
Jaime: Welcome to Eventual Millionaire. I am Jaime Masters, and I am so excited to have Mike Michalowicz back on the show. You must know him by now from *Profit First*. And he has a brand-new book that came out called *Fix This Next*. Thanks so much for coming on the show today.

Mike: Jaime, it's so good to reconnect with you.

Jaime: You are very prolific. Looking at the thing in the background with all of the books that you have created. You just told me you have another book coming out. How the heck do you come up with all of these ideas?

Mike: Oh, I have 25 more to go. I actually have a journal I started about 11 years ago, and I wrote down everything I don't understand about entrepreneurship, every area I struggle. And there was actually hundreds of things. But some of them are so miniscule they can be addressed in a paragraph. Other ones, I think, are justifiably a book. So, I shouldn't say 25 more to go. I've got 25 topics in total. I'm only five or six in. So, I've got a lot more to do – or seven in now, with the new book.

Jaime: That's insane. How do you pick which one goes when?

Mike: So, in the beginning, it was just, what do I need the most. I've been so blessed to have a very engaged readership. I get emails – actually, I just looked at my email. One just popped in this second. I would say about every 20 minutes or so, on average, I'm getting an email from a reader who is reading a book or sharing something. They are responsible and ask questions. I'm like, what do you need now? What do you need next? Actually, just interestingly, *Fix This Next* came out from a technical glitch I did asking that readership.

I emailed and I said, what's the biggest challenge you're facing in the year ahead. But my technical glitch was I must have clicked four or five times, because it went out four times in the same day, which is embarrassing. The same question, saying, what's your biggest challenge in the year ahead.

And the answers came back from people, but some people, the same people answered the same question with different answers throughout the day. And I was like, hold on. Your biggest problem is changing for the year by the minute? And then, *Fix This Next* came about. And the thesis of *Fix This Next* is the biggest

challenge entrepreneurs face is knowing what their biggest challenge is.

Jaime: Which is brilliant, by the way, because we sit here and we spin. And we're like, but I could do this, and I could do this, and I could do this, because there is also too much information on all of the things. And so, it's the commitment to whatever that problem is. So, tell us a little bit about the framework for *Fix This Next*, so people can understand exactly what to fix next.

Mike: Yeah. So, if we look at our business like a chain. Pretend you and I are standing next to each other, and we have a chain between us. And we are pulling as hard as we can to see where it will break. And our goal, of course, is to strengthen the chain. The chain will always break in the exact same spot, always. The weakest link. The mistake that entrepreneurs make in trying to strengthen that chain is, they fix every link. It's like, I've got to fix everything. But if we don't fix the weakest, no matter how strong the other links are, it just keeps on snapping.

And that becomes this frustration. I'm fixing everything, but nothing's working. Well, not, nothing's working. You're just focusing on the wrong thing. So, *Fix This Next* is a tool translated from Maslow's Hierarchy of Needs. Apparently, you and I were working on the exact same mythology at the exact time. And what happens is at any given time, there is one most vital important need your business has to have resolved. That's the weak link. And just like Maslow's Hierarchy in the human needs structure, it changes over time.

So, what does your business need from you? I think the great distinction between Maslow's Hierarchy of Needs and what I call the business hierarchy of needs, is we are wired into ourselves. Our senses trigger if we're in danger. We know if we're choking on a piece of food. But when it's our business, we're not neurologically wired to our business.

But we pretend we are. We're like, oh my god, my gut says this. I need to do that. Everyone's doing Facebook ads. I've got to do that. Really? We don't know instinctively. I think as a good beacon we should investigate what our mind thinks is the problem. But we need to back it with empirical data. So, *Fix This Next* is a hierarchy of needs tool with a series of 25 questions where you can very rapidly pinpoint with data, yes, no answers, to what your business needs from you now, that weak link.

Jaime: It's like a robot business coach for you. You're like okay, not this, not this, not this, go, right? Because that's what the business coach says.

Mike: Yeah, that's basically it, that's basically it.

Jaime: I've been waiting for a robot to be able to do this because it is – when somebody else can look at your business and go, oh, you just do it like this. It's not that big of a deal. But when we're in it, it's so hard because there's a thousand things that are going on and being thrown at you all at once.

Mike: We set up a system, it's a little bit of a robot. It's definitely not artificial intelligence, but it is – they call it expert systems. It's a series of questions that people can take, and it's free. But they go through a series of questions, and it will come back and say, there is a 95 percent likelihood the biggest problem in your business is right here, right now. It takes about five minutes to do that, but you can pinpoint what to work on. I don't think, by the way, though, it negates the need for a coach. Coaches can do what computers will never, well, for the foreseeable future, can't do, is emote.

And a coach can connect with the ethereal components, not just the logical components. And that's really important. We are humans running businesses. So, I still think coaches are absolutely necessary. But I think you can use a system like that or a little robot to at least get started in this process.

Jaime: Well, it's the clarity also that's hugely important. So, we can take sort of that one slice. I used to do tech support back in the day, and having a decision tree to go oh, this just makes sense. I go here first. I go here next.

Mike: Right, right.

Jaime: Yeah, but business hasn't really had that.

Mike: That's cool you did tech support. I didn't know that. You were a computer nerd, just like me.

Jaime: Yes, very much so, a degree only in computers. And that's sort of my point, because there is so much emotion in business. But there is also so much that's not emotion. And we kind of take our emotions and sort of put them everywhere when we don't necessarily have to. Some of it is just like, oh, you just have to

automate this, or fix it, or put boundaries around yourself, dude. It's not that big of a deal. Small tweaks can really make a huge difference. So, what are you hearing from – yeah, go ahead.

Mike: No, I just wanted to acknowledge that. That is absolutely true. I call it the five percent correction. Most business owners are trying to correct 95 percent. We're trying to fix everything. But the analogy is a plane. I live in New Jersey. If I was flying from New Jersey to California, if the plane is off by five percent, the further it travels, the further it gets away from its destination. It's a five percent course correction today that will keep you online.

Correcting 95 percent actually sends you in the wrong direction. We often fix something which unfixes something we fixed earlier, without even realizing it. So, fix a few things, the right things. It's the tweaks that have the big impact.

Jaime: Yeah, let's talk about some examples, though. Because the plane analogy is great, except they're like yeah, but – what about in my business? So, what are some common things that people can fix as they go through and realize that there are massive results quickly?

Mike: Yeah, I would start with sales. It's the foundational level of a business because it creates cash. No cash, no oxygen, because your business is suffocating. So, sales, one of the common areas is just looking at the prospect base. We often get frustrated that we are not selling enough without qualifying the quality of the prospects in the first place. So, we need to sell more. Let's advertise more. Let's market more. Let's get out there. But we're not considering the quality of the prospects.

So, instead of shooting fish in a barrel, we're just shooting bullets into the ocean. We don't even know what's there. So, be very specific about the prospect. That's base. The second part is profit. I dedicated a book to this because it's such an important topic. Many businesses I see try to sell themselves into profitability. But sales does not translate to profit. Sales actually, for most businesses, translates to stress, organizational stress. If I sell more to you, I have more responsibility to deliver to you on what I sold to you. And as a small business owner, the more I sell to you and everybody else, it often falls on my shoulders.

So, many businesses are trying to sell their way to profitability, but the owners are getting more and more stressed. And they are in this crazy loop of saying, well, I guess I need to sell more to get out of

stress. And they become more stressed. So, we need to have a profit system to extract or absorb the oxygen of sales into the bloodstream of the company. That's what profit does.

And then, the last thing is efficiency. I think these are the top three things. Most business owners don't focus on organizational efficiency. Instead, they use the I can syndrome, which is, I can do everything. I can and do the accounting. I can do the services. I can do the sales. And the truth is, you can do it. But are you good at it? Is it really what you're needed for? And if you're gonna do everything, by definition, you've prevented the business from growth because it's limited based upon your availability and your work ethic.

I think what's better is that we translate from doing work to designing outcomes, to choreograph the resources around us, to organize other people and technology, even our clients, themselves, to do the work we need to do collectively to move the business toward our objective.

Jaime: I am so grateful that you are saying all of this stuff because I do feel like we're on the wrong track in a lot of things, where it's about gross revenue and how many employees we have instead of – which again, we're holding so much, and we're contorting ourself, and we're hustling and doing all the things. And then, at the end of the day, you're like, oh, I'm exhausted. Great. Keep going.

Mike: I'll give you a hack.

Jaime: Yeah.

Mike: This was a big one for me. So, I was that guy. I've got to work harder. And I remember having a call with a friend. His name is John Bates. And he called. We were speaking, and he was like, yesterday I worked until 4:00 in the morning. He was like, I am just exhausted. And I said, I worked until 5:00 in the morning. And I was bragging about my lack of sleep. It was ridiculous, in retrospect. In the moment, I thought I was very proudful of that.

What I did was, I changed my title. I used to say, I'm an entrepreneur or business owner, words I love. But sadly, they had become bastardized. They are equated to hustle and grind, which is bullshit. In the beginning, you've got to do what you have to do. But if you maintain that, it's not sustainable. I believe our job is

actually to provide jobs. That's the job of an entrepreneur and a business owner.

I changed my title. What I did was I changed my title to a shareholder. And the context is this. I own stock. I actually own different stock. When Ford sends their little distribution of \$13.00 to me, I'm like, oh my gosh. I need to run down to the Ford factory and earn this. I don't return the money to them and say, I'm gonna plow it back in the business. I took risks. I take that money because I took risks, and I render opinion. I vote for the board of directors. I vote when they make a substantial decision. They come out to shareholders. That's what I do. I render opinion and collect the profits because I took risks.

I want to do that for my own business. I want to render opinion, give it direction, elect the board, the leadership team. I'm not gonna do their work. And I want to collect the profits for starting this thing and investing in this thing in the first place. And I have been calling myself a shareholder of small business now, ever since I wrote *Clock Works*, probably four or five years now. And it's been a significant change. I don't work at my business whatsoever.

I have elected to insert myself back in two capacities. I love being a spokesperson, like what we're doing now, talking. And I love writing books. That's the two things I do. Everything else, spokesperson, writing, I do that. I volunteer to do it, but everything else is run by our team here. I don't do any of that work.

Jaime: So, it's funny. When I have clients that are at that apex where they are like oh, I've worked myself out of the business. Now what? Oh crap, all of my need of my hyper-achiever productivity, like solving problems for everybody else, feeling good about myself because of that, and then going oh crap, what do I do with myself? Explain how you got there, because I have a lot of clients that are in this spot right now going, my self-worth is so wrapped up in what I actually "achieve" productivity-wise.

Mike: I think the biggest impedance to that transition is our own ego, at least for me, it was. I remember, too, finding that transition, I talked with our president. Her name is Kelsey. I said, Kelsey, I'm gonna leave for four weeks. I'm gonna have a full disconnect. You are empowered. And the big thing, too, was thinking that employees hear me leaving the business to live life, and that I'm leaving them burdened. That was not the response. It was, you're

leaving us empowered. We're running the show. We've got this. That was the first transition.

I then left for Australia. I said, if I go across the planet – because I'm here in the US – if I go across the planet, I can't connect. It's a great disconnect. Three or four days into it, I will never forget. I was sitting in a hotel in Perth, Australia called Miss Maud. They have a smorgasbord breakfast that the elders like. So, everyone there is between the age of 80 and dead. That's the rough age range. And I'm sitting there eating my smorgasbord.

And I'm like, let me just check email real quick on my phone. I broke my own rule. I check. There is not a single email to me. And that's when my ego set in. I'm like, why isn't anyone emailing me? Has the business collapsed because I'm not there? Of course, it must be gone because I'm not there. Or are they blowing me off? And I started just sending questions. I started to become a distraction.

I returned four weeks later. I sat down with Kelsey. We're tiny. There's eight of us here. I sat down with our entire team. And I said on a 1 to 10 – 1, you never want to see me again, 10, Mike, stop talking with us. Start working now. We need you so badly. Where do you rank me? And they said, a 1.1. We got this. We like you. So, we'll give you 1.1, but we don't need you. We don't need you. And it was an awakening. I used to think I was a superhero for my business, swoop in and save the day. I now see myself as a super visionary. I have superheroes I work with. My job is to set out a vision that we're all moving toward.

Jaime: Which I adore. Thank you so much for saying this, because so many people are like well, what does the actual visionary do once they have all the other hats taken off their plate? So, what you were saying is, you do the fun stuff. You do the stuff that are [inaudible] [00:13:47].

Mike: You cherry pick. Yeah, you own the business. And as a small business owner, I can afford – I own 100 shares. But in my company, I own 100 percent. That's radically different. I have the right to reinsert myself in the business in a joyful way. Now, I realize, I better not be an impedance. I can't be a disrupter to the progress my team is making. But I can be a complement.

So, we have a president, Kelsey tells me, here's the things. This is your little box you can go play in, Mike. And go play around and

do muckety-muck stuff. And that's what I do, speak, write, speak, write. And sometimes I come in and say, I need a little bit more. Can I create something or do something? And she'll say, yay or nay, and she'll channel me. But I lean into what my talents are, and I love it. I love doing what I do. I can't wait to come to work.

And do you know the definition of success, Jaime, for me? I can't wait to come to work, and I can't wait to go home. That is the balance I've been looking for. I love both scenarios. I'm not trying to avoid stuff at home, and I'm not trying to avoid stuff at work. I just love everything.

Jaime: I love this – present and being where you need to be at the time. I was joking with a client the other day about mommy guilt. And I'm like, well, why can't we just enjoy being with our kids and enjoy being away from our kids? Why do we have to feel bad both times?

Mike: Yes. You nailed it.

Jaime: That's it. So, the people that are listening that are like, that's nice for you right now, because we're in Covid craziness 2020. What do you say to those people going into 2021 going, it has to change; we have to be done with 2020, but 2021 will be so much better? How can they shift, whether it be cashflow management or whatever to make 2021 better?

Mike: Yeah, so, I think it starts off with a label. I don't think things are gonna return back to 2019. I think there is a new expectation for customers. I know I have a new expectation. I love that if I'm going to the liquor store now, I can call it in, and they just run it out and put it right into my trunk without having to go in. I love that I can do a lot of – instead of a doctor visit, it's over Zoom now. You can get a consultation and a prescription. So, I have new expectations.

And I think this is true for perhaps other people too, that we have a new expectation for what our vendors do, which means we, as the vendors, have to adjust accordingly to satisfy new customer demand. But I think it starts off with a label – 2008 was the Great Recession, where there was a big economic shift. We're experiencing a greater shift now. And it's a weird situation. We have a collapse of Main Street, but an escalation in Wall Street as the stock market still explodes. But I think it's very tenuous.

I think, though, we, as a small business owner have the greatest opportunity because out of every recession, out of every economic shift, small business is the one who carries it forward. Here's the renaming convention. Starting in 2020, March 15th, I said to my staff, welcome to the Great – not recession – but welcome to the Great Reinvention. What can we do that's different? We started to reinvent our business, starting on March 15th, in how we deliver things. We were too slanted toward live speaking events. I did a lot of those. And that was a substantial source of income.

Well, that went away. But we recreated new stuff that's more than supplanted that. I think all of us, if you're listening in, call this the Great Reinvention, and realize, as a small business owner, our win – we don't have to participate in any form of recession – the big companies have to. They lose 10 percent of their clients, they lose 1,000 - 10,000 clients. That's damaging. We lose 10 percent of our clients, that's like, for me, 5 clients, 10 clients, which means, if I put in extraordinary effort, I can actually turn that around totally. I can find 10 clients or 5 new clients, and that's massive growth for me.

We just need to start off with, this is the Great Reinvention, and then, act accordingly.

Jaime: So, the big, huge stores that are closing. I'm like, but then, small business, and then, there are so many – like you said, so many shifts. And when there are shifts, there is movement and opportunity. And the people that are a little bit tapped out, though, and in hustle culture, how do they have the energy to go, oh, now I have to shift, too. Like, I'm holding all my stuff up, and now I have more decisions that I should be making from a clear mind, but it is not clear at all. It's fear based.

Mike: Yeah. I think the do more kind of mentality is gonna be a trap. I think it's a do different mentality. And what I mean by this is by adding and stacking, and you're already kind of burned out. That's not sustainable. But I do think we can do different. And it starts off, for me, at least, by asking my established clients – and listen, if you're like a restaurant and you lost your clients, you still have the asset of your past patrons. You can reach out to them. And we simply ask.

I think we ask in a couple ways. First of all, even now, I'm surprised how many businesses haven't reached out to their client base that isn't active with them. I think we have a first

responsibility to say, we're still open for business. There was a restaurant down the street here who, I thought they went out of business. But no, they're still in business, but they never notified anyone. They should have just sent out an email – I'm on their email list – saying, hey, still open for business. And then, ask their customers, how can we serve you now?

So, some customers don't feel comfortable walking into a restaurant. I'm one of them. I prefer my takeout. I prefer something like that. Well, this one restaurant was excellent. They reached out and they said, we're still open for business, but we realize you may need us in a new capacity. How can we serve you now? And people said, well, I love to do takeout, but it's frustrating that I've got to wait 45 minutes or an hour with your delivery guy or to come pick it up.

They partnered with a food truck. This restaurant is no longer really a restaurant. They're more of a cooking center. They prepare the meals. They stack it in the food truck. The food truck maintains 100 or 200 meals hot, brings it into a neighborhood, and then, you can call in and say, I'd like my meal in the next five minutes. And then, it's in the area, and they'll do all these drop offs. The restaurant, as far as I heard, is more profitable now than they were before. That's part of that Great Reinvention. And it starts off by saying, open for business. How can we serve you now?

Jaime:

I love with Moore's Law on Technology, we're moving forward, but then, this whole, like you said, it's sort of a reassessment period of going, oh, this stuff is so capable of right now with our technology that we have. And yet, we weren't doing it because we didn't have to, for a very long period of time. And now we have to – new ideas, lots of new things. I know we have to start wrapping up. You are so smart with your boundaries, by the way. You only used 25 minutes.

Make sure people pay attention, because you should probably do this too, because podcasts can go forever. I know, I've had them also. But what is one action listeners can take this week to help move them forward towards their goal of a million?

Mike:

Well, I think one action you can do simply is to actually cut the stuff that's not working and amplify the stuff that is. So, it sounds like two actions, but it's an analysis. I make a sheet, and on one side, it says, what's working. On the other side, it says, what's not working. And I go through this on a quarterly basis, all of my

products, and all of the stuff I do, and say, what's actually driving results? Whatever is, I do more of it. Whatever is not, is what I can either jettison or enhance. So, evaluate what's working and what's not working. That's the one step you can take that will drive you toward that million.

Jaime: And make sure you go get *Fix This Next*, because it will tell you, and give you so much clarity on what you need to do. Thank you so much for coming on the show today, Mike. Where can we pick up the book? And I know you have another book coming out next year. Tell me a little bit more about where we can find more.

Mike: Sure. Where I would start is fixthisnext.com. That evaluation I talked about, that robot, it's there. It's free. No downloads or anything. You can get it – just take the test and get the results. So, fixthisnext.com. New book coming out in 2021. The tentative title is *Different is Better*. It is the first seven seconds of marketing. The determinant of your marketing, if it gets noticed, if it tracks, and it compels the customer, all happens within seven seconds. It's the framework to master the seven seconds.

Jaime: I'm so excited for all your books. So, make sure you come back on the show. And everybody make sure to check out *Fix This Next* and *Profit First* if you haven't already, because you also have to read that one. Thank you so much for coming on the show today, Mike. I appreciate it.

Mike: Thank you, Jaime.

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