



SPI 319

How to Work Less & Make More with James Schramko

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James S.: Pat, I mean this sincerely. I love surfing as much as you love *Back To The Future*.

Pat Flynn: James Schramko is on the show with us today from SuperFastBusiness.com, a passionate surfer but also passionate about working less and making more and helping people like us learn how to do the same. So make sure you stick around. This is going to be a good one.

Announcer: Welcome to the Smart Passive Income Podcast where it's all about working hard now so you can sit back and reap the benefits later. And now your host, he believes that sometime in his lifetime he'll see a human land on Mars, Pat Flynn.

Pat Flynn: Hey, guys. What's up? Thank you so much for joining me in session 319 of the Smart Passive Income Podcast. My name is Pat Flynn. I'm here to help you make more money, save more time, and help more people too. On the show with us we have my good friend James Schramko from Super Fast Business. Somebody who I've known throughout the years as somebody who's just been crushing it online. But only recently, and by recently I mean the last couple of years, we've gotten to know each other pretty well in person at different events we've been speaking out. I swear, whenever I see him speak on stage, I am just focused on what he's saying because he's teaching me so many things and I wanted to bring him on the show today to teach you so many things. He's also the author of a new book called *Work Less, Make More*, and he's going to teach us exactly how to do that today.

So without further ado, here's James Schramko from SuperFastBusiness.com, and the Super Fast Business Podcast.

James Schramko, welcome to the Smart Passive Income Podcast. Finally, you're here. I'm so thankful.

James S.: Well, Pat, I'm the one who's thankful. You have got such an inspired audience now. You've been working very hard on that, and to be here is something I have a lot of gratitude for. So thank you.

- Pat Flynn: This is going to be great. You just came out with a new book called *Work Less, Make More*, but before we get into that, you've been doing online business for how many years now?
- James S.: I started in the end of 2005, and I went full-time almost 10 years ago to the month, almost.
- Pat Flynn: Well, congratulations on that.
- James S.: Well, thank you.
- Pat Flynn: You've done very well for yourself. You've helped not only yourself live an amazing lifestyle and literally surf the world, which is your passion. But more than that, you've helped thousands of people build lifestyles that they want to. I mean, we're talking big names that a lot of us know. We don't have to get into those names right now, but you've helped shape the lives of many, many people. I'm excited to hopefully shape the lives of those who are listening today too. You've helped shape mine too because we actually hung out a little bit in Australia, and it was at Darren Rowse's ProBlogger conference. I saw you speak on stage and a lot of what you were teaching was exactly what I needed to hear. The funny thing, for everybody listening, about James, is he's very pragmatic. He's very just let's do the minimum amount to do the maximum amount of effort. We always hear about the 80/20 rule, but James lives that. James teaches that. So I'm excited to have you on today.
- I want to ask you, first off, where are entrepreneurs most impractical? You live this simple decision lifestyle, why is it so hard for all of us to live a simple decision lifestyle like you?
- James S.: I think there are a lot of obstacles to living the lifestyle that I have. One of them is not being aware of the possibilities, which is what I hoped to bridge by writing a book about it. But I think we have been trained from an early age through the school system, through our parents, who love us in most cases and care a lot about us, but they came up in a different era. The more I studied about business and being an entrepreneur, the more I realized there's a different set

of rules out there. Once you become aware of new formulas, new models for living, and open your eyes to this stuff, then some of it just falls away. So I literally retrained and reprogrammed the way that I think about things to be able to have a different life.

Even if you look at it in a surface level, if most people are in a job, paying off a mortgage, doing the usual sort of thing—school, college, getting loans—and they’re not entirely happy. They have this idea of perhaps retiring when they’re 65, then it makes sense to do something different. So I was looking for that difference. I read a lot of business books and self development books in my early 20s, and I think through that decade I made significant growth. Mostly because I started implementing the stuff that I was reading. It’s one thing to know about the book, to get the book, but to read it and then implement it, that’s what really makes the big difference. I think people living a theoretical idea of what they could do, but they’re not realizing their potential of it because they’re not actually trying this stuff and open to doing things differently.

Pat Flynn: What was the most influential book that you read and what did you learn from it?

James S.: I would say it’s J. Abraham’s book *Getting Everything You Can Out Of All You Got* because I remember it was about 1995, so it’s quite a long time ago. I was the top BMW salesperson in the whole of Australia. Anthony Robbins was coming to town and someone else in my office was going to see the conference. As part of that, they released some book summaries. One of the book summaries was summarizing a J. Abraham book. In there was a specific little script about how to help milk bar owners. I thought, “This is crazy.” He actually trained a milk bar owner. Instead of asking if the customer would like an egg in their milkshake, apparently this was a thing, it’s not in Australia, but maybe it was in America in the old days. He said, “Change that to, ‘Would you like one egg or two?’” I thought that is so clever. Just a small change of the wording and such a different outcome in profit. So now everyone was getting an egg or two instead of maybe some and maybe not others.

So I went on this pursuit of J. Abraham material, and it keeps recurring in my life. This guy has been a good influence on me because his book was so practical and profound, and then when I went searching for his information later, that's when I tripped over this whole affiliate marketing, online scene. I didn't know anything about copywriting, didn't know about affiliate marketing. It was looking for his book that I accidentally got named squeezed by a couple of marketers called Rich Shefren and Steven Pierce. They had all these sort of highlighted, yellowed, bolded, italicized words. It was very compelling. They wanted my email address to send me free J. Abraham reports. I thought that was amazing. They said if you give away these reports, then we'll send you commission because some people will buy our information product. You just go to this site called Click Bank and you get an affiliate link.

So I sat about trying to figure out where I'm going to put this affiliate link and that led me on the path of trying to build a website or initially a webpage on my internet service provider's account. Then six months later, I'd figured out how to actually put up a website. It was so hard, Pat. It was just so hard, but that was my first real success as an affiliate was finding website software that was easy to use.

Pat Flynn: Then where did you go from there? How did you grow into the James Schramko that we all now who's helping serve thousands of other businesses and business owners?

James S.: Well, at that time I'd worked my way all the way through to the role of general manager. So I was on a circuit of \$300,000 a year salary. I was getting paid by one business owner, which I'm sure you would know from your architect scenario. That's dangerous. It was an American financial collapse happening with Subprime Lending. I'd been through this as a kid. My dad lost his job when I was smaller, and it had an effect on me. I was determined not to put myself in that position. So I scrambled to have my own business like J. Abraham was talking about. I just didn't know what. But through this trial and error of building a website, I thought, "You know what, there's probably other people who are just like me, trying to figure

out how to build a website.” I started this affiliate website showing how capable this software was. I taught myself not only how to build a website but how to write sales copy, who to design graphics. I was obsessed with figuring out how to make video and audio, which in 2006 was actually quite hard. I mean, this was pre-Facebook pages and Facebook ads. You can’t just switch up a page and turn it on like we can now.

Then I started selling more and more of this software and learned about SEO in particular. I was sort of adding a few hundred dollars a month to my income, and eventually I came up with this strategy of creating a bonus to create additional value. This is really before it was a popular concept as it is now. I was seeing how could I compliment this software and create something. So I put together my SOP, which was actually a few lines of notes in an Excel spreadsheet. This was my SOP, what I do with a website once I built it to make it more easily found in Google. I would go and change things like the sitemap and the page title, structure, etc. So I put this into a little PDF and I would give it away as a cheat sheet for people who bought through me. This accelerated sales.

Eventually, someone emailed me and said, “Hey, I’ve already got the software, but this guy on a forum is raving about it. He says he got some cheat sheet that he got because he bought it from you. Would you sell it to me?” So I replied back and I said, “Okay. If you PayPal me \$40,” because my commission used to be \$49.25. “I’ll send you the cheat sheet.” He did. The next day I got more emails. This guy had shared this, “Hey, you can actually buy the cheat sheet separately.” Now I got seven or eight emails the next night when I came home from work. “Would you sell me the cheat sheet?” So I went and registered a domain, and I started selling this. I actually started as a Warrior special offer. That first week, I happen to be moving house, I sold \$1,000 a day worth of the cheat sheet in its first week.

Pat Flynn: No way.

James S.: Yeah, I had this like thunderbolt. It’s like, “Wow. If I could just do

this instead of going to work, I could actually make this a living. This is a thing.” That was really the seed. Once I sunk my teeth into that, there was no letting go. It was an obsession. It was two and half years of doing two jobs, general manager by day with a \$50 million a year revenue business, 17-something staff, and at night I was a solopreneur with no staff doing absolutely everything myself, making every mistake you can possibly make. The slowest business growth known to man. Eventually, I transitioned what I knew from my day job into my part-time job. I would actually sit in the dealership and look around from my office and I would think, “Wow. What if all these people worked for me? I’d have that person over there doing keyword research, and that person over there writing articles. That person answering all these bonus support desk queries, and that person building my website.” It was like a fantasy really.

I was so obsessed with it, Pat. I just stuck with it. Over time, I hired a support desk person, and then an article writer. I lifted myself out of sort of nothingness into something. I got to this frustrating level where I was about \$150,000 a year with my Excite Prob cheat sheet and software affiliate business, but that was only half my salary. My trigger, and this is how I do things these days, I set trigger points. When I reach this, I do that. So it’s like an if this/then that. When I match my salary, I’m going to quit my job. But I was only halfway there. So I needed a major transition point. I was kind of stuck. Then a series of events unfolded that catapulted me up to my salary and I was able to quit. This is almost 10 years ago. From there, even though I’ve made really good money, like six figures per month pretty every month for about eight or nine years straight, maybe close to 10, my business model has changed many times because I’m a master of adaptation. I’m not sure which parts of that you want to know because that’s a decade. So I wouldn’t want to drag it past its expire date.

Pat Flynn:

Yeah. Well, thanks, your checking in with me. But still, I mean, I think that that’s something that it’s interesting when you get into business, and I know this from my own experience in helping to teach others, once you get a taste of online business, I mean,

it becomes something that you obsess over and you overwork yourself with. You get overwhelmed with all the decisions that you can make. At what point, from that journey, when you started full-time with this and now—did you understand systems and working less but making more or had you ever been to that point where you're kind of just so deep into it, you get so overwhelmed, almost burned out or had you always started out sort of as a systems person and just insuring that you're putting the least amount of work to get the most results?

James S.:

Well, by day I was Superman and at night I was Clark Kent. It was frustrating because at my general manager role, I had literally systemized the place to within an inch of its life. I had made my role redundant, which was adding and compounding to my danger. I had systems in place. I had procedures for everything. I had the right people in the right positions doing all the things they were supposed to. We had a huge profit turn around from a loss to a big profit within the four years, which was my job there. I started there to save this place and we turned it into a fantastic result.

So it was really frustrating to be there at night, just me. Falling asleep on the keyboard at three in the morning and then getting up again at seven to go off to work again. So that was just so frustrating. So yes, I already knew about systems, and really a short answer to your previous question is the way I've been able to create a lot of value for people is when I actually found my feet online. I realized that most small entrepreneurs have not had general management training. They don't understand about reports and systems and organizing themselves and leading a team and choosing the right business models and having filters. They don't get trained for that in a normal sort of regular job. So I was able to bring a lot of value by teaching them actual business insights.

But for me the process was painfully difficult because I think one of the huge obstacles when you start online is finding that first thing that will make you money, and that of course is an obsession. Most people obsess on the first part of that, which is getting customers. I know you've got a whole book on *Will It Fly?*, but getting that

thing that will sell is such a big part of it. Because I didn't have that, I wasn't reinvesting the profits that I didn't have into a team that I didn't need because I didn't have profit that could support them. So it's this vicious cycle of despair. But once I started getting traction, I started reinvesting in team.

That's why I did the numbers and it was probably one of the hardest hires that I made. This isn't me spending someone else's money. This is me spending my own profit back on someone who I'm going to hire on the basis that after the work they do, I'll still have more profit. This is really where I started refining that effective ally rate concept where I was happy to hire people for less than what I could make from whatever they were generating for me. Through careful hiring, I built up my team. In fact, at it's peak, Pat, I had 66 people working for me.

Pat Flynn: What?

James S.: Here's the reality: I made more profit in my online business and I hired the same amount of people as the last place that I worked, which was a \$50 million a year revenue business. But car dealerships make very small margins. Most car dealerships make one to two percent profit, if they make a profit. That's a staggeringly low profit margin. I wouldn't recommend anyone get a car dealership. But yeah, I just reached this sort of reality that I had actually created a virtual business that was more powerful than the one that I used to work for. In the end, of course, I sold my SEO service business and along with that the team that were part of that business. I also sold my website development business and the team that went along with that.

But in the process of starting, growing, building, and dominating in those markets and then selling the businesses, I learned so much in that experience has been valuable for me to be able to help other people if they're in any of those phases. Whether it's just starting out or they're at the point where they're ready to sell their business.

Pat Flynn: So let's talk about that, if we're just starting out and you're trying to

get that traction, like you were talking about, before you can start reinvesting in your business and begin to start hiring a team and such, how do you . . . What is our formula for doing that? I talk about the formula through *Will It Fly?* and validating a business idea. I'm interested to hear from your perspective and experience, especially coming from sort of GM point of view in all of your years. How do you recommend people who are listening to this right now who are like, "I don't even ... I just listen because I'm inspired. I have no idea what to do." What do you say to them?

James S.:

Yeah. Firstly, welcome to having your own business. It's exciting, isn't it? Second part, it gets better, right? It's really the Holy Grail. I would say list the potential markets that you have access to. So market is a group of people. Then I'd say list down the products or services that they are already buying because that's a huge clue. It's hard to convince people they need something, but if they already know they need it, that's a bit better. Then short list one or two of them for research, and then work on your offer, craft your offer, and there's sort of easy ways to do that. I actually break down a formula for it. I think you saw a whole presentation idea on selling because this is probably an obstacle that some people have.

Then after that, after you make your offer, collect payment. Get someone to buy it as early as possible, even if it's in a pre-phase, and once you've been able to do that, we call that validating the offer. Then you create your low resolution solution. What's the minimum you could deliver to fulfill your end of the bargain? Deliver it, of course, and then scale. So that's the exciting part, that's the part where I spend most of my time with scaling that offer that converts. Then of course you go into refinement mode. You start tracking and reporting and seeing what happens and looking for those innovations and adapting with the changing market, which is why over the last decade I've had different business models and things have come and gone, but I've probably got the most stable business of anyone I know. I've not actually dipped below six figures for almost that entire time because I'm so adaptable. That's where people go wrong. Often they become single source dependent or they forget to innovate.

Pat Flynn: May I ask you what kind of business model you are running right now?

James S.: Oh yes, of course you may. So now predominately coaching. I have two programs. They're both recurring and there's an easy sort of entry level package and then there's a higher package for people who are already usually they're making seven figures already. That sort of market because it's not many people serving that market well.

Just to the side of that, Pat, there are a couple of things, and I would say this is akin to your truck shop things that you do. Have a surfing website because it's my absolute passion and it's really handy to be able to buy and sell stock and go in photographic missions to exotic islands for the business of course and then there's ... But beyond the coaching, I actually partner with people at a very high level. If someone's sort of customer who's going to be around forever, then I'll do what J. Abraham told me to do, and that is to take a very small percentage of revenue to be their silent partner. I have a few of those tucked away in the background, and that combination gives me enormous protection from many downturns becoming with the US, the UK, and the Australia markets. So I've got a currency spread. I've got thousands of customers, and I'm in different market segments.

So I feel good about that and I don't have any services anymore having sold the website development, having sold SEO. I feel really good about that, and I'm not currently doing anything regards to software as a service or any sort of physical ecommerce stuff. The only physical thing I have these days is the soft cover book.

Pat Flynn: You ever done digital courses and that kind of thing for a while?

James S.: The way that I package my coaching, I've put my digital courses inside my coaching because I think you need three things to have a fantastic community related business. The best way to coach someone to get results is high frequency and small easy steps and really good information. So the three components that I bundled

together: the content, which was putting all my courses and live event trainings and I do a monthly brand new training. So for example, the presentations that you saw me present at Darren's fabulous event, a big hat tip to that event. What a great event The ProBlogger runs.

Pat Flynn: Yeah. It was awesome.

James S.: They became trainings for my members. That's an example of what a member would get each month. Like how to automatically sell memberships without having to pickup the phone, that's one of the trainings. Another one's how to sell and remain friends with your customers. So that's an example. So I put my content in there. The second part is the coaching. So I actually individually help people with their own scenarios so that it can be fully customized to their situation. They can privately bare their soul to me. They can tell me their insecurities, their vulnerabilities, their biggest hang ups. No one else can see it. I answer it for them. Then the third part is of course the community. They can peer to peer network with other people of the same sort of level and interest and swap the best case scenarios and share success stories to encourage each other and also swap resources.

Pat Flynn: I'm curious because you're known for working less, making more, and I would imagine that you would make a lot more by doing the coaching program, recurring revenue, that sort of thing. But, to me, I think to a lot of people might seem like it's actually working more because it's taking a lot of your time. Teach passive income and even though there's no such thing as 100 percent passive income, there are things that are less passive than coaching. How do you respond to the working less versus coaching?

James S.: Well, I mean, factually I work less because I measure it. Some people can do. I post 20 to 25 hours a week on my business, which includes all my coaching calls, anytime I spend in my forum, and things like podcasts. I don't count thinking time, but I'm generally doing that on a surfboard. I'm pretty up with Netflix these days, and I go out most days with my wife. So the way that I do it is very

leveraged. If you have a leveraged system, it can work. In any type of product or service where there's a fulfillment aspect, you will have somewhat of a bell curve. They'll be a few hyper users. Most people use something most of the time, and then they'll be some who are completely stagnant or missing in action.

So you do whatever you can with a subscription to encourage those laggards to get a move on. So you chase them down, ask them to come back, and re-engage. Because I want people to get great value, but because I've built a system ... I mean, I have got a real body of work there. When someone asks me a question, it's very easy for me to say, "Okay, Pat, you want to know how to sell memberships on auto-pilot. I created a training just on that specific topic. Here it is." And I'll link to it. So that really only takes 30 seconds. I've got it down to around about 30 minutes per day to manage my forum, which has over 500 members now. The average member is paying over \$1000 a year. So I think the average member value is \$1500. So that actually pays quite well. If you could make half a million dollars a year and work 30 minutes a day, would you take that deal?

Pat Flynn: Yeah.

James S.: Yeah. Then the high level program actually makes significantly more because the average customer value for that is over \$20,000 and there's around about 30 people in that program. Then above that, since my cream of the crop, like the percentage deal type situation and those quietly add a recurring income. They're starting to get more passive because there's no specific deliverable involved for that. I want to just make one differentiation and I think you've sort of covered this quite well. With passive income, often there's a bit of a setup, right?

Pat Flynn: Mm-hmm, yeah.

James S.: So I like to treat my businesses as the cash generator and then what I'll do with the income that makes it more passive where I put that into property or currency or other investments. I mean, it could

be anything. It could be surfboards or what have you. It could be cash in the bank that you move around depending on what the best foreign exchange rates might be. But I like to put a bit of attention onto how I'm going to grow my investments. We have what we call superannuation. I think that's what you call 401K.

Pat Flynn: Mm-hmm, yeah.

James S.: But if you work hard on that, your money can really go and do something valuable. So I've spent a little bit of time in the last year or two thinking more carefully about what I'm going to do with all this cashflow and where I want to put it and how I'm going to grow that into an unassailable war chest that gives me the confidence to not have to take on any kind of business that doesn't feel good to me.

Pat Flynn: That's the ultimate dream I think, but a lot of people listening to this are like, "Man, this is ... James, he's living the dream. I could never do that."

James S.: Well, I think they can. I think if you're realistic about it, a lot of this has to do with your business model, and a lot of it has to do with your relationship with yourself. That sounds weird. So I want to "unweird" that. I mean, it's your mindset. It's the way you think about things. For a lot of people that have a strange relationship with money, and other people have a little bit of a self esteem challenge feeling, this imposter syndrome. I'm not good enough. I shared in a recent training that I did about podcasting at when I started podcasting, some one who I respect said to me, "Hey, I listen to your recording." I said, "Oh, great." He goes, "You sound so boring. I just couldn't finish it."

Pat Flynn: Geez.

James S.: It's like, okay. Not only do I not like the sound of my own voice. I know that other people validate that fact for me, and despite that, I've still racked up over 700 podcasts because ultimately I'm just going to get on with it. So when we can overcome this need to

worry so much about what other people think, that's when we can truly take it on. If we're responsible to ourselves, that's really all that matters. Because if you can look after yourself, then you can be a great provider for others around you. You won't draw on society and you can get focused on creating value. You can also align yourself with things that feel good. There's no shame in doing things that make you feel good.

So if someone listening to this is thinking, "Well, it's okay for James, but he's been doing this for a while. He's lucky," or whatever else. I'd say, "Well, read the book. The book was written for you." It's like I actually wrote the book for my four kids and I handed it to them. I said, "This is what I've been up to, and I hope it saves you years of stress and effort." Because in that book are things like a profit formula that hardly any business owners know. Like hardly any. I'd say less than one in a 100 business owners would know the profit formula, but I want my kids to know that. I know you're super passionate about your children.

Pat Flynn: Yeah. Absolutely.

James S.: If you can harness the ideas around the profit formula, if you can get ahold of a good business model where you go straight for high paying offers, then you can actually shortcut the time that it took me to figure this stuff out. The other thing is you can actually get help from people like you and I. Pat, you've got solutions for people. I've got solutions for people.

Yesterday, when I was walking down to my local beach (I live right next to two beaches), I can choose between two beaches. Coming the other way was this lady who I recognized. She's a seven times world surfing champion. She must live in my street because I've seen her several times. I said, "Hey. Is it small?" She goes, "Yes. It's crowded. I would suggest you go over to the other beach." I said, "Thank you for the tip." So I crossed the road and went to the beach. So here's a seven times world champion giving me a tip. I'd be crazy not to take it, right?

- Pat Flynn: Yeah. I mean, there's so many resources out there and books and podcasts and I think you just have to stay focused on what it is that you want and what you're trying to do next and learn about that from those who you want to learn from.
- James S.: Yes. Check all the rest of them off. I think that's where the discipline comes into it.
- Pat Flynn: I mean, I talked to somebody today who I think it was a tweet or an Instagram message, and they're like, "Pat, I listen to all your podcast episodes in the last two months," like 300 plus episodes. I was like, "That's amazing but that's a lot of time." They're like, "Yeah. I just discovered that you had a thousand episodes of AskPat and I'm going to hit that next." I said, "No, don't do that. Why are you listening to all this stuff and just listening to more? What do you want to do? I'll tell you which episodes to look for. I'll give you that beach tip." Just like your friend said.
- James S.: Exactly. This is what I call a supermarket analogy. That's how my membership works for my members because when they come in there, firstly, they're segmented. I know you've probably talked about this a fair amount, but I'll just give the quick summary. When someone arrives at my website, I find out what they're challenge is. It's usually one of four. Whatever that one of four is, when they join my membership, I send them information on that one of four. So they're not even seeing three quarters of what's there. Just like a supermarket. I want to know their shopping list before I let them in. If they say, "I'm just getting fruit and veg," then I can say, "Right. It's over here. Grab your cart." We don't worry about the pet food section or the baby section. We just go straight to the part we want and then we check out. If we can help people use the product better, that gives them a great result.
- So I'm all about doing less and removing options, and this is where strong filtering come into it. Deciding, you know what, more isn't the best way forward. What's the essential stuff? It's like if you travel with a backpack and you decide, you know what, if I run out of t-shirts, I'll buy one when I'm there instead of trying to bring a

suitcase the size of a bar fridge. The washing machine. It's a wonder those people even travel. They want every single thing from home just in case. We need to travel lighter in business and in life.

Pat Flynn:

Mm-hmm. Now you talked a little bit earlier about our relationship with money. I think we also have a relationship with selling, and I remember, for example, I went to a conference in 2013 that I didn't know was going to be a pitch fest the entire time. Because of that, I had just told myself that I would never, ever, ever pitch on stage ever. It was just the grossest thing to me. It was because of that experience, but then I was asked to do it 2017. That was way out of my box, but it was for a friend and I had sold my podcasting course on stage. I was able to close 35% of the room. It was probably one of the coolest experiences I've ever had. Thankfully, my friend kind of pushed me to do it. Very high level coach in that way, just like yourself, but I think we all suffer a little bit from past experiences and selling, especially online. We get sold to all the time in ways that are just disgusting and that allows us to accept the fact that we probably shouldn't sell at all sometimes.

So how do you address those who are struggling with selling? I know you talked about this in Australia. I'd love for you to touch on that because it was really eye opening to me to hear that as I was somebody who was just starting to come out with my own courses at the time too. It really helped me and I'd love for you to help everybody else who's struggling with that as well.

James S.:

Right. It's such a great question and Darren asked me to create that presentation specifically for his audience who are predominately bloggers. I see this as a challenge, and it's understandable. There are terrible salespeople out there. I hate those pitch fests as well. So it comes down to definition of what sales is and then an understanding of the way that things happen. So I liked this thing I learned it was called Activator, Behavior, Consequence. The way that it was explained to me is if you go up to a vending machine because you're hungry and you put a coin in the machine, so that's your behavior, right? So your activator is you're hungry. Behavior is you put a coin in the machine and push the button. Consequence,

the food comes out, right?

Pat Flynn: Mm-hmm. Yeah.

James S.: That's what should happen. Now, if you go to the vending machine and you put the coin in and push the button but the food doesn't come out. Let's say it gets jammed or it's stuck. Then how many times will you do that. Will you do it tomorrow or the next day or the day after? Probably not. That's because the consequence is not getting you the desired results. So if you've had a bad sales experience, you've been A, B, C'd. You went to the event. It wasn't ... Because you thought you wanted to learn so: activator, you want to learn. Behavior, you go to the event. Consequence, feeling terrible.

Pat Flynn: Right.

James S.: So in order to change that, we need a different setup. So I have this definition of selling that works well for me. I think I learned it from spin selling. It's more or less that selling is just a process of change from one situation to a better, alternative situation. So the only thing that matters to me is will the customer be better off? If the customer will be better off, then you shouldn't have any concern around helping someone be better off. I think that's a noble thing to do, and where people go wrong is I think the salespeople at those nasty pitch fests, and I've spoken at some of those places. I was really disgusted by some of the other people on the stage. A hot tip, if someone is speaking all day long about internet and marketing, their internet marketing business is probably not that great if it's a pitch fest. It's a hot tip.

So anyway, I left that world because I was disenchanted with the quality of the people there. But the problem was they were more focused on their mortgage or their car payment or their next yacht than they were on the customer being better off. If you, as a product creator, wanting to help people be better off, than help people be better off. Explain clearly to them how they will be better off. I talk about how you can sort of go through that: who are you and what

have you got and how much does it cost and how will people be better off if they have this thing. In fact, if they don't have it, will they be worse off? It's okay for you to let them know that as well. If they don't like it, can they give it back? All of these sort of things. But I think if you're an ethical and responsible human and you really care about people being better off, then it's okay to sell. It's not something dirty that people do to each other. It's just a process of change.

So, Pat, when you offer a product that helps someone become a better podcaster, then they buy that product and they go from where they were to being an enhance podcaster and getting better results and bringing an income for their family, which they reinvest back into society and pay taxes and help hospitals and all of that stuff. Maybe not in America, but certainly in other countries. A lot of it goes back into medical system and so forth. Probably yours goes into a war chest, but either way . . .

Pat Flynn: Yeah, that's a different discussion, but yeah.

James S.: You can feel okay about it. You can feel good about helping somebody be better off.

Pat Flynn: Okay. Let me follow that up with, and I agree with you 100 percent. I mean, my phrase that I always say is "you can sell and serve at the same time." If you want to help people, then why not just give it away for free?

James S.: That's an interesting question because I don't think you or I can be in a position to help many people if we're scraping by. I think you lower yourself to a common level.

Pat Flynn: Mm-hmm. Yeah.

James S.: If I'm not earning an income by creating value, then I'm not going to be funded to continue podcasting and coaching people. I will have to go and seek welfare for my family and be a drain on society. I stop giving value. I can't. So I mean, Ayn Rand wrote a whole

book on this called *Atlas Shrugged*. This kind of idea, what if the entrepreneurs just stopped doing what they're doing? Well, if you don't pay them, I think they will stop doing what they do. It's okay to earn. I like what Ricardo Semler said that if you feel like you have to give back, it means you talk too much. So it's okay to take on things and not get paid. I often help people without payment, and I feel okay with that. But I also don't mind charging if I can help someone be better off. Than it's really just a token of the value that I've created. In my world where I'm not using any trickery or special, snazzy tactics or crazy smoke and mirrors, people are only make a decision to go forward if they feel they'll be better off. I like to place that decision in the customer's hands.

Sure, I will create an environment where it's easy for them to make a good decision to move forward, but it's ultimately up to them. I'm not going to force them or cajole them or shame them into going forward. Look for those signs in marketing. If you see them, run away. They just don't understand what selling is. They come from a bad school of sales.

Pat Flynn: I try selling. I charge for my offer and people are coming back to me and they're saying, "You're charging too much."

James S.: Yeah.

Pat Flynn: What does that mean?

James S.: It means that the offer is not a good message to market match. You're not helping that person see how they'll be better off to be in a position where it's an easy decision. So work harder on communicating the offer in a clearer way, or don't show those people the offer. That sounds kind of weird. But I do this. When someone comes to my website, I ask them two questions and based on the two questions that they answer, I will show them a different offer. There's no point showing the wrong person an offer that's not a good fit for them. So I really try hard to get the right offer to that person, and here's the crazy thing: one of those offers put them in a position where they are able to invest \$10,000 in

themselves via my high leveling coaching. The type of person who needs this is extremely attracted to that offer.

I've had people come to my site and within 24 hours of coming to my site, they've joined the program and sent me \$10,000. So that really shatters a lot of the myths about price perception and ascension model, moving people along this very slow moving path to get to the other end.

Pat Flynn: Trip wire to higher offer to highest.

James S.: Move people to the appropriate offer for where they're at. So if there's a message to market disconnect, you may be getting that kind of feedback. So work hard on your offer or your customer filtering so that you can become as relevant as possible. That's the name of the game. It's got to be relevant. Even the customer knows they'll be better off. That would be ideal.

Pat Flynn: Great answer. Thank you. What can we entrepreneurs do to work less? Where can we start cutting out usually?

James S.: You can cut out a lot as it turns out. You talked about the 80/20.

Pat Flynn: Mm-hmm. Yeah.

James S.: Well, most people know that but here's one tip: most people's teams don't know that. So you, the entrepreneur, might know that, but have you sat down with your team and told them about it? What I found when I did this with my team, they didn't know about the 80/20. I helped my team understand where in our business is the biggest gain. So let's say at one point in my business we actually had a thousand websites. Now, don't freak out about that. We had an SEO business.

Pat Flynn: I was going to say I am freaking out a little bit.

James S.: Yeah. We were making over \$1 million a year and part of that, this is about seven years ago, was the ability to rank just about anything

by using our own network of websites. That doesn't really work so much anymore. I definitely wouldn't advise it. But back then it was fine. It was before Panda and all of those flaps. It was fine, but I would actually help our team understand. Of all the websites we have, the one that really matters the most is actually the site where we sell all our products and services. That site must be always up to date. It must work on a mobile. It must load quickly. That's the site that makes all the money that allows all the other sites to be part of the solution. So if we have to go and update plugins or the security thing, do that site first. That is our 80/20. They're like, "Okay, boss. Got it." This is the same. I actually explained to them why we're doing things, but of all the things we do, if we had to make a choice, this is the one that we really must do and the rest we can take it all out.

It's kind of akin to thinking about if you had to jump out of a plane, which backpack with the parachute in it? Go for that one. So yes, if you tell the team, that helps. But if you're 80/20, the 20, it turns out that from that four percent is actually responsible for 64 percent of your results. So for most people who are taking a lot of courses or have set up a whole lot of offers online, little products or whatever, there'll be some that sell really well.

Let's take a look at your income reports, Pat. If you were to go through your income reports, I would guess that one or two of the things that you promote make most of your income and then all the rest put together don't even come close.

Pat Flynn: This is true.

James S.: The further down the line you go. So basically what it comes down to is if you really only focused on the top one or two, you could get a massive incremental gain. So that's really the situation I had when I was way back nearly 10 years ago, or actually 10 years ago when I had that one product responsible for all of my income. That's incredibly dangerous. Luckily, I had salary back then as well. If you could just focus on expanding that and drawing it and having total market dominance, then that's usually a better return on investment

than setting up a whole brand new venture with a big, steep learning curve and going through all the motions.

I actually learned a lot about this from a very lazy boss that I had. He really would just phone it in. He owned the place that I worked for, and he would just turn up at 10 in the morning, have a coffee, and disappear most of the day. Pop in at four or five in the afternoon, have a coffee, and then go home. That was about it for about four years. I was running the show. But it was amazing. All the stuff that we thought was important that we sent up to his office to make decisions or whatever that he never answered once or approved anything. It all just got done. It just got done. Like a bucket of water, if you take your hand out, it just rearranges itself.

So it would be amazing if you just stopped doing some things, nobody will notice. No one will say a thing. If you stop promoting your least performing products, it wouldn't cause a ripple in the world. If you look at your to-do list, you circle the three things that have by far the greatest impact and then you put the rest of the to-do list in your top drawer, you may not ever even open it. I don't know about you, but I've often found old to-do lists and looked at them. A lot of them I actually just did anyway, and some of them I never did and it didn't make any difference.

Pat Flynn: That's hard to do though because we always feel like we have to do all those things.

James S.: Well, I've really worked hard on not feeling like I have to do all of them. I just work hard on thinking of all of these which one really must be done, and I'm just not going to worry about the rest. I'm just going to go and surf instead. As long as I do that one thing. So in my business now, the thing that drives my business, and this is great because it sort of marches back to the previous question. You said with my coaching model, that it's not passive. That's true. However, it's very leveraged. If I do one podcast a week, which takes me around about 45 minutes, let's say. If I just record one podcast a week, that drives my seven figure business in terms of marketing. I don't normally run paid ads. I don't do launches. I

don't have affiliates. So I'm not doing a lot of the things that people spend an enormous amount of time and energy on. I'm just doing a podcast a week and that drives my machine and the machine delivers me customers and I'm able to service those customers because I already got a supermarket in place and I already know which aisle to send them to.

Pat Flynn: Mm-hmm. Yeah.

James S.: Does that make sense?

Pat Flynn: It does. I think the question I want to finish off with here today is how does that podcast do that for you? What's the offer on the podcast? How do you get them from there to get into the machine?

James S.: So I probably do it a bit differently to experts like you and some of your friends, Pat, but I don't have sponsors. I sponsor my own podcast. Every episode will have a call to action to join Super Fast Business membership. So that's the purpose of the podcast. I do it by hoping to help someone be better off enough that they listen to the podcast and don't unsubscribe. I do always ask them to do something, usually it's to buy my product. So I have no qualms about that because I know if they're listening to it and they resonate, that I can help them be better off. I'm just, in terms of metrics because I'm sure this is real interesting to you because of your audience, think I'm just about to cross three million downloads. So that's not really a lot of downloads for how long I've been doing it since about 2009. So I've been just chipping away at it with my ugly voice, with no theatrical training, etc. I did do acting classes, mind you, but never been a radio announcer. I don't have sponsors. There's no crazy format. I just organically do what is on the mind of my audience or I talk with people who are really interesting who I want to share with my audience. I had you on my podcast as well, Pat.

But I like breaking new people too. I don't always want the people doing the circuit. I want people who can add value to my customer. If I can help people be better off, some of those people will turn

from a listener into a customer. Some of them actually may take seven or eight years. It can actually take a long time. I've had people definitely take four or five. They eventually say, "I've been listening to your podcast. I've got so much value. I've had some changes in my business, and I think I'm now ready for your help." That's the sort of thing I want to see.

Pat Flynn: Thank you for answering that question and kind of opening up the box for us. Pretty spectacular because just for comparison you guys, I'm closely approaching 50 million downloads for the Smart Passive Income Podcast.

James S.: Like you are an absolute King Kong. You're the most incredible audience, and you're also a wonderful performer. I've seen you present. Your articles. You put so much effort into it. Everything from your videos, and then you're the benchmark. I look up to guys like you in terms of that's the high quality bar. I don't come anywhere close to that. I just chip away in an un-perfectionist way, and that's okay with me because unlike a lot of businesses, I'm spending the majority of my time serving my existing customers because 99.9 percent of my customers are recurring subscription customers. My only real job is to provide value for them and keep them. If I do that, getting customers isn't really my headache. It's never been my headache. They come to me. They're attracted. Doing things like a book certainly helps. Appearing on podcasts as a guest is definitely a great thing to do. As long as I have that base line, the business will be fine. I'm not spending eight hours a day trying to figure out how to work out Facebook ad campaigns.

Pat Flynn: Mm-hmm. Yeah.

James S.: That's not where I want to spend my time and energy. That was me 10 years ago when I was driving paid traffic. But there's a story about that in the book where I ran out of money on Christmas because I drove so much traffic to an offer that they went broke because they couldn't deliver and everyone canceled. They never paid me. So it was a risky lesson and one that makes me activate, behavior, consequence.

- Pat Flynn: Mm-hmm. Yeah.
- James S.: I'm a little weary of building a high octane business that requires a lot of moving parts. I like the slow, chugging diesel that I've got.
- Pat Flynn: Well, you know maybe that's the answer for a lot of people. I look up to you as well for somebody who I think if I were to adopt a lot of how you do what you do, I'd see even more results and be able to help even more people. I don't know if you know but I have a lot of big goals that are outside of the Smart Passive Income world that are going to require a lot more leveraging of my time, and that's where people like yourself come into play. I'm just super appreciative of you and inspired. So thank you, James, I appreciate it. I'm sure everybody's inspired as well. They want to hang out with you. They want to see what you're up to, where should they go?
- James S.: Oh, I've got zillions of podcasts and SuperFastBusiness.com. Just watch out though, my voice isn't that great. By the way, Pat, you asked incredibly good questions. You can tell you've earned your 50 million downloads.
- Pat Flynn: Thank you. No, I appreciate that. A lot of that comes with, just like you, chugging along and learning as I go, and just seeing what works, seeing what doesn't. So I appreciate that. Thank you. So SuperFastBusiness.com. Super Fast Business is the name of the podcast. *Work Less, Make More* by James Schramko on Amazon. We'll have all the links on the show notes. James, thank you, man. I appreciate you, bud.
- James S.: You too, Pat. Thank you.
- Pat Flynn: All right. I hope you enjoyed that interview with James Schramko. Again, you can find him at SuperFastBusiness.com and also the Super Fast Business Podcast, which you should all subscribe to, listen to right now. Like he says, there's a lot of stuff there so I would actually hand pick sort of things that are interesting to you in his little "supermarket" like he talked about.

But, man, what a great episode. I'm just so thankful that he had the time to come on. He's in Australia and I'm in the US so I stayed up a little bit late for this, but that's okay because you know what, I'm here for you, to serve you, and I hope that you feel James served you as well. I felt he served me in that conversation too. So I hoping you feel the same. Make sure to check him out, and again thank you so much for sticking around.

The show notes for this available it's going to be a very valuable set of show notes from all the things that James talked about. You can find it at SmartPassiveIncome.com/session319. I just wanted to take a moment today just to thank you so much for listening in and being a part of this podcast with me. This wouldn't be here without you and other reviews and all the fans and just the thank yous. Even for those of you who silently download this and listen to it, you mean the world to me. Thank you so much. No sponsors in this episode. I wanted to take this moment just to thank you from the bottom of my heart for being amazing. Looking forward to serving you in the next episode.

If you haven't yet subscribed to this podcast, now is the time to do it. Just hit the subscribe button and I just want to say one more time I appreciate you.

Cheers, take care, and I'll see you and looking forward to serving you in the next episode of the SPI Podcast. Bye.



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