume you will foot their bills". This is how regular people operate. You shouldn't allow for this and more importantly, if you find yourself doing it … that is an enormous burning Red Flag. People always say this is because they have no idea how much more responsibility they will have. As you move up the chain, it is harder and harder to lay low.

"If I had $XXX I would…"

Since you'll be taking the financially responsible route we continue to recommend The Company offers *free* software tools that will keep you honest in terms of spending, net-worth growth and portfolio diversification.

. Personal Capital

This is a topic that is avoided by many: Elephant in the room. For anyone who has at least a decade of work experience (Career and Business owner only), they will recognize that many people give up everything for the all mighty paycheck. They may be incredibly deadly at the negotiation table… But they don't have much else left after that. Many are trapped in dead-end relationships (marriage or otherwise). Many are out of shape with health problems that will take well over a year to solve. Many live a life of quiet desperation.

2) Maintaining a Personality:

We hope that many of our readers already see this (a few years into work or otherwise). We think this life transition is more important than money because a bad investment or two (losing tens of thousands for example, or even a few hundred thousand) can be recuperated. Fixing a bland life that wasn't living cannot be fixed. We can't get our time back so there is no way to "undo" the hours of slogging away and living a repetitive life.

If so this is probably the most important pitfall to avoid.

Most won't like this part but we think the easiest way to prevent "personality death" is to spend the first five years (at least) with the following basic rules: 1) stay single, 2) stay out of debt and 3) spend at least two nights a week outside of your work/professional circle. Steps one and three are the hardest. Most are not comfortable with meeting new people on the fly and it is quite easy to get complacent with a normal relationship. The standard path which suggests: 1) college, 2) good career, 3) work hard and meet significant other, 4) locked into a relationship by 30 at latest, 5) kids and 6) death. It seems that this . The best way to avoid it is to follow the outline we gave and watch as your friends and colleagues fall into this death spiral. Once you see how their lives change you'll have a good grasp of when/if you want to live a more predictable life.

path is so engrained that even financially savvy people fall into the same trap… do the opposite *Hint, keep in contact with a few women during your college days to get a good glimpse of what is to come. Generally they will get married much earlier*

If people do not like this outline then we'll make it easier. Unless you've already done everything you would like (personal basis) there is no reason to get trapped in the standard path. Once you've done/accomplished everything you wanted to do, feel free to take a look at a more predictable and stable life. For those that are skeptical still, for good measure… Look at the higher ups at your organization (if you have a job/career) and ask if you'd actually want their life. We know what you're thinking already: No.

This is where the big money is made. While technology allows us to build massive businesses/organizations with a single person… eventually your time will become incredibly constrained. If you've made it to this part of the transition game, you've already made it. You're making good money, you've avoided the standard path traps and on top of all this… your personality hasn't been beaten down by corporate policies (you got out just in time!).

3) Giving Up Control:

Here you're going to have to release control of all the items that don't generate large sums of money. If you can't do this you'll be forced to work long hours with nothing to show for it (flat income line). As you can probably tell, this is an important topic to us at this point and has occupied 20%+ of our thoughts lately. There is no real easy solution except for outsourcing the lowest skilled task and moving from there. Experienced people will likely laugh and say it is easy but we haven't cracked this code yet. Our strategy has been slow and painful (as evidenced by the difficulty in updating this blog). If anyone has suggestions we're outlining our leverage plan as follows: 1) outsourced admin for the most basic tasks – product returns, payment issues, organizing calendars, etc., 2) new email address to separate important people from less important people and 3) new accountant. While basic at first, this has already opened up several hours per week. The key now is finding a way to maximize those free hours and eventually hiring another employee for conferences/industry updates so the calendar automatically fills itself in.

Pausing here for a second, one item that is probably overlooked here is "separating important from unimportant people". This may sound rude but it is the reality. It will also happen to you as well. Many of your contacts will fall off the map after making bad life decisions and on the flip side many people will likely reach a new level of success (a good thing). If more and more of your friends seem to succeed it is inevitable for you in the near-future. Ideally, a few will pass you as proof that it is possible and you can succeed in time and drop an email later to catch up once the amount of value you add is roughly equal.

We've clearly done this in the form of a blog. As a basic way of giving back to strangers we'd suggest something that is break-even to slightly profitable. The reason is psychological: people don't take free content seriously. We proved this many times in the past and as long as you over-deliver relative to the measly cost you're charging you're helping more people than a free product (no one reads free e-books). This is no different than giving a child something for free versus making him earn it by working for it. Even if it is the exact same product, the product that required work is taken seriously and appreciated (the one that was given for free is treated like trash).

4) Sending the Elevator Back Down:

Now starting a basic blog is definitely not the only solution. There are millions of other ways which include: 1) charity work, 2) teaching and 3) the extreme example of adopting kids. The point is that you'll get a lot out of sending the elevator back down. Even if it seems like something you would never do, we'd suggest you try even for selfish reasons. Many benefits include: learning to communicate better, being forced to understand all the concepts better since you must pass on the information and increased empathy as you watch someone go through the struggles you once had in the past. Of these three the last one is probably the most valuable as you realize there are many people who have to work even harder than you do for the same result, seeing it in front of your own eyes will help you in your personal life.

Once all of these items are complete you're essentially "done". There isn't much for you to prove and there is limited upside to making the numbers on the screen go higher (net-worth). So you're now in a new position where you evaluate where your life is going to go over the next 30 years or so. If you want a family… If you want more free time… If you want a dream house/car… so on and so forth. We can't really answer this one and we've already spilled the beans on where we think we are (around three or four – financially independent but not willing to go entirely off the gas yet). The good news is that the end is clearly in sight so it's at least time to prepare.

5) Re-learning How to Spend:

A few ideas we have worked with include: 1) ratcheting up spending every other month to find which activities generate , 2) organizing all cash flow items into a single umbrella and automating the deposits and 3) increasing travel to the handful of places that appear "livable" long-term. By doing these three things (and talking to successful people that are 50-60 years old) we think the preparation is largely complete.

the most "utility"*Note: successful to us is not necessarily successful to other people.We define success as 1) happy, 2) financially independent, 3) growing income and 4) solid social skills.*

Essentially there are several big stages in life and each stage of the "game" offers a different problem that has to be solved. The big stages are: 1) disorder of knowing nothing about your skills, 2) specialization in the correct task that offers the best return, 3) giving up control of basic tasks that you "could" do (learned from step 1) to scale, 4) this leads to accumulation of knowledge, money and status, 4) combining these items you'll now have a money printing machine to free up *time* which you will never exchange for money again and finally, 5) you begin giving back at a reasonable rate while figuring out how to maximize your happiness. While it appears easy, we'd say there are less than 0.1% that get through this mess. .

Summary Stages of Life: Even the financially rich fail in many of these steps

On that note, with a basic and clear warning about following the masses… We'll host our next full fledged Q&A on February 10 at 3pm EST.

For the newer readers… if you're interested in learning more about making money, staying in shape and doing so without choking off your personality… You'll probably like . The benefits include: 1) How to get into the top 10% physically with one hour a day of exercise; 2) How to eat correctly to be in the top 10%; 3) How to figure out what type of intelligence you have; 4) How to use this type of intelligence to choose a career and the *right* company: Wall Street, Technology or Sales; 5) How to start an online business and sell (the basics and all you need to start); 6) Clear outline of how to create and start an online product business with correct copywriting; 7) How to go into affiliate marketing if someone wants to take a stab at the competitive space; 8) Overview of how affiliate marketing operates and how to do it, 9) How to do all of this and maintain a normal social life (avoid choking off your personality). As a bonus you can read a success story by

Efficiency, Get Rich Without Giving Up Your LifeClicking Here.
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Work Life Balance

Work Life Balance

Lets state the obvious here. If you're looking for a career or business opportunity with "work life balance", you've already lost. The implied message by searching for this position is that you view work and life as separate. You don't like your work.

If you don't like your work, you'll be putting in the minimum, barely scraping by. You slowly work up to a middling position that pays $150K per year. You've set out on a path that will be painful (long-term) once you hit the decade mark in work experience.

The Outline

This is generally the threshold where people can decide if they like their work. Remember, otherwise you're better off starting a business (again in something you can scale). Is it better to put in the long hours when you are young or when you're older and playing catch up against the people who are already in the industry? The answer of course, is when you are young.

60+ hours a week:there are only 3 careers worth pursuing

60 hours a week will break down as follows. In at 8am out at 8pm like clock work. 4 weekdays during the week you spend . One night a week (choose Thursday) you socialize to avoid becoming a type A boring person and prevent yourself from developing unhealthy *black out* drinking habits. You read on your free time Friday night and you set aside saturday night for fun. Finally, Sunday should be spent on new hobbies, new businesses and any other way you can reinvest in yourself.

1 hour at the gym after work

But what if you work 80 hours a week in investment banking for 2-3 years? This is easy, you can maintain the same schedule. Do not allow people to trick you into believing it is not doable. You are only 22 years old.

You simply leave for the gym when the office is empty, work longer on Monday-Wednesday and slot out Sunday for additional work as well. Pay your dues over 2-3 years so you don't have to be average like most people in their 30s. There is almost nothing worse than having $100-150K in the bank at 30. You're starting from scratch again.

Generally, people will work for 40-50 hours a week. If they spend 56 hours a week sleeping (8 hours a night) and another 50 hours working… That leaves only 62 hours a week for "life" which will include chores, commuting and other miscellaneous tasks. Now let's see what happens if you enjoy your work… You've now increased the amount of life you're living by over 30%. Instead of burning 106 hours a week doing things you must do/don't enjoy… You now spend just 56 hours a week sleeping and the rest of your time is filled with fun activities.

Work is Life:

Run the math.

Does it make more sense to spend 2/3 of your life doing things you enjoy or only 1/3? The clear answer is 2/3. Work life separation is for people who believe everyone hates their job. This is false.

If life is work and work is part of your life, how do you find balance and avoid becoming a high strung hyper competitive person? The answer is in the remainder of your *personal* life.

Balance:

As soon as you step away from the computer, away from the meeting and away from your company issued smartphone… Rest all thoughts. The key to balance if you have a stressful job is to realize that you cannot change the circumstances from your bed, at the gym or at dinner. The following should be your mantra.

"Ignore what you can't control, take action when you can and learn to know the difference between the two."

You will be able to track down role models for work life balance very quickly. If they work in intense professions or run competitive businesses and do not speak of them… they are in balance. They also exhibit emotional control.

Notice the definition of balance is different, work is still part of your life, you simply do not think about it when you cannot take action.

Finally the bigger question is… "How do you maximize the amount of years in your life?" The answer is to slowly take your foot off the gas as you exceed the age of 35-40 years old. Instead of being high strung, you allow for a slow deceleration in total hours spent on work.

Years of Balance:

(Note: As many of our readers know, retirement is a scam/myth since life at 60 versus 35 are night and day. Don't even get us started on the government's ability to raise the retirement age)

The key is to find a life balance between ages 25 and 55. You want to grow a business/career you enjoy over the first decade, become more efficient over the second decade and begin coasting during the third decade. Pretty simple outline that can be adjusted as a reader sees fit. If you're on track to be worth a couple of million dollars by 35, this is going to be a no brainer operation for you. While you'll enjoy your work, the dues have already been paid and the need to work 80+ hours a week will be far back in your rear view mirror.

The Excuses

With the answer to the "work life balance" question out of the way the following people will attempt to send you on the wrong path.

This person comes in three forms 1) person who had no options in the first place, 2) person who believes he can catch up later and 3) person who believes he's too talented to work 60+ hours a week. All of these personas should be ignored.

:Live it Up in Your 20s Guy

If you don't believe that this group should be ignored, look ahead 5-6 years and see what questions they are asking.

- "Does money help get girls", you only ask if you've never had any
- "How did/do you make $X per year", doesn't bother asking what skills are useful or where to obtain them in an intelligent manner
- "How can I get into X industry", thought he was special so he never did any research

All of their questions shift to income production since they didn't put the big blocks up early. It won't be a pretty future as the result is "cost cutting" where they develop a scarcity mindset to save money (see frugality not minimalism). If you take nothing from any post in this blog, do not listen to any of the these people.

This was mentioned above and is entirely false. This excuse suggests that a person has no interests or passions… At all. If you've gone through life and have zero interests, then you have lived an extremely dull and boring life. No doubt about it.

Everyone Hates Their Work:

In addition, the implied strategy by this group of people is to minimize the number of hours of work. They will toss around the phrase "most dollars per hour" as the holy grail. We've explained ad nauseam how this doesn't work and you will find that agree with the thought process.

the vast majority of the middle class

Finally we come to the third most common excuse "all of life is luck". Once you go through all the reasons why they should have made better decisions, instead of taking ownership, they will claim success is all luck. Considering that luck is simply a function of capabilities and timing, they missed out on hundreds of opportunities. They never developed the capabilities to take advantage of the situation in the first place.

It Is All Luck:

—

End of rant.

Let's get to work! Well, more appropriately, let's get to LIVING.

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Working With a Psycho Managing Director

Working With a Psycho Managing Director

This is going to spur on some horrible nightmares for the Wall Street folk that read this blog. For fun we have gotten requests to outline what life is like if you work for a psychotic person on the Street. Needless to say it isn't pretty.

So you've been asked to work on a new project with the most intense Managing Director in the office. You're shaking your head. You walk in with the rest of the team to go over the material. The problem? he moves his chair so he is only looking and facing the right side of the table where the Senior Vice President is seated. You may as well be a chair. The meeting lasts over 20 minutes and he waits for you to get up and leave before shutting the door (still no eye contact of course).

The Red Flag: *He doesn't even acknowledge that you are in the room*

Welcome to the bottom of the totem pole.

Realizing the dire situation you are in you do everything in your power to avoid being reprimanded. Your company color code matches perfectly, there are no missed commas, instead of triple checking your work you have quintuple checked every single cell and formatting error known to mankind.

The Turn:

The slow moving train wreck begins.

All of your colors are wrong. Why? Your new psycho Managing Director friend does not like the Company color scheme so for his books the colors are different. You have to change every single slide in the 50 page book that you've created…

You're such an idiot. It could have lost you the deal…

Didn't you know there is a huge difference between Red 0, Green 0, Blue 240 and Red 0, Green 0 and Blue 241?

Color

After spending your evening changing all of the colors in the boilerplate slide deck you look over and see your psycho SVP making edits to the document. Naturally, you know this is going to be horrible since a psycho Managing Director will only work with an equally psycho SVP.

The Grind:

"Hey why don't we add a quick and dirty accretion/dilution analysis… You know just as an appendix."

Well your night is done. You grab the material and intelligently pull up an older pitchbook to make sure the format is exactly the same.

The horror continues.

Usually, most Managing Directors are perfectly fine with the Company template but instead your new best friend has decided he likes a different format. You're going to try and save yourself some time by copying the exact format and also realize you'll be redoing a lot of cells.

Build the Model:

You are a horrible banker.

Because a " – " instead of a "0" makes a significant difference in deciding if a deal is worth it.

![format]

You're still sane. You put in some eye drops because you know you'll be working at least 20 hours today. Then it all hits the fan. It is getting heated. You know what this means. He is going to take his anger out on the team.

Emotional Roller Coaster: Your best friend Managing Director is on the phone with his wife.

Your SVP's phone rings and he heads into the office. 30 minutes later he is walking quickly to his office with 20 pages worth of new content.

You're done. No where to run.

Your SVP calls you into his office.

The Blow Up:

"Joe just spoke to an important client and noted that we need to add all of these items into the book"

(Lie and you know it)

"This isn't that much work right?"

Of course not. (Now you are lying and you know it)

"Great! You know we really like your positive attitude around here!"

Smile and nod. (Well did I just accidentally get the wrong SVP to like me I better not get staffed here again)

SVP goes home and you're finally alone.

You go back to your desk and crack open a redbull or begin chugging coffee.

Near All Nighter: Whatever needs to be done will be done.

Fast forward.

The sun is starting to rise in the background and you can catch a couple hours of sleep. No use in going home.

You're on tilt. No one cares that you didn't go home last night and you certainly don't get to complain about it. You're walking to the restroom and cross paths with your new best friend Managing Director.

Good Morning:

He looks at your shoes, notes they are not shined and shakes his head. Of course he ignores you.

You come back to your desk and see the final edits before the meeting that will occur in 3 hours. Thank the lord that this train wreck is over with.

You feel like death. Your body is giving out and you know the banker twitch is coming at some point in the near future. All you have to do is get the printing crew to get the books bound and you're set. You click print…

Printing Disaster:

Pause….

You know that when you work with a psycho even more things tend to go wrong so you run to the printing center on the second floor… Lo and behold…. No one is there, just your luck they are on "break" whatever the f*** that means.

The meeting is in 25 minutes. You frantically put the books together and finish the task in a mere 15 minutes.

10 minutes before the meeting you hand over the final presentation to the SVP and watch as he hands the document to the Managing director…

"Why weren't you at the desk for the last 10 minutes you need to learn to prioritize and multi task appropriately" – SVP

You quickly explain you bound the books, but of course neither of them listen to you and continue to walk to the meeting room.

You sit back and close your eyes. You then go back to the client folder and have a horrible realization. Your Managing Director has pitched this company for the last 5 years and has landed zero deals.

All of your work has a zero percent chance of turning into anything. Better work on those politics.
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You Are Taught to Be Poor

![You Are Taught to Be Poor]

This is the primary reason to avoid the mainstream media. The goal is to teach you to be poor. While most say they "wish they were rich" they harbor deep seeded negative beliefs about money. Call it Hocus Pocus if you wish. It is most certainly true.

Negative associations with money will make life a headache for you. You will "angle" to obtain money. You will make negative assumptions about those with money and you will make many excuses in your mind to avoid the effort to obtain it.

If you are not rich (yet) but want to be rich (a good thing) you will likely see yourself in a few of these negative beliefs. Lets toss them out the door. In order to obtain money, you must associate zero pain with the process. As usual, lets get started…

This is the primary excuse for the masses. The acquisition of wealth requires too much work. They believe this because they trade their .

1) You Have to Work Too Hard: time for money

Make no mistake… you will work extremely hard. But. If you choose you're going to find leverage. You will slowly gain momentum every single time you learn a new way to generate income and eventually you will believe that you deserve to be rich. Your income will rise.

the right path,

By continuously chasing event driven income your hard work will become much more efficient. The time it took to generate say $1,000 in revenue will now take half as long… Slowly but surely you will generate $5,000 in revenue in the same time it used to take you to generate $1,000! If you keep working at it, the ball keeps rolling. Just remember, hard work is not to be vilified. If you know that you are doing the right things to improve, how can it possibly be "hard work"? It can't.

You know the drill. Practically every single movie and TV show vilifies the rich. You learn this by watching old shows such as the Simpsons (Mr. Burns) to watching recent movies such as Horrible Bosses 2 (Greedy business man values $5M over his own son). Of course this is all a hoax. But it doesn't stop there.

2) You're Taught That Rich People Are Greedy:

You learn this same idea in college! You see many charts and graphs that describe how the "1% generate $x more than average workers". You learn that the 1% control X% of the total wealth. You learn that the minimum wage has been flat-lined on an inflation adjusted basis. You learn many fun facts built to… vilify money.

Unlearn these beliefs. The truth of the matter is that the amount of wealth one has is practically 100% related to the number of lives that have benefited from his or her products. Lets ignore the trust fund babies as the exceptions. If you look at Bill Gates, Warren Buffet and anyone else in the top 100 rich list you'll find a material correlation between charity work and net worth. You will also find an extremely high correlation between how many men/women use their products (from the companies they own) and their net worth. What a coincidence? We think not.

Instead you should believe "greed" is good. Not in the way most think. Greed should be applied to your relationships. You should be greedy when it comes to meeting new elite people. Is it a coincidence that every single person reading this post would happily fly across the country to have dinner with Bill Gates? Of course not. You will become rich by being greedy with your contact list. The more people you help (that are not angling to burn you later), will send you even more money in the future. Assuming you're not angling to burn them? You'll be sending them more contacts (money) as well.

Rewire your brain and realize rich people are not angling to take from you. They are angling to find a way to help you. This way you're a customer for life. Both parties win.

can

This is another funny one that the media tries to teach you. If you become rich you're going to lose friends! So don't become rich or else you will lose all of your close friends! Non-sense.

3) The Negative Stigma of Being Rich:

For anyone who has made money, they know that they can find out who their friends are based on their own success. If a reader writes in and says he made $10K, $10M, or $100M there is going to be nothing but applause on this side of the internet. This is rare. Most people will become jealous and you may lose a "friend".

The term friend is in quotes for a reason. What type of "friend" is going to be unhappy when you succeed? That's right no friend at all.

When the media gives you examples of people who became rich and lost friends they are trying to ingrain a negative association with money in your brain. Don't let them! When your friends say that "you changed" when you made money, you'll know exactly what to do. Throw two fingers in the air and delete them from your contact list. If they cheer for you and offer you a drink, you know that they are very good friends of yours indeed.

Finally? You'll be shocked at who is happy for you and who flips the script on you.

This is just a ridiculous one. Many people believe they should not work harder because they are going to have to pay a higher marginal tax rate. As usual this is just another excuse and a weak one at that. If you make $200K and are taxed at 30%, but then make $400K and are taxed at 35%… You still made a lot more money right? Right.

4) You Have to Pay More Taxes:

If the example above isn't good enough, we have a clear answer for you. Start a Company. You can write off the vast majority of your expense line items.

Since the media portrays the rich as evil people who angle to squeeze money out of everyone, most assume that this is the way to get rich! The only way to get rich is by cheating people out of their money and finding a way to sell snake oil.

5) You Have to Take Advantage of People: This is completely and utterly false!

For anyone who has worked in sales or started a company you know that the number one thing you need to believe in… is… the product! If you wouldn't even use the product yourself it becomes significantly harder to sell it. In fact, if you don't like the product yourself then you shouldn't sell it at all!!! What is the point in selling a product you wouldn't use yourself?! All you are saying is that the product isn't good enough for you. If it isn't good enough for you it shouldn't be good enough for your customer

because the customer won't come back.

So there you have it, another belief destroyed. If you are taking advantage of people, you're going to lose a **recurring customer**. This is a terrible idea. Instead sell a product you would use yourself. This will increase the chances of the customer returning and also increase the chances of the customer buying another product! As they say, the vast majority of your income will come from your current client base.

Now do you see why the rich get richer?

There is no non-sense advice here. The effort required to earn money is significantly higher than any other activity. However. Having no life is a myth once you get rolling.

6) You Won't Have A Life Outside of Work:

After years of hard work, it could take a year it could take 10+, you will eventually hit your stride. When you do… your This is an enormous and unexamined positive of becoming rich. Forget about what money can buy you and think about how free you become! This is a foreign concept to most but is certainly true. If you can earn money doing something you enjoy… what exactly is your life and what exactly is work? You're already doing what you want to do.

work becomes part of your life.

Here is a touchy subject. People assume that in order to become rich you must become part of the 7 deadly sins which goes against your faith. We are not here to discuss religion, however we can certainly offer a solution to this negative belief. By proving that you can be both rich and spiritual/religious.

7) It is Against Your Religion:

If you sell a product, generate revenue and grow a company that helps people… None of the deadly sins are triggered.

– You can avoid lust by getting married (we disagree on getting married, but to each his own)

– You can avoid gluttony by staying in shape which is unrelated to revenue generation

– You can avoid greed by building a business/career that helps people

– You will factually avoid laziness assuming you are not a trust fund baby

– You won't suffer from wrath or anger since your finances will make you stable on an emotional basis

– Envy will be avoided, instead you will cheer when others make it financially

– Pride will be taken down immediately, for anyone with a lot of experience you know that there is always always always someone doing better than you

So there you have it, you may become rich without triggering any guilt associated with your religious beliefs.

This is true. Strangers will judge you. Strangers will also judge you by your physical attractiveness. They will judge you by what you wear, how you speak, how you walk, how you smell and the color of your clothing. How is this any different? Ask yourself if you would rather be rich or poor and then ask yourself…

8) Strangers Will Judge You: *How are they going to know?!*

So long as you avoid becoming famous, how exactly are people going to know how how much you are worth? They won't. This myth is already debunked.

In addition, even if you're the type who likes flashier items (cars, watches, etc.). Then you probably want to be surrounded by people who also enjoy the same tastes as you. It's a filtering process in itself.

This one is beyond laughable. Look at any of the Forbes rich lists and see if they have families. The majority of them do. If rich people have families how exactly are they going to "die alone"? It doesn't add up.

9) You Will Die Alone:

No where are we saying that you need to have a family to become rich, instead we are pointing out the flaws in what you are being taught. Secondly, if you look at the reasons for divorce in the USA (surprise, surprise) finances are a major reason for the split! If there is any lean in the argument… it is that making you rich will make it that you die alone. You'll be a high valued person that other people will want to keep around.

less likely

The final frontier. There is an assumption that you will get bored once you make all this money! Again this is false. The only people who are bored when they become rich are In addition, if you build all of the necessary skills to become rich how exactly are you going to be bored?! You're going to be learning, growing and meeting new people constantly! If you are afraid of becoming rich due to boredom… here is a quick list of things you can do:

10) You Will Get Bored: *boring people.*

– Buy your dream car (or any dream item for that matter)

– Start a boys and girls club for children in need of resources

– Start a charity

– Start your own school

– Travel the world and learn multiple languages

– Learn to dance, sing, play a musical instrument or become proficient in a new sport (you have all the time in the world!)

As you can see, the list will be as long as your imagination.

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Now what is stopping you from becoming rich?

Do you see yourself in any of these negative beliefs?

Get rid of them. The media is psychologically stunting your growth.

You're being taught a lie.

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You Don’t Want to Sell? Too Bad.

You Don’t Want to Sell? Too Bad.

Everything is sales.

That’s right, even if you’re reading this blog to eventually obtain a job on the buyside, at a top tier hedge fund… you must learn how to sell. Why? You need to sell your PM on the position you want to take. You need to sell your value to the firm. You need to sell your firm on your ability to take on more responsibility. You need to sell yourself to be hired in the first place. So if you’re reading this blog solely to position yourself for entrance on the buyside… This post still applies.

Proof that Everything is Sales

Make no mistake you’ve been selling since you were 16-17 years old. You sold yourself to a top tier school in order to be given the chance at a good education in the first place. Yes you need to have the credentials (high grades, top marks on standardized testing) but as soon as you wrote those essays… You started selling.

Your marks and grades are your marketing tools, a product demonstration so to speak. The essay is the presentation. If you can’t convey your potential you’ll never gain admission. Congratulations, your first college acceptance letter was your first meaningful sale.

Lets call what they really are… a sale. You are the product again. You obtained the interview which means your product is in the running.

Interviewing is Selling: investment banking interviews

This is similar to a bake off for an IPO. You’re one of the people chosen to be part of the process and your job is to sell yourself as a package to the firm. Lets make no mistake about it, you are selling as soon as you begin a phone interview.

In fact you are selling any time you pick up the phone, otherwise you shouldn’t be on the phone in the first place.

Don’t believe that dating is selling. Tell us why someone should date you in the first place? You’re selling now.

Dating is Selling:

You’re the product once again, do you come with well groomed hair? Do you have perfect fitting clothing? Are your shoes shinier than the gold watch on your wrist? You’re allowed to walk on stage to make your presentation now.

Are you making her laugh and have fun? Are you presenting yourself as the best option to her? Are you clearly showing you have high value? If you’re doing all of these things without coming off as insecure… You’re a great at salesman.

So you’ve got a crystal clear resume with an impeccable track record. Selling is getting easier, but guess what… You’re still going to sell. Why? Negotiating is selling as well.

Negotiating is Selling:

For anyone who has worked for two months on Wall Street they will realize job markets are not efficient. Many guys get paid more than they are worth or less than they are worth without even realizing it. Which bucket do you want to part of? The higher paid bucket.

Are you anchoring the job offer to the highest market rate possible? This works in lock step with dating, the more offers you have (girls who want to date you) the more the firm must pay up and match your other options. If you’re a great negotiator, you’re a great salesman.

Yep. Even this is sales. Why should people want to hang out with you? Do you make people happy? Are you an interesting person? Can you improve the room when you walk in?

Having Friends is Sales:

If you answered yes to all four of those simple questions, you’ve got a lot of friends. No need to check your work, you’re selling yourself as a friend appropriately.

Are you becoming more convinced that everything is sales? (it is). Then this post is doing a great job in selling you on the truth. If you’re sold, then it is time to move onto the most important step…

This Blog Post is Sales.

How Do I Sell?

Selling is a life long commitment, you’re going to learn additional tactics to improve your sales presentation… Every single day. With that said there is a simple question that will become a building block for your sales career.

What feeling am I attempting to transfer?

One of the best sales books on the market, states that sales is

Zig Ziglar’s Secrets of Closing the Sale**simply the transfer of feeling.**

If you only take away two things from this post it is that 1) everything is sales and 2) sales is the transference of feeling.

Lets look at clear examples of the transference of feelings:

you are transferring the feeling of

Interviewing: *trust, intelligence, reliability and consistency*

- This will show up on your resume. If you have high marks, great previous performance reviews and stellar recommendations… The trust is already partially built.

Trust:

- This is sales. Can you convey your resume appropriately in an interview setting without coming across as a boorish?

Intelligence:

- Can you dispel the interviewers that you will be unreliable? This is another part of the sales presentation.

Accountability: *fears*

- Is your track record several years long with glowing recommendations and references to call upon? How else can they know you are going to be consistent?

Consistency:

you are transferring the feeling of

Dating: *excitement, security, popularity, confidence and sex*

- Can someone logically predict what you are going to do with 90% accuracy? You're a boring person who will struggle in the dating market.

Excitement:

- Are you in shape? If a fight broke out, would you at least be able to hold your own? If not you better get into the gym to increase your perceived value of security. It goes without saying, money is the biggest security asset of them all.

Security:

- You're moving up or moving down, life is about momentum… If you're passing excitement and security you likely have many people contacting you to hang out. If not… It's time to get to work

Popularity:

- Do you ask for permission before every single choice? If the answer is no you're building the assets of a solid leader.

Confidence:

- Do you make your intentions clear and dress appropriately? If not you've got some wardrobe reshaping to do.

Sex:

you are transferring the feeling of

Friends: *loyalty, fun, happiness and positivity*

- Do you have at least 3 friends you have known for over 10 years? You're passing the loyalty test and are clearly a good judge of character.

Loyalty:

- Be honest with yourself, if someone had to ask an acquaintance about your personality would "happy go lucky" be the answer or "gloomy". If the answer is gloomy you've already lost the battle.

Fun:

- Just like laughter, a happy person is contagious. Are you happy for the vast majority of the day? If you're spending more than 10% of your time unhappy, something has to change immediately.

Happiness:

- Do you spin all events in a positive way. Do you have control of your mind? If so you're moving in the right direction.

Positive Spin:

you are transferring the feeling of

Product Sales: *value, trust and many others (product dependent)*

- Do you believe in the product yourself? Don't be mistaken you can be the product as well. When you approach a woman do you truly believe you're the best person for her to meet (belief in product)? If so your game is likely good. Similarly,

Value: *you should never sell a product you do not believe in.*

- If you are only selling products that work and that you believe in, you're building trust. Would your friends and family trust your opinion on a product? If so you're building a solid sales foundation.

Trust:

- Before the sales presentation, ask yourself "what is my customer's problem". You do not attempt to sell Justin Beiber concert tickets to Marilyn Manson do you? Adjust your product to be sold to your audience.

Product Dependent:

With the examples out of the way, you should have a clear understanding of how an intelligent salesman will think. He will always think, what you are looking for comes secondary, which will immediately result in improved results.

"what is the other person looking for"

But Sales is Dirty and Dangerous!

If there was a single lie you've been told that is false… This one is certainly it.

Sales is not dirty or dangerous

In fact it is the exact opposite. It is clean and safe. A poor salesman will sell bad products, a poor salesman will not service his client appropriately and a poor salesman will constantly fear job loss creating the idea that sales is dangerous.

As always, In this case your , so he avoids it. Bad move.

"What is everyone else doing? It's the wrong move". average person believes sales is a poor career

Again, sales is the cleanest and safest profession you can have assuming you do it properly. If you're selling a product you believe in, your job becomes easier. If your product is legitimate, the customer is happy and receives more value than he paid for. If your customer is happy he will refer you to new customers making your job even easier. Finally, if you have a lot of happy customers loyal to your opinions, you'll always have a Company waiting to hire you. Even if there is a recession (something the doom and gloomers have been predicting for the last 2 years in this incredible bull market), the salesman is first in-line to be hired since Not a single one.

no company in the history of mankind will turn down recurring and clean profits.

What Are You Waiting for?

Are you going to wait for your next career opportunity to show up or are you going to go and ?

make a sale

Are you going to wait for a friend to set you up on a date or are you going to walk up and ?

make a sale

Are you going to make improvements to your product or yourself to make it easier to ?

make a sale

If you decide to wait? Time never stops and you're simply getting older. Better

make that sale.

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You Want to Quit

You're walking around your hometown and see nothing but couples walking around. You walk into the mall and its harder to open a girl since she's being guarded like Fort Knox by her slightly overweight boyfriend. Even worse, your family attempts to drag you down, encouraging you to settle down with a "good girl". Consumerism is on overdrive and it seems like you're losing your touch in the game…

<u>Too bad for them because you're better than that.</u>

You take a step back and dig deeper than the surface.

Those couples invading the clubs, bars, malls and your everyday life… They are stuck living a life they have been told to live

Those couples are slightly overweight and have let themselves go… They quit on themselves

Those couples are likely up to their ears in debt… They are running purchases on their credit cards again

Those couples have an odd way of always encouraging you to find a "serious partner"… They are trying to take you down

At this point a light-bulb goes off in your head as you realize that sticker in front of your computer is hitting home. You suddenly realize, if the mall is packed and clubs/bars are over run with couples… the gym is empty. You go back to the basics. You lift for 2 hours+, spend 4+ hours reading a book, spend 3+ hours practicing a language. You don't over eat or over drink at the get together, you blend in and continue chugging along.

<u>Pain Today or Regret Tomorrow.</u>

What's the point? Pre-season is where winners are made. See you in Spring.

<u>The holiday season is pre-season for a seasoned player.</u>
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