
Jaime Masters: Welcome to Eventual Millionaire. I'm Jaime Masters. Today on the show, we have my good friend, Maneesh Sethi. He owns Pavlok. It's crazy. He's been on 'Shark Tank'. He is insane, and I'm so excited to have him on today. Thanks so much for coming on, Maneesh.

Maneesh Sethi: I cannot wait to talk to you. It's been so long.

Jaime Masters: I know. First of all, it's always amazing having my friends on the show, especially when I know your whole trajectory. I've known you for quite a few years now. Can you tell everybody – because you started off as blogger, and now you're this crazy owner of this crazy breaking-habit company called Pavlok that was on 'Shark Tank'. How did you go from that to that?

Maneesh Sethi: My first job was Ramit's brother from –

Jaime Masters: That's the only job, yeah. Exactly.

Maneesh Sethi: I grew up and I lived in California. My brother, Ramit, from 'I Will Teach You To Be Rich' was a big inspiration. I watched him as he became a blogger. He went to the same school I did, but I was always very different. He was very focused and good at execution, and I would always be ADHD. My teachers would always write report cards saying, "If only he could focus, he would be such a good student." I remember my mom told me, "Maneesh, you just need to drink more milk. That's the secret here." It turns out, I'm lactose intolerant.

So anyway, as I got older, I left my school. There was a two-year program I took off of college and I started traveling and I started a blog called 'Hack the System'. This blog, I focused on doing things in unconventional ways, like cheat codes for life; how to break into a new city by becoming a famous DJ, how to learn a new language in just a couple months, and most importantly, how to become more productive.

I started tracking, using a couple apps, my productivity online and I discovered that I was spending five hours a day on unproductive websites. It was ridiculous. So I started doing productivity experiments to see if I could increase that number. In my most famous experiment, I hired someone to sit down next to me and every time I went on Facebook, she would slap me in the face.

[Crosstalk]

Jaime Masters: – experiment ever. How come you didn't hire me to do that? I'd slap you every time. Come on.

Maneesh Sethi: Yeah. I'd been looking for someone. Everyone says they wanna to do it, but then no one shows up.

Jaime Masters: Oh, I would show up. You know me. I'd show up.

Maneesh Sethi: Oh, good. So I made this and this blog went viral. I got like 20 calls on **NPR** and a bunch of shows. I was really excited. I called up a friend of mine and I said, "Yo, wouldn't it be funny if we made a dog collar that could shock you every time you went on Facebook?" And he said, "Let's go to RadioShack." So we did. We built this really joke one in a night. I changed a flight for it.

I was about to post a video online that was really entertaining and I said to myself, "This is actually really interesting. There's a million other wearables out there tracking what you do, but this one's changing what I do. Maybe there's something deeper here." So it became the idea for – eventually I got very lucky. I tried for three months to make the thing happen. I remember calling my brother in the middle of March 2013, and I said, "I really hope I figure out a way to make this prototype soon because I know myself and I will give up on this idea, and this might be the best idea I've ever given up on."

Anyway, so I gave up on it. I couldn't figure it out. Everyone wanted hundreds of thousands of dollars for a prototype. Long story short, in May, somebody mentioned this incubator in Boston that helped hardware companies start up by providing money and expertise. I had a bunch of tabs open one day and I decided to close all my tabs, and that was one of the tabs. I spent like 10 minutes, maybe 15 minutes on it. I wrote 300 words. Out of 700 people that applied, they chose us as one of the people to invest in, Bolt. So that began the journey.

I moved to Boston, stopped traveling, started living – the biggest thing was being in a building with a bunch of other hardware people. I got very lucky in that my idea is pretty interesting, but it works. I'll say that over and over again when people ask me how to make something become marketing PR, how to make something grow. I say, "The first, most important thing you can do is make sure you have a product that solves a real problem."

Ours was very lucky. It was a novelty joke item that we discovered had clinical testing backgrounds and cured addiction better than any other way of quitting addictions, so we got very lucky. But regardless of what you do, making sure you have a good product was the first thing. That's how I got here.

Jaime Masters: I don't know that that's luck. I remember when you're like, "Oh, I got funded and I'm moving to Boston." And I'm like, "For what?" Because you didn't tell a whole bunch of people that this is what you were doing, especially when you were the blogger. I know you did some things, but what's interesting is you didn't go like, "I'm going all in and I'm gonna go find all the incubators." You're like, "Oh, I could have closed that tab as easily as I could have written for *Investment*," and you're whole life right now would have been changed.

Maneeesh Sethi: Totally different.

Jaime Masters: So what made you actually take the – not risk, but take the ten minutes to actually do it?

Maneeesh Sethi: Honestly, I had a lot of tabs open and I was at my sister's house, and I think I was on a lot of Adderall and I was like, "Fuck it. Today I'm gonna close all the tabs."

Jaime Masters: Adderall works.

Maneeesh Sethi: **[Inaudible]** [00:11:09] don't do it.

[Crosstalk]

Jaime Masters: No, I'm kidding. I'm kidding.

Maneeesh Sethi: It's one of the things that I've used in my brain training and bio-hacking to understand how to execute, and I didn't understand this back then. Back then, it was just like every once in a while, you take it. But using Pavlok and using – it's been really interesting because I started tracking all my behaviors. The app I'm building is building a solution for me. I don't think, actually, your users – we really discussed what the product is yet.

Jaime Masters: No, not at all, but we will. Yeah, go ahead.

Maneeesh Sethi: Should I talk about what it is?

Jaime Masters: Yes. Because they don't understand how I'm scared to put this on because I'm afraid you can zap me remotely.

Maneesh Sethi: I can't –

[Crosstalk]

Maneesh Sethi: – yet, but you can zap me anytime you want; Pavlok.com/shockmaneeesh. I remember last time I made that live on a podcast –

[Crosstalk]

Jaime Masters: I know. I was gonna say this is gonna be horrible. Don't shock him.

Maneesh Sethi: It's alright. It's fine. The thing is that the word 'shock' is really a negative and a positive – pun intended – on what we do. The idea of the shock is the shock factor and people – okay, so what we do – this is the product; Pavlok is a wearable device. It's a little module that you can insert into a wristband, you can put it on a clip that goes on your watch, you can wear it as a necklace. The device vibrates, beeps, and releases an electric stimulus at variable levels. It's biofeedback.

We found that the vibration we use as a positive reinforcement, the beeping sound can be both a warning or a positive reminder, and the electric stimulus becomes an awareness indicator. It nudges you. And at high levels, it's an aversive. It's powerful against what you're trying – to make you – and you can use it in both an operant conditioning and a classical conditioning way. If you're not familiar with those terms, don't worry about it.

It's a behavior training device, and it can be used in a couple ways. To use it as a classical conditioning device, this is how you quit a bad habit. It requires no app. It's just the device. You press the button and it releases a strong electric zap. Pair that zap with a behavior you want to stop doing. If you want to quit smoking, if you want to quit nail biting, if you want to quit negative thoughts, or unhealthy eating, for five days, make yourself do that behavior and zap yourself while you do it. Your brain creates a Pavlovian association until it feels a disgusting sense, a cringe, towards that bad habit.

If your readers, and I'm sure you, of course, if you ever got really drunk on too much tequila and then suddenly the smell of tequila makes you sick, or the morning after even, that feeling in the stomach, that's the same feeling you create from adding the zap association. I used it on tortilla chips, I used to lick the back of my teeth, I used to curse, 'ahs' and 'ums', those were big ones.

Now, when you take it as an operant condition device, this is where you pair it to your phone using the app. This allows you to integrate with a few of our apps and user-created apps. For example, there's a Chrome extension for productivity that knows every time you go on unproductive websites or if you open too many tabs. It will vibrate, beep, and zap to warn you. It actually copies off the Slapper in that it tracks my productivity on RescueTime. If my score gets low, it'll zap. If it's high, it'll vibrate. I live for that vibration feel.

Jaime Masters: You're like, "I am awesome. Go."

Maneeesh Sethi: And then our most common use is the alarm clock. We have a secondary product called the Shock Clock, which is able to vibrate to wake you up, and then you have to get up out of bed and do a behavior in order to prove that you have gotten out of bed, so like jumping jacks. And it'll track your sleep. It vibrates gently in the light stages of your sleep to wake you up. It helps train you to become a morning person, so you don't need to wear the device forever.

Jaime Masters: What's insane is that when you started, when you had somebody slapping you on your Facebook usage, you didn't know that all this changing behavior advice was valid, right? How did you even know that is was gonna be able to do all this?

Maneeesh Sethi: I still don't know – we still find out, daily, things that it can do. We just found one lady last week who used it because she had a chronic cough and she got over her coughing using the device.

Jaime Masters: How? That is crazy.

Maneeesh Sethi: Because a lot behaviors are simply entrained responses. Stimulus causes a response. So you get this weird feeling in your chest and you cough to get it out. If you do that enough times in a row and it becomes a natural thing that happens. The zap adds two factors; the first is the aversion towards it, but more importantly, it's the

awareness of the behavior. You start to notice when you have that feeling. You start to notice the cough.

In our app, in our courses on our app, we teach you how to use that awareness to adjust your thinking and thought process and behavior. So it's not all shock. The shock is the first step. It's a trigger and it's a button to press and a way to keep track and make yourself more aware. But over time, it's the rethinking process that really makes people succeed.

Jaime Masters: So how do we make somebody do that? When I shocked it, I was like, "Ooh." I remember the first time, you had a business card and you gave it to me and I was like, "Yeah. Not cool. Now I'm never taking business cards ever again from Maneesh."

[Crosstalk]

Maneesh Sethi: – we discovered is that people, if you get them too strong with the zap on day one, they build an aversion to the device.

Jaime Masters: Yes. I was like, "Oh, no. I don't wanna do it." And I did it and I dropped it because I – so how do you make yourself – so when you actually do it, is it not that strong so that way you don't feel like, "Agh"? I mean, I'm okay with pain in general, but oh, my gosh, now I have an aversion to it.

Maneesh Sethi: Yeah, you do. That's a big problem. It's a big freaking problem because there's like –

Jaime Masters: How could you do that, Maneesh? You're so mean to me. No, I'm kidding. Most people won't have that issue, it's just I do.

Maneesh Sethi: Many people have that issue, and that's a big deal. You probably pressed the button the first time and it was set too high. In the app, it starts very low and moves upwards. But realistically, there's two questions that you just asked me. The first is, "How do you start liking the device and try it on?" What I would say to you is that you can set the zap to zero and leave it on for a couple days and it'll just vibrate.

Just get used to it because understand that – I mean, if you're willing to try it out, and I really hope you try it out for a few days – if you're willing to try it out, just leaving it on vibrate for a couple days, getting used to it being on your wrist is pretty cool

[inaudible] [00:17:35]. You know, you get used to a bracelet on your wrist.

Jaime Masters: I've got my Polar watch, so I'm sure I'll have matching on the other side, too.

Maneeesh Sethi: And now they balance out. The second question you – and how people should do it is they should start off on a low zap and they should be expecting it to be strong, and understand that the fear of the zap is more powerful than the zap itself, and that's why it works. But the second question that you indirectly asked is how do I make it better for the users so that this never happens again? I care about the number of habits changed. I've been trying to systematically do this. So our company focuses on number of habits changed as they key performance indicator of the company. More than revenue, more than anything else, it's that number.

In all of our meetings and all of our KPIs in every department are structured, it's all focused on, "How do we systematically break down that target?" That involves tracking more behaviors and then being able to adjust behaviors for both everybody and for individuals such that the product works for them. It's like a funnel; if you're wanting a conversion rate, you can either have more leads or you can have more of an on-page conversion. Right now, our focus is getting this product to work, in particular, our issues. We're finally overcoming them.

Over the next quarter, our goal is to track more behaviors, and the next quarter is to begin instituting a variety of AB tests for individuals and for habit patterns to see what works.

For example, we believe that the first few days, you shouldn't feel the zap at all. You should press the button whenever you have the urge to do the behavior and it will track it. That way, for the first three days, you're just understanding the count. One day four, we let you have one or two zaps. And then day five – we want to test this and make sure that it works. I don't know the answer. I think that it's gonna take some testing. I just hope we're faster than everybody else in the world.

Jaime Masters: What's so insane is you're doing live data tracking with actual people that are raising their hand that want some of this. This stuff is interesting anyway. This is the bio-hacking stuff that you were looking into way beforehand with your blog and everything, and now you actually have a subset of people that are also crazy like

we are and are like, “Oh, change my behavior. Let’s do whatever it takes. Use the latest technology to try and move there.” What can you give for advice for people, especially business owners specifically, for really trying to change their behavior? Besides getting the device and testing it, how do we become more productive in general?

Maneeesh Sethi: I got this new – it’s an awesome oil that they take out of the body of a snake. It’s really good. It’s called Focus Snake Oil and I really highly recommend it. I’m just kidding. Obviously, I’m kidding.

Jaime Masters: What’s so funny, though, is the placebo effect is kind of there, also. I mean, if you know anything about the placebo effect, if you told me there was an oil – I mean, literally, I have peppermint oil, and I know every time I do it and smell it, it wakes me up. I don’t know if it actually does that or not, but I think it does.

Maneeesh Sethi: That’s true. It does. Peppermint works. First of all, [inaudible] [00:20:36] have stories about peppermint. Remind me. Secondly, what was the actual question?

Jaime Masters: Productivity, not snake oil, how do you actually improve people’s
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Maneeesh Sethi: To make their million?

Jaime Masters: Yeah. Because I know you’re into bio-hacking and stuff like that, and I love having people that actually know that stuff on the show.

Maneeesh Sethi: Sure. This is important. I guess this is really interesting. If you’re looking at somebody who’s trying to make their million online – I tried forever to get passive income and I never did. I tried forever to make a million online and I never did. I only made a million online by accidentally building something that I thought was really cool and would have a big impact, and that happened to make a million dollars online. No one becomes happy by searching for happiness. You do the things that happy people do, right?

So there’s two parts to this; first is mindset and the second is process. The first part is how do you get yourself to make a million dollars? People who make a million dollars don’t care if they lost that tomorrow because they can make a million dollars tomorrow. They know how money comes and goes. They don’t think of cash as an asset. They think of it as a flowing river.

Most importantly, everyone's probably heard this, the abundance mindset; I found that changing your patterns is a lot easier if you start at the source, and the source is in the thoughts. The source is deep in the thoughts. It's one step before that for many people, and that's the emotion. The emotion is the same as a physical sense in your body. Identifying the origins of every thought you have is critical. You need to pick a few thoughts that you need to rewire. Those are the ones that are holding you back; the little voice in your head that says anything that's not what it should be saying. And that voice –

Jaime Masters: So give me some thoughts. How do you pick?

Maneeesh Sethi: For many people, it might be, "I can't do this. I'm not good enough. How will I ever do this? I don't have any good ideas." But for many other people, and for me, I didn't realize there was a negative voice. It's a distraction. It's like, "Oh, but do this. You could do this. You could do that. You could do that." It's not that your voice is wrong, it's that you need to know what it's doing and that it's there.

Until the 1700's or 1800's, churches would tell people that that voice in their heads was the devil telling them what they shouldn't be doing. Only in recent times have we reclassified that thought as ourselves.

One really cool trick that I've been learning is – there's two tricks. Finding the voice in your head, if you listen to it, it typically lives in a part of your body. Emotions are senses. There is no difference. Listen to it and make it larger and see if it's a person you know, if it's a female, a male, what's that voice? And then try to move it around your body and your head and try to make it speak faster and slower. If you do that every time you hear a negative thought, you'll be able to watch that dissipate.

But you've got to replace it with a better thought, and that better thought should be, "What could I be doing? What should I be doing? How should I be doing this?" Anxiety and negative feelings often happen down in the chest or the stomach. In the same way, there's a sensation that you can feel in that chest and there's a way it moves. If you rotate your fingers as you try to imagine it, you'll notice in one way, you get more anxious, and if you rotate it the other way, you get less anxious.

Jaime Masters: Really? Okay.

Maneeesh Sethi: If you speed it up, you can make yourself really anxious really quickly, and then you speed it backwards. Then you use that as a handle for whenever you feel those feelings.

Jaime Masters: Really? Okay.

Maneeesh Sethi: Yes. I use that a lot. So those are cool tricks for mindset. But the most important thing is understanding that there is a mindset shift and that people who have the mindset shift will make more money naturally. Secondly, you need to have a process. This means that you are the average of the five people closest to you. This is gonna help a lot with negative thoughts, too. Get yourself around people who are slightly towards where you want to be and go to events for people who are where you want to be because the people who are on their way are gonna be at that event. You want to find people a little closer to you.

Once you've figured out what you want to build – and I don't know how deep you want to get in the question of finding what to build – but then you need to have a systematic process and make yourself do things. The problem that we see in different personality types is that one type, finishers, tend to pick a set of actions and they'll do it to death, and they can overdo it if they pick the wrong action.

Whereas perceivers, starters, will often second guess, "We should do this for the next three months," and then we make a list and then we never check the list again. And then we say each day, "Oh, I should be doing this. I should have been doing that," instead of just executing on the list. You need to understand your type and what kind of personality you have and make sure that you put yourself in a position to get yourself to execute on what –

[Crosstalk]

Jaime Masters: – find out what type they are so that way they know which **[inaudible]** [00:25:35] to go?

Maneeesh Sethi: There's a few websites online that have good – personality typing, many people don't believe that it's real or fake people don't believe that it's real. I don't believe that it's real either, but I live by it. The reason why is because it's a model.

Jaime Masters: "I don't believe it's real, but I live by it." I love that.

Maneeesh Sethi: If you throw everybody's tendencies against a wall and you draw four arbitrary lines, you're gonna get 16 boxes. Some people are gonna be in the corner. Some people are gonna be in the center. But it gives you a common language to talk about other people who are closer to you, and you'll have more in common with those people than other people.

And now there are websites you can meet and search people who are – anyway, I like Myers-Briggs and Enneagram and a bunch of other models. They're all useful for different things. Myers-Briggs is the quickest and it's the most useful for – it understands how you make decisions and how information interacts with you and the world. Go to the website 16personalities.com. They have a decent test, but then you want to read through all the descriptions and make sure it's right.

The best book I've ever read is called *The Art of Speed Reading People*. I'd recommend that book. And soon we have personality in our app, but not by the time this show is live.

The biggest and most critical letter is that last letter, the J versus the P. It's the act of finishing. People who are perceivers are often, often considered ADHD. Perceivers have the goal of – they feel uncomfortable finishing things. They feel uncomfortable leaving things, like checking off list items. They like to start new projects before they finish one. They're the opposite of judgers who feel uncomfortable leaving things undone. They want to check off lists.

Jaime Masters: I'm a J. I'm like, "Can I just check it off, please?"

Maneeesh Sethi: Yeah. And the interesting thing is the act of finishing is highly correlated with almost everything good; you live longer, you don't do drugs, you don't [inaudible] [00:27:26]. But it's inversely correlated with one thing, and that's creativity. What we discovered is that people who have big ideas, who can't finish, they've gotten in the habit of building ideas. That's not a bad thing. That's a superpower.

There are proven ways to increase your level of J, to increase your focus, and meditation is a really good one, but there's no proven way to increase creativity. So it's not a limitation if you're a starter. It's a superpower. The secret is to combine yourself with somebody who gets stuff done.

If you're a perceiver, you're never gonna get stuff done. It's just not who you are and you don't want to do that, so find an intern or find a person. Create a business bank account and in that business bank account, carve out a little bit for somebody that you can hire to help you execute on tasks. Give them the personality test and make sure they're a finisher, and then give them the guidelines for what you want them to do, and watch it magically happen. That's how you build a business.

Jaime Masters: Magic snake oil. No, I'm kidding. I love this. What I'm really interested in, also, is how far you've grown as a business owner in a short time because Pavlok – how old is Pavlok right now?

Maneeesh Sethi: Just about three years almost.

Jaime Masters: Is it really? Wow.

Maneeesh Sethi: Yeah.

Jaime Masters: So it's been – but still, you've changed so much in three years. It's insane. Can you tell me about what it was like in the first year to two years in Pavlok and sort of where you are now? Because I know you've changed as a person as you're doing this and I feel like a lot of the people listening need to understand that they're changing as much as a business owner, too.

Maneeesh Sethi: Yeah. That's a great question. You look back at yourself and you're not the same person. None of the cells in your body are the same at all. All you have are these weird memories of who you used to be. So you realize that you can change who you are and a lot of it comes from self-understanding.

When I started at Pavlok, I was still focused on 'Hack the System'. I loved travel. I didn't like to settle down. I was scared of furniture and scared of an apartment lease. I think the biggest thing that happened in Boston was being forced to stay there for six months around people working on one thing.

In my case, as a heavy ADHD, my type is ENTP visionary type, I got to see and absorb how people built these hardware products. I started to try to raise money and I started to – and actually, I think, most profoundly, I read that book, *The Art of Speed Reading People*, which really helped me understand a lot about myself. I started to realize that things that I always was ashamed of was solvable by other people.

If you have a good idea and you can't finish – there are some people who like to fill out spreadsheets and there are other people who like to design the spreadsheets that should be filled out, and those two people are never the same people.

As I started to – at the beginning of the company, I'm basically getting – we had \$50,000 and we put it in a business bank account. I said that twice because I was reading my yearly notes yesterday from 2015, 2014, and the first thing it said was, "Get a business bank account." The mental change in your mind is humongous because suddenly, it wouldn't be like taking out of my own bank account, but it was a business expense, and that was huge for mental [inaudible] [00:30:57].

From there, the first year was finding anybody who would work with me because I had very limited funds. As I found a few people who would work with me and we started to build up the electronics – and I found some good people and you find a lot of bad people and you don't know what you're doing. I've had like three or four sets of employees at Pavlok who have all evolved.

But as you grow and as you build your first product, getting a – there's something beautiful about a hardware product. There are so many parts of it. This thing has at least 14 people who built it and it took \$1.2 million to make the first one because you have, on the hardware side, you're gonna have a mechanical engineer, an industrial designer, and an electrical engineer, and a firmware programmer.

On the software side, you have an iOS developer, and Android developer, a back end programmer, a front end programmer. And then you have all your marketing and PR, and then you have customer service, and then you have shipping, and you have fulfillment, and you have returns, and you have vendor sales. I have no freaking clue how we made it this far. If I could go back –

Jaime Masters: I was just gonna say, you're scaring the crap out of everyone going, "Agh, hardware sounds crazy. I didn't know that going in."

Maneeesh Sethi: Yeah. It's the black diamond of startups. I wouldn't recommend it to my worst enemies, especially because you'd be a competitor. But the cool part is that the harder the thing is, the more awesome it is because now I have a natural moat behind me. Even if Apple wanted to copy off my idea tomorrow, it would take them six to

nine months before they could get it into the hands of consumers because that's just how things work.

And it's never been cheaper than before. Building a hardware product today is like building a web app in 1995. It's hard, but if you do it, you're gonna be one of the first guys. That's the beauty. I think there's a big interesting competition. No one knows what's happening in the wearables space and it's really interesting to watch it happen.

Jaime Masters: Exciting, yeah. Can you tell me a little bit about the wearables space, too? I'm really curious about that space in general because I feel like the future of technology is just going way more than we can even imagine in, like, ten years from now, and we're all focused on next year. There's not gonna be that much change.

Maneeesh Sethi: Yeah. The amount of things that change in one year, you'll overestimate, and the amount of things you change in five to ten years, you'll underestimate. The wearables space and technology space is crazy. I'm sure you know all about this. Things like crowdfunding have really changed the way that people create new products and the way that things connect really quickly. AI is an API – and I just made that up, but I like that. I should coin it.

Jaime Masters: I've never heard that before. No wonder. You just made it up. That's awesome.

Maneeesh Sethi: But everything is being able to like – 'if this, then that' and stuff. Everything connects really well. The wearables space, in particular, is very interesting because I'm very confused about it because I think my idea is obvious and it's there. I think that everyone's been so focused on tracking that no one's really thought about the changing.

I think that there's a conception that I have that other people don't have where Americans, in general, believe that they have willpower and motivation and they should do things, and that data is the next step and experiments are of the utmost importance. I believe that there are some obvious things, like axioms almost, like if I have someone pointing a gun at my head all day and telling me to focus, I will focus, right? If I have someone slapping me in the face, I will focus. Therefore, why do I not figure out a way to reproduce what works? Rather than trying to find out what would work, why don't I just do something I know works? It kind of expands from there.

In the wearables space, getting back to your question, there is a big focus on tracking. Fitbit is a winner right now. It's the public company. It's the billionaire. Jawbone's dying. Nike's gone. Fitbit's left. And then there's a bunch of wearables – when you consider the wrist – it's all fitness trackers. There's really cool sensors now, things like heart rate variability –

Jaime Masters: Yeah. I just got my new one, yeah. But I feel like they're all in the fitness space. Is there anything else coming out that isn't just in the gosh darn fitness space?

Maneeesh Sethi: There's like smart watches, of course, but those are it. Then there are other things like headphones, Bluetooth headsets, which are cool. I've seen [inaudible] [00:35:24] wearable that make you hot and cold, the blocks that comes out has modules.

But the thing that's missing, to me, and the thing that we're trying to drill down on is that we can't do everything. We can do a lot more than you know about. We do where the shock is a sensory input and we discovered that it's powerful to use it as memory. It's powerful to use it as a – like I zap myself every time I learn someone's name to remember their name.

[Crosstalk]

Jaime Masters: Pain actually makes you remember things more. That's insane. I didn't even think of that. Huh.

Maneeesh Sethi: You can use it for a billion purposes. I don't know the answer. What I do believe, and I've said this before at a panel, in hardware as a service, I think that giving away the device and making it a subscription model is missing.

Jaime Masters: Wow. Interesting.

Maneeesh Sethi: Yeah. We're trying to build out – what I'm trying to do is very, very different. I'll tell you offline because it can't be public. We're trying to reward people by doing good things and help them stop doing bad things. We discovered that there are a lot of cognitive biases that we all know and love to read the Wikipedia page for, but people don't operate on it. So we've been looking at all the experiments from really interesting cognitive bias research and trying to use it for positive goods.

Things like lotteries, we found this one experiment when you enter the lottery by walking 10,000 steps and each day you have a 10 percent change of winning, and you can win a lot. And if you didn't walk the steps, you would get the message of what you lost, and that would [inaudible] 00:37:02] walk a ton more.

We found that classically associating two different behaviors together is powerful. So if you like to take walks and you want to read books, then if you walk and get the audio book at the same time, then you'll do the behaviors together. Anyway, a lot of this stuff is really powerful and I think that people aren't playing around with the act of behavior change.

Jaime Masters:

So exciting. I want to do an introduction to you after this – everyone's gonna be like, "I want to hear you guys talking afterwards," – of something in sort of that space because I feel like we do not know nearly enough about our own brains, which, thankfully, it's way more than the 1800's and it's evolved, but imagine 50 years from now with the technology that we have.

They were talking about having a pill that you take that calories don't affect you anymore and you don't get fat. It's like, "Oh, my gosh. Can't wait for that to come out." But that technology could keep coming. I feel like you are on the forefront of the technology that we have for right now, which is only like here because we're not that great with our own bodies and brains yet, but we're trying as best we can with external stimulus instead of actually implanting things. Where do you see Pavlok going when you move forward? You're the visionary, so tell me your vision.

Maneeesh Sethi:

I can't tell the core vision of what I want to do. I will tell you in broader terms. My focus here is not on hardware. My focus is on behavior. Our goal at the company is to break five million bad habits in five years. So starting in 2017, by 2022, we want to break five million bad habits. We have to approach that in a few ways; one is by improving the best software that can track all the behaviors and testing different changing mechanisms.

Getting into medical, that's a big deal. We know we're a Class II medical device, so we have to file some paperwork. Paperwork will get us one kind of classification. We'll get FDA cleared, but we want to do our own studies, as well. Actually, if anybody on the call is a researcher or academic or even interested in being a part of a study, if you go to Pavlok.com/research, you can enter in your

info and we can talk to you. So getting the ability for us to see the behavior and track it and improve it is critical.

Our goal by the time I die is to cure addiction. I believe that there's no person in the world who says, "I want to do this," or a person in the world who says, "I shouldn't do this anymore." If they press the button, they should succeed and there should be zero chance of failure. In my case, zero is zero. That's the big goal.

Coming back from there, we're seeing that there's **[inaudible] 00:39:52]** on the testing side. Another one is on the distribution side. I'm really excited. Right now, we're beginning to be in retail. We're aiming to be in our first retail stores by Christmas. Secondly, we want to open our own kiosks this year in malls and start to grow what is gonna be, essentially, a habit store, so focusing on not just our product, but we sell products that relate to Pavlok and integrate with them.

Lastly, we're beginning the production of Pavlok2, which we aim – you're the first person to know this – we aim to be out this year, but in no way am I promising that. Pavlok2 is just like a Pavlok, but it has a screen, it has the ability to detect your stress, so it'll be able to warn you when you get stressed. It's able to track your heart rate and, I think, heart rate variability, as well as the ability to – and it's waterproof.

Jaime Masters: Oh, nice. Shocked in the water. Lovely. What's so amazing, though, is as everybody's listening, yeah, of course he's a visionary. He's like, "By the way, I want to cure all addiction forever."

Maneeesh Sethi: **[Inaudible]**

Jaime Masters: But that's what's so amazing. I know we have to start wrapping up in a second. Before I get to the last question, what do you think is the main business lesson you have learned in the past three years? Going from, like you said, broke, can't-get-passive-income-blogger, to this huge company in three years, which is insane, what's the biggest lesson that you got?

Maneeesh Sethi: I don't want to give you the biggest lesson. Let me give you 48 lessons.

Jaime Masters: Alright, go. Quickly.

Maneeesh Sethi: Some of the biggest lessons, some of our biggest takeaways, I'll tell you the things that pop in my head; number one, I've said them before, but I'll say them again, business bank account. Huge deal. *The Art of Speed Reading People* and understanding your personality, huge deal. The importance of understanding financials is something that you really don't think is important, and it shouldn't be for your first couple years, but it does become important. The best book for at the point where you're ready to hire new people and scale is called *Scaling Up*, and you should bring that into your weekly meetings all the time.

Jaime Masters: **[Inaudible] [00:42:01]** and definitely everybody should get that book that's –

[Crosstalk]

Maneeesh Sethi: Yeah. I think the biggest thing and the biggest lesson I've learned is that – there's two that are together. First of all, everybody else is wrong. Everybody else is just wrong. I'm not saying that truly because, obviously, that's not true and you should learn from people, but you don't have to take other people's advice when they're wrong. You're the CEO and you're the boss, and you need to be sure of what you're doing. Even if you're wrong, it's better to be wrong and steadfast than correct and changing all the time.

Don't feel bad when people say you're wrong because they're dumb. That's one. You're gonna have to worry about trolls because, I mean, I get it more than anybody you could ever imagine, Jaime. I mean, come on.

Secondly, I think that's the big lesson is – oh, yeah, and then once you've got a process in place for what you're gonna do, train yourself with your organization and yourself to operate in at least one-month, but ideally, three-month systems, quarters, where you do a process and you just do it and you track your KPIs and you do it and you don't deviate for at least a few months.

Jaime Masters: I do that with my clients. I make them – they have to ask me to change their goals if it's within a three-month structure. You have to actually get my approval and convince me that changing is okay because we have this – I have ADD, too, right – we have this tendency to go all crazy and nutso. Last question because I know we have to start wrapping up before your battery dies, also.

Maneeesh Sethi: I got it charging.

Jaime Masters: Oh, good. What's one-action listeners can take this week to help move them forward towards their goal of a million?

Maneesh Sethi: You mean besides buy a Pavlok?

Jaime Masters: Of course. I should have mentioned that beforehand. Besides buy a Pavlok.

Maneesh Sethi: How can we get readers to help move towards their goal of a million dollars?

Jaime Masters: Um-hum.

Maneesh Sethi: Plot out where you are today, plot out where you want to be in five years, two years, 90 days, and check the behaviors that you want to start doing to get to that goal, and do that goal. The best paper on this is the one-page personal plan from *Scaling Up*. I can send you the link so you can send it to your readers and put it on the site.

Jaime Masters: Yeah. I love that. Thank you so much. I feel like business owners don't have the 20,000 foot view enough because we're usually in it so much, so being reminded that we need to sort of actually plan and move forward and not change our direction every time – because unfortunately, we live in a world where, “SnapChat is awesome,” and, “**Gary V.** talks about that,” and, “This is awesome,” and, “You should be doing that,” and then, of course, we get bombarded by everything we should be doing and we forget our main focus and plan, so I love –

[Crosstalk]

Maneesh Sethi: Yeah. It's important to also keep in your organization one number you care about that's your real number. It's like your big goal. It's called a BHAG; big, hairy, audacious goal. What is the one thing that if you could change the world in 15 years, the biggest thing you could ever do, what is that number? And then from that number, you pull back; what do you want to focus on as the key number you measure each day? Whatever you measure gets managed, so measure the right number.

I think that – and I'm sorry for running out – but one thing is that people always choose vanity metrics, which really bother me. I wish I had a pen so I could show you. I'll just fake it. So you have a graph, right? And every company has a goal of something they want to do. For us, it's changing bad habits. For other people, it's

helping most people get their businesses started. For other people, it's getting the most rugs moved. Whatever it is. But people always choose a different metric to measure that's easier.

So here is your graph and here's your goal of whatever it is. You'll choose revenue as your line. The first year, you get close to that goal, so you're happier, you're closer. The next year, you're even closer to that goal, so you double down. On the third year, you notice you're at the same location distance. On the fourth year, you're farther away, but you're too deep into the plan that you never actually are able to change five years into your company. I think that one thing that most companies don't do is pick the right goal and aim for it directly.

We chose number of habits to change and that's ours. If yours is helping the most people get satisfaction from coaching, then you should make the core of your business be satisfaction surveys, always identifying that number at all times through the customer lifecycle because if that's your goal, you'll have something that's real.

If you choose revenue, you're only gonna be – people will tell you to do all these things, “Use SnapChat,” “Be on social media,” “Be on Instagram.” But if you say, “I want to make people measurably happier by using my product,” then the goal is just surveying them throughout the process and making sure that number is cool because everything else will fall from it. I think that that's something that I –

Jaime Masters: I adore that, especially because that's how you build a huge company. It's no longer about, “I make wristbands and I sell wristbands that do this,” and make changes. You can have a habit company that changes everything as technology evolves, also, so you never have to update your KPI, which I think is amazing. Thank you so much, Maneesh. Where can everybody find a Pavlok and get one and all that fun stuff?

Maneeesh Sethi: Go to Pavlok.com/eventualmillionaire, no spaces, and I'll get you guys a discounted Pavlok to try out. You might also like our Knockout Sugar. It's a spray you spray on your tongue that makes sugar taste like nothing. I don't know if you have some.

Jaime Masters: It tastes like nothing? No.

Maneesh Sethi: Yeah. It helps you reduce cravings, and lots of other stuff. Anyway, Pavlok.com/eventualmillionaire. Also, there's cool guides on how to get different habits, breaking them. You can also get the app, which you don't need a Pavlok for. Just get the Pavlok app on the app store and you can try taking the courses.

Jaime Masters: I think this is awesome. Thank you so much, Maneesh. It was so awesome to have you on the show finally. I've been trying to get you on forever, so thank you so much for coming.

Maneesh Sethi: Finally.

Jaime Masters: I appreciate it.

Maneesh Sethi: Thank you. It was good to chat.

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Duration: 44 minutes