

Profitable Systems, Money Habits & Entrepreneurial Freedom

Mike Michalowicz: Ep #545



Mike Michalowicz:

5,000 people I surveyed. I say, how do you market? They came up with four strategies in total. Send a postcard, send an email, go to the school and do portraits and try to do upsells. The most common was sending a postcard to people's homes like it's graduation season or it's the fall season or holidays, get a picture. So I said, okay, we're going to do different now. One technique to doing different is you do the opposite of what's being done. These people are sending out postcards with portraits on it, their best pictures. We said, we'll send out postcards without portraits. They'll be blank. How do we do this? We send out just a frame. So now at your house would arrive a frame, a beautiful frame, and inside there was no picture, but there was words. It said almost every single picture goes into the cloud, but the ones you cherish go into frames. We create the ones you will cherish. And the phone started ringing off the hook. For the photographer that did it

Dr. David Phelps:

Decades ago, I hustled to grow my dental practice and real estate Empire Society patted me on the back and every new deal and patient reinforced the success they said I had. Then my daughter Jenna was diagnosed with leukemia. Nine years, several intense chemo treatments and years of epileptic seizures. My daughter was given one more miracle, a life-saving liver transplant in that hospital. I realized I wasn't successful. I had money, I had real estate assets and a business, but the only thing that mattered was time with my daughter. In that hospital room, I decided to sell my business, leave active income, and sustain my lifestyle with my real estate assets. Now Jenna is healthy and all grown up and me. I am teaching others to do what I did and I continue to uncover the principles, strategies and lessons we can apply in business and investing to create ultimate freedom for what matters most to each of us. Welcome to the Freedom Founders Podcast.

If you're an entrepreneur craving freedom, not just financial, but personal and operational, you're going to love today's conversation. Mike Malowitz, the bestselling author of Profit First Clockwork and Get Different is Back With his most personal work to date The Money Habit, Mike shares how his financial philosophy evolved through personal failure and business success. What most entrepreneurs miss when chasing growth and why building a business that can run without you isn't just a dream. It's a necessity whether you're a

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business owner, a dental practice leader, or simply someone looking to get your personal finances aligned with your professional goals. This episode is packed with gold. In this episode, we explore the real story behind Profit First, the four week vacation test for business health marketing that breaks the mold and why financial stability at home may be your business's best investment. This one's for the founders, the operators, and anyone aiming to build with purpose. Please welcome Mr. Mike mc.

Mike, so good to have you back here. I wish we were alive. I wish we were back at some of the rooms we used to populate together. At least I get to see you here and I was just mentioning to you before we started to go live here, I've got the entire Mike Mitz library. I mean, I started buying your books of course before I even met you, and then I got to meet the Mike Mitz. Part of my obsession with wanting to get you back on the podcast is I need some Mike Mitz. I need a juice. Yeah,

Mike Michalowicz:

And your name came up, David. I was talking to a guy named Dan Tripp today. He's like, oh, do you know David? I'm like, yeah, yeah. So he's a fan of yours.

Dr. David Phelps:

Well, listen, you've always been a big influence in my life and obviously many others. You're a prolific writer amongst many things that you do, and there's a new book that's coming out after the first year. We're going to get to that. But let's start where most people probably today that know you for Profit First, you've written a bunch of other books, but Profit First is the one that stands out today that a lot of business owners have and CPAs and accountants have adopted for good reason, for good reason, and you lay it all out in the book. If people haven't read that book, get Profit First because if you're struggling with what's left over at the end of the month, you're not doing Profit First. Bottom line, you're missing the point. How did that become a defining moment for you, or was there something that prompted you to write that book?

Mike Michalowicz:

So I've been a business owner my entire life and was successful, meaning I built the businesses and sold them. They were never profitable and I didn't really get it. And when I sold 'em, I said, oh, you just grow as fast as possible. That's what's kind of portrayed in the different things we see of successful entrepreneurs. They don't necessarily have healthy businesses, they have growing businesses, but my third venture, I was an angel investor thinking, well, this is how you do it. Just grow 'em and dump 'em, pump 'em, and dump 'em. I lost everything. I was so bad at it. I lost every penny, and that became this great reset. I realized I did not understand profitability, and it changed my philosophy that profit is not an eventuality. Profit is baked into every single transaction, and that's how Profit First came about is that I'm the ground zero. I deployed for myself now, 18 years ago or more, every time I had a deposit come in, I was taking a percentage of profit and I was figuring out what to do with those leftover, it's the Pay Yourself first principle applied to business and it

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worked. It's funny, I talked with our president, we were taking our 71st consecutive quarter of profit distributions on June 30th right before we're recording this right after we're recording this. It's right around the corner. We now have 1.1 million businesses doing it globally.

Dr. David Phelps:

Yeah, it's amazing, Ron, and again, you've got a number of people who've written books for different niches off of the model.

Mike Michalowicz:

Yeah, oh yeah, that's true.

Dr. David Phelps:

Another book that was very significant, I dunno how many years ago, but it's been a few, was clockwork and kind of goes back to Profit First is why don't we start a business in the first place? Right? Well, most people are like, I want a business because I want to be my own boss. And of course you find out how that works out the book, you have a test in that book and it's the four week vacation.

Mike Michalowicz:

It's funny. So I started investing in businesses over the last few years and we deploy our strategies. We bring in an expert in each one of these subjects that's been trained through our programs and so clockwork during our qualification process, we'll say I'm hypothetically, and this is just hypothetical, you have to leave your business tomorrow for four weeks and you can't have access to it. How do you feel? That's a hypothetical question. You see people go gasping for air. I can't be away more than next day, and they start panicking and we know this is a business that's in trouble. I've queried countless entrepreneurs and why start a business? It's always these and usually in these three orders, financial freedom, personal freedom, impact. I want to make money so I don't have to worry about money. I want to have time so I can do what I want and I want to serve the community that I feel called to serve.

And it's ironic. Almost none of those happen for entrepreneurs. I think Profit First solves the profit solution. I think clockwork solves the impact this time solution, and it is that test. What we mandate is that if you have a business, and I teach you in this book, leave your business for four weeks, it's the fire drill. You are going to leave at some point, hopefully not for a bad reason, but illnesses happen, travel happens, life happens. So this is the fire drill, and when you leave your business for four weeks, when you return, it's not going to be perfect. First, we'll be surprised how your team's empowered and kind of steps up to it. Secondly, you'll find what I call the homeostasis of a business. Where is it in your absence? That's your true business, not when you're a superhero, pulling it up all the time when you're gone. We know where the business is and now we actually can identify what to fix and improve and systematize

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Dr. David Phelps:

Outside of the four week vacation test, what's one of the first signs that the business owner is actually the bottleneck?

Mike Michalowicz:

What we call 'em, time piles. So we do is we look for where do things have to wait and if it's the business owner, they're a bottleneck. So we're waiting for the business owner to write a proposal we're waiting them for to oversee the technical installation, to do the procedure. Those are all indications. The second thing is their hours. If you're working more than eight hours a day, that's an issue. But if you're working more than four hours a day or anything in the business, that's an issue. So we look for what it is. The second thing is technical competency. If the technical competency depends on the business owner, you are screwed because that means the second the owner's not available, the business comes to a grinding halt and that's no business at all.

Dr. David Phelps:

That doesn't do much for all my dentist friends, but we're working on it.

Mike Michalowicz:

Yeah. Well, listen, we work with professionals like accountants and bookkeepers, and they have those expertise they can do is build a team below them and maybe you have the specialized expertise in doing an extraction or something like that, but 80% of the work you should be able to delegate over time.

Dr. David Phelps:

Right. And then choose what you really like to do

Mike Michalowicz:

And then choose your passion. For sure. I'm almost hypocritical because I'm an author. I write my own books, and so people say, if you stop writing books, the business grind still halt. Well, not really. They have momentum. Now I do feel that's what I like to do, so I still write my own books. There is a cost to the business. So a trade-off, you can have a business that operate in your absence, and that's a business that can grow forever or you can choose to insert yourself in your business. What gives you joy, but realize a trade-off is it can't grow forever without you.

Dr. David Phelps:

Fix this next, another great book. And that was really dedicated to business owners who don't identify which problems to fix, right? Yeah. What we say on the wrong things. Give us just a few of the outtakes from that

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Mike Michalowicz:

Book. So if there were a chain, David, between me and you, and our job is to make that chain stronger, the natural tendency of an entrepreneur is we first focus on what's closest to hand. We say, oh, let's fix these links here. Secondly, we go through sequentially. We're like, well fix the next one and the next one, the irony, the chain will never get stronger. It will continue to snap at its weakest point. There's only one link in the chain that can be considered the weakest at any given time. So fix this. Next says, instead of starting to fix things, let's identify the first thing in that chain. If we fix one link, the entire chain's, rigidity or strength has been elevated now to the weakest link. The next one, once you fix that, now the new weakest link and you start ping ponging around.

So it's about doing the right thing in the right order and fixes nexus based upon Maslow's heart of knees. I call it the business priority pyramid, but there's a certain priority of things that businesses must get done right in order to support the next level. You got to nail your sales in order to bring profitability, but you only need to nail sales enough to bring profitability. More sales alone without profitability actually becomes your albatross. It pulls you under because you're serving more and more customers without making money, but it's more stress on the organization. So it's a sequential process of finding that weakest link.

Dr. David Phelps:

You remember the moment you are sitting in your office, patients lined up calendar packed months ahead. The numbers looked fine, but something inside you whispered, is this really freedom? Now imagine walking into a room of people who've asked the same question and found a better answer as the conversation sparks something in you. They're not about grinding harder. They're about building smarter, replacing earned income with predictable cashflow, creating margin and options in your schedule for your family, your purpose, your life. You hear real stories, not sales pitches, and for the first time you see a clear path forward, not someday. Now, this isn't theory, it's a blueprint and it's built for people like you, high achievers who are done waiting for retirement to live free. The next Freedom Founders event is coming up this October. Your seats waiting. Will you take it? Learn more and register by scheduling a call at freedomfounders.com/discover. That's freedomfounders.com/discover. Yeah, really important piece of the entire puzzle. And then there's differentiation versus being a commodity and lots of business owners this. So that's your get different book, right? Yeah. So let's jump into that just a little bit.

Mike Michalowicz:

So I'll tell you the number one way to find out how to market effectively, because I'm asking, I want to go viral. Look at your nearest competitors. Write down all the ways they market. While you usually find out is there'll be three to five common practices, and that's the one practice, all five of those maybe that you do not follow. The reason is the consumer mind becomes habituated to it, meaning we get used to the sound or the

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marketing pieces or the noise in our then scratches out. So quick antidote. In this New York City, people were getting killed by ambulances going to rescue people because Jay Walkers would hear a siren but not think it's for them. They'd become habituated to it and they'd walk across the street literally in front of a ambulance and crush 'em. So New York had to respond by changing the chirps blurps.

Sometimes it's a human voice saying, move out of the way. Other times it's honks. They have to vary it so that you actually jostle your mind. Well, the same thing happens in marketing. If you market the same way as your competition, that's the noise that people are just throwing or discarding or deleting. You have to do something that's different. Quick antidote. I worked with the Photography association, 5,000 people I surveyed. I said, how do you market? They came up with four strategies in total. Send a postcard, send an email, go to the school and do portraits and try to do upsells and there's one other. So I said, okay, that's not what we're going to do. The most common was sending a postcard to people's homes like it's graduation season or it's the false season or holidays get a picture. So I said, okay, we're going to do different now, one technique to doing different is you do the opposite of what's being done.

These people are sending out postcards with portraits on it. They're best pictures. We said, we'll send out postcards without portraits. They'll be blank. How do we do this? Oh, we send out just a frame. So now at your house would arrive a frame, a beautiful frame, and inside there was no picture, but there was words. It said almost every single picture goes into the cloud, but the ones you cherish go into frames. We create the ones you will cherish. And the phone started ringing off the hook for the photographer that did it. Why? Because the consumer, it's unexpected. It speaks to their heartstrings of what they actually want. They started consuming. That's what different is.

Dr. David Phelps:

That's brilliant. I could see where that would grab the attention very, very quickly.

Mike Michalowicz:

And the funny thing is, once I told this group it was 5,000 people, I said, here's what we did. No one took me up on it. Not a single other business said, I'll do it because it was different. It human minds wired for safety. Do what the herd is doing. So it's an even greater opportunity. If you stand out, you'll get noticed.

Dr. David Phelps:

That's what you've always been about. You've never been part of any herd I've ever seen.

Mike Michalowicz:

Not many, no.

Dr. David Phelps:

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Not that you know of. Alright. New book coming out after the first of this year, so we're advanced, but I want to talk about it. It's money habits, right?

Mike Michalowicz:

Yeah.

Dr. David Phelps:

What is this delving into particularly? I mean how many habits for whom?

Mike Michalowicz:

Yeah, for personal finances, it's for really three types of people. Originally I was writing it for the entrepreneur. What I found was there's entrepreneurs doing profit first very successfully. And then I was talking to 'em and they said, we're living check by check at home. I'm like, how can that be? Well, what happened is they started leaching off the business. I found an entrepreneur who nails it in business but not at home. The business gets compromised or vice versa.

They suck a business, they're good at home. They destroy their home life. So I said, okay, we need to solve it for you. As I was interviewing these entrepreneurs, they said, but there's a bigger challenge going on and it's my employees there. Employees keep coming to me saying, I need a raise. I need more money. They're constantly under financial stress and they said, I don't have money to keep giving and it's not solving. Anyway, what I found is most people don't have financial confidence. We don't know how to manage our finances and the solution's always been in front of me. It's the profit first method translated to personal finances. So the people it serves are definitely entrepreneurs. It's definitely the employees or colleagues of entrepreneurs and their families too.

Dr. David Phelps:

I call it for my tribe, the high income conundrum. And what I found very typically is you've got people that have the skillset, the education, the licensure, whatever it may be, might go out and trade time for dollars, but in a pretty high dollar amount, relatively speaking. And so as long as they're working in the business, which this should read one of the other books first, clockwork would be a good one, but as long as they're working in the business, they can always live to fight another day. Meaning they can ratchet up a lifestyle, be pretty darn nice, but they never know how much is enough. Really, the question is how to have the conversation. The home life and the business, as you said, are separate. And there's the dragon slayer who's out there doing the business. It could be the man or the woman. I'm not being generous, of course. Either one, they're making the money and then somehow the money just magically drifts down. Or as you said, the business can be as an ATM machine. So we just kind of just pull money out of it, whatever. Or we run a lot of personal expenses through the business,

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Whatever. We don't really know what we're spending at home, but we seem to always have enough, barely. What about the conversations and getting a couple partners, whatever together? I haven't read the book, not out yet. What goes into that part, if any?

Mike Michalowicz:

Yeah. Yeah. It's in the book. Literally just submitted the manuscript to my publisher and I'm really proud of this. Really do feel it's the best work of my life. So I worked with 900 employees, including couples in guiding them through this as we tested out the prototype. And what we found is in a couple's relationship, there is a bit of a parent child relationship, meaning one is saying, I want the lollipop, and the other one has the client. So one acts as the mom or dad saying yes or no, and the other one has to ask and it builds of resentment.

Why do you always have to ask me and you don't care about learning? And the other one's like, why do you have to dictate my life? So there's ways to address it. The money habit process is run at the bank level, just like business finances for small business owners. Very few business owners use a budget. Maybe they write one at some point, but they never use it. They don't refer to the income statement balance sheet, they just look at their bank accounts. Home finances is that times two. Actually, everyone I interviewed did not have a budget, did not know how to balance a checkbook. And my answer to that is, great. We have to meet you where you're at. We're not going to try to teach you something. What do you do? And everyone logs into their bank account. So we set up multiple bank accounts at your bank.

The full deployment is six foundational accounts, if you will, one for needs like paying the utilities if you have rent or mortgage, one for wants. These are the small luxuries in life. I want to go out to dinner with my wife or something, and then the dreams, I want to go on a vacation. I dream of maybe owning my own house for the first time or maybe a second house, a vacation house. It depends where you are. There's also this concept of seasonality. Some people are in what I call the recover season. We have past debt, we got to take care of that. Other people are in an activate season, meaning they have some funds and they want to use it. Now the big mistake is thinking that you have to turn to some golden age where you can start activating your funds. I have teenage kids, I wish I did.

I'm a older than that, but if I did have teenage kids, I may say, you know what? We want to take that trip to Disneyland. Let's use these funds and live large for a year or two. So the system has this flexibility. The beautiful thing in how it works with couples, getting back to your question is the accounts take the responsibility for what's available for what purpose. So no longer is this parent child. You don't say, Hey, I want to go out to the spa today. They'll say, there's not enough funds in the account. Well, let's look at the account itself and it'll determine it. My wife and I have been living the system for about 12 years, so I also have practical experience with it. My wife hates the number. She doesn't like to log in the bank account. She doesn't pay the bills.

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In fact, I got 'em sitting in front of me to pay them after our call today, but she also hated asking permission, so she logs into the bank, she knows what's available for what purpose. She has one account that's called her Krista's, Krista's slush fund. It's do whatever you want. I have Mike's Slush fund, but we have one for groceries, and we over time have developed 17 or 18 accounts, which I know sounds excessive over time. You flow with it so well, and now my wife will call me times and say, Hey, Mike, we're low on the car fund for maintenance and repairs. This is something she would never considered before, but now she can see it instantly. The judge is the accounts not each

Dr. David Phelps:

Other. Yeah, she feels like she has control without having to ask, as you say, which always creates resentment,

Mike Michalowicz:

And she used to do what we all do is we'd assign a label to ourselves to match our identity or our identity. We match label. She'd say, I suck at money. I hate money. I'm terrible at it. And that was what she used her identity. Fast forward all these years, she's like, I'm really good with money. I'm very confident and competent, and the reality is she is We're equals in our money management now.

Dr. David Phelps:

That's excellent. Well, that's going to be a great book. The Money Habit comes out after the first of the year, but you can pre-order it right now so you don't have to think about it. Right. Good

Mike Michalowicz:

Idea. Yeah. Yeah. It's on Amazon.

Dr. David Phelps:

That's what I always do, is when someone comes out with a book that I want to get, I hit the pre-order and then it comes and I got it.

Mike Michalowicz:

Yeah, throw it in the car. I would be honored if folks listening and want to get it's on Amazon bookshop.org is my new favorite because they buy the book from an indie local bookstore and then forward it to you. So any of those sites plus others have it.

Dr. David Phelps:

If you're ready to break free from the conventional financial treadmill, the Path to Freedom newsletter is your roadmap. Every quarter you'll receive my free digital newsletter packed with powerful alternative investment

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strategies, timely economic insights and uncommon wisdom to help you create more freedom, autonomy, and impact in your business and in life. As a subscriber, you'll also get weekly blog insights from decoding market shifts to building generational wealth, to crafting a business that doesn't run you. It's not just information, it's insight that leads to action. Join a community of like-minded entrepreneurs and practitioners who are choosing the road less traveled. Sign up today@freedomfounders.com slash digital newsletter one and start your path to true freedom. That's freedomfounders.com/digital newsletter one. Well, question for you, Mike. You write so many books, you'll never stop. I know. How do you decide what to write next?

Mike Michalowicz:

That's a great question. So what I do is I interview readers. I am blessed to have about 1.5 million readers of my books now, and I get emails literally by the hour. So I'll ask someone, I'll say, what's the challenge you have? And they write to me. I never thought I would get out of entrepreneurship alone. I thought every book I'd write is for entrepreneurs. This is the first time I'm doing something for personal growth for individuals who maybe aren't entrepreneurs, but it serves the entrepreneur. I got a call from a guy who owns a garage door installation company, and he had this exact problem. His name's Tommy, he said, are these employees that are so stressing about their finances, they can't focus in on their jobs? It repeated over, over and over and over. I heard it enough times. Tommy happened to be the trigger point. I said, this is the new book, and that's why I committed to it. The other thing is I've already done the research, so I've researched out about 30 books, other titles that I think may be relevant until I hear my reader saying, I need this next. I'm not going to write it.

Dr. David Phelps:

Well, there's no sense. It's just like why create a product or solution to a problem? It's in your head and no one cares about. Right,

Mike Michalowicz:

Exactly. That's the truth.

Dr. David Phelps:

You have to always test the market to see, even though we think we have a great idea, it's like the market will tell you if you have a good idea or a good book topic. Right?

Mike Michalowicz:

It's so true. It's so true. You probably don't remember, but you and I were in that wizards event together with Robin Robbins and I had that concept that ultimately can't fix this next, and I said, here is my concept. I asked you guys to run this little process, and people started doing it and started looking away, and it's hopping on their phones, and within a minute or two I said, oh crap, I have a shitty concept here. No one cares about this.

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It was the best painful, but the best feedback I could have ever received, and that book got delayed for a few more years until I had a new version of it that worked like that.

Dr. David Phelps:

Personally, I cared, but maybe not.

Mike Michalowicz:

No, you spit on it, you ripped it up. You said, this is crap macow and your teeth look like shit. That's the exact words.

Dr. David Phelps:

Okay. Well, I think you're absolutely right. In an environment today where the market is, we're kind of staring at the possibility a good likelihood of some kind of recession. Let's put it this way. The middle class are great staff people, the people who help us provide the solutions, the products, the services struggling in a big way.

Mike Michalowicz:

I know

Dr. David Phelps:

This is one thing you can do to really help them. The book, the Money having book is going to be something that some training, some, I'm sure you'll be doing stuff around it when the book comes out, but getting your employees, your staff, people plugged in so they can take this takes a lot of pressure off. So they don't, as you said earlier, they don't come to you and say, Hey, I just need the raise. Because

Mike Michalowicz:

I tell people, wouldn't it be amazing to win the lottery? Most people, when I ask them, I said, would that be a good thing? They say Yes. I said, what if you already won? They said, what do you mean? So I ran the stats. Typical lottery winning is about \$2 million on all the big games that are out there. You have some hundreds of millions, probably a billion dollar one now, but 2 million is the typical grand win, and most people choose an installment program, which when you run the numbers, I think over 20 years, that's a hundred thousand per year. Over 40 years, it's 50,000 per year. The average salary in the US now is about \$50,000. For an individual that's tough to live off of, but when you multiply 50 times, 40 years of living, that's 2 million. You've actually won the lottery. You are a millionaire in that regard. It's flowing to you. You just have the mindset of managing the money that way, and when you do, it's pretty remarkable what you can do with only \$50,000.

Dr. David Phelps:

Alright, last question for you. In the current economic uncertainty that we have a lot of things going on

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geopolitically, economically, I mean, we've got tariffs, we've got everything in the world going on. What do you see someone who really looks out over the broad horizon of entrepreneurs, that's what you've been writing about, that's who you love to help. What do you see as maybe the greatest opportunity or maybe the greatest urgency for entrepreneurs today?

Mike Michalowicz:

Yeah, so the greatest urgency is to avoid the overreaction. So I remember the last significant crisis we had just in recent times was COVID and watching human behavior. When the news breaks, there's a COVID crisis. There was a run on toilet

Dr. David Phelps:

Paper,

Mike Michalowicz:

Which is laughable in retrospect, but people spent a lot and huge amounts of money and cleared it out and it became a problem. So we may get this kind of overreaction run of some sort. I don't know what it may be, but be careful of that hurting mentality. The other thing though is every recession that we go through clears out weaker businesses. So what I encourage people to do is move from what I call a downstream look to an upstream look. Most businesses will say, oh my gosh, I lost five patients, five clients or whatever, or whatever the client count is. Hey, you lose 10% of your clients. Well, that's painful. And what most businesses will do in response to say, what can I do to save you? I can do a discount or whatever, but the reality is, your collective competition will also lose 10%.

Those 10% of customers are reentering the market. A percentage of them leave their dentist and say, you know what? I never really liked my dentist in first place. Here's my justification. I'm not making as much money, but they all need a dentist. They're going to reenter the market and some immediately. So instead of looking downstream, turn your look upstream because collectively, there might be a hundred thousand patients that could be using you, 10%, 1000, enter the market when you lose 10 or 15. So I start looking upstream. What I do is I look at my competitors. I just monitor 'em on LinkedIn and so forth. Do some of 'em go out of business or retire early? Those are patients entering. Do they have hygienists or other employees that are leaving that could be indicative of turmoil and are losing patients? I may just run ads against my competition saying, looking for a new dentist, because I know 10% are looking for a new dentist. I think people that make those strategic moves to look upstream and push into the market will come out as the strong trees, as the fires fire burns away the weak ones.

Dr. David Phelps:

I'm sensing a new book title looking upstream. Yeah, burning Guide to Surviving and Thriving A Recession.

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Okay, there you go. Yeah, there you go. Perfect. Right? Yeah. Mike's going, no, not so good.

Mike Michalowicz:

David. Oh, hey, listen, enough readers. I'm all over it.

Dr. David Phelps:

Mike, it's always fun to have you on. I can't wait to get this book. I really do believe it has a lot of merit. As you said, you help a lot of business owners and entrepreneurs, but what supports us and our ability to have the impact, the influence, and hopefully have a business that can thrive without us is having great people. And if they're not good, we're not good. So I love what you're doing.

Mike Michalowicz:

David, thank you for having me on the show as always. I appreciate tremendously.

Dr. David Phelps:

Always good to see you. Thank you, Mike. I believe that for any couple, any partnership who want to create real financial freedom, take off the stress, have more peace of mind during all phases of their life, not just later in some mystical retirement age, that the first conversation they need to have, and this again, should be early on, but if you haven't had it, it's never too late. What's the vision that each of you has for your individual lives, what your aspirations are? What purpose do you have? Whether it's in career or family nurturing or other mission or hobbies, each of you has an individual desire about you. It's aspirational, and we should all retain that. At the same token, there are certain aspects of being in a marriage, a partnership, having a family that requires us to build something for the family, which means we put aside some of our personal needs, desires, or wants and say, what do we want this family to be about?

Having a philosophy, core values, non-negotiables that you and your spouse, your partner can agree on, starts the vision for how you start to build that without that vision, just getting on the treadmill of income, producing labor, business, professional practice, whatever it may be, is never going to get you to where you want to go, because until you have clarity about what that vision looks like and have milestone markers along the way, which means you've got to look at your finances as you go, you've got to continually monitor the lifestyle expansion that we all get roped into. When we start to make more money in life, it feels good. So we like to keep up with the social expectations of those in our peer group. There's nothing wrong with that. It's normal. We all have it. But if you learn to understand that your vision is only brought forth by not being obligated to work, and again, that doesn't mean wait until retirement age.

That means much earlier in life. You can actually enjoy the journey along the way. There is no point of magical get off the treadmill. You should be able to do that as soon as possible in life, and then it makes work optional, which means what you're doing in your life, whether you're making money or not. It's fun, it's

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enjoyable. You're on a mission. You're very purposeful in life. That to me, my friends, is what it's all about. A question that is asked of me from time to time is, David, what do you believe is the biggest myth surrounding personal finance that a lot of entrepreneurs fall for? Well, a lot of entrepreneurs, because we tend to be driven, we tend to be more risk takers. We run in highs and lows. That means sometimes we are on a role where we're making more money, we're having greater profit, and that feels good.

And there's times when we kind of hit the skids because the life of an entrepreneur is not a straight shot. We all know that. It's got a lot of thrill to it, and if you don't like thrill, you shouldn't be an entrepreneur. Hopefully your spouse is with you in whatever action you decide to take. But I think the biggest myth about it is that there's always time to make more money and catch up. And while I'm always a believer of persistence and staying on the forefront of navigating our own frontiers, even the most savvy entrepreneur needs to have some realization that they cannot just live up to the level of the income they make. At any given time. You've got to be disciplined and always take some chips off the table. Meaning if you could live on your net, take home income 70% of that or less, that means you are going to save.

Save is the key word, at least 30% of that net. Take home. Again, that's net after taxes. I mean, what you think you're going to live on, put away 30% of that, save it, and then learn how to invest that either in your primary business if you have one or in other investments, but don't ever stop doing that. There's a compound effect that comes into play, and if you start that early enough in life, you don't have to do it that long and do that much to where you find a point, an inflection point, where that compound effect takes over. And no matter what highs or lows you have in your life, work becomes optional because you've built enough investment capital that provides replacement income so that you don't have to work. That is the key to having true freedom. Thanks for watching or listening For those interested in learning how to create exceptional and life-changing results to step back or exit entirely from practice, then schedule a call with my team at freedomfounders.com/discover. That's freedomfounders.com/discover. We'll dig into your financial situation and let you know your best next steps. And as always, be sure to hit the subscribe or follow a button wherever you're watching and listening so you don't miss a single episode of the Freedom Founders Podcast. I'll see you next time.