

EP 60 Battling the Economy as an Expert Business with Taylor & Mike + 31224

All right. What's up crew. Welcome back to a TWC talks. I'm finally allowed to do the intro of, um, of our podcast. Why, why graciously said, Hey, would you like to talk during this episode? I said, sure. Uh, come on, dude. Everybody loves you. We're talking about the economy and, uh, constriction and just kind of what we're seeing in our portfolio is seeing this, our clients are seeing this.

But I will say, Mike, this is why I'm making fun. We just had our event in Colorado and I barely got to speak at the entire event. By design, by design. Come on, walk. It was actually so good because, um, you know, somebody called me because they had talked to some chamber members who were in Denver. They flew into Denver, were trekking out to the mountains.

And, um, they said, yeah, one of your, uh, two of your members called me because I used to be in Denver. And, uh, so what are you doing in Denver? They said, we're in the best like mastermind coaching crew that we've been in since like the first couple of months of inner circle, which inner circle was like the first, you know, modern day mastermind.

I was like, that is high praise. And she was like, yeah, good job. I said, no, no, no. Good job to the team. Like Gabriel, Lauren, Mike, because sometimes it is, um. I'm just there and I'm a part of it. Just like the rest of the crew, I don't think you guys know. Yeah, man. Well, Hey, uh, as the leader goes, so do the team.

Right? So you've been doing a phenomenal job of like, uh, architecting the team, the vision. And, uh, we're, we're all here, you know, pushing uphill with you. So it's, it's been really cool. And I love it too, man. I love seeing.

Um, no, you know what I really love seeing at those events is how we pick up different pockets of the room based on who's speaking.

Did you see that? How all of a sudden a different part of the room would light up when it was Lauren or Gabe's versus me or you, it's like, wow, you can really tell the dynamics of those personality connections really start to light up. When they start to, uh, sync with a different type of energy in the room.

And I think that just goes to prove the power is proof positive of what we're building because we're able to, uh, help a broader range of people than maybe we would, you or, and, or I would normally be able to touch, you know? Yeah, a hundred percent. Let's talk about, um, we're seeing this on calls, you know, we, you have made it through, you have more experience from a, um, From a 10 year standpoint, you were doing business in 2008, correct?

Yeah, I had my best year ever in 2007, and then 2008 happened. Best year, worst year, back to back. Yep. Brutal. So right now, you know, the Fed is So here's like a basic, just a really fast, quick, quick and dirty overview of how this stuff works. Um, the Fed's real job is to prevent runaway inflation. Uh, it's hilarious because when you, when you listen to, um, to them in 2000 and 21, they're like, oh, it's transitory.

It's not a big deal. We're not going to raise rates for at least three years. Uh, then they just basically blitzed the market in 2022. Uh, it was the most aggressive rate hike I think ever, maybe since the eighties. Um, and so if you were like, yo, what's going on? So when you see the failure of certain banks.

What's happening is they kind of took Powell's word for what it was worth and they bought a bunch of bonds. And then when rates go up, any, anything that you buy, uh, on the bond market pre rate hikes become drastically devalued. So we have all these banks right now who are, I don't

want to say underwater, but they're pretty close.

And um, if the bed would have kept going, it would have just kicked out, you know, another 20 banks probably and they ended up halting and now we're in this interesting, weird slash slightly uncomfortable state where the bed is basically said they're going to lower rates this year, but they're terrified of inflation coming back.

Inflation is really when things get more expensive. Because the money supply increases, but the GDP or the production of a, of the economy does not increase to match the money supply. And so there's all these things we're not going to do like an economic deep dive on this today, but I do think it's important to talk about pricing.

To talk about, um, the, uh, splitting up of different product products and program tiers that you have, because there is a way to, to combat this. It's proven. And we're doing that right now in house and it's working really well, but a lot of people are feeling a crunch. And I told our clients yesterday, I said, look, you're.

You're going to have longer conversion cycles for the next year. That's just the way that it is. You're not likely going to be able to just hustle barrel past a constriction. And that's what this is is you have two types of people right now. You have the type of person who has legitimate no money because they can't get it because money access to money is being throttled.

And then you have the type of person who has money, but they're hoarding a bit of that money because they're a little bit. Trepidatious around what the economy is going to do. What happens when this, when this takes place is people slow down decision making, right? We'll, because they're not quite as keen to just be like, cool, here's 50 grand or here's a hundred grand or here's 20 grand or whatever.

And so if you're running a consulting coaching expert type business, you have to be aware of this. Because there are ways to compensate if you're

aware of it, that is like a big macro fast explanation of where we're at anything to add to that. Yeah, well, I mean, I think it's important for people to understand that the money is still there, you know, when, when times slow down and everything, uh, currency, right?

Current currency, it flows and that flow. Of currency is slowing down, but it's still there, but it may shift on you. So where it was, was, you might need to adapt and, and put your straw into it, into the river somewhere else. And so this is where being ironically being a little smaller and more agile. It is absolutely to your advantage.

And to your point, Taylor saying earlier, like I've kind of seen a couple of cycles. Now it doesn't hit me in the gut as much in terms of a fear response. Now it's like. Oh, it's one of those times. Got it. And instantly I start going into a more creative adaptive mode. And I know that's kind of where you're leading to building out product suites and things.

You start to realize like, okay, I can't just stalwart stand and wait and battle it through and just be, you know, rigid. You actually have to flex with this new currency. And, uh, I think that's, um, what we're doing brilliantly here over at, uh, TWC. Yeah, definitely. So if you're listening to this and things feel a bit harder right now, they did three years ago, um, that's everyone like, so welcome to the world's, you know, um, everyone's feeling it to different, different degrees.

And I think how you prepared for it is changing kind of the, the, um, the intensity of how you're feeling it right now. And so three years ago, you could just. Basically blaze through if you have a cash deficit, if revenues are down, you just do more stuff and, and it eventually kind of picks this up right now.

We're not really in a climate where you can solve structural issues with more revenue. That's a big change, um, because if you solve it 1 month, you're still going to have constriction the next month. And so I want to briefly talk about pricing and then we can get into some tactical. So we're

just going to show you a couple nitty gritty things that that would be able to help people.

And Mike, if you want to, yes, me, anything to like w you're you're an investor, you're watching the markets at all times. So let's just have a combo about, about what we're seeing. Sound good. Yeah, absolutely, man. And I know where you're going with this, uh, with this pricing concept. So I'm excited. Everybody tune in here.

This is going to be a good one. Yeah, definitely. So, so there's a great book on, um, if you pick up a book by Thomas soul, it's called basic economics. It's a 700 page book. And, uh, so I'm a, people like, don't know this. I'm just a nerd. I love that is love. Hashtag nerd. Nerds unite. And part of this is because of my background in real estate.

Part of it's just because I'm curious and I've always been curious. And, um, I picked this book up some time ago and, and read it and I've, I reread it a couple of weeks ago, just to, to look at everything and the trends and pricing is one of the main drivers of, of commerce. And Thomas says that pricing serves.

Three main functions, and this is, by the way, if you want to know how to run a great education business, you can borrow and model and copy things that are coming from the grocery business from tech and software from like, they're all the same business is just the production and the delivery of a solution.

In exchange for a monetary price that people feel like that solution is worth when you have a million dollars in a bank account that you're going to be more likely to. Um, say the solution is worth more money than when you have 1, 000 in a bank account, because the cost becomes more painful. So, these are the 3 things that Thomas says pricing does.

Number 1, there's an information function. So, pricing carries, uh, data and information about the scarcity of goods and resources. So, if something is in

abundance, there's a lot of it, then the pricing goes down for that thing. A high price. Signals that there is a lack or a scarce supply of something stay with me for a second because this doesn't directly apply, but we're going to bring a full circle here in just a second.

So that's the 1st thing when you price something, you're, you're, you're telegraphing. The relative scarcity or lack or abundance of that good or service. The second thing that pricing does is it's got an incentive function. So it incentivizes the behaviors in that market. And, uh, this is where you, when you get into, um, if you've read zero to one or like VC type books, you'll see this where, uh, when, uh, an industry or a business has really high profits.

If flashes of it puts a flashlight on that and other business owners say, Oh, I'm going to go into that market because there's obviously the availability to make a lot of money as more people come into the market, the supply increases and because we know pricing has a information function has the supply increases, there are more options.

What happens to the price goes down and so part of pricing is a telegraph, but part of pricing is a, um, a by product. It's a signal on the back end of incentives. So the reason that incentives are important is because the market's always self regulating and the market's always trying to get the most for the cheapest.

That's why Walmart was able to come in and displace everyone. And that's why Amazon. com was unable to come in and displace everyone they're fighting to, to self regulate and the customer will always choose how do I get the most upside for the least amount of price? And this incentive actually drives companies to compete with each other to lower the barrier of entry, especially when things get tight.

The 3rd thing price does is it actually has a rationing function. So information instead of in ration. Rationing means that the price of something actually controls the rations of a good or a service. So, if you are

paying attention and if you're sharp, what you'll notice is this is not a linear bullet 1, 2, 3.

This is a circle. It's a cycle. Price communicates information. The incentives from that change the scarcity or abundance of the supply. And then price then acts as a ration, which circles back up to the information. Will that make sense? Love it. So if you want something to grow, uh, in most cases, what we're going to do is we're going to make something cheaper.

However, we want to be able to make something cheaper so that it grows while still rationing the finite supply of time as an expert in your. Really transferring information and education, but you're using your time to do that. So you don't have a thousand hours a day. You have 24. And so we're rationing the supply through the pricing.

This puts us in an impossible situation if you only have one product. Right, because you have to simultaneously bring down the barrier of entry while rationing your time. It doesn't work. And so when things constrict what the 1st thing that we typically do is we go in and we split apart different offerings into 1 offering into multiple offerings and we'll create products on the front that people can access cheaply.

So that there's growth and then we'll create a tier on the back end. So if anyone studied internet marketing, like the value ladder, if you're watching this live, you've ever heard of the value ladder, then talk, let me know. But like the value ladder is like a Russell Brunson type concepts, whether he does this or not, the value ladder is actually coming from the three in functions of pricing, because what it's allowing you to do is it's allowing you to have more customers.

While still protecting the back ends and rationing the value of your time. So this is the easiest way for us to combat something like an economy restricting or constricting or crashing is you have more things. This is the book we just talked about earlier before the show, the revolving price

method. We just launched this.

You may have picked it up. It's a phenomenal piece of intellectual property. But it's 3, which is dumb. It's like, wait, what? Yeah. So there have been actually, I've got a couple of messages of, of buddies of mine who are like, dude, why are you doing 3 books? I'm like, well, look, look, look, here's why. Because we have to be able to make information accessible while honoring the prices that are being really incentivized in the market.

So when an economy shuts down. The incentives drive the price down, but my time on the back end, I've still got class pay me 150 grand a year in the chamber is expensive. It's the best in the world. So it should be expensive. We don't want to telegraph that it's not good or that it's infinite in supply, right?

So we can't lower the price on that, nor would we want to, uh, when you go out to like Colorado, you see, like, I think we paid 105, 000 to put on that event. And it's for 50 people selling some massive event. It's like, it's a, it's the, it's an incredible display of value, but we, we do still have to play with the market on this and we have to be able to release great quality information on the front in a way that the market is, uh, appropriately incentivized to participate in to make sure this is making sense.

Yeah, this is dense material. My friends, uh, worthy of a replay. Absolutely. And we'll get you the link to the, uh, the revolving price book. Uh, You know, in the replays and all that, we'll, we'll make sure that's their go dot wealthy consultant. com for slash revolve. Um, yeah, one of the things I'm a, I'm a big proponent of, I've been telling clients this for years and years and years is this propensity to, uh, let's, let's do a discount, you know, whether it be, uh, seasonal because it's the holidays or whether it be economic because it's, it's recessionary.

It's like, well, times are tough, so let's do a discount and like, no, no, no, no, no. We're not going to discount, we're going to add value. And otherwise, to your point, you're telegraphing like, oh, well, it actually isn't worth the X

number of dollars that we were originally charging, you know? So you really want to be cognizant of like, what is it that you are telegraphing?

What are you saying to the market when you start playing with pricing? And, uh, to the point of breaking it out and making it more accessible, lowering the barrier to entry, uh, creating a front end product suite or like a net. Is, uh, a powerful way for people to get that value and, and be able to access it when maybe they wouldn't.

Otherwise it's, it's either they can't get anything or at least give them something. And it's better if you have those, those offerings up front that allow people to get those tastes and nurture them. And that's the, here's the cool thing. I'll end on this. It's what's best for everybody. You know? Yeah, it's good for us longterm and we're establishing relationships and the relationships are the business of business, but.

Yeah. Ultimately, our, our narrative and mission in the company is to help people grow, and this is the best way we can do that. Hey, times are tough. Let's give them something that's actually going to give them help, you know, straight up. 100%. I think one of the risks here is that, uh, like you don't want to make fear based decisions in a struggling, uh, economy or a period where your business is, is struggling.

We have all, when you go through our financial playbooks, um, this morning, we just added Another nine hours to the financial playbook is the chamber playbook. It's NBA levels, like really high quality material. But when you go through that, one of the things you notice is that when we run businesses, there's all these frameworks that we run our business, not just based on the economy, but based on frameworks, which allows us to make decisions from a, from a really data driven place, rather than a fear driven place.

An example of this, we talked with, with some clients yesterday. And, you know, they're overstaffed, they, um, they weren't overstaffed a year ago. Yeah, but they're overstaffed now. And when we are counseling them, you

know, we're looking at the frameworks that are running their business. And so it's very easy to make a, um, a fear based decision.

And what, what, what they're really were wanting to do is just like ram through a bunch of revenue and try to, you know, fill up the, the cash reserves. But when you do that, and you do it again and again, and again, and again, eventually what you do is you get comfortable with operating a business. That's not in line with the right way to run a business.

And so the council there was like, let's honor the frameworks that are designed to protect you. And when you know what those frameworks are, you can make very fast, correct decisions. Yep. And I think this is the risk right now is a lot of people are feeling it. Decision making is slower. Conversion cycles are slower.

That does not mean that you should change your entire business tomorrow. It doesn't necessarily mean you need to change all of your offers. Um, this is the power of having a crew in your corner who has been through this before. Who knows how to combat it and who can help you make more data driven decisions.

And you might have a lot to say about that as an investor, you know? Yeah. So one of the things I see all the time, uh, in investing and in business, uh, when things get tough, what do people do? They, their attention is drawn in. They, they zoom in on the, the pain point. Cause they're now feeling it where it was once just covered up by revenue.

It just kind of was something that it did exist, but they didn't feel it to your pain, to the pain point that we talked about earlier, but now they do because the pain point is, is more acute. And so what happens when something's more acute, your attention goes towards it. Well, when their attention goes towards it, what happens, they are now experiencing and seen in real time, the ups and down fluctuations of, say, the charts or the markets or their business.

And so it's like your, your heart attacks go up and down, up and down, up and down, up and down. Right. And they are freaking out because they're so focused. So one of the elements you also need to do as an investor and business owner is apps is actually zoom out and look at more at the macro trends, the trajectory.

Yeah, we went down a little bit, but where are we trending? Are we actually just working our way back out? Or are we in a complete overhaul? You know, necessity shift here. And, uh, a lot of people make short term decisions that ruin them in the long term because they, they're zoomed in too much. They, they need to zoom out and actually see the macro trends that they're in.

And I think that's what happens when you've lived through multiple economic cycles, you start to become more aware. I think everybody goes, Oh yeah, that makes sense. Mike, like no doubt, but there's a difference between knowing and living it. And once you've actually moved it, you go, Oh yeah, this is one of those 10 year deals.

Okay, cool. Well, I know where we're going to be. And that confidence is like what gets you through it and it makes you more of a bullet pool, bulletproof entrepreneur, solid decision making. And honestly, when there's blood in the streets, I started getting greedy. I'm like, okay, competition is, is struggling right now.

Like it's time to make moves. And in 2008, one of the things, uh, one of the lessons I learned and I literally put it on my vision board. This it's over here. It says, who has the capital invest in this downturn? Those who invested in the last one. And that's what we do. We invest into our clients, into our customer base, into the assets, into the.

The portfolio, we get aggressive now because everybody's going into hibernation mode. And as soon as we come back out, guess who's on top and guess who's there to provide them even more value to the marketplace. So I think it's just a reframe of understanding actually looking

these opportunities as opportunities and not times to withdraw.

Yeah. Another another style of investing is investing into your community into your network into your access to information. Um, you know, we have, we have chamber clients who are reporting record revenue months right now, but it's not because of what they're doing right now. It's because of kind of what we built three months ago, four months ago, getting into that, like preventative preparation mindset.

Um, you don't want to come into like, you don't want to come into chamber just to fix a flailing dying business. However, the, the best time to, you know, the best time to plant a tree is 20 years ago. The second best time is right now. So, I would just counsel everyone like, you know, this, we're not going to pull out of this in 5, 5 days.

Like, if you had a rough February, March is not going to be a lifeline. Um, just because you end of the month, there's nothing changes. We're really not going to see it until probably four to six months after the rates are cut and access is restored. And so there's, there's confusion, even right now, I know that the fed has said that they're going to cut rates this year, but they're, they're waiting until the last possible moment.

So we're looking at, we're looking at neutral inflation. We're looking at, um, gross, so economic growth, we're looking at unemployment, those things are signaling to them. Okay. The economy is still a little too hot. So they're almost incentivized in a weird way to cool off or crash the, the economy is soft.

Landing is a cool off without actually ruining everything. So they're looking for a soft landing, which means we stopped to come down and for us to come down means businesses struggle. So you have to prepare. You have to run your business right now. Not like it's 2020. Anything you're doing, if you're just doing what you did in 2020, like you're just, you're, you're, we're waiting for you to go out of business so that the, the rates can cut.

And that is a mean, that's kind of like capitalistic thing to say, but it's true. Like when, when the, when the tide goes out, where everyone's looking for people who are naked, like that's you, if you're still trying to grind through, like it's 2020 or 2019. And so you have to switch around the way you run your business.

The way you look at marketing and sales, we're like dumping content into the market. Part of the reason we're, we're putting so much content out is to honor these three functions inside of price. People, three constant is a price. You still have to invest your time, but the price is actually us. We're assuming the price of production.

So we're essentially securing access to material and IP that can enable growth and kickstart growth.

It's a complicated subject, but I do think that the, the biggest risk that I would say I see right now is people are just like, well, it'll get better. Yeah, let's try harder. Right? Like do more. Yeah. Yeah. So it's going to take a little bit here, but with the right frameworks, with the right basics, if you, if you have the right basics that are really set and then people aren't realizing this either, like the things that worked 20 years ago are working better than the things that worked five years ago.

But everyone forgot, right? So we're resetting. We, but the coolest thing is we've already reset. We reset in the summer of 2022 and that's why we're growing, but we're not growing because of stuff we did. Now we're growing because of stuff we did way before. So you've got to get, you've got, it seems scary, but you've got to get into an environment that can re rig your thinking.

You know what I mean? Yeah, absolutely. You know, it's, uh, almost cliché to say, but it's still really holds true. It's a good frame to run on is, you know, when it's winter things, summer, when it's summer, think winter, like we need to start again, zooming out and looking at those. Uh, as business owners, we need to start looking forward because whatever efforts we put

in today are going to be realized 60, 90, 120 days out or longer to the point of this, uh, podcast.

So, yeah, if you haven't already been doing it, today's the day to start doing it. You know, one of the fastest things you can do is make yourself structurally strong, and that is, uh, through elimination, you know, get rid of all the small little things that hold death by a thousand cuts things is a real thing.

Um, I saw this a lot years and years ago in the restaurant industry and, you know, just be the condiments and like the, the little things that get missed, you know, but you have to understand that every little thing builds up over time and it's when times are really tough and you, you don't have necessarily a whole suite of options to choose from figuring out where to reduce your burn, make yourself more, uh, you know, um, sustainable.

Uh, is only going to help you long term too. So anything that you can do like that, as, as simple and kind of basic as that may be, the reality is it will make you a better business, uh, in the long haul. And it will only help you once things really start to turn around to you. So small hack, but it, it matters.

And if you have the time to do it now. Now's the time to do it. Love it. Cool. We'll put the, uh, link for revolving price in the show notes. I would pick it up. It's super cheap. It's a, it's a pretty quick read and probably read it in a couple of hours and, um, start implementing it, reach out if you need anything and, uh, also leave us a review on the show if you're getting value from it.

Absolutely. Absolutely. All right, guys. Thanks for joining us. See ya.