

The Tim Ferriss Show Transcripts

Episode 33: Ramit Sethi, Part 1

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Tim Ferriss: Hello, Ladies and Gentleman, this is Tim Ferriss and welcome to another episode of the Tim Ferriss show. I have a very exciting episode and guest, but I am going to start with a bit of trivia and this is a slang expression and idiomatic express from Argentina. From [inaudible] and I used to live in Buenos Aires in Capital Federal where I danced tango. Danced my little heart out six to eight hours a day for a very long time. It was supposed to be a four-week trip, ended up being nine months and I learned a lot.

There is an odd mixture of Italian, basically, plus Spanish called [Speaking Spanish]. There are all sorts of stuff, but this is a simple expression and it basically means, no fucking way. Not even if I were drunk, technically. So, if someone were to say, “I will sell this to you for \$1,000.00.” And you were to respond with, “No f-ing way.” It’s [Speaking Spanish]. [Speaking Spanish] not even if I were drunk or [Speaking Spanish]. So, [Speaking Spanish] is the expression.

So, whenever somebody suggests something that you would never accept in a million years, even if you were drunk, [Speaking Spanish] is the response you can use.

Moving on to our guest. Our guest is a good friend of mine, Ramit Sethi. We have known each other for years and he is a fascinating guy to study and a fascinating friend to have. He has attended Stanford for both undergrad and master’s degrees. He focused on technology and psychology and a lot of his study of behavioral change and persuasion is built into what he does now. He formally co-founded PBwiki, which was a venture backed start up. Then, jumped full time into boot strapping his own gig. He built up his own personal finance site to probably at this point more than 500,000 readers per month and has turned it into a revenue generating machine and I do not say that lightly.

I know a lot of very, very adept business people and this is one of the most understated just monsters that is churning out revenue that very few people are talking about.

In any case, he does believe that money is only a small part of being rich. So, we will talk about certainly the tactics. We will talk about the fact that he went from venture backed start up, to boot strapping, and what some people might derisively call a lifestyle business and most people do it in the revers. So, they will boot strap, they will generate a nice cash flow, and they will say I want to go to the big leagues and raise a ton of money and go venture backed. He did exactly the opposite and has paid off incredibly well.

We will dig into how he thinks about life, how he thinks about money, the challenges he has had, as I have had, with the branding that he chose in the beginning. The titles of his books. He is a New York Times Best Selling Author, as well and we dig into a lot. So, I will let you enjoy. This is going to be a two-part interview.

Tim Ferriss: Hello, Ladies and Gentleman, this is Tim Ferris. Welcome to another episode of the Tim Ferriss Show, and I am thrilled to have a good friend of mine on for grilling and I feel almost like it is the beginning for Sampras versus Agassi tennis match. Perhaps the fourth, or fifth, or 27th time and I know there is going to be a lot of action. Not to put the pressure on. Ramit Sethi is on. Ramit, how are you?

Ramit Sethi: I am doing great. I am always excited to hang.

Tim Ferriss: Ramit is one of those folks that I call – not too many – for continual questions and pestering about a whole slew of different subjects. Before we get started though, Ramit, this is something I have always wanted to ask and I am not sure if I ever had and that is, you have Ramit Sethi – why is the T pronounced like a TH? And the TH pronounced like a T?

Ramit Sethi: I have – okay, I will tell you two things about my name. First of all, in Punjabi the way it is written it is TH, so Ramith and but the actual name I was born with, was Amit. Which is a much more common Indian name and about two days after I was born, my dad woke up, rolled over, and told my mom we cannot name him Amit because his initials will be ASS.

And the best part is like true immigrants – my parents are from India. They went to the hospital and they did not want to pay the \$50.00 change fee, so they told them that they had forgotten to add an R and they got it for free. Thanks mom and dad.

Tim Ferriss: That is genius. I love it. Okay, well that covers it. Thank you. For those people who may not be familiar with you, what would you say to them in terms of your background, bio? And this does not have to be the cocktail – actually, I am interested. If you are at a cocktail party and somebody – I don't even know if you go to such things, but if you go to a party and someone asks you, "What do you do?" Very sort of New York thing to ask, what is your answer?

Ramit Sethi: Usually, I would say I am an author and entrepreneur. I used to say I am a writer and then the immediate response would be, oh my cousin's son is a writer. He has been working – and I was like, your cousin's son is not a write. He is unemployed. So, I switched it to author. That is true. I've written a book called *I Will Teach You to Be Rich*.

I run a site about helping people lead a rich life using the power of psychology and that is many areas, including personal finance, entrepreneurship, careers, and a whole bunch of other areas.

Tim Ferriss: And I have always felt a close kinship with you or at least from the very early days because we've both been blessed and cursed with very memorable brand names that make sure both seem like we should be on after the rotisserie chicken at 3:00 a.m. in paid programing. The network does not necessarily endorse the views of Tim Ferris and Ramit Sethi with *I Will Teach You to Be Rich* and the *Four Hour Workweek*. And it has been a hell of a process, I know, for both of us in a way to reinvent or diversify ourselves outside of what ended up, very fortunately, becoming successful products or brands or – I tend to think of it just as a book, in my case.

How did you end up expanding the focus of what you do and when did you decide to do that? How did that decision come about? And I think just for perspective, if you are willing to talk about it – you do not have to get it into exact yield or anything like that, but you built a very successful business. How many employees, full or part time do you have at the moment?

Ramit Sethi: We have dozens and dozens of employees, mostly here in the US and around the world as well. Yeah, it is funny. I started this site. It really was a personal blog. I started it in college and originally I had taken my college scholarship money, at least the first check, and invested it in the stock market. This is 1999, 2000 and I immediately lost half of that money and I was like, uh-oh. That's not a good thing for an entering college student to be facing.

So, at that time I decided to learn how money worked and I sort of went on this very long journey for many, many years to learn about investing and stuff like that.

And at the same time, I was studying human behavior, social influence, and persuasion at Stanford and there was a moment right around sophomore or junior year – like that book we used to read when we were kids, *The Emperor Has No Clothes*. And I realized that all these experts were telling people keep a budget, stop sending money on lattes, and nobody was listening. Everybody was nodding their head saying, yeah that's great advice and nobody was actually doing it.

And with the background I was learning in persuasion and human behavior, I realized there are actually ways to get people to change their behavior, but it is not the kind of thing you see in mass media. It is not cutting back on \$2.00 lattes or anything like that. And so my interest was in helping people lead a rich life. The fact of the matter is, personal finance – it is interesting, but it is not my life passion. It is not what I love to do. I do love psychology, so I wanted to figure out a little Trojan horse and that is what originally started *I Will Teach You to Be Rich*.

It actually was me teaching one hour classes for free on campus to my friends and when that did not work, after about a year and a half, I decided to just start a blog.

Tim Ferriss:

And when you started the blog, at what point – and I am actually astonished. I have never really dug into this. So, that is part of the fun of interviewing friends. Like Larry King, ask all the questions I probably should have asked four years ago. At what point did you – because you have done a great number of different things, including working for startups or with startups. What were some of the early wins or moments that convinced you or lead you to believe that you might be able to make a full time go out of either the blog or the writing a book or anything as a solo entrepreneur? And obviously, later building a company. But, what were the early indications that gave you confidence?

Ramit Sethi:

There were two or three pivotal moments for me. Keep in mind that this is a personal blog. It was so low budget that I did not make a cent for three years.

I did not charge. I did not put ads. I did not want people to think I started a site called *I Will Teach You to Be Rich* just to make

money. And I also had a lot of invisible scripts or psychological barriers around selling. I think most of us do when we start. So, what happened was I started writing and I just wanted to write the best material for my friends and for people like me. And after about six months – nobody read my site for six months. In fact, you can go look at those posts right now. There are zero comments on them.

I kept emailing the Wall Street Journal and I was like a cocky college kid, so I literally said, you guys are great but you need someone who can help you relate to a young audience and I can write for you. In fact, I will do it for free. And they were like, how did you get my email address? Back then people did not put their email addresses out there. So, maybe I am blessed or cursed with this persistence and – well, I call it persistence. I think they call it badgering.

But, I would just email them every couple of months and I would say, hey here is an update. Here is a post I wrote or I gave a talk wherever and finally – I remember it was – I believe it was December of 2004. A reporter called me and said we are doing an article on personal finance bloggers. I would love to feature you and that was pivotal moment number one. I still remember that day. I got 9,000 visitors to my site, which was a huge deal.

So, that really taught me the fact that most people would have just given up and sometimes just staying in the game a little longer than others, really helps take you to the next level.

The next pivotal moment – this one actually taught me that this could be a business. So, I had started writing and at a certain point I was getting a lot of readers and I just decided one day I want to try to sell something and see what happens. And again, this is all public, it is all on the site right now. You can still dig it up. I created an eBook in December 2006 called *Ramit's 2007 Guide to Kicking Ass*. I have a real weird thing about names, product names. It always gets me trouble.

So, I had such low self-esteem about anyone actually buying this, that I priced it at \$4.95, which I thought was crazy. I apologized in the blog post. I said, “Sorry guys, I know you could probably find a lot of this stuff for free online, but” – and then I didn’t have any fulfillment set up. Like, if people bought it I was just going to wait for the PayPal order to come in and then manually email it to them.

Tim Ferriss: How long was the eBook?

Ramit Sethi: It was like 30 pages.

Tim Ferriss: Got it.

Ramit Sethi: And what happened was there were a lot of people that day that called me a sellout and now this actually was the beginning of a whole new chapter for me. If you have ever done anything creative, you know how much it hurts when somebody says you are a sellout or oh you are just – oh, I will teach Ramit to be rich.

And it was actually infuriating because I had been writing this site for free for three years, almost every day, and all of the sudden for the first time I sell something for \$5.00 and I am getting this kind of flack. But, what I discovered was there were a few vocal complainers and yet hundreds and hundreds of people were buying this thing. And in fact, the people that bought it were way more likely to open it to read my material, to open emails, things like that.

That was when I discovered that what is said on the surface is often very different from reality and after a while I started testing all kinds of different monetization methods and you could consider my site laboratory. I run tests at all given times and the ultimate sign for me that this was a real business was when I was making more from *I Will Teach You to Be Rich* than I was from my full time job, which was at a Silicon Valley venture backed start up.

Tim Ferriss: And what was – just to put that on the timeline, when was that roughly?

Ramit Sethi: After college, I was going to go work at Google. Google was very nice to me. They let me take a whole summer off and then I went back to them and I was like, “During the summer I did a startup and it took off, so can I have a little bit more time?” They go, “How long do you need? Like, a month?” I go, “How about two years?” They were like, “See you later.” So, my negotiation kind of failed there.

But, that was called PBwiki. It is still around in a form. It is called BPworks. It is an enterprise collaboration company now. So, I did that for about five years, but I continued to write *I Will Teach You to Be Rich* on the side and during that time, towards the end, I actually wrote the book. By that point, the site had been around for several years and I felt that I could package up what I knew into

one definitive piece and that was when I wrote the book, which came out in 2009.

Tim Ferriss: Remember that well. I remember that journey well. The most – one of the more masochistic exercises any human can embark upon.

Ramit Sethi: It is the worst possible thing you can do and it is a wonder that people keep going back and doing it again and again. But, it's one of those industries where people tell you, for the love of God do not do it. You know industries like – lawyers will tell you the same thing. Doctors will tell you the same thing and authors.

Tim Ferriss: Right. Maybe it is – of course, as someone who has gone back to like the whipping post repeatedly, I do not know – maybe it is my own version of *50 Shades of Gray*. I just don't have some hot woman with like a cat of nine tails, so I have to go back to publishing for just like the most unrewarding, unsexy approach to masochism. The early critical mass that you developed, your writing. You are putting out a lot of free stuff and just to echo one of your sentiments, this point I started blogging in 2007. I have written more than 500 free posts, many of them – they are all free posts – that are in some cases ten, 15, 20 pages long and I put out – I gave away some codes yesterday on Facebook. These are codes that give you free audio books.

And I gave away free code on Facebook and half of the comments were complaining that I was only giving away one code and calling me a sellout and sleazy and I'm like, wow.

Ramit Sethi: You are such a sellout.

Tim Ferriss: For giving away something for free. So, to those listening, if you face criticism, and you will if you have any strong opinion on the internet, ever. 10 percent of the folks out there will find a way to take it personally and then a handful of those will embark upon a campaign of pain in the assery very vocally because they have – it is safe to assume, infinite time on their hands. And before you respond that you should ask yourself, do I want to pour gasoline on a fire and start a fight with someone who has nothing better to do than bitch and moan on Facebook? And the answer should be no, generally speaking.

Ramit Sethi: Can we talk about this for one second?

Tim Ferriss: Absolutely.

Ramit Sethi:

I love this topic. It took me three years from that first sale until I truly became comfortable selling and I really had to go through some gut wrenching horrible processes and I think that many people who may be amazing at what they do – when you first put yourself out there to sell and it could be selling your image, selling your brand, selling your vision, or even your book or product. It is so easy to get discouraged by the people around you, especially through the anonymity of the internet.

So, over those three years, I had to learn how to master it because it was not the tactics that would have stopped me. Like, I learned how to grow my email list to several hundred thousand people. I learned all these things, but you wake up every day and you open your comments and you just hear people saying I hate you, go back to India, what a scammer. I'm like, first of all I was born in India and I have won more spelling bees than you can even fathom. So, who are we talking to here?

But, what I really learned was, I had to master the psychology of learning how to handle critics because ironically the better you get, the more exposure you get, the more critics you are going to get.

And that is something I did not expect. I thought they would go away, but they actually got to be more. So, I started cataloging these – I call them freeloader comments. So, there is about ten classic freeloader comments that people will say. Let me give you a link. I have cataloged all of my favorites over the last few years. It is at delicious.com/ramitsethi/freeloaders and you will just – you are not going to believe how much detail I have gone into, but this is a pet hobby of mine. I know I am a weird-o.

So, for example, people will be like oh my God, that is ridiculous. \$39.00 a month? That is crazy. Maybe if it was \$6.00 a month, then I would consider joining. This is a classic freeloader comment and the first ten, 20 times they said it I was like, oh my God. Did I price it too high? I am – I do not know what I am doing.

And then one day I was like, okay how about I will give it to you for \$6.00 a month and I just decided to take a more judo approach. And of course, they either did not respond or they said well that is crazy. I am really busy right now, but maybe in three months.

And so, I think it is really important to test your assumptions. There are always going to be people who are critical. Frankly, in my experience, like if you commit yourself to something, you are going to become good at the tactics. You are going to become

good at the mechanics. But, learning how to master that psychology, especially against critics, was one of the most challenging things I had to do in the last five or so years.

Tim Ferriss:

Absolutely, and just on that point because we both interact with large communities of people and when – for instance on my blog, I have about one and half million unique visitors a month and that is a large – reasonably large city and you just have to assume – or at least the way that I philosophically approached dealing with some of the craziness that comes over the transom –

And you and I, I think, have developed a fairly amusing way of commiserating where when we get a really insane comment, I mean just super insane and we both get them very regularly. But, clearly insane. Not – and I'm not using the euphemistically. When someone is like, you are the white horseman to my children for supporting this nonprofit. Like I will deliver you on judgement day and whatever [inaudible] your grandchildren that have not been born until your head explodes. I am just like what? Like unbelievable. With a real email address by the way that I can respond to. I am just like, wow okay.

So, I will take that and then email it to you and I will put in the subject like, hmm tempting and then – you just have to assume when you are dealing with that level of insanity that the general population mirrors the intent population. So, if you go to say San Francisco, you see crazy people walking around. Maybe one out of every 1,000 people is just totally bat shit crazy. They might have a semblance of normalcy, but then you kind of dig under the surface and four sentences later you realize, wow this person is very insane.

They can manage their life well enough to go to a coffee shop and log onto my website, but they are totally insane and I think that give people a certain degree – gives me at least, a certain degree of comfort in knowing that it is not necessarily because you did something wrong. There is also constructive criticism when you fuck up, don not get me wrong. But, if you have a large enough audience, just assume one out of every 1,000 is going to be certifiably insane and you are going to have to learn how to contend with that.

Ramit Sethi:

Yeah, yeah. I think that is exactly right. I think that it is actually a good sign that you are doing the right thing. Not if you are getting overly critical comments because you have to learn – sometimes they are right. Sometimes you really cross the line and I remember

one time I crossed the line so much that I actually had to send an apology email to my list. That was once out of thousands of emails I have sent. But, for the most part you want to listen to the critics and then decide and at a certain point, you will have seen virtually every criticism they can lob at you and you can move on because they are going to be there five years from now still complaining and you can be on doing – sharing your knowledge with the world.

Tim Ferriss:

So, I'd love to rewind the clock and look at your blog and say the first 1,000 diehard fans because – so, there is an article that I refer to a lot and I think it is a very useful read for people who may get overwhelmed by the million different options presented to them in the world of marketing sales. A lot of self-purported social media experts spewing off. There is a paradox of choice and people get paralyzed because they do not know where to be and I think that the article *1,000 True Fans* by Kevin Kelly – it is very short. It is available at kk.org or you just search *1,000 True Fans* – is a great place to start.

Which makes the point, in effect, for people who have not read it that if you have 1,000 diehard fans, for all intents and purposes, you can probably live comfortable as an artist, whatever that means to you, on full time income if you take care of and cultivate those 1,000 people.

So, think getting to that point is a real milestone for a lot of folks and maybe it is 1,000, maybe it is 2,000, but it does not have to be a million and I remember for me one of the first milestones that I hit – it took me a long time to find my voice on the blog and all that means is writing the way that I speak. Actually being myself, as opposed to try to sound smart, trying to imitate other blog posts that I thought would do well. Going to say 43 Folders and going he formats his posts this way, I am going to imitate that. Oh, I go here, they create lists of this type. I am going to do that.

And it was a very schizophrenic, un unified, weird attempt when I first started and the blog was atrocious. It was the most hideous, fluorescent yellow and blue blog imaginable. People can find screen shots if they search early blog. As well as your site, no offense. But, it wasn't exactly a prom queen.

Ramit Sethi:

It was awful.

Tim Ferriss:

Yes, it was terrible, but it was good enough. And one of the tipping points for me at the time was I had an article, which is very controversial still to this day, called *Geek to Freak*, how I gained

34 pounds of muscle in 28 days and it made the front page of Digg. And at the time, Digg.com – D – I – G – G.com – was a very big deal and drove just – I think it was thousands of clicks a minute, something along those lines and of course, immediately crashed my site. I freaked out. I was in New York City at a launch and I found out that it had crashed and I viewed this as my one golden opportunity and I had fucked it up. And oh my God, I was never going to recover, but that really created a lot of buzz that set the tone.

The other thing that really helped was a guest post that I did on GigaOM run by Om Malik and I spent as much time on that guest post as I would have spent on an article for the *New York Times* and because that is still generally rare on the internet – it sounds crazy to say, but it is true.

That drove an incredible amount of dividends and it was not because a million people went from GigaOM to my site. It was perhaps because a few hundred highly influential, qualified folks in Silicon Valley went from that article to my blog and that was enough.

So, I would be curious to hear for you in the early days, what were some of those tipping points? And I also have to ask because I cannot leave it unasked, what was the one email that crossed the line and why did you have to apologize?

Ramit Sethi:

Oh, man I do not remember what that email was. I wish I did, but knowing myself, I probably just said something a little too offensive. I have probably laughed at it, like this is great. But, when you start to send it out to like 25,000 people or 50,000 people – I make jokes now. I have to stop myself and – I do what is called a joke review. Sometimes I have jokes that are – I think might be so offensive, I have to ask women from my team.

Did I cross the line on this? I have to ask people in other countries. I do not want to compromise my jokes or the way I write, but I also do not want to let a joke overcome the message. So, that is what I learned from that and since then, I have never had to do that again.

For me, I agree 100 percent with *1,000 True Fans*. I think that was one of the seminal articles that inspired me to really build amazing material, rather than just recycling what else was out there and I knew that if I had 1,000 true fans then not only would I be able to live doing the things I wanted, but I would be able to turn that into 2,000, 5,000, 10,000 and that is exactly what happened.

I have students of mine now who have told me literally in person. They've said, I've pre-committed to buying anything you create at any price. Which is a very unusual thing to hear.

Tim Ferriss: That is a hell of a statement.

Ramit Sethi: Yeah, I am like, wow really? So, in my head I am like I need to create something much, much more higher priced. Other students just tell me they scroll down to the bottom of my sales page, often which are 70 plus pages long, and they do not even look at the price. They just go straight to the buying. So, that is a good place to be and how did I get there?

The first things I did was, 1.) I looked around and I had a very interesting experience interning with Seth Godin and I watched Seth and I watched the way he worked. And I realized he got 100's of emails a day with the best stories, the best examples and that is why his books have so many amazing examples that nobody else has. Same with Malcom Gladwell. And so I am watching him and I realized, it is very hard to be the best, but once you get there it is pretty easy to stay there or relatively easy.

It is like getting into an elite college. Very difficult to get in, but once you get in, you basically cannot flunk out. That really inspired me to say what can I do to become the best and go through that really tough process because once you are there, you are there.

So, in terms of my first 1,000 true fans, first of all you can look at my posts. They tend to be very long, very long. In some cases, 15, 20, 25 pages long. Second, I cannot recommend guest posting enough. In fact, if you search for the phrase guest post, I have an article that shows up number one and it tells you exactly how I write guest posts that grew my business dramatically and grew my readership. Including one on your site.

So, I did one for you – that probably took me 20 to 25 hours to write. It was very detailed. It included video, all kinds of stuff, and to this day a lot of the people I meet – I ask, “How did you hear about me?” And they say, “Oh, through Tim Ferriss.”

Tim Ferriss: Just to reiterate, now I want to come back to knowing some of the subject matter of some of the posts in the early days that really – if you did an 80/20 analysis, drove the vast majority of those first 1,000 true fans. But, just to underscore something you said and I'm looking up your post right now on my blog so I can point people to

the actual guest post so they have an idea of what I feel is required to really put a dent in your traffic.

Boy, you are mentioned quite a few times on my blog. I think it was automating –

Ramit Sethi: Yes, it is called The Psychology of Automation.

Tim Ferriss: The Psychology of Automation. If you guys go to fourhourblog.com, just all spelled out, and then search Automation and Ramit it will pop right up. And another good example is hacking Kickstarter. How to Raise \$100,000.00 in Ten Days, which was written by an entrepreneur named Mike Del Ponte. And these posts take a long time to write. They take an extremely long time to write and the reason that is worth it is that a single blog post can change your life forever. That sounds crazy, especially in the crowded sandbox that is the world wide web, but if you take the time to do the hard thinking instead of just churning a hundred mediocre bullshit articles, you will stand out.

And if you think about it strategically and are willing to put the time in to say develop relationships – relationships that can be long term and put together two to five guest posts that are truly world class. It is almost guaranteed that at least one of those will take and it can immediately change your business potential and your career trajectory, literally overnight. And I do not that that is overselling it. That is true for my blog and the blogs become the heartbeat of everything that I do. But, I would love hear from you what some of the early content was, what the subject matter was.

Ramit Sethi: Yes, I agree 100 percent. I have had three or four posts that have changed everything for me. One of those was the one on your site, The Psychology of Automation, Building a Bulletproof Personal Finance System. So, for me the ones that really, really stand out in the early days were all about personal finance.

And again, for me I believe personal finance is a small but important part of living your rich life, but it is just a small part of it. So, I started off for the first few years writing about money. Everyone has money, everyone has problems with money, they do know what they are doing. So, some of the most popular posts I wrote were – I wrote one on weddings, which was very controversial because I told people – here is what everyone says about wedding. Have a small simple wedding. I want to elope. I am just going to keep it small and simple.

And yet, nobody does and so I talked about the fact that we should stop diluting ourselves and just acknowledge that we are probably going to have a big wedding. So, if that is the case, here is how much you need to save for it and the numbers were quite stark and then I led them into the rest of the automation system.

Now, I think this works for a couple of reasons. One –

Tim Ferriss: Do you remember the headline? I am so curious. Do you remember the headline of the post?

Ramit Sethi: I do, it was called The \$28,000.00 Question, Why Are We All Hypocrites About Weddings?

Tim Ferriss: It is a good one.

Ramit Sethi: I think it worked for a couple of reasons. 1.) It takes an unconventional and very brutally honest look at something that we all think or take for granted. So, there are these classic things that everyone says and yet, nobody does. Like, oh yes I should go the gym. Okay, but no one really goes to the gym. Why not? Let us talk about that. Or keep a budget, which nobody does. Let us talk about that. Let us put it on the table. So that was one. It really shined a light on something that most of us were not doing.

And then the second thing was it was a tactical, specific sliver of an entire larger discussion. So, for example, instead of you writing the post like How to Build a Healthy Lifestyle, you wrote 34 Pounds of Muscle, From Freak to Geek – or Geek to Freak, 34 Pounds of Muscle in 30 Days.

That is a really specific sliver of a larger discussion and so if you can chunk out what you know into really specific slivers, that will attract lots and lots of people.

Tim Ferriss: Definitely, and to underscore that, when I am writing posts I never start out with trying to write a post that will appeal to all of my readers because the only that you attempt to achieve that is by having something so generic, non polarizing, and lukewarm that no one will hate it – well, actually people will still hate it and no one will love it. And what I prefer to do instead is to try to hit the majority of my audience, at least once every two months.

And what that means is, I will try to write a post that perhaps appeals to – that I think 10,000 to 50,000 of my readers will love, just absolutely love and I do not care if the other people who come

to blog ignore it all together. Which is why I will write about some quirky aspect of inside baseball and startups and then follow that up with a post on the seven different mechanics of power lifting and squatting.

And over time, I am going to hit all of my readers and I do not feel rushed to hit them all with each post and that I think is how you develop diehard fans. You only need someone to love one of your posts to have them as a fan for a very long time.

Ramit Sethi: That's right. Do not try to get a lot of people to like. Try to get a few people to love you and then do it over and over again.

Tim Ferriss: Right, exactly. And when did you make the leap – it seems like you did it pretty early. This is very self-interested series of questions I am going to hit you with, but when did you make the leap to utilizing email? Was that right from the beginning or is that something that you came to later?

Ramit Sethi: No, it is one of my biggest business mistakes is not setting up an email list for several years and in retrospect that decision cost me millions of dollars. But, it is what it is.

That is the price you pay when you do not – when you are learning something for the first time. I set up an email list probably three or so years into it, maybe four and that that point I did not have any sophisticated knowledge of email. I did not even have an email service provider. When you submitted your email, it was saved in some text file somewhere and then I made the second worst mistake you can make.

So, the first is not having an email list and the second is not emailing them regularly. So, people signed up and then I just forgot to email them for like nine months and then the first time I emailed them, they are like who is this spammer? Like, spam. And I was like, I am not spamming. You signed up for me. But, we did not have a relationship nine months later.

Tim Ferriss: You mean people should not wait like seven years to send their first emails? Not that I know anything about that.

Ramit Sethi: Every single time I see you, you talk about you setting up an email list and at this point I just shake my head, until finally I saw the great news that you were doing it. I was so happy.

Tim Ferriss: It just took me seven years. So, sorry continue.

Ramit Sethi: So, since then we have not gotten considerably more sophisticated. We have around 300,000 people on our email list. We do behavioral based segmentation. We have multiple cohorts at any given moment going through different funnels. We send millions of emails a month with multimillion different types of combinations of email funnels and we generate roughly 99 percent of our revenue through email.

Tim Ferriss: So, just to – I apologize to pause. Just to define some of those terms for folks. So behavioral segmentation would mean if someone signs up through one form and then they click on something in the first email, they go into a certain group – how is that split out?

Ramit Sethi: Yes, well what most people do when you sign up for an email list is you sign up for an email list and they will send an email and it goes to everyone on the list. Makes sense. It is pretty simple. We did that for many years.

Over time we found that we were expanding our list of topics to different things like psychology, entrepreneurship, and stuff. So, if you sign up to learn about starting a side business in our earn 1K funnel, probably do not care about finding a dream job at that moment, which is another funnel we have. So, based on where you sign up or what you click on or even what you open, we can determine certain things about you and then we can shunt you into the correct series of emails that are most likely for you to want and most likely for us to get benefit from as well.

Tim Ferriss: Got it. Shunt, like doing arterial surgery.

Ramit Sethi: There you go.

Tim Ferriss: That is exciting. So, what are some of the other either best practices or common mistakes that people make? So, best practices that you have devised or common mistakes that people make when it comes to email management or email in general.

Ramit Sethi: Yes, so we do things a little differently and we are pretty rigorous about testing it and one of the things I learned is that there is a lot of best practices out there about email, but almost no one tests it. So, it's just like one – it is like the blind leading the blind.

People are out there giving their best practices, but they do not really know what they are doing. So, we said look, we are going to

start from a fresh slate and try all these things and see what works and what doesn't. So, if you sign up for my emails you are going to learn a few things that are different.

1.) They look like plain emails. Like when I send you a personal email it looks the same if you are on my list and that is because I am not trying to – I am now J. Crew. J. Crew is selling a brand, so their emails have to be beautiful. My emails look like I am writing to you because I want to be your friend at scale. So, that is why my emails appear to be really simple. Behind the scenes there is a lot of stuff going on, but they appear to be like I just jotted you a note, which is exactly what I am writing to you. So, that is number one.

Tim Ferriss: Got it, so no header, no graphics.

Ramit Sethi: Yes, none of that. Straight, simple, username, hello, and then I end like, hey talk to you soon, Ramit. Like that.

Tim Ferriss: Got it.

Ramit Sethi: Alright, the next thing that we learned to do is to train people to take action.

And this is very counter intuitive, so most people think of their email as a newsletter. Let me give you the five best posts, let me give you a digest of what is going on. We do not want to do that. We want – when you see my email or when you see anyone's email, most of the time we look at an email in our inbox and we go, like alright one more email to process. But, what I want is for people to see my email and go awesome. What crazy story does he have today? Or what am I going to learn? Or am I going to laugh?

And so, we want them to read it first of all. That is why we talked about the design and the stories in it, but we also want them to take action. You do not want to build a list of consumers; you also want them to do something. So, we will have people reply and I tell them that I read every email, which I do. Still, I read every response. We will have them fill out surveys. We will have them click a link. We will have them watch a video. The point is, if you just get them to read your email, they kind of wipe their hands together and say alright cool.

You want them engaged and that turns out to make all the different.

Tim Ferriss: Okay, I have to ask – so, you have dozens of employees potentially. Presumably, you have couple of manager in between yourself and everyone on the front lines, but how do you with 300,000 people read all responses? Or maybe am I anticipating the number is bigger than it is? How do you schedule your time so that that is possible?

Ramit Sethi: First of all, if you email 300,000 people you are not going to get 300,000 responses, but on a really – an email that connects with people, you are going to get many, many thousands of responses and what happens typically is that they almost all come in in the first two or three hours and then after that they trickle in. So, after a while you can look at an email and almost site read it in seconds, like typically two to three seconds because at a certain point you've seen so many responses, you are just pattern matching. So, to go through let us say three, six, 10,000 emails – it sounds like a lot but you are working very quickly.

And why do I do this? Because not only do I enjoy staying close to my readers, you also get certain insights in email that you will never get in any other medium.

So, let me tell you what I mean. When we send out – we do a lot of research with our readers. If I ask someone to fill out a survey, they are going to answer differently than if I ask them to fill out an email. Any idea why?

Tim Ferriss: No, I could give a lot of guesses but I'll let you tell me.

Ramit Sethi: An email is personal and if it is a relationship with someone, especially someone who tells them they read every email and then you know that they do, then they actually will open up their heart. They will tell you stuff they have never told anyone else.

Alright, so I had a very interesting woman. I asked my readers, what is one thing you claim you want to do, but you do not actually do it? And she wrote me back and said, I keep telling everyone I want to run three times a week, but I never do.

And I wrote back to her and I said, why do you not just run once a week? And she goes, why would I run once a week? What is the point of that? It does not do anything. And I thought that was so interesting that we would rather dream about running three times a week, than actually run once a week and so I used that in a future email as an example.

And so people get the message that you actually read the emails and I then use that concept in a future course of mine. So, you can actually – like one insight – it is like reading a great book. One insight could change your life. So, that is the best possible place to get your insights is from the fans who have signed up to hear more from you.

Tim Ferriss:

So, this is – this brings up a complementary or alternative approach to very similar ends that people out there might be interested in. This is something that I do, which is based on the blog. So, I will very often publish blog posts very late at night. So, I will publish blog posts extremely late on west coast time.

So, presumably most people on the east coast are asleep and I will put up a post – I am a night owl so it does not bother me to stay up until 2:00 or 3:00 a.m. and I will sit and wait and go back 60 minutes later into the comments to allow people who are overseas generally to give me feedback so that I can then address concerns. Let us say one of my jokes is over the line or if the post gives an indication that it is going to be very, very controversial. I might add in a caveat or some time of preface and I will get feedback from people in other countries that I then work into the post before I promote the refined version the following day.

And I will then typically read at least the first 50 to 100 comments of almost every blog post in a similar way and it is very easy for me to respond to. I use Word Press. I have used it since day one because I think it is very good for SEO out of the box and I am very comfortable with it, which allows me to then do the same in the admin panel. As opposed to doing it on the site itself, which takes a lot longer because you are refreshing the entire page each time.

But, I found that extremely useful and very critical to stem potential blow back with articles that are controversial. Like, I put up a post at one point – Jesus, that really, really rankled a lot of folks out there. Which was about a reader – a male reader who had gone to I think it was Brazil and created a swimsuit calendar and ended up marrying one of the women who modeled, did a shoot with him and blah, blah, blah and it was a very, I though, inspirational piece. It was not – I did not think it was sort of sleazy, but there were a few things that were not addressed in the piece that let people's imaginations run wild and make assumptions that were not true.

So, it was important to catch that early and when I have not done that, you can wake up – especially with a large enough audience, to a major PR crisis on your hands when you have journalists or media or larger bloggers who are also reading your posts.

In the case of email, what I would love to ask you is at this point in time, what software helps you run your life? What software and services help you run your life and business?

Ramit Sethi: Yes, so we use a lot of off the shelf software because we have a team that works remotely. We use some things, some of which are standard, some of which might be a little surprising. So, we spend most of our day in email, chat, Skype, Basecamp for project management, and Google Docs for sharing documents with people.

We built some systems to be able to – like we use a lot of checklists and there is a great book called *The Checklist Manifesto*.

Tim Ferriss: Atul Gawande. That's a great book.

Ramit Sethi: Yes, amazing. And it is all about how you should save – like for us, we know we have – we are cognitive misers like anyone else. We have limited cognition, limited willpower. Why do we want to spend that looking for did we do this? Did we do that?

Airline pilots use checklists because there are big risks there. We do the same for our business because we want to spend our limited creativity on the stuff that really matters. So, that is good.

In terms of other business tools that work well for us, we started off our first ESP or email service provider being Aweber, A – W – E – B – E – R, and I think they are really good. They are great to start off with. We were there until we had about 150,000 people on our email list and we had done some really wacky things with their software to customize it so that when one person joined, they count it as like eight leads. It was like crazy the stuff we were doing there. And finally, we realized we needed to move off of them and get onto somebody a little bit more sophisticated.

We then moved to Infusionsoft and we are probably going to have to make a move because in about a year we have already almost outgrown them. So, that is what we use for our email software.

Other things that we use, Survey Monkey, which is terrific for collecting responses. It is simple. It works. Most of it is free or you

can pay a little bit for their premium service. And then along with that, we have a host of sort of back office tools that we use as well.

Tim Ferriss: What would some of those back office tools be?

Ramit Sethi: Those would be things like GitHub for managing our design process. We have a tool that we use for sharing screen shots and things like that.

Tim Ferriss: What do you use for the screen shots?

Ramit Sethi: That one I am going to have to check the name on.

Tim Ferriss: Okay, no worries.

Ramit Sethi: But, honestly, we could run 85 percent of our business using the tools I just mentioned.

Tim Ferriss: What do you use for sharing checklists and ensuring people are using checklists?

Ramit Sethi: Okay, so that we use Google Docs and in Basecamp we have detailed checklist that says, did we do this? Did we do this? That is less about tools and more about the mindset of if someone got hit by a bus, would we be able to do what they are doing today? And I learned that long, long time ago and so I have to say I am pretty inspired by places like McDonalds.

I do not think that we have a business like McDonalds. In many ways, we're not as big of course, but they want to be able bring in anyone and within 30, 40 minutes, an hour, they are on the line cooking. We do not want to do that, but I am inspired by them. By the sense that if someone got hit by a bus or quit, that their system could go on. It is reproducible and so we have taken a lot of steps to make sure that we put those systems into place. And I think that is something I would challenge every entrepreneur to do.

I went through a lot of challenges saying no one can do this as well as me or no one can do that. Like at this point, I do not even know how to send an email to my own email list. Someone else does it. I have no idea how it works.

Tim Ferriss: You are going to arrive at the office or at your house and be locked out, fired from his own company. A couple of other tools people might helpful – I also use Basecamp and a lot of people use Basecamp. I think it is a great tool. I also use Asana and I have been experimenting a lot with Asana, which is an interesting

alternative to Basecamp that was co-created by Dustin Moskovitz, co-founder of Facebook.

I do not use Google Docs much, partially because I spend a lot of my time offline working and I have been frustrated in the past when I have been unable to access Google Docs. So, I would love to come back to that and get your two cents on it.

The Checklist Manifesto, definitely checklists are hugely important. One of the approaches that I take – and I did this after I had to fire an assistant, which for something very egregious and I realized that – not all certainly, but a lot of the processes and preferences and checklists were in her head. Now what, right? And it was a real pain in the ass to then have to get someone else and running and try to recall what was missing and I found a ScreenFlow and Dropbox very helpful for that.

So, I will do a ScreenFlow using that software of the same name and speak as I am capturing a ScreenFlow of me, for instance, moderating comments to show I moderate, what type of comments go where, how I deal with grey cases that are questionable for any number of reasons and so on and so on.

And I then put these into Dropbox into basically a process folder and that is accessible to anyone who may work with me who needs to see how something is done. Which I have found very, very helpful.

Survey Monkey, definitely. They bought a company called Wufoo. I have used Wufoo and Survey Monkey both for a very long time. In the case of Google Docs, do you have – what do you use for chat? Is there any particular tool you use for chat?

Ramit Sethi: We just use Google chat and we might do one of these more corporate tools like Yammer or something like that. I have been hearing good things. What about you? Do you use anything like that?

Tim Ferriss: I do not use chat currently much. There are a few exceptions. If I am dealing with developers, typically or designers particularly overseas I will use Skype.

And I do like Skype due to the encryption for a host of reasons and the ease of file transfers. I get a little edgy if I have too much of my data on any one company's services and Google would certainly fit that bill. But, I –

Ramit Sethi: Let me give you a couple other tools that we use as well.

Tim Ferriss: Yes.

Ramit Sethi: This is for the more technically minded crowd. If you have a website, we use Visual Website Optimizer to run a lot of different tests.

Tim Ferriss: That is great. As do I actually recently, yes.

Ramit Sethi: Yes, that is a great one. So at any given moment we are probably running five plus tests on our site and of course we are testing many more versions of things in our emails. We recently started using an interesting tool called Umbel. This is more –

Tim Ferriss: How do you spell that?

Ramit Sethi: It is U – M – B – E – L. It is more of an enterprise level software. If you have a lot of fans or email subscribers or something like that, it allows you to look in and see their social profiles and learn about your audience. Who are they? What are their demographics? How much do they make? What are they interested in? Things like that. That is a cool way.

Personally, my favorite way is just to ask them. So, a lot of time we will just send an email saying, hey would you mind sharing a little bit of information. And here is a cool way to do it, let us say you have a few thousand people on your email list. Your blog readers or whatever, you can just send them a link which automatically redirects them to one of three different Survey Monkeys or you can just post Survey Monkey one, two, or three.

In this way you can get a lot more responses pretty quickly. We tend to limit our surveys to about five questions. So, if we send an email out. We can fill up four or five Survey Monkeys in a matter of minute and we want to ask things like who are you? What are your biggest challenges? What have you tried to do to solve X? and when I do surveys, I love qualitative responses. So, Survey Monkey is great for that.

Tim Ferriss: Now, when you say Survey Monkey one, two, three, and four. Why are you – why do you have four different surveys?

Ramit Sethi: Because I do not want to have to create a survey with 20 questions. No one is going to fill that out and so I would rather create four

different surveys with five questions and send it to a bunch of different people.

Tim Ferriss: I see, so those – you have four sets, hypothetically, of five questions and you are just splitting your list up into four different segments.

Ramit Sethi: Exactly.

Tim Ferriss: Got it. Yes, that makes a lot of sense. How do you think – of course I just started emailing, so I am actually a bit of a funny case because I have absolutely no experience really emailing, yet I have big enough numbers to make catastrophic mistakes and then just suffer the wrath of God's tsunami of regret if I do anything wrong, which is very anxiety producing place to be needless to say. It is like, oh great. You have had a week of gymnastics. You are going to be in the finals at the Olympics tomorrow. Good Luck.

And I would be curious to hear – I do not know if you have seen any of the stuff that I have sent out, but what would you change? What would you improve or test with how I am approaching things currently?

Ramit Sethi: Well, one of my general life philosophies is do not try to be 40 before you are 40.

Tim Ferriss: I just turned 37. I am in no rush to get there. I do not think that is what you mean.

Ramit Sethi: It is funny how many of us we want to jump ahead and do all of these really sophisticated things and I am no exception. Every time I starts something new, I want to start to what all the best people in the world are doing and try to copy them. But, of course, you have to go through the pain and the fire to be able to get there and I think email is a great example.

Right now you have a huge list, a huge amount of people. I have seen your emails. I am on your email list. I think they are great. I think they are a great way to start. Ultimately, having known you and having read all of your stuff, I think people want to hear your voice in the emails and one of the classic things when people start off, they just list – here is a list of all the things I have been writing about or stuff like that.

And I think that is a fine way to get your feet wet, but ultimately I would like to hear the stories of what you have been doing. I would

like to hear more narrative. I would like to get inside your life a little bit. What is the life of Tim Ferris? This mysterious, charming man.

Tim Ferriss: I will give you mysterious. Charming is definitely TBD. Cool, anything else come to mind?

Ramit Sethi: Let me tell you one best practice that people share as if it is the law of God, but it is actually not true at all. So, there is this movement, particularly in Silicon Valley but everywhere, where people say everyone has too many emails. People are just – they want to get to inbox zero. So, if there is one thing to know, it is quick to the point, quick, quick, quick. Write your email, five sentences or less and that is just not true at all.

We know it. We have tested it experimentally. We know it for a fact. Many of my emails are 10, 15 pages long.

In fact, there is a very sophisticated marketer who wrote even longer emails and people said to him, who reads this stuff? Would anyone even read to the end? Who does it? And he laughed and then he said, only the buyers. Okay, and the point is –

Tim Ferriss: That is a very Alec Baldwin response.

Ramit Sethi: Yes, if your material is good, if it is engaging, there is almost no maximum you can write. For example, some of my sales pages, 72 pages long. Who reads that? Plenty of people read it and they scroll to the bottom, they find the one link that says buy, and they click it.

So, my point is not write longer. It is, do not worry about space. If you have a compelling piece of copy and if you have a relationship, people will read it. So, do not worry about short bullet points. None of that is relevant. Just worry about writing the best stuff you can.

Tim Ferriss: Definitely, and I want to reiterate just hopefully for clarity with people and feel free to correct me, but what Ramit is saying is not make your stuff as long as possible. The way that I am hearing it, at least, is the way that I approach my books, although I might have to modify it because they are growing at an alarming rate in length.

But, the blog posts, the email, whatever it is, should be as long as it needs to be. That is it. And so one of my concerns, I suppose, with

the personal stories or narrative is that if I do not have really concrete how to take away and tactical stuff in that email, that it will come off as too self-indulgent and that I will have massive unsubscribes. Particularly with new people who have subscribed and do not have a deeper familiarity with my story or the books and so on. How would you respond to that?

Ramit Sethi:

There is some element that is true to it. Look, first of all, you probably are self-indulgent. You are sitting here talking about yourself and me for two hours. I mean, who could be more self-indulgent than us right now? And I love it.

But, beyond that, I think that – I had the same thing. So, if you go back and look at my early posts, they are very tactical and I think that is awesome.

But, someone said to me years ago – they said, “Ramit, tactics are great, but tactics become commoditized.” What ultimately connects with people is getting into their emotions and their psychology. And I was very resistant to this. I was like, you do not understand my tactics are world class, blah, blah, blah. But, over time I came to realize that she was exactly right.

Tactics matter, of course. Tools matter. But, to ultimately connect, psychology matters. So, for your I actually think people would love to hear the stories of lessons you learned, failures you had, what happened this weekend, and interesting insight that came up. If you look at any columnists, they are not always sharing ‘how-to’s. A lot of times they are just sharing interesting ideas.

One other thing, do not be worried about unsubscribes. We monitor it, but we do not measure it. In the sense that, if someone unsubscribes, you know what? It is my gift to you and it is your gift to me.

I would not want to waste someone’s time and I do not want them to waste my time either. In fact, I regularly encourage to unsubscribe. I put the link right there. I say, look if this is too much. If this is too involved for you, here. Maybe we are not right for each other. Unsubscribe and it actually causes a huge spike because people are like, what the fuck? Who has the – who says that? But, the people who stay are actually highly committed.

Tim Ferriss:

Yes, what is so paradoxical about my concern about unsubscribes is that I regularly call my readership on the blog all the time. So, I will – if I am getting particularly fired up or have my knickers in a

twist about something and I have just had a long day and maybe too many glasses of wine.

I am like, you know what? I am going to write a blog post and I am going to put a couple of fucks in there, just a couple of extra fucks because I am so tired of people chastising me for my language. And I used to have a rat tail. I am from Long Island. Give me a break. And so, I'll write a post with an extra few fucks in there just so that if someone is easily offended by that stuff, they effectively opt out of visiting the blog because I do not want to deal with their mom like scolding.

And part of the reason I am comfortable with that is because it does not give me a concrete number in a user interface or a dashboard on Aweber or elsewhere that is like you had X number of people leave and unsubscribe and it has been kind of psychologically fascinating to see how it is tempting for me to be more conservative, much more conservative, with email that I am in my blog posts because of that precise number that it gives me as feedback.

Ramit Sethi:

It is a good sign – it is a good reminder that not all data is good data and that often the most productive thing you can do is stop looking at data. For example, for my investments, I do not check my investments except once every six to 12 months. You should not be looking at your investments every day. That is crazy and it is actually doing you a disservice to do that.

Same thing with unsubscribe rates. It is crazy. You need to be focusing on growing your list, writing amazing stuff, and probably revenue per email. That is a great measure if you are growing your business. Unsubscribes, that is going to drive you crazy. It serves no real purpose.