

I Will Teach You To Be Rich Episode 41:

Olivia and Rob

Rob: [00:00:02] Olivia, she's been an entrepreneur, she's been doing her own thing for a few years now, and it's not really working out. It just frustrates me because I feel that's kind of holding us back.

Olivia: [00:00:17] When we decided to get married, I was an entrepreneur at that point and I was very transparent with him about my level of work and what I was able to do. And it's very unfair for him to turn around and be upset at this point in time because I feel like he knew what he was getting into.

Rob: [00:00:35] You're going on five years now and it's kind of come to a point where you have to see that something's not working out. You have to change something. You've had more than enough time to make it work.

Olivia: [00:00:46] It just makes me feel like a bad partner. Sorry. It makes me feel like a bad partner and a bad entrepreneur too.

[Narration]

Ramit Sethi: [00:00:59] I'm Ramit Sethi, and welcome to I Will Teach You to Be Rich. Today, meet Rob and Olivia. Rob makes \$70,000 and Olivia makes \$20,000, but they only have \$5,000 in savings, that's why they wanted to talk to me. Rob works a fulltime job, and he's frustrated because he feels like he's carrying the financial burden in their relationship. Olivia splits her time between part-time work and her own business. But Rob doesn't think her business is bringing in enough money. He believes it's time for her to admit it's not working and for her to get a job.

I wanted to speak to them because in lots of relationships, one partner will decide to make a change. Maybe they'll get a new job. Maybe they'll start a new business. And it affects both of their finances. But what if the new job requires a pay cut? What if the new business doesn't take off? And how long can a relationship last if one partner's financial contributions start to feel unfair?

Well, I started today's episode by asking Olivia and Rob to tell me about a recent trip

they took to a furniture store. Because I want you to hear how their income disparity is affecting their lives. Welcome to the show. Let's listen in.

[Interview]

Olivia: [00:02:26] All of the items that Rob tended to look at were of a higher price range than I wanted to spend and, quite frankly, that I feel we could spend. And I just constantly felt myself saying, "No, that's too much. No, that's too much. No, that's too much." And every time I said it, I could feel the increasing frustration with Rob trying to find something that, I guess, satisfied both of our needs. And it seemed like it was a harder situation than it had to be.

Ramit Sethi: [00:02:56] What was the difference in price between the ones you were looking at and the ones he was looking at?

Olivia: [00:03:00] I wanted to spend, like, between 1,000 and 1,500. Whereas, Rob was okay with spending 2,000 and up and around there, going for something that was leather, a little bit bigger, a little bit more luxurious. Right now, it's too much because we have a very limited budget as we just purchased the home, and we obviously have to be very mindful. And if it was one of those things where if we purchased that couch, we would have to very much sacrifice in other areas.

Ramit Sethi: [00:03:33] And is it common between the two of you that, Olivia, you are the one who's pulling for the lower priced item and Rob is going for the higher priced item?

Olivia: [00:03:42] For the most part, I guess I would be the one that wants to sort of keep things minimal budget.

Ramit Sethi: [00:03:49] Okay. So, what did you end up doing with that couch?

Olivia: [00:03:52] We ended up finding one that was 1,800 and we both liked it, so we made a compromise.

Ramit Sethi: [00:03:58] So, what's the problem? All right. So, you both approached it from a different perspective. You seem to find a middle ground. Would you say that that worked out well?

Olivia: [00:04:08] It did, but I felt like there was a lot of frustration from the initial decision or from the initial idea to look for something for when we got to the decision process. I feel like it didn't have to be that frustrating or that difficult.

Ramit Sethi: [00:04:23] So, in a magic wand world, what would that scenario have been like? You walk into the furniture store together, what would have happened? Walk me through it.

Olivia: [00:04:34] We would have looked at the sectionals rather than the price tags on the sectionals, first and foremost. And I think at that point, what he wanted, as long as it was the right colors and the right decor, I don't think the price would have mattered at that point in time. So, I think it would have been maybe a little bit of a debate about a particular color. But I think that decision making process would have just been simplified.

Ramit Sethi: [00:05:01] So, the magic wand for you in that scenario was what?

Olivia: [00:05:05] If we had a higher budget, it would have been easier for us to spend that money to make that decision.

[Narration]

Ramit Sethi: [00:05:13] It's kind of interesting that Olivia's answer to my magic wand question was, "We would have had more money." It's like, okay, yes, that would have been nice. But what would have changed about the way that the two of them made decisions? She didn't talk about that. I'll come back to that later. But, first, I want to hear from Rob.

[Interview]

Ramit Sethi: [00:05:35] Okay. All right. Great. Rob, now, you tell me about your perspective on what happened when you walked into that furniture store. What happened?

Rob: [00:05:42] It was frustrating to have to see all these things and you can't really afford it. Like, you're really limited to one or two pieces. And it's frustrating when I know that we don't have to be in that situation.

Ramit Sethi: [00:05:54] Yeah. Why don't you have to be in that situation?

Rob: [00:05:57] So, a lot of the sort of circles around the pivotal conflict, I think, that we have in regards to finances, it could be a little selfish. But Olivia, she's been an entrepreneur, she's been doing her own thing for a few years now, and it's not really working out. And it frustrates me because I feel that's kind of holding us back. So, I feel like if she had a better understanding of, "Okay. This isn't working. Maybe I should do something else." I think if that was the case then I think we could have more financial freedom and we could reach our financial goals a lot faster.

Ramit Sethi: [00:06:42] What's the breakdown of earning between you two?

Rob: [00:06:47] I make around 70. I'm a salary guy. I work a regular 9:00 to 5:00 job. Her schedule is a lot more irregular. Olivia, why don't you elaborate?

Olivia: [00:07:03] Last year, for instance, my income was \$20,000.

Ramit Sethi: [00:07:08] How long have you been working on your business, Olivia?

Olivia: [00:07:13] About four years but part-time. I've never been 100 percent fully self-employed. I do contract work and do consulting as well on the side to supplement the income that I'm not making, essentially. I know that if I were to dedicate 100 percent of my time, I would yield results a lot faster. But I feel like I can't do that because I would be giving up the income that I do have to whatever small amount that contributes to our household. And I feel like it would make things even harder.

Ramit Sethi: [00:07:50] Do you agree with Rob's characterization of feeling frustrated that you had to look at these sectionals that were sort of not what you had in mind?

Olivia: [00:08:01] Yeah. It was frustrating, for sure. And like Rob said, once you walk in the store and you kind of start really looking around at prices, like, that's kind of when the reality hits you. I mean, I was aware of furniture and pricing. But until I owned my own home, I never really had to buy it for myself. So, there's been a lot of eye opening experiences in these last couple of months preparing for that. It felt disappointing. It felt like at the age and stage of where I am in my life, I felt like I should have been able to, I guess, afford more, essentially.

Ramit Sethi: [00:08:36] What about Rob's comment about your business has been going on for a while, but it hasn't worked out?

Olivia: [00:08:44] I mean, it's not the first time I've heard that. It's not the first time we've talked about our jobs with each other and expressed our concerns, essentially, about each other's careers. And I understand, Rob's sentiment about the business not working and being frustrated. But when we decided to get married, I was an entrepreneur at that point and I was very transparent with him about my level of work and what I was able to do. And there's a part of me that feels that it's very unfair for him to turn around and be upset at this point in time because I feel like he knew what he was getting into. And that might be selfish as well, I recognize that.

Ramit Sethi: [00:09:28] Did you talk about this before you got married?

Olivia: [00:09:31] We did have some discussions, but it wasn't to the in-depth point of, like, pulling out a sheet with financials on it and saying, you know, this is my monthly earnings, this is my yearly earnings. It wasn't that detailed.

Ramit Sethi: [00:09:46] When did that happen, if ever?

Olivia: [00:09:50] Like, the detailed stuff you mean?

Ramit Sethi: [00:09:52] Yeah.

Olivia: [00:09:53] Honestly, when we were going through the process of qualifying for a mortgage to buy a house.

Ramit Sethi: [00:09:57] Oh, my God, you guys. So, you didn't pull out your financials until you were already married, is that right?

Olivia: [00:10:03] Well, we had a verbal discussion. But in terms of detailed discussion, like itemized, yeah, the itemized stuff came until after we were married.

Rob: [00:10:13] You know, I was very patient. She'd been doing this entrepreneurial thing for over, I think, five years now.

Olivia: [00:10:21] Although, I have [inaudible].

Rob: [00:10:21] So, I was understanding, I said, "Okay. That's fine. You could stop working this fulltime job that you're working to make sure you have the time to do this." We would go to shows together. And so, I hung in there, you know, I was working long hours and sometimes I felt the load wasn't even. Like, sure, I understand she's trying to grow her business, but you're going on five years now, and it's kind of come to a point where you have to see that something's not working out and you have to change something. Like, you're not living the life you want to live.

Olivia: [00:11:02] But I'm also not working the career I want to work. I want to be able to work for myself 100 percent of the time, and I can't financially do that because that would be putting all of the financial burden on you rather than most of it. And then, that puts us in a different predicament. So, this is the best that I could do.

Rob: [00:11:19] But it's not working. I mean, a good entrepreneur can realize when something's not working and then adjust.

Olivia: [00:11:24] But I've never lost money. Like, I'm not making as much as you want me to -

Rob: [00:11:30] But you got to think about the opportunity cost. You could be making a lot more doing something else.

Olivia: [00:11:35] You're right. And I could be making a lot more by not doing the side jobs that I'm doing and the consulting, and focusing completely on my business, which

is what I originally wanted to do. But we're at a point now where it looks like I won't be able to do that because we won't be able to support all of the household costs.

Rob: [00:11:56] But I think you've had more than enough time to make it work.

Olivia: [00:12:01] Okay. Ramit, maybe we need a mediator at this point. So, this is where we have a lot of our frustrations and a lot of our conversations, basically, like, come to this intersection.

[Narration]

Ramit Sethi: [00:12:13] You know what I noticed? That everything they just told me sounds pre-rehearsed. Like, they've had this conversation a million times. Like, it feels comfortable for them to be arguing like this. I decided to push on this. I want to probe on it because, very often, if people in a relationship are doing something, even something that seems destructive, they're usually getting something out of it.

[Interview]

Ramit Sethi: [00:12:41] You two seem to be enjoying that. Did you both enjoy that back and forth that you just had?

Olivia: [00:12:46] No. Not really.

Ramit Sethi: [00:12:49] I think you did. Let me guess, you've had that same back and forth a hundred times before.

Olivia: [00:12:55] Probably a thousand.

Rob: [00:12:56] Yes.

Ramit Sethi: [00:12:57] Okay. I have some things I can talk to you about, but first I really want to understand what are you both getting out of that?

Olivia: [00:13:06] Out of that mini conversation we just had?

Ramit Sethi: [00:13:10] Yes.

Olivia: [00:13:11] Nothing. To be honest with you, it just ends in frustration.

Ramit Sethi: [00:13:14] No. You got something out of it because you've done it a thousand times. Tell me this, what did you just feel at the end of that conversation?

Olivia: [00:13:23] Like I made a point. Like I stood up for myself.

Ramit Sethi: [00:13:26] Yeah. And what did that feel like?

Olivia: [00:13:28] It felt good to stand my ground.

Ramit Sethi: [00:13:31] Yeah. What else? How else would you describe it?

Olivia: [00:13:34] I don't know, like, a feeling of just honesty, of just being straightforward. It's just how I feel.

Ramit Sethi: [00:13:41] And if you share how you feel, that means that you are what?

Olivia: [00:13:47] That I care. That I'm invested.

Ramit Sethi: [00:13:49] Yeah. That you're honest. That you're the kind of person who tells it like it is. And, also, you don't back down. Is there anything else?

Olivia: [00:13:59] I don't know. Sorry. It's a weird question. No one's ever, like, asked me that in thinking about this. I don't know what to do.

Ramit Sethi: [00:14:08] Let me show you something.

Olivia: [00:14:09] Yeah, please do.

Ramit Sethi: [00:14:10] Let me show you something. Tell me the quadratic equation. Do you remember it?

Olivia: [00:14:18] No.

Ramit Sethi: [00:14:18] No. It's uncomfortable to be asked that question, right? It makes you feel like, "Oh, something I learned in third grade." It's uncomfortable. Did it feel uncomfortable to have that conversation with Rob just now?

Olivia: [00:14:32] A bit. Yeah. Yeah.

Ramit Sethi: [00:14:34] To me, you looked very comfortable.

Olivia: [00:14:36] Well, it's just that I've done it so many times before. It's like - I don't know - clockwork. It's just like a habit. It's just, like, how I respond.

Ramit Sethi: [00:14:49] Aha. It's like brushing your teeth. It's like coming home after a long day. It's comfortable. The two of you got right into a groove. I was just sitting here with popcorn, just watching. "Okay. He's going to say this, then she's going to say that." And you two were just overlapping like you've done it a million times. It feels comfortable. What do you think you get out of that?

Olivia: [00:15:11] To be honest, I don't know. I think maybe it's like a pseudo-resolution. Like, for five minutes, it feels like I said something. And then, until we look at our finances the next time and this conversation happens again.

Ramit Sethi: [00:15:24] Yeah. Yeah. It's like people who tell themselves, you know, "I really should work out. Maybe I'm even going to pick out some outfits to put on tomorrow. All right. I really should do it." And then, they do everything except get up and go outside for a walk. But it almost feels productive to go through the entire process and not go outside. Just like the conversation you just had. Bingo.

[Narration]

Ramit Sethi: [00:15:52] Olivia was very honest about what she's getting out of this. It feels honest to talk like this. It feels like she did something productive. But, ultimately, she actually accomplishes nothing. These are the kinds of games we play with ourselves. We subscribe to TED newsletters, but we don't actually take action. We follow 20 productivity experts, but we don't actually go to sleep an hour earlier or use a calendar.

It's funny, in self-development, many of us do everything except the one thing that actually works. This has two consequences. First, it makes us feel even worse. If we tell ourselves we tried everything, even though we really didn't, and then nothing changes, what does that mean about us? Maybe I'm just a failure.

Second, it damages the bonds in a relationship. Imagine how that adds up month after month, year after year just the arguing over and over. We all know couples whose only way of communicating is bickering. Well, how do you think they got like this? You are looking in a crystal ball with Rob and Olivia.

[Interview]

Rob: [00:17:15] It's damaging. It damages our relationship. It obviously hurts Olivia.

Ramit Sethi: [00:17:24] Ask her.

Rob: [00:17:26] Does it hurt you, Olivia?

Olivia: [00:17:30] Yeah. A little bit. Yeah.

Rob: [00:17:34] Do you want me to stop being so - maybe I'm being a little too aggressive or impatient.

Ramit Sethi: [00:17:46] Rob, try this. Ask her, "What does it feel like to you?"

Rob: [00:17:51] What does it feel like to you?

Olivia: [00:17:54] It just makes me feel like a bad partner. Sorry. Ramit, you should have told us to bring tissues too. It makes me feel like a bad partner and a bad entrepreneur too.

Ramit Sethi: [00:18:14] Rob, ask her why?

Rob: [00:18:16] Why do you feel like that?

Olivia: [00:18:20] Because it highlights the fact that we're not contributing equally financially to our marriage. And I think that's unfair. And I know you think that's unfair. And it just puts a lot of stress on me. It just makes me more aware of the fact that I'm not where I want to be in my career and I'm not in the income bracket that I want to be. And I feel like you have to suffer on account of me. And I don't like feeling like that. I've contributed that directly to your suffering or you not being able to experience the things that you want to in life.

Rob: [00:19:12] I mean, it's important to understand my concerns are mainly coming from a place of love. It's not that I want to beat you down or make you feel bad. That's not my intention.

Olivia: [00:19:25] I know. But the place they come from and the place they end up are two different places.

Rob: [00:19:30] Do you think maybe we can work together to get through this, Olivia? What can we do to make it better?

Olivia: [00:19:46] I think a little bit less pressure and a little bit more support would go a long way. And if there's anything that I can start communicating to you to make you feel more at ease and more confident with my abilities to grow my business, I'm happy to do that as well.

Rob: [00:20:08] Would you be willing to think about an alternative or maybe start thinking about something else?

Olivia: [00:20:22] I mean, I don't want to.

Rob: [00:20:24] What do you want me to do to maybe help you?

Olivia: [00:20:31] A lot of it comes down to, again, just in your vocalizations of your concerns, and how you say things to me, and how you talk about my business. And when you say things like it's not working, it just makes me want to work on it more and put more time and effort into it. And it makes me almost not want to consider other

options because it kind of creates like a hyper-focus for me now of, like, now that there's an even bigger glaring problem, I want to fix it that much more.

Ramit Sethi: [00:21:03] You have some very valid concerns, Rob. I want to hear them. Tell her how you feel.

Rob: [00:21:10] I feel the pressure, too. I mean, we're barely making ends meet. I guess it's a big strain. It's a big strain and I want to fix that strain. And I'm not sure if we still keep following this course, I don't know if it'll get better.

Ramit Sethi: [00:21:36] Which makes you feel what?

Rob: [00:21:38] Anxious and stressed out. It plays on my nerves, on my mind.

Ramit Sethi: [00:21:45] Olivia, do you want to ask him any questions?

Olivia: [00:21:49] I don't know. At this point, I don't know.

Ramit Sethi: [00:21:52] He just said quite a few blockbusters here. Did you hear the words he used? What were those words that leapt off the page? What were they?

Olivia: [00:22:00] Anxious.

Ramit Sethi: [00:22:01] Anxious? What else?

Olivia: [00:22:04] I think he said worried.

Ramit Sethi: [00:22:07] Worried? Don't you want to know what he means by that?

Olivia: [00:22:12] When you say you're anxious, Rob, what does that involve? What does that look like to you? What do you see in our life that exemplifies that?

Rob: [00:22:26] Well, now, with some mortgage payments, what if our car breaks down? I don't want to have to worry about getting a loan to pay for things that might come up just everyday living. What if we have to replace the roof? We inevitably do. We

need to make sure the funds are there. And I know it's compounded now because we bought the home. So, now, we have these fears because it's a big expense.

Olivia: [00:22:53] Well, how long would you be willing to spend supporting me as an entrepreneur? What's, essentially, your cutoff date? You mention all the time about how I'm not making enough money, but then what's an actual figure? What would be an acceptable figure?

Ramit Sethi: [00:23:15] I don't want to go down this road.

Olivia: [00:23:16] No? Okay. Sorry.

Ramit Sethi: [00:23:17] I noticed that the two of you love to jump to tactics and timelines really quickly. But as soon as you get there, then you both get unhappy with each other. Have either of you noticed that?

Olivia: [00:23:28] Yes.

Ramit Sethi: [00:23:30] Like, your first two questions, like, "When's it going to be in? How much is it going to be?" And then, you both get really upset and you start being "honest". Honest is code for hurtful in your relationship. The need to be honest, it's not really working for both of you. Honest is just a code for hurtful. So, we're going to try to rewind. Rob was saying quite a few interesting things about how he feels. Do you agree with him?

Olivia: [00:24:04] I mean, I suppose I do. I see where he's coming from. And the reality is, depending on the price of said event or item or whatever, most likely we would have to skip out on it because of where we are right now.

Ramit Sethi: [00:24:17] Do you think it might be helpful and nice for him to hear that you agree with him?

Olivia: [00:24:23] Probably. Yeah.

Ramit Sethi: [00:24:24] Have you ever told him that you agree with a lot of his concerns?

Olivia: [00:24:30] I feel like I have. But, now, that you're making me recollect, I don't know if I've ever said it that literally.

Ramit Sethi: [00:24:37] Go ahead.

Olivia: [00:24:43] Rob, you are right. And I do support you. And I understand what you're having to say and they're genuine concerns. And you absolutely have a right to feel that way. And it's completely reasonable to be concerned about those occurrences.

Rob: [00:25:03] That's reassuring. It's nice to hear that, Olivia.

[Narration]

Ramit Sethi: [00:25:09] That was a pretty amazing dialogue. I noticed that Olivia might have acknowledged Rob's concerns before, but she never actually told him. If you don't tell your partner something in a way that they understand, it didn't happen. I also tried to give them a different way to look at their communication. They talk about honesty a lot, but in their relationship, honesty is simply code for being hurtful.

There's a great book that covers this, it's called What Got You Here Won't Get You There by Marshall Goldsmith. And he talks about the excessive need to be me. That feeling that I've got to be honest. I've got to put it all out there. I've got to let them know who I am. Which, can serve you in the early parts of your career but it can become destructive as well. The excessive need to be me.

I'll tell you, I'm impressed so far. Olivia and Rob, they're aligned in lots of ways, so I want to build on that. We have a foundation to stand on together, so I'm going to use that to start talking about numbers.

[Interview]

Ramit Sethi: [00:26:23] Olivia, do you know what number would make him not feel scarce anymore?

Olivia: [00:26:31] To give you an exact number, no. I could probably say I'm sure anything if I was making \$40,000 or 50,000 a year and above, he'd be happy. But I don't have an exact number for him. I don't know if Rob's ever given me an exact number.

Ramit Sethi: [00:26:44] Well, have you ever asked him?

Olivia: [00:26:48] I don't know. I don't think so. Now, that I'm thinking about it, I don't know if I ever did.

Ramit Sethi: [00:26:53] Do you know why you haven't asked him?

Olivia: [00:26:56] Why?

Ramit Sethi: [00:26:57] You were too busy being honest and getting something off of your chest. You two are throwing a 45 pound weight back and forth because it's too heavy to sit on your chest. So, Rob, when it's on your chest, you can't breathe. So, you know what you do? You toss it over to Olivia. Olivia hates the feeling of it. Olivia tosses it right back. He never offered, but you never asked. Well, guess what? We have a golden opportunity right now. Go ahead.

Olivia: [00:27:32] Okay, Rob. What's the magic number? What would I have to make for you to feel comfortable?

Ramit Sethi: [00:27:38] Are you assuming that it's a number that would make him feel comfortable? Oops. That was my mistake. I asked Olivia if she knew Rob's number, and then when she actually asked it, I hit her with this gotcha question. So, my mistake. Sorry, Olivia. You were just asking Rob what I suggested.

Olivia: [00:27:58] I am assuming that you're right. Good catch. Rob, what would it take to make you feel more secure?

Rob: [00:28:07] I don't know, maybe a schedule or a plan, a detailed plan. You know what I mean? And more honesty with that plan.

Ramit Sethi: [00:28:17] Rob, if she does all that and the business doesn't generate any more revenue for the next six years, but she's changing and iterating, et cetera, are you going to feel secure?

Rob: [00:28:27] I think I would. It depends. I think if I make more money, then we have more of a cushion, you know what I mean? So, even if our business stays the same, the income doesn't really change, but my income changes, then I feel I'll have more security.

Ramit Sethi: [00:28:43] How much does your income have to change by?

Rob: [00:28:47] We're almost there. It's just that I feel we can get there with an extra, maybe, 20 grand, like two grand a month.

Ramit Sethi: [00:28:53] So, let's talk a little bit about what you both can do, because I understand that what you're doing right now is not working. Would that be fair to say?

Rob: [00:29:07] Yes.

Ramit Sethi: [00:29:07] Okay. Well, here's what I see. Life is fine. You both make a fine amount of money. It's fine. Your housing expense is at the upper bound of where it should be. You live in a high cost of living area. Some people in those areas even stretch a little bit more.

But by virtue of how much you're spending on housing and by virtue of your income, it doesn't leave a lot of extra to play with. That's reflected in your savings, which is \$5,000. It's reflected in your investments, which is 1,500 bucks. A very, very modest amount at your ages.

So, when you talk about having basics, things like an emergency fund or being able to fund a leak that might happen in your house or some kind of roofing issue, you know, you're certainly at risk. If it were me, I would be pretty nervous in this financial situation. Everything probably will go fine, but I don't want to be in a situation where it doesn't go fine, so that's number one.

Number two, this word freedom, Rob, that I heard you mention, the freedom to take a trip and not have to worry about how much it costs, the freedom to say, yes, we'll go out to dinner and not worry if everybody orders an extra round of drinks. That freedom is not there. It's not there psychologically. It's not there financially either.

And then, the third and I think most challenging aspect is that, the two of you are tossing this weight back and forth. And you're not rowing in the same direction. You're not a team right now. You're adversaries. It's hard enough to win in life as a team with two people rowing in the same direction. It's impossible to win when you are repelling each other going in different directions. So, how do you think that we could solve this? I'm not asking what the solution is yet. But how do you think we could solve this?

Rob: [00:31:25] More thorough financial planning. I think we have to start budgeting. And I think we have to be realistic about our finances and we have to start investing. We can't just leave it as an afterthought. I think we have to be more mindful and we have to be more active with our money.

Ramit Sethi: [00:31:50] What does that mean specifically? Budgeting, be active, what does that mean?

[Narration]

Ramit Sethi: [00:31:56] When you ask people how they might find a solution. They will almost always give you bad answers. Here's what they do, they'll give you answers that sound logical. "We need to keep a budget. We need to be active." None of those are the real answers. Honestly, if a budget would have worked, you would have done it already. I don't even like budgets anyway. It's not that people are trying to evade the question. It's that we naturally answer with what's top of mind.

It's like that game Family Feud. If I asked you, what's your favorite meat? Almost everybody would say chicken. It's what's salient in our mind. What are you afraid of getting hit by? A car. Or if you're Indian, your mom's Donda.

My job is to help people go beyond the obvious answers that don't really work. Think about these phrases that we toss around. "Follow your passion," usually shared by billionaires who do not have to work with a profit motive anymore. Or, "Work smarter,

not harder," usually shared by a 23 year old Instagram influencer whose parents pay for his Subaru rental. These kind of phrases make people feel good, like they discovered a secret that other people don't know. In reality, they're bromides, phrases that make us feel good but don't actually do anything for us.

[Interview]

Ramit Sethi: [00:33:30] And specifically budgeting, be active, what does that mean?

Rob: [00:33:34] Financial planning was always kind of in the background, you know what I mean? I think now it has to be something that we make effort into, looking into, and taking time to plan, and make sure that we're fine, and that we're putting our money where it needs to go.

Ramit Sethi: [00:33:55] So, planning, that's one answer. Good. I agree. What else, Olivia?

Olivia: [00:34:00] I think it would be beneficial for me to reevaluate where I am in my career and make some definitive, positive changes. What I deem to be positive changes for my own business.

Ramit Sethi: [00:34:13] And what would that get you towards? What would the end outcome be?

Olivia: [00:34:16] To generate more revenue, essentially.

Ramit Sethi: [00:34:19] How much?

Olivia: [00:34:19] And then, increase my income.

Ramit Sethi: [00:34:21] How much?

Olivia: [00:34:22] Are you talking, like, a yearly goal? Or in what parameters?

Ramit Sethi: [00:34:27] I don't know. You tell me.

Olivia: [00:34:29] If I could be making \$10,000 more by next year, I would be happy with that. To a point where if I could one day be making over \$50,000 annually, I would be very happy with that right now.

Ramit Sethi: [00:34:47] Hold on a second. How much are you currently making?

Olivia: [00:34:50] \$20,000.

Ramit Sethi: [00:34:51] Okay. So, when you say I would be happy making 10,000 more.

Olivia: [00:34:56] Right. Like, for a yearly goal, for instance. Like, for next year to take my income from 20,000. If I could make whatever changes I needed to in my business to get me to that next step of revenue, I would feel more comfortable. I would feel more confident. And I think Rob would also feel better as well if he saw that financial progress.

Ramit Sethi: [00:35:20] Is that true?

Rob: [00:35:23] Yeah. I think so. But, Olivia, that 20 grand, that also includes the the jobs that you're working part-time that take away from your business, so you can't lump that together.

Olivia: [00:35:42] Well, I would, obviously, at this point have to continue what I'm doing. I couldn't give up my consulting on the side because we still need that supplemental money. However, I do feel that once we have our own place and a lot of the dealings with the house is behind us and my schedule frees up, I can designate that time to making those changes.

[Narration]

Ramit Sethi: [00:36:11] Olivia is cruising. She's giving me an answer she thinks is right. It sounds logical. It feels good. But I'm not buying it. Here's where I step in and gently push her. And this is going to be the theme of the rest of this episode, me getting her to believe in herself and to think bigger. To push her beyond what she thinks is possible.

Because sometimes you need someone who believes in you even more than you believe in yourself.

[Interview]

Ramit Sethi: [00:36:45] I'm not following along. Let me tell you why. Olivia, you said I would be happy if I went from 20K to 30K.

Olivia: [00:36:59] As a one year goal.

Ramit Sethi: [00:37:01] Yeah. You might be happy with that, but would that materially change your financial situation? I'm talking about the two of you.

Olivia: [00:37:12] At this point, not a huge amount, but I think it would be enough to make a progression towards a place that we were both happy with.

Ramit Sethi: [00:37:22] And how long would that progression take to get there?

Olivia: [00:37:26] My goal would be within three to five years.

Ramit Sethi: [00:37:30] That's too long, I'm just going to tell you point blank. You're 31 years old, right?

Olivia: [00:37:36] Yeah.

Ramit Sethi: [00:37:37] Thirty-one years old, you want to wait until you're 35 or 36 to be making, what, \$50,000?

Olivia: [00:37:47] I mean, I would ideally like to make more than that, but I'm just trying to find what I seem to be a reasonable increase. I don't think I'm in a field where, like, a 30, 40, 50 percent increase in my revenue would be possible. I mean, it does depend on the person ultimately. But from what I've seen, it's that slow and steady progress. I don't know if I will ever hit that exponential progress.

[Narration]

Ramit Sethi: [00:38:18] What do you notice about Olivia's response? She's laid it all out there for us. She's not earning what she wants. But instead of comparing herself to what she could be earning on the open market, she's comparing herself to where she is today. But where she is today is a place that her own decisions brought her to. So, she's basically picked a low benchmark. And then, she said, "Well, it's low, so I can't really go anywhere from here." She's created a tautology.

This is what I mean by the costs of indecision. Everyday you're at a job you don't love, you know, the one you're underpaid or not respected or not learning any skills. You are creating a belief for yourself that that's what you're worth. After a few years, it's almost impossible to see out of the fog. Same with being in a bad relationship. Same with not investing enough. It might seem like a small problem today, "Oh, I didn't really put aside, Ramit has Recommended 10 percent, 15, 20 percent."

But over time, that problem compounds and eventually becomes very difficult, if not impossible, to fix. Olivia is underselling herself, and I'm going to need to be unusually direct to get her to see that.

[Interview]

Ramit Sethi: [00:39:42] How much did you make in your business last year?

Olivia: [00:39:44] Around 8,000.

Ramit Sethi: [00:39:46] Okay. So, you made 8,000 from your business last year?

Rob: [00:39:49] Yes.

Ramit Sethi: [00:39:50] What number should you be making in a business that you are doing that contributes to your relationship, your marriage, and your own personal career fulfillment? At 31, how much should you be making a year in your own business?

Olivia: [00:40:08] I would like to be making ideally more than 50,000 a year.

Ramit Sethi: [00:40:12] Very good. I agree. Now, if you come to me and said \$22,000, that's bullshit. You're just comparing it to 8,000. 50K, okay, now, we're talking real

numbers. And, realistically, if you're putting in all this work, probably working weekends, probably working late nights sometimes, as an entrepreneur, you ideally want to be making more than you could be making at a fulltime job. So, give me another number that would account for all the time and risk you're putting in.

Olivia: [00:40:43] Higher than that, maybe \$75,000.

Ramit Sethi: [00:40:47] Okay. Do you notice that what you want to make in your own business is only 50K? That seem peculiar to you?

Olivia: [00:40:54] Well, I mean, if you asked me in my lifetime goals, I would love to make seven figures annually. But I also understand that, you know, you've got to take it step by step. So, in my mind, my next step is to make 50,000. Once I get there, I want to reevaluate my financial plan and say, now, I want to make whatever the next increment I decide is.

I mean, again, ideally, yes, a seven figure or high six figure income would be fantastic. But it also is a bit of a pipe dream when I know what I'm currently making and I know how long it can take people to grow their revenue, essentially. So, I'm trying to be realistic.

Ramit Sethi: [00:41:39] Yeah. Realism is good. Nobody's talking about seven figures at this point. So, let's just take that out of the equation. But, Olivia, you've been stuck making less than \$10,000 in your business for five years. Do you see that your dreams have shrunk and shrunk?

Olivia: [00:41:59] Yeah. I do.

Ramit Sethi: [00:42:00] Think back to when you were 20 years old, what did you imagine you'd be doing in your 30s?

Olivia: [00:42:06] Making a lot more working, like, a 9:00 to 5:00 salary job.

Ramit Sethi: [00:42:09] Yeah. And, now, I don't mind that you want to be an entrepreneur. I'm an entrepreneur. It's great a lot of times. Sometimes it sucks. But

that's the life. Fine. But I'm talking about your dreams. Your dreams went from upper middle class, as you described it, taking vacations, having a house, to I hope that over the course of ten years of this business that I can make \$50,000 a year. Olivia, that is not a dream. Does that dream excite you?

Olivia: [00:42:48] I mean, from what I'm making right now, no.

Ramit Sethi: [00:42:51] No. Don't compare yourself to where you are right now. Where you are right now is a place you don't want to be. So, let's not benchmark against that. Talk to me about where you want to be in your rich life.

Olivia: [00:43:03] Yeah. I would love to be making more than 50 grand. I would love to be making six figures, ideally.

Ramit Sethi: [00:43:10] Okay. Six figures. Now, maybe you won't get there tomorrow, but at least you've put an intention out there. Okay, fine. Okay. Let's come up with a plan. Listen, you make 90K household income. How much would you need to make per year for both of you to feel good? Not great. I'm not talking about \$1,000,000 a year. To feel good.

Olivia: [00:43:38] \$150,000.

Ramit Sethi: [00:43:40] Where'd you come up with that number?

Olivia: [00:43:42] Just looking at 150 divided by two would be 75,000. So, I figured if we were both making that, that seems like quite a reasonable income that we could, again, satisfy all of our financial goals with.

Ramit Sethi: [00:43:59] Okay. Well, at this stage, there's no magic formula. We're just pulling it out of thin air, and that's okay.

[Narration]

Ramit Sethi: [00:44:08] Now, I want to get them to zoom out of their day to day money situation and describe their rich life vision. This isn't just a gimmick. It's a way for them to get out of the weeds and to paint a vivid picture of what they actually want to do. This

is what they're working for. And if they decide to make changes, this vision is what's going to keep them focused. A specific, personal, rich life vision is a thousand times more motivating than cell F13 in a spreadsheet. As Rob and Olivia described their vision, notice how their tone changes.

[Interview]

Olivia: [00:44:51] We go to Italy and we pour it from there. There's a ten-day cruise that's a part of our itinerary. And we go through the Mediterranean, and we see a number of cities, and stop and try all of the different foods that we want. And then, after the cruise portion, we go to the rest of Europe that's not on the coastline. And we go visit lots of different countries, and eat all of the different foods, and see the beautiful landscapes, and maybe see family there as well.

Rob: [00:45:28] Go up to Rome, see The Coliseum. I just want to sit back and watch the sea with the pizza, a cocktail or maybe an espresso, depending on what time of day, and just taking the heat. Ideally getting away from the Canadian winter, that's probably the best time.

Ramit Sethi: [00:45:50] What would you two feel sitting on the ocean side, pizza in one hand, a good Italian beer in the other, watching the ocean in the sunset. How would that feel to both of you?

Olivia: [00:46:05] That feels so comforting, it feels relaxing, it feels fulfilling, happy.

Ramit Sethi: [00:46:11] I love that. To me, it also would feel like accomplishment.

Olivia: [00:46:18] Yeah. Absolutely.

Ramit Sethi: [00:46:19] We did this. We went from - what was that old thing that we now mythologized in this relationship? What was that dark place we never want to go back to?

Rob: [00:46:29] The furniture store.

Ramit Sethi: [00:46:30] The furniture store, that place. We are never going to go back into that flea ridden furniture store. And now where are we?

Olivia: [00:46:40] We're on the coast.

Ramit Sethi: [00:46:42] What a beautiful progression in life. Can you feel the difference as you talk about that trip?

Olivia: [00:46:48] Oh, totally. Totally.

Rob: [00:46:49] Yeah.

Ramit Sethi: [00:46:51] It's totally different than the typical dynamic when the two of you talk about money, isn't it? It's about dreaming. And by the way, this dream is not a fantasy. Do you see that it's actually somewhat realistic to be able to take a trip like this?

Rob: [00:47:07] Yeah.

Olivia: [00:47:08] Yeah. Totally.

Ramit Sethi: [00:47:08] Not today, but soon. We're going to get there in just a second. This trip, what you described to me is not a million dollar trip. How much does it cost? Ballpark it for me. Just ballpark.

Rob: [00:47:23] Six grand.

Olivia: [00:47:25] I don't know. I was going to say ten grand to afford all the cost.

Ramit Sethi: [00:47:26] Ten grand. Okay. So, let's go for the higher number. I like to be conservative. Let's pick the higher number, ten grand. Okay. Could you afford this trip today?

Rob: [00:47:35] No.

Olivia: [00:47:35] No.

Ramit Sethi: [00:47:36] I agree. Could you afford this trip if you made 120K?

Rob: [00:47:43] Yes.

Olivia: [00:47:44] Probably. Yeah.

Ramit Sethi: [00:47:45] Okay. What about 150?

Olivia: [00:47:47] Yeah. Definitely.

Rob: [00:47:48] Most definitely. Yeah.

Ramit Sethi: [00:47:49] Okay. All right. So, as you create your conscious spending plan from chapter four, you will see exactly when you can afford this. It may take you a little bit of savings. I actually think the two of you are going to find a lot of joy in coming up with this rich life goal and putting money towards it every single month, which will happen automatically. Because each month you do that, you're getting one step closer to taking this trip and knowing all your other stuff is being handled. You've got your savings being built and little investment. But you're working towards something that's almost going to transform the chapter of your relationship.

So, we think that maybe at 120 you could do it. Maybe. At 150, you feel very certain. Great. So, it sounds like you have a goal of making 120K in roughly the next 12 months in your relationship. Is that fair to say?

Olivia: [00:48:52] Yeah. That's reasonable.

Rob: [00:48:53] I think so, yeah.

Ramit Sethi: [00:48:55] Okay. So, you're at 90 right now. Let's talk about what are your options in order to get to 120.

Olivia: [00:49:05] I think a very easy answer would be to increase my income. Rob and I could both collectively increase our incomes.

Ramit Sethi: [00:49:19] Okay. I'm going to ask each of you, how could you do that? Rob, let's start with you. How could you increase your income in the next 12 months?

Rob: [00:49:29] I think, for me, it'd be maybe incorporating some kind of a side hustle, putting in some weekend work, buying Bitcoin - I'm kidding. Yeah. I think maybe just more side hustles or maybe even getting into some kind of a hobby, maybe like woodworking or refinishing furniture. I don't know, like, that's the immediate thought that comes to my mind.

Ramit Sethi: [00:50:05] Okay. And would you be interested in doing something like that?

Rob: [00:50:09] The problem is, now with work, especially now we're moving further out, I'll be out of the house for, like, 12 hours a day. It's hard for me to say yes 100 percent, because I might just not have the energy to do it.

Ramit Sethi: [00:50:28] Okay. Fair enough. So, let's say that's a maybe. We understand there's some commute changes that are going to happen. Fine. But there is an option from your end. Good to know. Olivia?

Olivia: [00:50:41] Yeah. I mean, I could stop doing the consulting and finding another job that could provide a more regular, steady income. And, also, having a more predictable schedule would allow me to work in my off time more efficiently as well, I think. So, I think it's a combination of both. I could focus a little bit more on the business and actually make the progress I want to. And I won't have to worry that my other income is lacking because I'll have, again, the regular paycheck, the regular schedule. It makes it a lot easier to plan from that point in time.

Ramit Sethi: [00:51:20] Okay. In terms of your business, I want to give you a couple of suggestions. I never think it's a good idea to tell an entrepreneur to close down your business. Because entrepreneurs are kind of delusional, and if somebody tells them that no matter how bad the business is doing, they go, "I was just about to make it." You

know, in a way, it's like a gambler's fallacy. So, you can't do it. You can't do it.

There's a different way to do it, which is this, let's create a concrete, quantifiable goal. You do whatever you need to do to hit that goal. But if at the end of the time period that we all agree on, the goal is not hit, it's time to say bye-bye to this business. You're so young and you have such a long life - hopefully, this business hits big. But if not, you probably have five other businesses in you - and it would be a tragedy for you to be wasting years of your life on a business that is just not taking off. So, tell me what these numbers and these goals are for you to decide if this business is going to go on or end.

Olivia: [00:52:35] By next year, I would really like to generate \$50,000 as income.

Ramit Sethi: [00:52:44] That's good. But next year is a very broad time range.

Olivia: [00:52:49] I mean, I guess by the end of next calendar year.

Ramit Sethi: [00:52:53] You want to wait over 13 or 14 months? That seems way too long. Why don't we start by asking Rob? Rob, what would be a reasonable timeframe for Olivia to try whatever tactics she's going to try with her business and to determine if the business has legs or needs to shut down.

Rob: [00:53:14] Six months. Six months, maybe even less than that.

Ramit Sethi: [00:53:26] Like what? Rob's about to say, like, "Two weeks and then toss it out."

Olivia: [00:53:33] Rob was about to say yesterday.

Ramit Sethi: [00:53:38] That would be Rob's, like, "Two weeks and then this thing is shut down." All right. Give us another number, Rob.

Rob: [00:53:45] I think maybe, like, four months. I think four months is plenty, especially because it's not like you're starting it from scratch. So, I think if you're going to make any changes, you're probably going to see the results sooner rather than later.

Ramit Sethi: [00:54:01] Okay. Do you notice what I've been doing this whole conversation? What have I been doing differently than what both of you typically do?

Rob: [00:54:11] You're telling us to, maybe, communicate with the other person more instead of imposing our own ideas and will.

Ramit Sethi: [00:54:21] Yeah. Ask a lot of questions. So, I like what you just said, Rob. But, ultimately, who has to agree to this?

Rob: [00:54:26] Olivia. Olivia has to be able to more -

Ramit Sethi: [00:54:29] Let me give you a hint. The more words you use, the worse it's going to be. And this is for both of you, the more words you use, you start to lose all power and meaning. And the other person, because of the relationship that you formed, is looking for a way to knife their way out of it. So, really think before you ask this question and make it crisp.

Rob: [00:54:52] Do you think four months is enough, Olivia?

Olivia: [00:54:54] It sounds like a little short to me. I think six months would be more reasonable.

Ramit Sethi: [00:55:04] What's the difference between four and six?

Olivia: [00:55:08] I mean, two months, you could make significant progress in that amount of time.

Ramit Sethi: [00:55:13] All right. While you're working on this business, what's up with finding the job as well?

Olivia: [00:55:21] I'm not prepared at this moment to apply, so I feel like I would need a day just to sort of get a resume in order to get me up to speed. But I feel like within a few weeks, maybe a month, I could find alternate employment.

Ramit Sethi: [00:55:37] That's pretty interesting.

Olivia: [00:55:39] Yeah.

Ramit Sethi: [00:55:39] I love your confidence, by the way. That's awesome. I love that. It takes me a day to get my resume. Look how fast you're moving. How come you move so fast on that?

Olivia: [00:55:51] Because I feel very confident about the things that I'm in control in. Like, I know I could do my resume. That's completely up to me. I feel that I start to get nervous when other people are involved in things. When there's variables, that's what concerns me.

Ramit Sethi: [00:56:13] I agree. I hate the variables of people myself. Sometimes I'm like, "Can you guys just do it my way? What's the problem here?" I feel you on that. Okay. You can get a job within a few weeks. I absolutely love it. And that job is going to pay you, again, ballpark it for me?

Olivia: [00:56:31] I'm thinking around \$40,000, at least minimum.

Ramit Sethi: [00:56:35] Up to? What's the high end of that reasonable range?

Olivia: [00:56:39] Let's say 50,000.

Ramit Sethi: [00:56:40] Great. Aim for 50. If you only make 40 - Rob, how would you feel about her making \$40,000 a year steady income?

Rob: [00:56:48] I feel great. I think that really helped out.

Ramit Sethi: [00:56:51] Yeah. Good. Good. So, 40 to 50, aim for 50. I think you could do it. It's a good labor market, too. Really good labor market paying a lot of money. So, do that. And because you're so confident - and I love it - I agree with you, Olivia. I think you can take the extra two months. Put that six months into your business, you know, weekends, nights, whatever it is that you need to do, and give yourself a full shot at success. And the reason that you get, in my opinion, six months rather than haggling over four is, hey, you're earning money with your fulltime job. That's fantastic. So, it's

like a win-win for everybody.

Olivia, for you, you're going to restart your career, which will be great. You are going to have a predictable schedule, which will be awesome. You're going to have some time to focus on your business and a clear six months to get this thing going or put an end to it. And, of course, Rob, you're going to get stability and higher income for the household. And what are the two of you going to get with this, by the way? What's that thing that we're working towards?

Rob: [00:58:09] A trip. A trip to Europe.

Ramit Sethi: [00:58:11] Yeah. It's very concrete. Of course, you'll do all the automation and investments. Of course, you're going to do all that, but that doesn't get you up in the morning, does it?

Rob: [00:58:20] No.

Olivia: [00:58:21] No.

Ramit Sethi: [00:58:22] It's the ocean side pizza. That's the vision that I want you talking about every single month, "How are we doing? How are we doing? Italy. Greece. Oh, can't wait." Now, I just have a question for you, Olivia. How do we know at the end of six months whether the business is "successful" or not?

Olivia: [00:58:41] Well, I think prior to beginning this new re-imagined business journey, it's coming up with a figure. And if I can hit that figure, I think it's a good indication that I'm making the progress that will help build my business to the level I want it to.

Ramit Sethi: [00:58:59] I agree. Let's do the number right now. Go ahead.

Olivia: [00:59:02] I would say \$15,000 as the first increment. If I could go from making, like, eight grand last year, basically doubling that, making 15, I would be higher than that.

[Narration]

Ramit Sethi: [00:59:16] Again, Olivia is benchmarking against what she currently makes instead of what she could make on the open market. She's essentially self-handicapping or giving herself a way to dream smaller. That way, if she makes \$15,000, she can say, "See, I did it." But \$15,000 won't change her life. It's not meaningful. It's a number she set because she feels scared to dream bigger.

Experienced entrepreneurs know that you're going to work, basically, just as hard to make \$50,000 as \$15,000, so why not go for more? I think that Olivia has been driving in the fog for so long that she can only see 15 feet in front of her. So, me asking her to look a mile down the road is very hard and very scary. I have to push her to get out of this scarcity mindset.

[Interview]

Ramit Sethi: [01:00:20] I'm not inspired by that, 15K for you doing a business over what time period?

Olivia: [01:00:26] Over the six months.

Ramit Sethi: [01:00:27] No.

Olivia: [01:00:27] No?

Ramit Sethi: [01:00:28] Come on, Olivia. You know how many people I help start businesses? 15K, first of all, it's not inspiring. And second of all, it doesn't do anything for your financial situation. Olivia, remember what I told you about taking your old mindsets and throwing them in the trash and taking them out to the trash bin?

Olivia: [01:00:46] It's easier said than done.

Ramit Sethi: [01:00:47] Of course. I know. Well, let's do it together. That's why I'm here. So, I'm going to go out to the trash bin real quick. Hold on. Let me rip that trash bag open. Oh, yeah, there's that old mindset. What was that mindset you used to use with your business regarding how much you make with it?

Olivia: [01:01:04] That I would be happy just to make 15,000 or be happy to make more than what I had before.

Ramit Sethi: [01:01:12] Fuck that. Olivia, let me tell you how an entrepreneur thinks. I'll just tell you point blank. This is how I think, listen, I manage a lot of people. I work with an amazing team. I take financial risks. Sometimes I work weekends, et cetera. I better be making more than I could make on the open market, and a lot more. Now, some years it's not going to be as much. Some years I might lose money. But I have to know that I'm working for something. And that something has to be way bigger than I could make in a 9:00 to 5:00 job. So, take that aggressive, assertive mentality I just gave you, and adapt it for your situation as an entrepreneur. What's the number?

Olivia: [01:02:00] \$50,000.

Ramit Sethi: [01:02:01] Okay. And break that down for me. Is that 50K in the last month, over the course of six months? What are we talking about?

Olivia: [01:02:09] 50K within six months.

Ramit Sethi: [01:02:13] Okay. Okay. I like it. I'm going to probe a couple of holes here just because this is going to come up eventually. By the way, you look very uncomfortable. Am I reading this correctly?

Olivia: [01:02:22] Yeah. You know what? When you've operated from, like, a survival mindset for so long, it feels so foreign, like it feels fantastical. Like, I know you keep saying it's not a fantasy. But from where I'm standing right now, these things, they appear to be a fantasy.

Ramit Sethi: [01:02:39] I know. And that's even the more reason that you need to push hard and push fast or get out of this business. Because this business is making you think so small that it's tragic. You're sitting here telling me 15K over - what was it, six months?

Rob: [01:02:56] Mm-hmm.

Ramit Sethi: [01:02:56] Hold on. I'm going to do the math right now. I'm about to puke. 2,500 bucks a month after five years of running a business? No. No. That's unacceptable. You're thinking way too small. I just can't allow it. My job is to get you to think bigger. And if the best you can squeeze out of this business after five years, if the best is 2,500 bucks a month, and you're really trying and you want it to get bigger than that, then maybe this is not the right business for you. I think you probably have something bigger inside of you than this.

Olivia: [01:03:35] It almost feels inauthentic to want more.

Ramit Sethi: [01:03:41] Yeah. Why is that?

Olivia: [01:03:43] Because I've just been at a certain income level for so long and I feel like I've just almost - I don't know - acclimatized to the lifestyle that my current income provides. I don't know, it just feels like above myself. Like, who do I think I am to want to earn that much money? Like, it doesn't even sound realistic when I say it.

Ramit Sethi: [01:04:12] That's sad to me.

Olivia: [01:04:13] Sorry.

Ramit Sethi: [01:04:15] You don't have to apologize. But it's sad that you don't think you deserve more than \$2,500 a month from a five year old business. And what makes me hopeful is that we are coming up with a plan, together with Rob, so that you can find out if this business is right for you or if there's something else that's right for you. Did you know, by the way, when you told me about the job you had in your 20s at the college, that was the only fulltime job you had?

Olivia: [01:04:48] Yeah. Yeah. My other jobs were all part-time jobs.

Ramit Sethi: [01:04:51] And so, you made this offhand comment at one point, "I wouldn't want to go back and work fulltime somewhere." But the only place you worked was the college you went to.

Olivia: [01:05:03] Right.

Ramit Sethi: [01:05:04] You have no knowledge of what other jobs and other managers could be out there. It might turn out that you love it. But deep down in your head, to close this business down and work a 9:00 to 5:00 means that you are what?

Olivia: [01:05:17] A failure.

Ramit Sethi: [01:05:19] Yeah. Do you believe that?

Olivia: [01:05:21] I don't want to believe that.

Ramit Sethi: [01:05:23] I don't believe it. I believe it's very courageous to take a look at something that's going on in your life and say, "This might not be working for me. Maybe I picked the wrong domain name. Or maybe the market doesn't like me. Or maybe I'm just over my skis. But whatever the reason, I'm just not enjoying it. It's not working. And I'm going to put an end to this because my future is bigger than my past." That's courageous to me.

Olivia: [01:05:54] Thanks, Ramit. It's nice to hear that.

Ramit Sethi: [01:05:57] Yeah. That's why I'm hopeful for you, because I want you out of this quicksand.

[Narration]

Ramit Sethi: [01:06:03] I'm using vivid imagery so Olivia can connect with it. Quicksand, everyone can envision a cartoon with quicksand. That feeling of slowly sinking, of being totally helpless. These are the kinds of things you will rarely hear talked about in financial discussions.

It's easier for someone wearing this ruffled suit to talk about expense ratios and estate planning than it is to get vivid, and specific, and even theatrical with the terms we use. But that is what connects with someone like Olivia. That's actually what connects with all of us.

I'm going to keep going on this metaphor of quicksand, and I'm going to get Olivia involved in co-creating it with me.

[Interview]

Ramit Sethi: [01:06:50] We got to name this quicksand that you're stuck in right now. This quicksand is murky, and it makes you shrink like one of those Honey, I shrunk the kids movies that came out when we were kids. What do we want to call this quicksand? This land that you are stuck in right now, Olivia? Name it for me.

Olivia: [01:07:07] I don't even know. It's like the Badlands.

Ramit Sethi: [01:07:11] Okay. I like that. Rob, are you good with that name? Because you're going to be using this name in a second.

Rob: [01:07:16] I was more so thinking Iowa - no. Kidding. I think Badlands.

Ramit Sethi: [01:07:25] I like the Badlands. So, what is this place, The Badlands? What happens there, Olivia?

Olivia: [01:07:32] It's where all of my thoughts and my beliefs by my internalized scripts ruminate around. It's all the negativity and everything.

Ramit Sethi: [01:07:51] I can see a witch's cauldron in there and there's just someone just stirring this pot. And in this pot, there's little word bubbles coming up floating above it. One of them says "You are not enough." One of them says, "If you close this business, you will be a -" finish the sentence.

Olivia: [01:08:08] Failure.

Ramit Sethi: [01:08:09] "You will be a failure." And the other one says, "Maybe I can make \$800 a month." You know, just these terrible phrases. Also, a video game character in this Badland, it shrinks you. So, you walked in there at your normal height and your normal strength, but day by day, it's shrinking you, isn't it? How's it shrinking you?

Olivia: [01:08:37] Yeah. It eats away at my confidence. It eats away at my motivation. It eats away at my creativity, my willingness to take on challenges, and to set goals, and to go after things.

Ramit Sethi: [01:08:52] Yeah. Now, I want you to do an exercise with me. Think of yourself at 21 years old. And just visualize what you're wearing and what you look like. Now, imagine you just a couple of months ago. You've been in the Badlands for four plus years. What is the difference? What did you look like at 20 versus what does the person in the Badlands look like?

Olivia: [01:09:22] The person in my 20s was a lot happier, a lot more optimistic, more carefree. The version a couple of years ago feels more burdened. Feels maybe trapped, almost.

Ramit Sethi: [01:09:41] What's the difference in what they're wearing?

Olivia: [01:09:46] In my 20s, I'm wearing what I would normally wear to, like, going out to a club. And then, in my 30s, if I'm at home, I'll usually just wear leggings and a t-shirt or leggings and a hoodie, and that's what I envision myself in.

Ramit Sethi: [01:10:01] And that's fair enough. But when you wear those clothes in the Badlands, what happens to those clothes? Remember, it's toxic in there. There's a witch's cauldron. What's happening to everything you're wearing?

Olivia: [01:10:10] It's deteriorating. It hurts. There's scars and scratches and scrapes.

Ramit Sethi: [01:10:17] Yes. Yeah. It's terrible. Your hair's all disheveled. It's not a good place to be. And I love that word you used, carefree. I see the person in their 20s, they're smiling. That's the way that I can tell there are lots of laughter. And the person in the Badlands, how do they look on their face?

Olivia: [01:10:38] Worried.

Ramit Sethi: [01:10:39] Worried. That's it. That's the word, worried. Now, you know what I want to point out to you? You don't have to be the person in the Badlands. Did you know that?

Olivia: [01:10:51] I'm sure deep down inside I did, but it's like I didn't even consider it.

Ramit Sethi: [01:11:01] Who's the only person keeping you in there?

Rob: [01:11:03] I am.

Ramit Sethi: [01:11:04] Yeah. And it's all up here in your head, isn't it?

Rob: [01:11:07] Totally.

[Narration]

Ramit Sethi: [01:11:09] I have a lot of sympathy for Olivia. I've been through this myself. And I've seen it in thousands of my students who have taken our business programs and tried to start a business.

For example, they'll join our Earnable Program, and they'll be nervous about not having an idea. Or if they come with an idea, which is less common, they feel like they have to make it work, "This is my one idea." And they'll go through the videos and they'll watch us show them the timelines of how long it takes. And they will use our scripts to reach out to prospects. And we repeatedly remind them, "This is going to take time. Your first idea likely will not work." And they nod, they go, "Okay. Okay." But deep down, they want it to work on the first try.

And when it doesn't, because starting a business takes time, and sometimes lots of tries, you see two different responses. Some people shrug. They nod and they say, "Okay. Onto the next idea." These people have typically experienced failure before. And they know if one thing doesn't work out, it's no big deal. There are more fish in the sea. They're ready to keep trying.

The next group is so nervous about failure. They're so in their head that the minute something doesn't go right, they quit. They blame the idea. They blame themselves.

They blame me. But they never realize it's actually the way they approach hard things in life that's holding them back. And it can be starting a business. It can be starting a fitness journey. It can be starting to become a great parent. It can be any number of things. But they are just not willing to give it the time.

Olivia is an interesting variation of someone who did get started and she actually had some success, but she has become satisfied with small results. I don't think she would ever let a friend accept these kinds of results. She would never let a friend say, "Oh, I made \$8,000." True success would be making \$15,000 in one year. "What? No."

I don't mind if it sounds a little harsh for me to push her, but the fact is, sometimes you need somebody who can push you to think bigger than you would think yourself. I know Olivia would tell her friend to think bigger, to move faster, or if it's not working, to move on. But she has settled with herself. I'm hoping that my own story can help her see this.

[Interview]

Ramit Sethi: [01:13:52] When I first started out, which I would say is probably in a similar situation to where you are now, all I was doing was everyday I was showing up and I was doing what I thought was cool and would help me grow. And I had a very long time horizon. I was like, "I don't need to make money on this anytime soon."

But as I started to get a little bit more sophisticated, for example, I started to need to make more money. And I was like, "Oh, I have expenses." And then, I also started to say, "Oh, my gosh. I get, like, three customers a day." Then, I started to think to myself, "What does this mean?" And so, at the time I was doing many different things, much like you are now.

And so, what I did was kind of on the back of a piece of paper, I said, "Okay. Six months from now, what should this be doing?" It was exactly the same process that we're doing right now. And the number I picked was arbitrary, just like the number you picked was. But it told me, like, if it was 50K, that tells me that I'm doing something meaningful. Because if it's 50K, I could probably turn it into 100K, and that starts to get really interesting.

On the other hand, if I only made 5K, that tells me point blank like, "I tried. I don't know

why it didn't work. Maybe it was me. Maybe it was the market. Maybe it was the product. But I don't really care. I'm done." It just gave me a benchmark to make decision. And I like that because we play tricks on ourselves. We tell ourselves, "Well, it's because of this and it's because I have my consulting and blah, blah, blah. And if I really focused on it, I could do it." It's all lies.

All we need is something. We just pick an arbitrary goal. The goal could even be wrong. There were a couple of times where I set a goal and I didn't hit it, but I was like, "You know what? There's something here. I'm going to keep going. I'm going to ignore my old rule." I broke my own rule. But I could tell that there was trajectory. It kept me honest.

Olivia: [01:15:58] Okay.

Ramit Sethi: [01:15:59] I was upset always. Let me tell you something, though. The way that I was able to finally become decisive - which is a word that is my greatest wish for you, is to become decisive - was to say, "I could spend the next five or ten years of my life trying to squeeze out one percent gains." And I said, "I have more to offer this world than one percent gains." And in your case, \$800 a month. Like, that can't be all I have. Otherwise, what am I doing on this planet? I refuse to believe it. It allowed me space to think of new things and just to kind of be with it.

You know, if you've ever ended a relationship, sometimes you need that space to just think, be by yourself, and then you can start to plot a course going forward. But you can't do it if you have one foot in it. You can never do that. That's one of the reasons that I'm really urging you to set a goal, not to feel like the goal is actually constricting you, but rather it's freeing.

It's going, "Okay. Well, now I know I got six months. Either I'm going to make 50K somehow, some way, or I'm not." Regardless, I'm going to know exactly what to do on six month and one day. It's going to be crystal clear. And that feels so good. It's hard. It's going to be hard.

After we get off this call, you're going to feel different emotions. You'll feel a sense of elation. You're going to feel a little bit bewilderment. What just happened? And you're going to wake up tomorrow and you're going to first feel excited. And then, suddenly,

you might feel a little disappointed because that sense of elation went away when you're confronted with, "Well, I'm still in my same house. And I still have my same financial problems."

So, I don't want you to focus on changing your mindset first. Oftentimes that comes second. You know what comes first?

Rob: [01:18:01] No.

Ramit Sethi: [01:18:02] What was that thing you told me you can do in one day and you felt so confident about it?

Olivia: [01:18:07] To do my resume.

Ramit Sethi: [01:18:08] Yeah. That's the first step to getting out of this sludge, isn't it?

Olivia: [01:18:13] Yeah.

Ramit Sethi: [01:18:14] So, you do that. What do you do next?

Olivia: [01:18:17] Look for jobs in the salary range that I'm focused on obtaining.

Ramit Sethi: [01:18:27] Good. Now, you're getting a little momentum. You've taken two or three steps out of that sludge. You're getting better at it. What's next?

Olivia: [01:18:32] Then, of those jobs, refine them to look for something that I'm good at and I know I can progress in.

Ramit Sethi: [01:18:42] Land the job. Let's just skip ahead because I have total confidence in you like you do. You're going to land the job. Great. Suddenly you're making more money. Awesome. But you're not done yet, are you?

Olivia: [01:18:53] No.

Ramit Sethi: [01:18:54] What do you need to do before you can get out of this area?

Olivia: [01:18:59] Reevaluate my current business.

Ramit Sethi: [01:19:02] Yeah. Do you know how you're going to do that?

Olivia: [01:19:04] I have some ideas as of right now.

Ramit Sethi: [01:19:06] Very good. And do you have a timeframe? What's that specific timeframe?

Olivia: [01:19:13] Sooner rather than later. I guess within a couple of weeks, maybe within a month, I'd want to reevaluate everything.

Ramit Sethi: [01:19:21] I figure sooner the better. Let's move. Again, we're not comparing ourselves to this slow moving person who's stuck in the mud. We're moving fast like that 20 year old moved. And then, how long do you get to work in your business and prove if it is real or not?

Olivia: [01:19:39] Six months.

Ramit Sethi: [01:19:40] Correct. And by that time, you will have made how much if it's going to keep running?

Olivia: [01:19:45] \$50,000.

Ramit Sethi: [01:19:47] Okay. Very good. And if it makes \$49,687, what would you say?

Olivia: [01:19:54] That it's not 50.

Ramit Sethi: [01:19:57] Oh, I would count it. Honestly, I would count it. Come on.

Olivia: [01:19:59] I don't know. You're testing me. I don't know.

Ramit Sethi: [01:20:02] No, no, no, no. You know, 49 is close enough. All right. Congratulations. Keep doing the business. But what if it's 41?

Olivia: [01:20:11] Probably time to reevaluate at that point.

Ramit Sethi: [01:20:14] It's time to end it. Let's just get clear with what we're actually saying here. We're not reevaluating. To be blunt, the business either makes \$50,000 from today all the way six months from now. Or, I think what we're agreeing to, what you and Rob are agreeing to, is you shut it down.

Olivia: [01:20:37] Yeah.

Ramit Sethi: [01:20:39] Is that your understanding, Olivia?

Olivia: [01:20:41] Yeah.

Ramit Sethi: [01:20:42] Okay. And how do you feel about that?

Olivia: [01:20:46] Nervous, for sure. I feel there's a bit of overwhelm because, again, it's almost like starting from the beginning again of when I first started the company and I had all the original goals, and how much I wanted to make, and how fast I wanted to do things. But it feels good, though. It feels good knowing that there's progress. There's progress that can come from that.

Ramit Sethi: [01:21:11] Yeah. Progress can come from the business or it can come from closing the door on that and doing something totally different. In order to go and progress towards the rich life that you want, all we know is one thing, you cannot keep doing what you have been doing.

Olivia: [01:21:32] Yeah.

Ramit Sethi: [01:21:32] I had a friend of mine years ago and I was about to make a career move, but I had a big identity around this thing that I was doing, and I was known for this thing, and I was kind of ready to move on. And I went out to a taqueria in San Francisco with my friend and I was like, "Well, you know, I kind of want to do this other

thing, but I'm known for this." And she said to me something I'll never forget, she said, "You know what, Ramit? In Silicon Valley, people are known for what they're doing, not for what they did."

Olivia: [01:22:04] In a way, your past is irrelevant, and you can create any future you want to.

Ramit Sethi: [01:22:12] When was the last time you did something fun with money?

Olivia: [01:22:16] Maybe our honeymoon.

Rob: [01:22:17] Yeah. Probably the honeymoon.

Ramit Sethi: [01:22:19] It's too long. You got to do something fun. I don't care if it's going to a restaurant or getting takeout and sitting outside. I don't care. But it's something celebratory, something different than you would normally do. Because you two are both - we've talked a lot about the cauldron and the Badlands - still see money quite negatively. It's combative.

And you may want to create a name for where you used to be. You know, I might suggest you call it the furniture store, whatever you want. But you got to start moving towards a new place and that has new rituals, doesn't it? And one of those rituals has got to be, "Hey, we set a goal. We both achieved it in a short amount of time. We've got to go out and celebrate and pat ourselves on the back."

Olivia: [01:23:04] It's definitely a lot more easy to do that when you have that motivation, for sure.

Ramit Sethi: [01:23:09] Exactly. Exactly. That's the key of everything we've talked about today. What do you have that you didn't have before?

Olivia: [01:23:19] A resolution together.

Rob: [01:23:21] A common goal.

Ramit Sethi: [01:23:24] A common goal. The goal, and that goal is in part inspirational, aspirational - the Italy and Greece trip, which I absolutely love. I loved hearing you describe it. It also is financial. Of course, you want to cover the mechanics and be able to have a three month emergency fund and then start investing. Yes. Yes to all of the above. And now that you have that, suddenly a lot of decisions become clear.

It's pretty awesome to see your partner - I'm talking about both of you - like, fully engaged with what they're doing. That feels amazing. And I think that's going to be joyful for both of you to watch.

Rob: [01:24:10] A hundred percent.

Ramit Sethi: [01:24:12] You two were great. Thank you so much.

Olivia: [01:24:15] This was awesome, Ramit. I can't thank you enough. And this is perfect timing. Our house is actually closing tomorrow, so this weekend we're moving. So, this meeting, plus the new house, plus everything, it's like a full do over, I feel like.

Ramit Sethi: [01:24:30] Fantastic. It's the next chapter of your rich life. I'm so excited for you both.

[Narration]

Ramit Sethi: [01:24:35] This is really a story about settling for too little. Rob and Olivia came to me ostensibly to talk about a furniture purchase, maybe about an income disparity. But as the story went on, you learned - we didn't even speak to Rob that much - this story is truly about Olivia. And by settling for substandard results, by settling for too little for too long. She's gotten used to it and she can't see a way out. And that was what got me interested. I consider it a tragedy to live a smaller life than you have to.

And when I see somebody like Olivia, who's very intelligent, who can earn much more at her age, with her skills, in this economy, to settle for making \$15,000 or \$20,000, it frustrates me. It makes me say there's more you can be doing and it's costing you a lot. It's really damaging their relationship. So, that's why I want to talk to them. And I knew that it would be interesting to find out why Olivia is settling for so little.

What I realized in talking to her was that it's been going on for so long that she doesn't know any other way. This is why my greatest wish for her and for you is to become decisive. Decisive means you're willing to make changes. If something is not working, you call the ball and you trust yourself to know that you can find something better.

Speaking to Rob and Olivia, I was a little more directive with Olivia than I usually am. I'm okay with that. Usually, I'm not. I want people to come to their own conclusions. But there were certain times today where Olivia was just dreaming too small. She was willing to settle for too little. She said, "You know, I'll be happy if I can make \$8,000 more." No. No, you can't be happy with that. You have too many skills, and too good of a market, with too much on the line, specifically your relationship with Rob to settle for that. "Oh, I can take 12 months, 18 months." No. We can move a lot faster.

And the reason that I felt so comfortable doing this by the end was how confident she was about her resume. Again, just another example that sometimes people need somebody to believe in them more than they even believe in themselves.

Thank you for listening to I Will Teach You To Be Rich. I'll talk to you next week.

Ramit Sethi: [01:27:27] Thanks for listening to I Will Teach You To Be Rich. I'm Ramit Sethi. Please follow the show on Apple, Spotify, or wherever you listen to podcasts. If you haven't read I Will Teach You To Be Rich, my book, pick up a copy. You can get it at any bookstore or any library. And it will show you the specific tactics for how to build the I Will Teach You To Be Rich system into your personal finances.