



## Ray Edwards Show, Episode 293

### I Find Your Lack of Faith Disturbing

**Ray Edwards:** *Ray Edwards Show* episode 293. I find your lack of faith disturbing.

[music]

**Voice-over:** It's the *Ray Edwards Show*. This is the podcast for prosperity with purpose. Let's change the world and watch your business grow. Welcome to the *Ray Edwards Show*. *Ray Edwards Show*.

**Ray:** The title of today's episode really has nothing to do with the content. I just felt like that was supposed to be the title. There was a connection but I have forgotten what it was. It's just going to come up. It'll happen.

**Sean Edwards:** It'll come back to you.

**Ray:** What I want to talk about -- We have an interview show today. Most of the show is going to be an interview with our friend, Perry Marshall. But before we get to that, the conversation I had with Perry led me to think about how squeamish entrepreneurs are. Even though we, as a group, tend to be fans of Ayn Rand, we tend to be fans of profit, we tend to be fans of capitalism.

**Sean:** We say these things.

**Ray:** Exactly. Because I say I am a devout capitalist. Which I say that on purpose. Some people think it's funny and then some people get worried about my soul. Now you're a devout Christian, right?

**Sean:** No, I'm laying sacrifices at the altar of bail. [laughs]

**Ray:** Deal with it.

**Sean:** Mammon.

**Ray:** I'm a devout capitalist, which by which I mean, I believe it all the way down to the core. I say jokingly sometimes that the best way to help the poor is to not be one of them. Let me go a step further. I believe the best way to help the poor is to become as fabulously rich as you possibly can and not with the primary purpose of helping the poor.

**Sean:** Yes. Controversial.

**Ray:** Because you want to become as rich as you possibly can. I posted a picture on my social media profiles. It's like the only thing I posted this past week, because it was the only thing I cared enough to post.



**Sean:** Of your books?

**Ray:** Of my books. They're like, "How do you reconcile all those?" And I said, "How do you not?" I guess it would help if I said the titles of the books. *Fountainhead*, *Atlas Shrugged*, *Magic of Thinking Big*, *Think and Grow Rich*, *How to Win Friends and Influence People*, *Psycho Cybernetics* and *The Science of Success* and *The Bible*.

**Sean:** And *the Bible*.

**Ray:** I said that a confused person would say, "How do you reconcile all these books together? I can't believe that you think these books go together." And my response was, "I don't understand how you can't see how they do." The act of becoming rich is us doing what we're created to do, which is to accumulate more. It is the primary directive. The prime directive, if you will--

**Sean:** The prime directive.

**Ray:** - of life. The prime directive of life is to seek abundance. We seek more oxygen. We seek more food. We seek more safety. We seek more offspring. Unfortunately, we carry that to extremes. Some of us seek more sexual partners than we ought to have.

**Sean:** Yes. You've seen that new study about the DNA in women?

**Ray:** I sense the podcast about to go off the rails.

**Sean:** [laughs]

**Ray:** Go ahead.

**Sean:** It's just that they've found evidence to suggest that women like absorb-- I don't know where they store it, but they take on bits of DNA from every sexual partner they've had and they can pass those bits of DNA on to their children.

**Ray:** That's just weird. I have to stop thinking about that and move on.

**Sean:**[laughs]

**Ray:** I want to circle back to not being squeamish about what we do as entrepreneurs. I think I have soft pedaled a lot of things because I didn't want to offend people. I don't purposely want to offend people, but I do have something that I say frequently and that is, all powerful communication offends someone. The purpose of communicating powerfully is not to offend, but if you are communicating powerfully, that is going to happen. If you don't offend somebody with every podcast, you're not saying anything worth much. That's my theory.



In the spirit of that, I'm going to say the following things. You as an entrepreneur should seek to get as rich as possible and do not seek to defend why you want to become rich. The only reason you need is that, "I want to be rich." In fact, let me grab a book, I want to read you a quote. This book is by *Paul Arden*. It's called, *It's Not How Good You Are, It's How Good You Want To Be*. The book opens with a couple of powerful pages. It says, "Nearly all rich and powerful people are not notably talented, educated, charming or good-looking. They become rich and powerful by wanting to be rich and powerful."

Seek these things out. I heard somebody this past week criticized as being an opportunist, as profiteering on the misfortunes of others. I would like to add to my list of inflammatory things I'm going to say at the beginning of this podcast, all business is opportunism, is profiteering. One man's disaster is another man's business opportunity, and there's nothing wrong with that. In fact, it's the right way things should be.

**Sean:** Actually, I've been massaging a-- what I believed was going to be a blog post. It might be more than a blog post, but I've been massaging it for quite some time now. Part of it is something we've talked about already. One of the reason that people think that profiteering or making a profit on its own right is wrong, or they don't like it, is this implicit belief- implicit meaning a belief that you have not critically analyzed.

**Ray:** It's just in your subconscious.

**Sean:** I like to use this example to point out implicit. You used this once before and I thought it was great. The whole idea that 90% of your body heat leaves through your head. Most people believe this and it's an implicit belief because they've never critically analyzed it. Because if you critically analyzed it, you'd realize it's ridiculous. Why is it ridiculous, dad?

**Ray:** Because if you want to test this idea out, go into North Dakota, in the dead of winter, take off all your clothes and put on a--

**Sean:** Horse scarf or even a ski mask that covers your entire face.

**Ray:** And see if you stay warm.

**Sean:** Yes. How long will you stay warmer? Because if 90% of your heat leaves through your head, you should be fine.

**Ray:** If you try that experiment, you're not even **[unintelligible 00:07:26]**

**Sean:** [laughs] That's an implicit belief. That's an idea they're all like, "Oh, yes, yes. Sure, sure, sure," but we've never critically analyzed it. When you stop and think about it, you go, "Oh, wait, maybe I don't know about that." Anyway, this implicit belief that wealth is finite. That's usually found in the aphorism, for one to be rich someone else must be poor. It's concluded in this concept of wealth is like a pie and



if the rich, the 1%, have 90% of the pie, then the rest of us have to live on the crumbs. That's why a lot of people knee jerk reaction against profiteering and making a profit, because the mere act of making a profit means that you are making someone else poor.

**Ray:** If you believe that, then you will never be rich.

**Sean:** No. If you believe that, unfortunately, that is an old tired economic model from a long time ago.

**Ray:** And it's wrong.

**Sean:** And it's wrong. Virtually, every modern economic theory recognizes that that is wrong.

**Ray:** I just want to recognize in this moment that you and I did not talk about this discussion before we opened the mics.

**Sean:** No. Actually, we both said, "I don't know what we're talking about."

**Ray:** I'd had no idea you were working on this blog post. One of the primary thought patterns that led me to want to have this discussion today was how important I have come to believe it is to realize that money is not a zero-sum game. Which is what you're talking about.

**Sean:** Right. Is that wealth is infinite. If you believe wealth is finite, then actually, the very act of wanting to make a profit makes you evil. Because it means, at least as a corollary, you want to make someone else poor.

**Ray:** The fact is we're not worried about making sure everybody gets a fair share of the pie. We should be concerned about baking more pies.

**Sean:** Let's not worry about dividing up the pie equally. Let's just stop thinking in terms of pies. Because wealth is what we create, not the little green pieces of paper we use to represent it.

**Ray:** This idea that wealth is finite and that for one to be rich and for another to be poor, leads to all kinds of screwed up thinking about what we should do with government, about what salary is right for a CEO and how it should be a ratio of the pay of the other employees in the company, which is just stupid. You can't tell me that I need to measure the CEO salary based on the salary of the bathroom cleaning guy.

**Sean:** No. So many things-- and this is another example of the implicit belief, because if you implicitly believe that for one to be rich someone else must be poor, of which most of us do, it is a common implicit belief, at least, present to some degree in virtually everyone's mind. But, once you step back and you go, "Oh, wait a second. Wealth is the apples we grow, it's the services we produce, it's the buildings



we create. It's not the money that represents those things," and then you realize, "Oh, that means wealth is unlimited. It's only capped by how much we create."

Then you start to explore every aspect of your life; of you doing business, of how you're going to vote in an election, of what you think of this policy or what you think of this ministry or that, is going to change, because suddenly, the world looks very different when wealth is infinite.

**Ray:** Exactly, and so many problems in our businesses. As entrepreneurs, a lot of people think the job of the entrepreneur is to create jobs. That is not our job.

**Sean:** That is not our job.

**Ray:** Our job is to make as much stinking profit as possible. Wait a minute, I just revealed the implicit thinking that's even present in my own mind. I said stinking profit. It's, our job is to make as much beautiful, wonderful, aromatic profit as possible. The fact that we have these beliefs built in, and that some of us are more entrepreneurial inclined than others. For those of us who own businesses and start businesses, I think we've dealt with more of that baggage than the average person.

**Sean:** Right, because the average person won't even go down that road.

**Ray:** The average person wants to make sure they're getting a fair paycheck. They're the person who is supposed to show up at 9:00 o'clock for work and stay until 5:00 and work until 5:00. But what they're really doing is showing up at 9:15, goofing off for an hour before they get on the productive work, then it's time for lunch. Then they get back into the office around 1:00 or 1:30 when they're supposed to be back at 1:00. They goof off a little bit more and they start getting ready to leave at about 2:00 o'clock in the afternoon. So, they've quit before they've put in two productive hours of work a day.

Their justification for this is, "Well, Ray makes too much money anyway. He lives in a huge house. He drives a nice car. He makes all this money. It's not going to hurt him." I've got bills to pay. Don't be a nitwit. This could be -- our discussion could continue, it could be a whole episode on its own, but we will move on. You will see there is a link to our interview today and I'll get to that.

**Voice-over:** Does anyone want to live a life that is long and prosperous? Spiritual Foundations.

**Ray:** Now, I was thinking of titling the episode today Optimized for Picnics. The reason is the discussion that I had with Perry, who you're going to hear our talk in just a few moments. Perry talks about how we need to be as entrepreneurs Optimized for Picnics and you'll find out what that means. It's in reference to ants. That made me think of, for the Spiritual Foundation's segment, the scripture in Proverbs about ants. I'm not talking about your mother's sister; I'm talking about A-N-T, the insects.



It's interesting that this segment of Proverbs six actually has the subtitle which -- just as a sidebar, that's not in the actual scripture. The subtitles, the chapter, the titles, they're not in the actual scriptures. Copywriters added those to make it easier to read. But, the subtitle is --

**Sean:** And to market certain passages.

**Ray:** Yes, they market these passages. The Folly of Indolence. These are the nitwits I was talking about. "Go to the ant, you sluggard." So, saying you're as lazy as a snail. You're just a big fat greasy snail. "Consider her ways," the ant, "and be wise. Which, having no captain, overseer or ruler, provides her supplies in the summer and gathers her food in the harvest. How long will you slumber, O sluggard? When will you rise from your sleep? A little sleep, a little slumber, a little folding of the hands to sleep, so shall your poverty come on you like a prowler, and your need like an armed man."

That's the super friendly soft and fuzzy Bible saying, "Don't be a nitwit. Don't be lazy." And the ant, in this analogy, is the entrepreneur. The entrepreneur having no captain, no overseer or ruler, provides her supplies in the summer and gathers her food in the harvest. Meanwhile, all the mouths that are fed by the entrepreneur are criticizing the entrepreneur for being too rich. But if we weren't out there doing this job, you people wouldn't have jobs. Just think about that. [unintelligible 00:14:59]

**Voice-over:** Now, simple hacks that make life cheaper, easier and faster. Ray's tip of the week.

**Ray:** Do I sound angry this week?

**Sean:** I wouldn't say angry, you definitely feel like you're impassioned.

**Ray:** That's how I would describe it. I feel rejuvenated and I feel like to quote the Blues Brothers movies, "I'm on a mission from God."

**Sean:** I'm on a mission.

**Ray:** Imagine that you could have me mentoring you every single month. Let's say we start out with an intensive training about how to get your online marketing system up and running even if you don't have an online business. Let's say you just have a coffee shop, for instance. We can help you market that sucker so you make more money, now that you know your purpose in being in business is to make money. No matter what your deliverable is, let me inform you now, you're in the money-making business.

Further imagine that each month, we would have a live training session where we teach you a specific technique or tactic to make more money, and you could ask questions about that technique. Every month, imagine I would sit down and write you a 12 page memo about what to do that month, and the philosophical underpinnings



of why to do it. Imagine that this newsletter, memo, was fantastically produced with an enormous amount of effort put into it.

Each month, I delivered a proven marketing tactic campaign or technique you could copy and use in your business, and then I ensured that every month you got at least a thousand dollar idea. An idea you could turn into \$1,000. Well, if you want to be the first to get the details on our new group coaching, mentoring, training program, just go to this web address, [rayedwards.com/reic](http://rayedwards.com/reic), and you can get on the VIP notification list. We will let you know early, before everybody else, when this program is available for you to be part of.

For those of you listening in the future, we're recording this on July 13th, it'll be released on July 17th, so this new program I'm talking about may not be new. But if I am able to perform what I purpose, you'll still be able to join the program by which I speak [rayedwards.com/reic](http://rayedwards.com/reic) it's the best deal in marketing and business training available anywhere. Put that in your pipe and smoke it for a while.

**Voice-over:** And no, our feature presentation.

**Ray:** How do I describe Perry Marshall? Perry and I have known of each other for a long time. He is probably, first and foremost, known as the world's top expert on advertising using Google AdWords. That's how he came to fame back when the internet was a new thing, right after Al Gore invented it. Perry then anticipated the coming wave of Facebook advertising magic. Before everybody else popularized advertising on Facebook, Perry had a training program and wrote a book on Facebook advertising.

He still has that training available and still up to date. He has a newsletter he publishes and he has -- it's called the Renaissance Club. He's actually on a mission to foster the new Renaissance, in the literal meaning of the word. We get into that and a whole lot of other bizarre stuff in this interview. Perry, as we had this conversation described it as, he said, "It's always trippy to talk to you, Ray." And I said, "I feel the same way about talking to you, so we should do it more often." So, without further ado, Perry Marshall.

We've got Perry Marshall on the show. He is one of the most expensive sought-after consultants on the planet sometimes known as Planet Perry. He's got this unique ability to integrate engineering and sales and psychology and theology and geometry. It's pretty amazing the way this guy thinks. You've written one of my favorite business books, Perry, I've read it three times, *80/20 Sales and Marketing*. I don't know how to describe it to people I just shove it at them and say, "Read this. You must read this." Now, you've told me that the world is not 80/20 any-- Well, first of all, let's explain what 80/20 is.

**Perry Marshall:** 80/20 is the universal law of cause and effect. It's not just a business school aphorism rule of thumb thing about how 20% of your customers spend 80% of the money. It's really much more than that, that just about everything



you do either produces less than what you put in and some of it produces a lot more than what you put in. That almost nothing produces equal to what you put in.

It's true of time, it's true of size of the files on your hard drive, it's true of the length of E-mails in your E-mail box, it's true of where you walk in your house or the rooms you spend your time in. It's true of the traffic and the roads in your town. It's true of almost every column and any spreadsheet that you could do on your business, including the paper click advertising, the Google ads, the Facebook ads. All of that, it's all 80/20.

Furthermore, there is an 80/20 inside every 80/20, but what I want to talk about today, is that the world has gotten more and more and more skewed for very particular reasons. This is not just some vague assertion that I'm making. You can look around and you can verify this, that the world is getting more skewed and it's getting more unpredictable, and it's getting more and more tilted in the favor of the serial entrepreneur and less and less tilted in the favor of people that just want to perpetually optimize things.

In fact, the people that want to just perpetually optimize things are really finding it harder and harder to exist. I think this helps explain things like Brexit, it helps explain things like Trump, it explains most of what goes on in social media. It explains why the world seems, to most people, to be in some weird state of suspended animation. Well, if you think it feels that way now, well, just wait until something-- wait till the kick back of the rifle hits you, when something happens in the world.

This is really important, it's really relevant and I just thought, "Hey, Ray, let's get on and talk about this because this has really been on my mind."

**Ray:** I'm excited to have this discussion because you talked about the world is not tilted in favor of people who just want to be optimizers anymore. I think based on what you're saying, it sounds like the people who just want to optimize things are really the blue collar workers of today. Just high-tech as they may think they are.

**Perry:** Ray, so the blue collar workers of yesterday got replaced by Chinese people. Unless you're like a brick layer, a carpenter, a plumber, those jobs you can make \$100,000 a year and there is not enough of those people to go around, it must be noted all the people that are in a coaching program where you learn to deliver coaching programs to people who buy coaching programs, you want to learn how to do a coaching--

**Ray:** You mean the internet version of MLM?

**Perry:** Yes. The internet circle-jerk of coaching. For all the people that are trying to do that or thinking about-- there was a thing in my discussion board yesterday about whether somebody should go get a \$400,000 in MBA and there was some person that was saying, "Yes, that's a good idea." Wow.

**Ray:** Yes, Wow.

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**Perry:** [laughs] The world wants the new. It doesn't want the old and it wants the unpredictable. It's kind of insanely addicted to novelty. Let's back away a little bit and let's explain. What is really going on here? If you look at the numbers and the statistics and the behavior of things in the 20th century, and you look at the numbers and the statistics of things in the 21st century, the math is different, the statistics are different, the behavior is different. Now, why is this?

It's because the 20th century was all these little islands of independent activity and the 21st century everything is connected. There is an author named Ted G Lewis who writes about this and he's really fascinating. I want to give you an example. About a year ago, I had this guy and he was a client and he was running this Amazon stores. I get this panicked frightened e-mail from him one day because the One Beach California dock workers at the shipping port are on strike, and all the ships are backed up in the Pacific Ocean and nothing is going anywhere. And his business is vaporized like total disaster.

The strike did eventually end, but not before it had done a huge amount of damage. So I want you to really think about this. There is all of these things in the world that are hyper optimized to the nth degree. The logistics is optimized and the supply chains are optimized and the money flows are optimized and the merchant accounts are optimized and all the stuff is optimized and everything is just in time, right? Let me ask you a question. If suddenly there was an earth quake and there was no shipping available to where you live, how long would grocery stay in the grocery store?

**Ray:** About a day.

**Perry:** Yes, about a day. How much does the inventory turn in that grocery store? Probably 14, 16, 18 times a year or something--

**Ray:** Well, and once the news got out--

**Perry:** -- and that's when there's not a famine.

**Ray:** -- yes. When the news got out, there would be the disaster shoppers who would clean the shelves off and we'd be done.

**Perry:** Right. There is no warehouse. There is people picking beans in Southern California or in Northern California and there is bread companies making bread. It's all going in trucks and it's all going to groceries. It's like it's optimized. You're like, "What would happen if the Panama Canal suddenly blew up?"

So, you have this hyper optimized things. You can get on some website somewhere and you can track the production of your brand new iPhone that you just bought from like, "Okay, they're putting the chips on the board. They're putting the board in the phone. Now the phone is Guangzhou. Now it's on a track and it's going to the airplane. Now it's on an airplane. Now it's at the Apple store. Now it's to you." And it



all happens in like five days. That's super optimizing and Apple's making money hand over fist, but what happens if one thing goes wrong?

Now, what else is interesting is if you study ants, ants are optimized for picnics [laughs]. Half the ants are not doing anything most of the time. They're not busy all the time, but if somebody turns over their strawberry jam, here they come. And I just have to ask the question, if a picnic were suddenly show up in your life, would you be so on the hamster wheel that you don't even notice and the picnic would completely go by and you would never even know there was a picnic? Because you were just--

**Ray:** Hold on. That's interesting. What? Explain that?

**Perry:** Well, okay.

**Ray:** What's the picnic that might be going by that I might be on the hamster wheel not seeing?

**Perry:** I'll about one that happened to me 15 years ago.

**Ray:** I was happy this morning, by the way, when I woke up. I just want to let you know that.

**Perry:** Yes, well. I guess I'm here to make you miserable [laughs].

**Ray:** I'm hoping there will be a turnaround before we're done.

**Perry:** I'm sure we will. We're doing jazz improvisation at the moment. So, I bailed out of the Delbert cube and I hung out my shingle as a consultant and I got a couple of clients and I was busy about half the time. I was making enough money and I found myself having this very powerful instinct like, "Dude, you need to work on your own thing. Not just pay your bills with some clients, you need to build a lead generation final, you need to build some products that you can sell."

Now, I want you to understand what you might do in 2017 might be slightly different from this. I'm just trying to illustrate a principle. I just started furiously working on that. This thing called Google AdWords came along and I started experimenting with it. I'm like, "I'll be darned. This is the coolest thing I think I've ever seen in my life. Oh, my goodness.". I'm playing with it more and more. I'm buying ads and I'm shipping out CDs. I'm figuring it out and I'm making stupid mistakes. I'm stumbling all over myself but I'm making progress.

After a while, I have this thing figured out and I'm going, "How come nobody else is really picking up on this? How come there aren't some number of internet gurus or direct marketing guys? How come every time I try to talk to somebody about this they have no idea what I'm talking about and they don't even seem really interested?" Later, I just realize they're so busy doing what they're doing. That the coolest thing in the world could come right sailing by and somebody could even



come along and tell it like, "Dude, this is like the coolest thing I've ever seen in my life." And they're like, "Hey, you know, don't distract me, okay?"

**Ray:** Yes, "Don't bother me, kid."

**Perry:** "I'm optimizing. I'm doing a really good job right now, okay? I got this seminar that I'm doing and," or whatever it is, and, "Well, that turned out to be a pretty good opportunity for me." In retrospect, I had optimized my consulting career for picnic. In fact, I was operating on this very powerful instinct that I needed to build a machine that was designed for picnics. I'm really glad that I did that, because things could have turned out differently. I just got to wonder, how many people are running a perfectly good business but you have no margin. You have no space. What are you missing?"

**Ray:** Most people don't have time to figure out what they're missing.

**Perry:** No.

**Ray:** They don't ask the question. You've seen several picnic opportunities. I've witnessed it. You're good at it. You are optimized for picnics. You were talking about Facebook ads before anybody was listening.

**Perry:** In fact, I went on a hunt for a Facebook expert. It was either December of 2009 or January of 2010. There weren't any Facebook experts and I didn't expect to find any, but it was like, "Somebody has got to figure this out. This has potential. They'd just passed 400 million users, or whatever the number was, at the time. This is very big and you can advertise on this." It ended up being Bryan Todd and Drew Bischof. Somebody's got to figure this out. Like is often the case with such things, we were pioneers and pioneers do come home with arrows in their backs, but the arrows weren't too bad.

Here we are and we've got the best-selling book on Facebook advertising and the bestselling book on Google advertising. So, that was okay.

**Ray:** Yes. It was okay.

**Perry:** Optimized for picnics. I had conversation with John Paul Mendocha for a long time about, could we turn 80/20 into the next Google AdWords? For me, anyway, and just realizing, this is an incredibly powerful principle, and of course, we've barely scratched the surface. I guess where that circles back to what we're supposed to talk about today is, if you read my 80/20 book, it explains 80/20 is just kind of an average, it's kind of a generalization. Sometimes it's 60/40 or 70/30 or 90/10 or 95/5 or 99/1, but you actually do get these extreme equalities.

Like you could have a market or a situation where 2% of the companies make 98% of the money and 98% of the companies fight over the other 2% of the money. That really does happen. What causes that inequality? Here's what causes the inequality; is it's positive feedback. 80/20 is caused by positive feedback. If a 14-year old boy

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and his friend both drink Jack Daniels on the back porch and one of them likes it and the other one likes it a little more, 30 years later, one of them has one drink a week and the other one has 10 drinks a day.

Because he liked it. Then he drank more and then he developed a taste for it. Then he likes it even more and then he got addicted to it. Then he developed a bunch of coping mechanisms and then his wife learned to be an enabler, and now, he could drink a lot. It's positive, positive, positive feedback. Or you look at what happened when Apple came out with the iPhone. At first, it was kind of this shaky thing and it's AT&T service and it's not very good, but it was okay. Then they improved it and they improved it and it turned into a juggernaut.

Now, Apple makes 90% of the profit and Samsung only makes 10% of the profit even though they're both working just as hard. Positive feedback. That's the 80/20 principle. The difference between 80/20 and 95/5 is how much friction there is. If there's a lot of friction, the juggernauts still can't go super fast. They just slowly pull in ahead of everybody else. But see, the internet is frictionless. See, once Uber has a bunch of users, for a Uber user to find an Uber driver is frictionless; it costs virtually nothing. And now the car is coming. Now, Uber has a frictionless network. Anybody who wants to compete with them has to deal with friction.

It would cost a trillion dollars to beat Uber at this point, even if the rides were free. Let's say the Greyhound Bus Company decided, "Hey, we're going to get into the ride-sharing market. We're going to have enough free apps, free rides and we're going to pay the drivers double overtime." Do you think they could actually beat Uber? First, they would have to get about a hundred million people to even notice that they were doing anything at all. Forget it. It's not going to happen. This is the world that we live in.

What I just described to you, it's true on a macro scale, it's true on a micro scale. We live in a 95/5 world now. We live in a world where 5% of the people control 95% of the communication, 95% of the resources. Where a company like Instagram is more powerful than the bottom 100 countries of the entire world. They might be as powerful as the top 50. I don't know. Your job, your mission, should you choose to accept it, as an entrepreneur, is to actually embrace this and figure out how to take advantage of it. That's really the challenge. If you're just in your little cubicle polishing turds, then you're going obsolete really fast.

**Ray:** You and I both know people who have suffered-- and companies, who have suffered that fate. I got to take a sidebar question. How do you arrive at thinking like this? Like the ant thing. Optimizing for picnics. There's lots of people who've taught about 80/20 and who have written books about 80/20, but you are the guy with whom it is identified now. I think it's because of the level of thinking you put into it. Where does that come from?

**Perry:** Well, Ray, I have this almost obsession with getting to the bottom of things. I have this phrase, the center is the edge. What does that mean? That means that if



you want to press the outer edge, if you want to press the envelope and make a genuine leap forward, you have to be better at understanding the core fundamental principle than everybody else has been so far. It would be like saying, if you want to be better at martial arts than Bruce Lee, you have to be better at a punch than Bruce Lee. Not better at this-- I don't even know a name for it. Some bird thing where they fly in the air and they go around in 16 circles, and kick 74 people in the left eye in 12 nano seconds. That's what amateurs think you're supposed to do. No, just be better at delivering a punch, one punch.

When you start to look at the world that way, you start to figure out that most people have absolutely no idea what the fundamental principle even is in the first place. They started at the surface, they are now at some different level within the surface, but they're still on the surface.

80/20 is one of the most fundamental things in the world. It is at the bottom of all good marketing and all good business strategies. In my office here, I get this row of marketing books. We take this row of marketing books, and business strategy books, whatever they are. And we could catalog all of the different techniques, and strategies, and methods, and all this kind of stuff. What you will find is, at the bottom of three-fourths of them is the inequality of cause and effects. It's the fact that most things you do produce little effect, and a few things you do produce most effect. Most of those books whether they realize or not, are compilations of, where are the levers where you put in a little bit of input you get a whole lot output. That's what they're all about.

Well, if you start with 80/20, you have a much simpler way of explaining why every single one of those things works, and you need less CPU brainpower in order to figure out what to do next. Because we all get thrown into situations where there's no manual and there's no book.

In fact, there's a problem with the 21st century is, there's a million manuals, and there's a million books, and there's a million bestselling authors, and there's a million hold the prize winners, and there's a million whatever, or there's a million Amazon Bestselling people, and there's new in every 12 minutes, right? But every situation is actually different. The situation that just happened two hours ago has never happened in the history of the world, so there's not a book where you can look up the exact answer, you have to figure it out.

If you have to have read 174 books just to figure out what to do, you're in serious trouble. How about learning a principle where you can read one book, and learn one principle, and then figure it out. That's what I mean by, the center is the edge. It's actually very, very satisfying when you start to do this and it starts to work. Like wow, I actually got to the center of this thing. This is like an anvil, and I can pound on this really hard and it doesn't break. Then your feet are on solid ground.

**Ray:** How has the imbalance become more? We started by saying, the world's no longer 80/20, it's 95/5 or 98/2.



**Perry:** The 14-year-old kid, it takes him 10 years to have a drinking problem, and 20 years to be an alcoholic. Well, how long does it take a nine-year-old to get addicted to minecraft? How many hours a day is minecraft available for him to use? Now instead of having an addict in 14 years, you get an addict in 14 weeks. It's 52 times faster.

Well, since everybody on the internet they get to create their own little echo chamber. This is why the media was so shocked. That Trump won because they lived in one echo chamber, and enough people, not most people, enough people lived in this other echo chamber. And the echo chambers were not talking to each other. You realize social media does not bring people together, it actually drives people apart.

In the next edition of *The Facebook advertising book* that we're putting out soon, 3rd edition, it's coming out. In the very first chapter, you know what I tell people to do? Delete the Facebook app, and the LinkedIn app, and the Twitter app, and the Instagram app, off your phone so that your brain is not cheese anymore.

**Ray:** In the *Facebook book*?

**Perry:** Yes, that's chapter one. It's like you're either a chef cooking in the kitchen taking a spoonful of soup, or you're the 468 pound guy in the restaurant shoveling food in his mouth, but you can't be both.

There's all these people who think-- their wife is a nurse, and they quit their job, and they went home to do a business. The wife is changing bedpans, and carrying people around in the hospital, doing what nurses do. She thinks he's working, and he thinks he's working too, but he's actually liking, and tweeting, and being on social media, and seeing the next offer on Facebook for the how to be a coach of coaches who coach coaches to coach program. He does maybe five or ten minutes of actual work every day, and the rest of it all is just like barnacles. It's like you're either a cook in the kitchen or you're a consumer in the restaurant, but you can't be both.

This year I've spent hours, and hours, and hours, and hours, on Facebook. In the advertising interface, I spent almost no time being a Facebook person. And look, it sucks you in. How does it suck you in? It sucks you in with your narcissism. "Oh, I posted that really funny thing yesterday. Let's see how many people think I'm funny. How many likes did I get? How many shares did I get? How many comments did I get? Oh, somebody new commented." So you could spend three minutes posting this one thing, and then you waste 30 minutes going to see if anybody liked it. It's complete waste of time.

In fact, I heard about a study that somebody did. Where they figured out that people that spend a lot of time on social media, are equivalent to a caveman running around in-- I'm very serious about this by the way. I'm using jocular language, but in neuroscientific terminology they figured out, a social media junkie is like a caveman who's been hypnotized into thinking there's no predators.



He's wandering around in the forest, and there's hungry Wolverines eyeing him as he walks by. He's so caught up in his narcissistic little world where he thinks he's the center of everything that he doesn't even know anything can go wrong. Which I think is actually true. What can go wrong? Well, a lot of things could go wrong, but you don't know it.

Maybe there could be an earthquake that produces a tsunami that causes a nuclear reactor in Japan to suddenly melt down, and belch out a bunch of radiation, and kill thousands of people. It's like one domino turn hits ten, and ten hits a hundred, and a hundred hit a thousand, and all this and you've got this giant catastrophe on your hands.

Now, a giant catastrophe of any kind is a picnic for somebody.

**Ray:** Oh, no you didn't.

**Perry:** Well it is. Okay. You can be squeamish about it, but you know what, tomorrow morning somebody is going to wake up with a disaster. Their toilet might overflow, and a plumber might have to come and fix it, okay? So the overflowing toilet, is the plumber's picnic. This is the way the world is.

**Ray:** Excuse me, I'm going to tweet that.

**Perry:** You can pretend it's not, but it is.

**Ray:** Yes.

**Perry:** One of the problems that copywriters, and sales people, and marketers have, is they never quite acknowledge the fact that what we all get paid to do is solve problems. There's only two things that any one of us ever sell. We either sell pain relief, or endorphin rations, that's all we sell.

When my daughter was six, my oldest who is 21 now when she was six, I said, "Hey Tina, I'm going to take you to China." And she's like, "Great, let's go." I don't know, some time went by and somebody said to me, "You know, she's only six. Are you really sure she's going to appreciate a trip to China at age six? I think you should wait till she's like maybe eight." That's a whole different ball game. I realized they were right.

So, one day I said to her, I said, "Hey Tina, I got an opportunity for you." She goes, "What's that?" I said, "Well, would you like to go to China, or would you like to go to Kiddy land?" Kiddy land being an amusement park, six miles from here. She goes, "Kiddy land." Well, I solved that."

**Ray:** Yes.

**Perry:** I did take her to China when she was eight, but Kiddy land bought me two years. Why? Because it was just an endorphin rush. What does a six-year-old know



between the horses that go up and down on a merry-go-round at the Kiddy land versus the Great Wall of China? At age six, she doesn't know the difference.

I know maybe this is how Donald Trump becomes president. He just gets enough endorphin rations going, and enough people vote, and here you go. You have to understand that the world is now very unpredictable. It's more unpredictable than it's ever been. It's because of how optimized everything is. Because optimized things break, and when they break, you get disaster. So you better optimize your life for a picnic.

Frankly, if you're working 14 hours a day, now there's one exception for this, I want to cycle back to it in a couple of minutes. There is an exception to what I'm about to say, but generally speaking, if you're working 14 hours a day all the time, you're a fool. You're doing something seriously wrong. Because most people can get certainly two hours, if you're really generous maybe four hours of really quality work in a day. The rest is all filler. Like Ray, you're a copywriter. You're not going to write super great copy for 11 hours?

**Ray:** No.

**Perry:** You're going to write super [unintelligible 00:53:51] copy for an hour and a half, or an hour and 45 minutes, and you're like [inaudible 00:53:54].

**Ray:** On my best day.

**Perry:** I got to get a sandwich.

**Ray:** Yes.

**Perry:** Right?

**Ray:** Yes.

**Perry:** And if you're a knowledge worker, which anybody listening to this is, are you kidding yourself? What are you doing? How much of this stuff that you're doing really is like polishing turds, it's not doing anything.

I said there is an exception, and here's what the exception is. There is this period of time, DN Kennedy likes to call it the phenomenon. It's the 18 months where you make more progress in 18 months than you did in the previous 18 years because something happened. I'll give you an example of phenomenon that's going on right now. Do you know who Chip and Joanna Gaines are? They're from the TV show about fixing houses.

**Ray:** Oh, sure.

**Perry:** Yes. Just last week they were on the cover of *People Magazine*. Three years ago, they were just this little tiny dinky show on HGTV. But you know, they're really





likeable, and they have a great show, and the world suddenly fell in love with them, and they're darlings. So the last 18 months of their life has been the phenomenon. It's like the magic carpet ride. Man, that is a 14-hour day job. If they're going to manage it right, and they're going to land in a safe place, and go on to be successful after that, then it is absolutely all hands on deck for a year or two. They get established. They can't do that forever, they'll go crazy, they'll get divorced, they'll go insane.

So that is the one exception, and if you're in the phenomenon, if you just take your stride, and everything's going vertical, and you're on that hockey stick, then okay, this advice may not apply. You need to have some picnic margin built into your life. I just think it's really important.

**Ray:** So how many people are fooling themselves into thinking they're in the phenomena when they're not?

**Perry:** That's a good question. Well, I think mostly it's in the form of thinking the phenomenon is about to happen. What I mean, "We're so close baby, we're so close." A good friend of mine Richard Koch, he wrote the original *80/20 principle* book, which I tell everybody to read. One time I was having conversation with this company that I thought was really awesome, and I loved their product, and man, these people are going places.

I was asking Richard a question about, how to go about getting an equity stake in my client. He says, "Well, send me their year over year revenues for the last three years and stuff." I sent him that, and he goes, "Well, their sales aren't even any bigger this year than they were last year." I'm like, "Why are you looking at this?" [laughs]

Now Richard's pretty toast most of the time. I'm like, "Oh, yes." I tagged myself into this whole romantic thing, and he's like, "They're not even growing. There's nothing here." When they actually start growing like they're supposed to, then you could talk to them about, why rearrange the deck chairs on the Titanic.

I think there's a lot of entrepreneurs, God bless us all. We do this to ourselves all the time. We're so in love with our ideas, and we're trying so hard, and we really are. We just trick ourselves into thinking that something's really happening and frankly it's not.

**Ray:** Okay, so let's assume that something really does happen, the phenomena happens. The 18 months goes by, our TV show goes nuclear.

**Perry:** Yes.

**Ray:** Then that begins to taper off. Then what do you do?

**Perry:** Well, you know, that might be okay. Now, here's the point, they're just aren't very many good reasons to work 80 hours a week.



**Ray:** How many hours in a week do you work?

**Perry:** I work 30-50 with two to three hours of open space at the beginning of every day. My first appointment is usually not before 11, and my time is completely discretionary before then. I usually get up at 6. I'm very selective about how my day is arranged and how my time is blocked out. Then it's very compressed. Like today is a very busy day. I've had meetings, really the whole time. Some days are packed in like that, and other days are deliberately kept open. It bears some resemblance to Dan Sullivan's free days, and filler days, and focus days a little bit.

But look, you're real creative energy should be focused on what Richard Koch called, "A star business." If you go to [starprinciple.com](http://starprinciple.com), you can score whatever business or businesses that you're in, and it'll give you a score, and it'll tell you, and it's based on the book *The Star Principle*.

There's only a certain kind of company that ever produces any really significant return on investment, and it's a company that's number one in a market that's growing 10% or more. Or was at one time and is still number one, and that's called a cash cow. All the other companies, there's not really a lot there. That eliminates 95% of them.

A lot of people are working very, very, very, hard in a business that has really no potential of ever being a star, but they just think it is. It's a cultural thing if you've never been in a star business, you don't know what it feels like. If you've never actually been in the phenomenon, you don't know what it feels like. But once you've experienced that, it's hard to not-- you get in a situation that's not like that, it's like, "No, this is not the zone." So really your available time should be looking for the picnics.

**Ray:** Now that we've freaked everybody up, [laughs] they're thinking, "Oh my gosh. I had no idea I was so close to the edge of disaster." What does a person do if they feel like, "I don't know if I'm in a star business. I don't know if I'm in the phenomena. I don't know if I've ever experienced it. I don't know what the 95/5 is in my world." What would you advise that person to do?

**Perry:** Well, you really need to understand 80/20, and you know what, Ray, I'll let you make the plug for the book. But you really got to understand 80/20. Am I a star business? I don't know if I'm a start business. Go to [starprinciple.com](http://starprinciple.com). Richard and I built this little quiz, it takes 60 seconds and you'll get an answer, and it'll score you. If you get over a hundred points, you're a star business, and you should congratulate yourself. Or maybe you get 70, or maybe you got 40, sometimes people get 30. You just have to get realistic.

If you get a score of 30, then unless you massively change something, like drastically change your approach somehow to where it suddenly raises your score, you're trying to pound blood out of a stone. What would happen if all the people out



there that are trying to pound blood out of stone suddenly woke up, had a moment of self-awareness, and stopped trying to do it. What would happen?

A lot of businesses that people are putting 14 hours a day into, if they got rid of some things, they could put six hours a day in and not make any less money. Like by firing some customers, for example. My friend Lynne Batin for example, he's got this thing is called the 2120 roll. Now track with me, listen very carefully. It says, "20% of your customers generate 120% of your profits, and then some other 20% of your customers loses 20% of your profits. So you're back down to 100. And it's true.

**Ray:** I'm making a list in my head.

**Perry:** It's true. If you make \$100,000 a year from your 10 customers, you actually make \$120,000 a year but two of your customers lose 20. You lose \$20,000 a year servicing two of them, and if you fired the two of them, your profit would go up to 120.

The only problem is most people don't know who they are. But you might. In fact, you probably know who one of them is, and you don't have the guts to fire them because they're your friend, or they were here a long time, or whatever, but they're there.

One guy calls it, "Islands of profit in a sea of red ink."

**Ray:** [laughs]

**Perry:** But trust me, running your business that way is not a blue ocean strategy. I gave an 80/20 talk to a roomful of CPAs once. I said, "How many of you have customers where hey, you're only actually making 600 bucks to do their tax return, and they have all these phone calls, and all these emails, and it's really complicated, and it just chews up all this time, you know who that is?" And all these hands go up.

I said, "All right. I Perry Marshall, author of *80/20 Sales and Marketing*, hereby give you permission to get rid of them now." You don't have to be mean about it. You could just send him an email and say, "Hey, we had a strategic planning meeting and we changed the direction of our company. There are certain customers that we can't serve anymore. Unfortunately, sadly, regrettably, we've decided that we're not going to be able to do your tax returns next year. Here's this CPA, or here's this other one, or here's this other one. We'll be happy to hand everything off to the other guys, and make it a smooth transition, but regrettably, unfortunately, sadly, we must part company." Here's a little poem. [laughs]

Feeling a little frosty today, I guess.

**Ray:** Yes.

**Perry:** But there's a whole bunch of people that need-- this is what you need to do. This is what you need to do.

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**Ray:** For those who have been intelligent and read *80/20 Sales and Marketing*, and given this some study, and given it some application in their life but feel like they're not at the center yet, and they're not tracking with this new reality that you've been talking about, but they want to pursue that. What advice do you have for those people?

**Perry:** I've started teaming up with Tim Francis, who's one of my absolute best students that I have ever had in the history of my business. We've started doing an annual 80/20 summit.

Last year it was in Banff, Alberta. This year, it's in San Diego at the US Grant hotel. It's October 4 and 5. I would recommend that at the bare minimum, that you get into our information stream about the event, even if you don't go, we're going to be delivering some great webinars and material like that. Frankly if you're serious about this you should just come. But if you go to [perrymarshall.com/8020summit](http://perrymarshall.com/8020summit), all one word, you can you can sign up in and get the emails and get the information stream.

Tim's done a really interesting thing. Tim came to the seminar that I did with Richard Koch which was almost three years ago. That was a pretty expensive seminar, it was 7,500 bucks a head, and Tim's Canadian, so it was like ten \$10,000. He had spent a bunch of money to be there.

On the first day, Richard asked this question which hit Tim like a tonne of bricks. One thing led to another, and he ended up starting a new company. Three years later, here's where that new company is at. It's running. It's successful. It's profitable, and it is so systematized that-- Literally, if he's talking to a customer on the airplane, and the customer goes, "Hey, I want that." Tim could take a picture of their credit card, send it to his staff member, and the client gets taken through the whole entire process. By the way, this is a high-end service. This is not manufacturing widgets.

They go through the whole entire thing, and it all gets done, and Tim doesn't ever have to touch the process ever again. This is a guy with five employees. This is not a fortune 500 company, not a manufacturer. Client satisfaction scores of eight out of 10, nine out of 10, 10 out of 10. He just got really, really rigorous about systematizing the business, and working all the 80/20s. That's a business that he will be able to sell when he wants to sell it. It's an asset.

He did that in three years. Now, we are doing a seminar together. I think this guy has become a world class expert in how do you take 80/20 and you make it actually practically functionally working in a business in almost like an assembly-line fashion, so that you have bandwidth for picnics. Because if you don't have bandwidth for picnics then when the picnic comes, half the time you won't even know that went by. You won't even know what you don't know. That's the worst.

**Ray:** We'll put the link in the show notes. I definitely recommend you sign up and get in the information stream. Perry, mind blowing conversation. You've ruined the rest of my day.



**Perry:** [laughs] You are welcome.

**Ray:** My wheels are spinning now. I mean it in the very best way. Always a pleasure to talk with you.

**Perry:** Ray, there's two kind of marketers and entrepreneurs. There's the ones who prefer to live in the "should be" world, and there's the ones who prefer to live in the "is" world. I would say 80% of people prefer to live in the "should be" world, and 20% of people prefer to live in the "is" world.

Now, the "is" world, it doesn't have as many candy canes, or unicorns, or marshmallows, or hotdogs roasting around the fire, or Kumbayas as the "is" world. However, if you live in the "is" world, it usually does not come crashing through the side of your house like a wrecking ball the way the "should be" world does.

**Ray:** [laughs] Well said.

**Perry:** You get to decide.

**Ray:** Here's to living in the "is" world.

**Perry:** [laughs] Thank you, Ray. It's always-- I find it attributed to talk to you.

[music]

**Ray:** Wow. That was totally trippy. No, we have not been vamping now. As far as you know, it is Washington. It's legal.

**Perry:** [laughs]

**Ray:** If you find this show helpful, please subscribe to the show via the Apple podcast directory, and leave a review in iTunes with your name and website. At some point we may or may not mention you.

**Perry:** Yes, that's good.

**Ray:** If you need, or would like the show notes, please go to [rayedwards.com/](http://rayedwards.com/)-

**Perry:** 293.

**Ray:** 293. Other than that do you have any closing thoughts, or quote worth note, or closing notes or-

**Perry:** Yes.

**Ray:** -quote worth thought?

**Perry:** The best way to help the poor is, first, not to be one of them, and second, to become as rich as you possibly can.

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**Ray:** Yes.

**Perry:** What are you waiting for? Go get to work. Are you still here? Go. What are you waiting for?

**Voice-over:** Thank you for listening to The *Ray Edwards Show*. Find the complete archives of all episodes at [rayedwardspodcast.com](http://rayedwardspodcast.com), or subscribe for free through Apple podcast and never miss an episode.

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Each week we bring you a message of prosperity with purpose and freedom. Remembering that true freedom is available to all through Jesus Christ.

**[01:15:14] [END OF AUDIO]**