



## **SPI Podcast Session #53 - What They Didn't Tell Me Before I Started My Online Business**

show notes at <http://www.smartpassiveincome.com/session53>

This is the Smart Passive Income Podcast with Pat Flynn, session number 53. You've been where? ...With who?

**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 went paintballing once and hid behind a rock the entire time, Pat Flynn!

**Pat:** Hey, what's up? Welcome to the 53rd session of the Smart Passive Income podcast. The first podcast here in 2013, and I'm really excited just to tell you right off the bat a really important announcement that these podcast sessions are actually going to become more of a regular time this year, and beyond this year.

What does that mean, exactly? That means that it is my goal from this point forward to produce a weekly podcast for you. Yes, that's right, a new session every week, and I'm going to do my best to stick to that schedule. So every Wednesday, BOOM, SPI in your brain. And at this rate, I think if my calculations serve me correctly, I should be over 100 episodes in total by the end of 2013, which would be awesome. So thank you for all your support, all of the reviews, it's just encouraging me so much.

You might be asking "Why now?" Why after two years have I finally decided to do this on a regular basis instead of what I was doing which was a couple episodes a month, not really set for a particular day or date? Well, it was actually for a number of different reasons, to be honest, and you've probably heard me mention before that the podcast has been the #1 way that people have found out about me.

You know, I ran a survey on my blog, with over 7500 respondents, and the #1 way people found about SPI or Pat Flynn was the podcast, which is incredible! But I think beyond that I just have this feeling that podcasting is going to explode even more into people's everyday life. It's going to become more normal for people to listen to podcasts. I mean, you guys are normal, you're listening to me and you're ahead of the game.

I was sitting at [New Media Expo](#) in Vegas last week at the Podcast Awards. It was very cool, [Leo Laporte](#) was there, he was hosting it, and my podcast was actually up for two awards which I unfortunately did not win, I didn't get enough votes, but we'll try again next year if I'm lucky enough to be nominated.



But my point here was I was at the awards, it was a PACKED room. A packed room with hundreds of people--podcasters, podcast listeners, all incredibly excited about where podcasting is headed. I mean, the vibe was awesome.

And I swear, if you have a platform and you want to build a bigger audience and really create a deeper connection with people, kind of how we're creating this connection between you and I right now as you listen to me, you must start a podcast. I highly recommend it.

Luckily, I have a free tutorial to help you out. If you go to [podcastingtutorial.com](http://podcastingtutorial.com), you can check it out there. No fees, no emails, no opt-ins necessary, it's all right there, nothing but pure content to help you get your podcast up and running. I'm a big believer that podcasting is going to be even bigger than it is already. It's already done so many things for me. So check that out at <http://podcastingtutorial.com>.

And if that's not enough to convince you, check this out--while at New Media Expo I have this backpack, it's red and white, it says "Hello, my name is Pat" on it. I had a lot of people come up to me during the Expo, and thank me and stuff, which is awesome, but some even wanted to take pictures which is pretty cool. And I don't think I will ever get over that, it's just so crazy!

But you want to know what most of these people said to me after the initial greeting? It was usually something about the podcast. "Thank you for your podcast! I listen to your podcast on the way to work or at the gym. I love what you're doing with your podcast Pat!"

Podcast, podcast, podcast, podcast. Hardly anyone mentioned the blog. It was incredible! That convinced me that I need to go hard with the podcast this year, continue to deliver content through my voice, and I recommend that you do the same. Obviously I'll continue to write posts on the blog each week and shoot videos when necessary.

Speaking of New Media Expo, I just wanted to say thanks to everyone who came out to the buffet dinner that I hosted on Sunday night at the Rio Carnival Buffet. A hundred people showed up and we chowed down on all kinds of food. Seriously, that was one of the longest buffets I've ever seen, and the food was really good, too!

Lots of great connections were made, lots of good times, lots of smiles. I mean, that's really all I wanted when setting this up. I just wanted people to connect and smile, and that's what was going on. And what was cool is that I was actually able to surprise everyone and kind of take care of the bill on my own, which I was more than happy to do! It's just another way of me trying to give back for all the support.

Plus, it sort of had to do with my presentation, which was the power of giving stuff away for free in your business and what that can do for you and your results. And that



presentation actually was recorded on video; it'll be up on YouTube possibly in the next week or two. It could be in a podcast session as well, at least a summary on it, because the information in that session was very important, and a lot of people have already been implementing the strategies there and seeing results.

I have a guy editing the audio and the video right now. So thanks to all of you who came out to the buffet. Thanks to those of you who attended my presentation, to those of you who wished me best of luck as I was stressing out preparing for--just, any of you out there listening to this right now, thanks so much and here's to you and I and an amazing 2013.

So, now that it's the New Year, you know--kind of transitioning a little bit.

Now that it's the New Year, a lot of people are in kind of a resolution mode. You know, big fat goals are on people's minds, and for many people it's starting their own business or venturing in some kind of side business. Or something within your business and taking it to the next level.

With me--I didn't start my business because I wanted to, I was almost thrown into it because it was the only solution for me after getting laid off. You know, after looking for another job, not having any "luck" with that, so when things started to happen, I almost didn't know what I was getting into.

I didn't have any time to prepare, or read up on it very much. I didn't have any people to go to for help. I sort of just read a couple of articles online, jumped right into it, you know, jumped right into the deep end, doggy paddled my way around and finally found my stroke, and it took a while to figure things out. And I'm still figuring things out!

That's why I wanted to talk about this stuff today. Not so much the online business strategies or kind of what's working and what's not. We have a lot of that information on the podcast or the blog already, and we're already going to have a lot more of that later this year. But this session is dedicated to those things I wish I knew about building a business in general that I didn't know before.

I mean, like I said, I didn't know what I was getting myself into. I love what I do, don't get me wrong. I've never been happier, but a lot of what I do behind the scenes to keep this business running for a lack of a better term is "unexpected" or was unexpected.

So my goal here today is to help you to know what to expect, and potentially how to deal with certain things and situations that may arise while starting up your business, or a business that you have going on already, and sort of what decisions you possibly might have to make. You know, it's just great to know about this stuff before you dive into it.



Please note, this is the kind of disclaimer before I say any of this stuff. I am not an expert, I do what I do and I report about it, that's just what I do. But in no way, shape or form am I a lawyer or a professional, so soak all of this information in as you wish, but if you're going to start a business of your own, or if you have one already, definitely seek help from a professional that will know all the legal stuff behind it, and that is actually something we'll be talking about a lot, especially when it comes to things like taxes and stuff.

So, let's get right into it. Where do we start? Again, this is stuff that I didn't know I was getting myself into when I was starting to make a business. So I guess we can just begin by talking about how much work is involved. Yeah, a lot of this stuff we're going to talk about may sound kind of scary or like it's a lot of work or it's a hassle, but this is the price of becoming an entrepreneur, you know? It's part of the hustle, and those that can manage this stuff or figure it out, those are the people that are going to succeed in the long run.

Like I said, you don't need to know how to do everything; you don't need to master it all. There's a lot of stuff to take in when it comes to venturing out on your own and starting your own business, and you can learn along the way. That's sort of what I did.

But the more you know now, the better, which is why we have this session today.

So the first thing, really, is just knowing that you're going to have to play more than one role. You're going to have to wear many hats. Whereas working a 9 to 5 job, you have one specific set of tasks right? Your job description. That's just what you do.

For example, as a drafter in the architectural industry, I was responsible for putting design drawings into AutoCAD and making sure everything was per building code. Then you have the job captains above the drafters who kind of oversee the drafters and work directly with the project managers. The project managers are the ones who sort of oversee the specific design projects who are typically the architects involved, and the ones who communicate with the clients and other consultants--although, at my architecture firm, and a lot of architectural firms, they have their own design team, so the project managers would work with the design teams.

All this to say, everyone had their own little hats to fill and their own specialized thing. And then there's also the secretaries who set up meetings and take phone calls and then there's the accountants and the HR department. Again, each doing their own little specialized thing.

Now, when you work on your own--especially in the beginning, you are the head of HR, you are the accounting department, you are the design team, the project manager, and oftentimes especially in the beginning you're the drafter, too, the one doing all the



grunt work. It can be very overwhelming at times, to wear all of these hats. But, it can be very exciting, too.

I mean, I love that I can say "I'm on my own" and I can do more than one thing, that I know about accounting and book keeping and taxes and all the legal stuff. But I also know that the reason a lot of corporations do so well is because they're like a machine. They have experts doing their own thing in each specific department, and I think that's eventually kind of where you want things to go when you start your own business.

In other words, even though you're own your own, or are going to be on your own, you have to be smart about what you do with your time. And if you end up doing everything all the time, eventually you're going to get to a point where you're going to be doing stuff that you shouldn't be doing, or doing stuff that you probably don't want to do, which is going to take away from the stuff that you should be doing to take your business to the next level.

In the beginning, I tried to wear every single hat. I tried to be the CPA and do the tax thing on my own. Major failure. There was just so much to know. So what did I end up doing? I hired a local CPA, a certified public accountant, and he helped me figure things out. I mean, I'm happy that I did try things on my own, because I can at least understand the language a little bit.

If I didn't, it'd be a little scary handing everything in my business over that has to do with money, not knowing exactly what's going on and then all of the sudden having to pay X amount of dollars in taxes, not knowing where those figures came from. A good CPA will walk you through exactly what's going on and how much you owe and all that stuff. I'm very thankful for the one I'm currently working with.

Going back a little bit, a common question I get is when should I incorporate, either as an LLC or an S-Corporation or--you know, do I do this after I start making money, or should I incorporate before? Again, I'm not a professional but many of you know my story. When I first started out, I didn't incorporate, because I didn't really know what I was doing. I had this website about the LEED Exam for a couple of years, then I published a book and all of the sudden I was generating thousands of dollars a month from it.

It was after that point that I tried to figure things out on my own, but like I said it got too complicated so I hired a CPA who helped me out. Luckily I was smart enough to keep track of all of my expenses when I was just starting out, so that when I was incorporated I could go back and add all that up, and I could write that all off. I saved a bit of money that way.



So--I need a sip of water real quick. That's right, unedited, folks! So the CPA helps me with taxes, but another important hat that I used to wear that when I hired someone to wear this for me it was just a godsend, was my bookkeeper. The person who keeps track of all the money that comes in and keeps track of all the money that comes out. This is different from the CPA, who is someone who mostly deals with tax strategies and stuff like that. The bookkeeper keeps track of what money comes in, where it comes from, and also what money goes out of my business and where it's spent.

The bookkeeper I'm working with now is actually a part of the same company of the CPA that I'm working with, which is very convenient, and she's amazing. She actually has access to my bank account and credit card statements. She can't make transactions but she can see everything that's going on, what's coming in, what's going out. And she's able to see everything that goes on and keep track of everything for me from checks from Google from AdSense or direct electronic payments from customers and clients or affiliate payments from companies whose products I promote--anything that I purchase!

It's all in there, recorded electronically, and she puts it all into a balance sheet which my CPA then looks at for tax purposes. And the bookkeeper has just taken a huge, HUGE load off of my shoulders. I can't even express how thankful I am for Dana. Dana is actually her name.

Actually, I worked with one before Dana who I hired through [Elance](#), which sounds kind of funny to hire a bookkeeper through Elance, but there's a lot of bookkeepers on Elance. Her name was Latrica, and she was awesome. You know, obviously I selected her because she had great feedback and a lot of repeat customers and things like that.

But I had to switch to the new one because it just made sense since Dana works with my CPA. But the one I found on [Elance](#) was great. You know, I actually didn't trust her enough to have access to my accounts herself, so I would send her statements at the end of every month and she would record everything from there.

Bookkeeper, great help, I would highly recommend getting one once you start to earn a little bit of money. They keep track of everything for you, and it can become a big headache, especially if you're doing affiliate marketing, or if you have a lot of different products or a lot of different businesses. I can't even express how thankful I am for a bookkeeper.



Another thing money-wise that sort of caught me off guard at first was the fact that...and I, you know, again, I was a total newbie, I didn't know about this, I know a lot of people are in the same situation. I didn't know that I would have to pay estimated taxes quarterly during the year. What that means is in January, April, June and September each year, I have to pay the government and the state that I live in, California, a certain amount of money-- a fourth of the total estimate on what I will owe at the end of the year.

Now, if I overpay, at the end of the year if I find out that I paid too much based on the estimates that I paid earlier, then I get a refund. If I underpay what I truly owe, I owe more. But first, I never knew about this, so when I first started working with my CPA, I was like "What! You mean I have to pay NOW? Don't I just pay at the end of the year? You mean I don't get to keep all the money that I earned?" You know, it's very wishful thinking.

When you're working a 9 to 5 job, a little bit of your paycheck goes a little bit to this thing, and that thing, and you know, it's not exactly as much as you thought it was going to be, right? Well, this quarterly thing is exactly how it works for businesses. It's the same type of thing, at least for LLCs.

So the key thing to think about here is just to make sure you have enough money to pay what you're going to owe. A lot of people, I'm sure, spend most of their earnings-- or a lot of people have done this before, they spend a lot of their business earnings, and when it's time to pay their quarterly estimates or how much they owe at the end of the year, they don't have enough money to cover it.

So my general rule of thumb is, from what I've been advised to do, is to actually make sure I keep half of my earnings for tax purposes. Half. 50%. And that's a lot of money, and it's never exactly 50%, but sometimes it's close. So any money that I earn each month, I make sure to save at least half of that in an account that is set up just for money that will be used to pay taxes. This ensures that I will never have to dip into any of my savings or investment accounts to pay for taxes.

Just since we're kind of half-way through the session here, I just want to say I know this is kind of boring stuff, I hope it's as entertaining as it can be at this point in time and with this show. You're going to have to learn this eventually if you're going to venture out, so I hope this is useful information and you're getting some good stuff out of this.



Okay, moving on. Let's move away from the money stuff and talk about something that I know is on a lot of people's minds when it comes to working on their own, and that is healthcare. Yep, I dropped the word in. Helpcare--Healthcare. [chuckle] "Helpcare." It SHOULD be called helpcare, because we need a lot of help when it comes to healthcare.

I don't even know where to start with this, and again I'm not an expert in this and I do have an interesting story though. An interesting and very personal story to tell about healthcare. So I'll try to make this quick.

I'm working my 9 to 5 job. Obviously I do have healthcare through them. I think it was through Pacific Care or Health.net, or something like that. I can't remember exactly. And then I learned that I was going to get laid off.

Healthcare is the last thing on my mind at this point. At this point I was really focused on what I was going to do next, my new business. But then I officially got laid off and my healthcare extended for an additional month, and then I got this notice in the mail for something called a Cobra extension--Cobra like the snake.

And that meant I could pay a premium to keep my health coverage from my employer, the same health coverage I had with my employer for another 18 months. So it would cover me for another 18 months, but it was ridiculous! It was something like \$600-700. So I didn't do it. I found private health insurance for \$250 a month. I was pretty healthy, I think I still am. Pretty young. So the premium wasn't too expensive.

This is where it gets crazy. You know, my wife and I, we were going to--we get married in February of 2009. We head to Hawaii for our honeymoon. Loved it, came back. We got a dog, his name is Gizmo, and it was actually great training because in May we found out that we were pregnant with our first child. Whoo-hoo! Except, whoops, we didn't get April on healthcare. Totally rookie mistake, she didn't have a job, and we both moved back home with our parents just to save money, and we were young and we didn't know what we were doing. So she didn't have healthcare and she got pregnant.

So the first thing I do after celebrating is freak out because I didn't, you know, I knew that doctor visits and hospital bills would cost a pretty penny. So I was like "Okay, let's just get April hooked up on insurance now, maybe it'll cost a little bit extra because she's already pregnant."





So I call around to get coverage, and guess what? It ain't gonna happen. Pregnancy back then was what's called a "pre-existing condition" which means that these companies...and it sort of makes sense, you know. These companies don't want to cover a person who they know they're going to have to pay for because there's a baby coming.

And I can't confirm but I think that may have recently changed. I don't know if pregnancy can still be considered a pre-existing condition, but it WAS at the time. And it sucked! Because, I mean, we just couldn't get any coverage. There were some special programs for low-income families to get healthcare and maternity stuff all taken care of and stuff like that, but because of my income for my businesses and because we were married, I was above the cutoff.

So we only had a few options. And these are going to sound crazy.

The first option we had--and I talked to SO many people trying to figure this out, it was such a headache. Again, stupid move on us, we didn't get health insurance before she got pregnant. I mean, it wasn't an unplanned pregnancy but...we were just, I don't know.

Anyways, the first option we had was to--this is going to sound really crazy--was to get divorced so that April could get coverage on her own since she didn't have any income, she would qualify for that low income stuff. And let me just say, you know, this technically would work but it's not the best of ideas. Like "Hey, let's get divorced!" Okay, yeah. That went over well. No, didn't happen.

#2: Just hope for the best and cover costs on my own. You know, I learned that if I did do this, the hospitals would wave some of the fees since it was self-pay but the cost would still be significant, especially if something unforeseen happened at the hospital, God forbid.

Just a side note, what's crazy--I mean, yeah pregnancy is a pre-existing condition, I get it, but what if like, we're in a car accident or something that has nothing to do with the pregnancy? We couldn't even get coverage for that! I mean...ugh, such a headache. Healthcare, everybody.

And option #3, this was actually something my CPA recommended. My CPA recommended this. I could hire my wife and my company so we'd be a company of two people, we'd get small business insurance for the both of us, and since it was business insurance, the pregnancy would not count as a pre-existing condition. This was back in 2009. And we'd be okay.



So this is what we tried to do. We actually tried to figure this out. But there were a lot of hoops and things to go through before it could actually happen. I had to officially hire my wife as an employee which meant I had to register with the state of California's employee development department. I had to get business insurance. I had to get payroll software set up--and I actually gave my wife a paystub every two weeks for the work that she'd do, which was mostly, you know, administrative type stuff for my business. It was CRAZY.

And then we had to sign up for business insurance and all this stuff, and by the time everything was finally in place, we'd learn that the insurance would go live for us on January 1st, 2010. It was ready to go, which was perfect timing because our son was due just a few weeks after that. We had a couple weeks of leeway.

Then guess what? On December 23rd, 2009, I wake up and my wife tells me that her water broke. And, um...funny story, I was half-asleep when she told me this, and she was like "Honey, my water broke." And I was half-asleep, so I was like, "I'll fix it later!"

I don't even remember that, but she tells me that's what I said. "I'll fix it later." But then I realized what actually happened. We totally weren't packed, we weren't ready for it. Again, this is us being young and stupid and not really thinking ahead. I forgot how to put my pants on, and on the way to the hospital, that's when I realized that we were going to have to pay the entire thing ourselves.

So I just prayed and prayed for a healthy delivery, because he was three weeks early, so he was going to be tiny, which meant he could be in the NICU for however many days, which was going to cost, you know, \$4000-5000 a day if that were the case.

What if something even more tragic happened? I don't know. Needless to say, we were praying and playing with fire here, and we were SO lucky that we were only there for two days. Everything went smoothly and even though everything was perfect, we still owed \$16,000. Which luckily, I had saved up for enough money for in an emergency fund, and my business was doing well, so it was OK. Luckily.

The lesson here is emergency funds are awesome, so you know, I'm not a personal finance blogger or anything, but I've used one, and this is a special case, and it came in very handy. Always be prepared and healthcare is such a mess.

I mean, again, I had no one to talk to about this. I think if I would've helped--I think it would've helped so much if I had just found someone with experience and just asked around and asked people on social media or even followers or friends, just to see what



your options are and explore options. Ask your CPA if you have one, too. They're a wealth of knowledge. I mean, they deal with this stuff all the time.

Ugh, sorry, I kind of took longer than expected to tell that story, but that story just always freaks me out. We were so, so, so lucky. So I hope maybe this helps some of you. Maybe it's a wakeup call for some of you.

So, what else didn't they tell me before starting my own business? Well, another biggie, and I know a lot of other entrepreneurs feel this way. It's a little lonely. I mean, I don't have coworkers to chat with anymore. There's no water cooler talk or run-ins with people at the coffee machine. All that interaction is gone, and it does get a little lonely.

Now, I do have Skype and a lot of contacts on there and I do instant message and voice chat and video chat with people from time to time. Me and my buddy Chris Ducker from [ChrisDucker.com](http://ChrisDucker.com), he and I have great conversations about random stuff whenever we can. He's that much of a friend to me and we just have that connection and it just--without that, without talking to Chris and other people, I would go insane.

That's why I love my weekly mastermind groups. I can talk about business. But beyond that I have friends online where I can talk about things other than business and don't get me wrong, I love my family, you know that, but my son talks about Buzz Lightyear 24/7. The only thing coming out of my daughter's mouth right now is drool, and my wife...I love her, but she's not just that into my business stuff and I can't really talk about football and other things with her like I can with some of my buddies.

Again, it gets a little lonely. Now, after getting laid off, I realize how much we as humans really rely on that human interact to feel like we're part of a group. So my advice to you here is that if you're going to venture out on your own, or if you are on your own already, it's good to get out every once in a while and connect with people in person. Online too, yes, but in person if you can.

There's nothing like meeting people in person, shaking their hands or giving hugs or whatever. That's why any time a reader or a listener of mine emails me and is like "Hey Pat, I'm going to be in San Diego this weekend, are you free?" I always do my best to get out of the house and hang out for a couple of hours. I just feel like I need that. Humans need that.

What's cool is that I'm building deeper connections with people, having fun, having a meal or some coffee. It's awesome. I've met some amazing people from all over the world who have just come through San Diego randomly, you know. From Germany, France, Romania, Poland, they just come for one reason or another. They don't come



just to see me, but they knew I was here and they reached out and we'd hang out for a bit. It's pretty cool.

Another thing they don't tell you , you know, it's like people are always talking about leaving the 9 to 5. Quit your 9 to 5, freedom, yeah! Work whenever you want! But the reality is, you need some sort of schedule. Nobody told me this. Even though you're working on your own, you need some sort of schedule.

At first, I wasn't on a schedule, and I would find myself doing two things. One, I would find myself working too much. Number two, I would find myself always having work on my mind.

Without that schedule, you know, that time of the day when we know we shouldn't be in work mode anymore, you know, like after 5pm if you're working a 9 to 5 job. If you have any sort of entrepreneurial fire inside of you, you're going to keep working on stuff. You will never stop. If you're single and living by yourself this COULD be okay, although like I said you should totally try to get out and meet people, get out of the house a little bit.

But if you are living with a partner or a spouse, if you have kids, it's really important to stick to a schedule as much as possible. For the benefit of you and your business so others know when you're in work mode or in work hours and they won't interrupt you or bother you.

But even more so, at least for me, it's for your family and your loved ones and those who live with you. So you can be 100% with them, not thinking about your business during the middle of a conversation, which I have done before. I used to do that so much, and it just wasn't good. It's not fair to whoever you're talking to.

Finding that schedule that works best for you is the key. What works best for you? There's no universal solution to this. You kind of have to figure it out. It doesn't have to be nine to five, and depending on your business and how automated it is, it doesn't have to be eight hours.

For me, you know, it's four to five hours a day I work. It's not four hours a week. I don't know how that's even possible. But, you know, you want to work to try to automate things as much as possible, and that's the whole idea of Smart Passive Income.

Here's what my schedule looks like:



I get up in the morning with my kids, typically around 8am. We hang out, we play, I make breakfast. Bacon and eggs--I'm on the paleo diet, so that's OK. And my mind is totally on them. I'm not thinking about business at all.

My wife, she sleeps in. She has the hardest job in the world, she's a mom, so she deserves a little bit of sleeping time in the morning. When she wakes up we hang out as a family, which I love. Again, I'm just thinking about family at this point and maybe where we're going to go during the middle of the day.

Lunch time rolls around and then the kids go down for a nap--or at least, my son does. My wife takes my daughter, if not. And that's when I can get some initial planning done workwise for the evening or take care of any interviews or Skype calls. That's why if you ever ask me to do a Skype call or an interview of some kind, it's typically between 1 and 3 pm.

After that, we usually get out of the house a little bit. We try to get out of the house, we take care of errands or something like that, and then dinner, bath time, and then sleepy time for the kids. Depending on what day it is, I'll either jump straight into work mode after that once the kids are asleep or spend an hour or two, hour and a half with my wife. You know, just her and I catching up on some TV or just talking. You know, the DVR is there.

When it's time to work, it's typically around 9 PM, and then I go full steam until maybe 1 to 2 a.m. with a couple of 15 minute breaks in-between. During this time, I'm taking care of whatever I had planned earlier. I record my podcast sessions during this time, because I just feel more focused at night. I assign work for my VAs, since it's perfect timing when I assign work at night. When I wake up, it's already done, which is awesome.

I just take care of business during that time! I do designing work if I need to. I do whatever. That's when I get my work done, between maybe 8 and 9 p.m. and 2 a.m in the morning.

Then I go to sleep, wake up with my kids again, and that's my day.

Your day could and probably is completely different. Let's be honest, this schedule is actually just maybe six months old for me. It was random before. I tried the morning thing and I'm just not a morning person when it comes to work related stuff.

You have to sort of experiment a little, figure stuff out on your own. Try one way for a while, if it doesn't work, try something else until you and your body and those of the people who live with you are comfortable and all understand each other.



I'm totally in the groove now, which is perfect for 2013, because I have a lot of great things planned and it's totally 12:46 a.m. I'm recording this at 12:46 a.m., so I am in work mode right now, just like I talked about.

The last thing I want to talk about is how other people will react to either your decision to start your own business or the fact that you are working on your own business. How other people view people who do business online can be weird sometimes, and sometimes very unexpected.

I've had the entire spectrum of reactions from people, from people who are like "Dude, that's awesome, congrats!" to people who are like "Wow, really? Get a real job!" I mean, I've had both ends of the spectrum, and it's weird, you know?

Especially when I was first starting out and my business was just getting started. There are a lot of non-believers out there. You know, people who will try to tear you down for trying to go the different way. It's the most dangerous of things when starting an online business, those people who will just tear you down.

I'm not a psychologist or anything like that, and I've said I'm not a lot of things today, which is kind of interesting, but you know, I've read that when people try to put you down for trying something new or change or anything like that, it's actually those people who have the issue. NOT you. It's them trying to confirm where they're at or just trying to make themselves feel better.

Maybe they're a little jealous that you're trying something new and they just want to fill in a void that they have about where they are in life, and it's usually putting you down. I mean, that's bullying, you know? It's a form of bullying.

It's pretty crazy stuff, but it's real, and like I said, it's incredibly dangerous to be around. I mean, I was very, very lucky to have the support of my wife when going through this process of the transition from nine to five, or actually it was like nine to seven in the architecture world, to online business.

But I did have a few people. Some friends, some family actually, who thought I was going down the wrong path or who had offered a different solution for me. And I don't blame them or think they were wrong. I understood where they were coming from, but you've just got to be careful.

I mean, there's this thing I learned from Adam Baker called the bucket of crabs. Apparently, if you put a bunch of live crabs into a bucket--maybe you go to the market or something and buy a bunch of crabs--no crabs will ever crawl out. No crabs will ever



crawl out, because once one crab tries to crawl out, the other crabs take their pinchers and pull that crab back down into the pile.

You have to think about your life as a bucket, and you try to crawl out of it, sometimes, right? You have to be aware of those crabs who are trying to pull you back down to join the rest of the group. Sometimes we can't avoid that, especially if it's family. You know, you just can't get rid of family sometimes!

But what you can do, which I definitely attribute to my success as well and you've probably heard me say this many times before and other people would say this, but what you have to do is you have to surround yourself with people who will lift you up, who will encourage you and help you achieve your goals, help you actually get out of that bucket, not pull you back down!

You are the average of the five people you spend most of your time with. I think I read this in a [Lifehacker article](#) by Leo Widrich who...it's actually the creator of [BufferApp](#), which is one of my favorite applications online, actually. BufferApp is what it's called.

He said "You are the average of the five people you spend most of your time with." And when you work from home or you're on your own, and--you know, you're not spending that much time with people. It's likely you're spending most of your time with people who aren't going to necessarily help you reach your goals.

Don't get me wrong, I wouldn't just ignore people or just completely avoid those who aren't in line with what you're doing entrepreneurially, just don't discuss your ideas and your businesses with them, plain and simple. I mean, it only stresses you out to try to convince someone you're doing the right thing, when especially at first, you aren't even sure if it's going to work, right?

Talk about your business with others who are doing the same thing, who have done what you want to do, or doing what you're doing, and the conversation and your energy will just be that much better, you know? Surround yourself with like-minded people.

Speaking of that, transitioning away from the content of the podcast here into another sort of announcement. Speaking of surrounding yourself with likeminded people, I recently mentioned in a post where I discussed my plans in 2013 for Smart Passive Income that I was going to put together a series of what I like to call "Learning Groups," sort of a--I guess you could call it a mastermind group, but it will be primarily focused on a specific goal that I'm going to be focusing on at that specific time. Like a case study that I and these members of this group will be participating in.



And I will act as sort of a mentor, but more of a colleague or group member like everyone else, working toward a specific goal. I'm still working out how this is going to work, what platform we'll be on to meet up, and how this is all going to happen--you know, the application and its election process. It's going to be a small group of people every time we do this, and I'm going to hopefully do this a number of times in the future.

I just want to let you know here on the podcast that this is happening that I am working on it, so look out for an announcement on the blog in the future about that. I mean, we could possibly be working together on something with a few other people all working toward this common goal. I mean, we'll share our results publically, and help the rest of the community together.

We'll just be the ones to kind of in the midst of it and other people might join in too, but I really want a core group of people so that we can all work together, use the power of the mastermind group and learning from each other to just really knock it out of the park for all of us and be a great example for the rest of the community.

So I'll keep you posted on that. I know a lot of you are excited about that and I am just as excited about that.

To sum up this session, starting an online business is wonderful, it has changed my life, and it could possibly change yours. But it also introduced me to a lot of things that were unexpected, that I wish I had known about or at least given some thought to before I had gotten into it.

I hope this podcast session gives you an opportunity to at least realize what's ahead of you or maybe you're already working on your own and you can now think of some stuff that you're doing now in a different light or in a more fulfilling way. Or maybe there's some action that you need to take after listening to this. I don't know. I just hope that this is helpful because I know that I wish I had known about this stuff earlier.

As always, please stop by the blog. Leave a comment! I would love to hear from you. Let me know what you think. Ask questions, leave your opinion. Get the show notes and the links for this session or leave comments at [smartpassiveincome.com/session53](http://smartpassiveincome.com/session53) and look out for a new podcast episode next week! Woo-hoo! Here we go people, this is the start of a great series of podcasts. Yeah! Let's just rock it out! Let's do it!

All right, thanks for your support, we'll chat again soon, and peace out!





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