

## Mega Partnering 2

Those of you who missed yesterday (good or bad, but your own decision) we covered foundations, psychology—really the science of leveraging all kinds of tangible and intangible things that other people have created: distribution channels, brands, good will, assets, access.

I asked J.T. as a courtesy (because I showed those of you yesterday) that I'd over-engineered my PowerPoint by about seven days [laughter]. That there was no way I could humanly cover all the ground I wanted. And respectfully, but regrettably, those of you who weren't here yesterday, if you want to know what you missed (and I mean this really honorably) talk to somebody who was here, because if I repeat that, we'll be done in two hours and we won't go forward. So, if everyone will share an insight...

I asked J.T. to edit down the PowerPoint. I've been on the phone internationally. Just got in fifteen minutes ago. I love surprises, but have no idea what he's left on and what he's left off so we'll work around it, okay? One of the keys to success in life is how well you proactively respond to unexpected dynamics in your business or life. Total proactive flexibility is the key to everything, and that's what shows what your tensile strength is and what you're made of. So, I don't know what he left in. I don't know what he took out. But we'll make the most of it together, okay?

There's an unimaginable spectrum, scope, and scale of profitable possibilities available at your fingertips. For those of you who may be in the wrong room, this is a session on basically using the concept of relational capital to achieve maximum leverage, and it is questioning and transcendent of the normal explanation of relational capital.

It's not about your relationship with your buyers exactly (although it has an implication). It's about how you—as a business owner, as an entrepreneur, as somebody who has a product or service—can access and leverage ethically off of other companies, organizations, medias, and influencers' relational capital to dramatically and meaningfully create enormously greater success, profitability, and impact in a multitude of ways.

So, let's see what J.T.'s creative editing

We've created about forty-three ways just to give your mind a little bit of a—exercise your possibility, and I'll go through them quickly.

### 1. Leverage and maximize relational capital

Why would you possibly want to leverage and maximize somebody else's relational capital? Well, it's easy to establish. Let's take a look. If tomorrow morning you wanted to be in another city or another country, or you wanted to add a sales force, or build a manufacturing facility, or develop a new product or service; it would take time, money,

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expertise, personnel, time figuring out recruiting, money paying for it, and training. It would take a developmental learning curve. But, if you basically make a strategic relational alliance deal, partnership—I call them "power partnerships"—instantaneously, you can eliminate and avoid all of that, *and* be operating, have access to people, distribution, facilities, technology, products, and capital instantly.

### 2. Augment your selling effort

Most people, if anybody knows my body of work—I have appalling, heartfelt concern for the majority of businesses, because they build an entire enterprise on one source of revenue: sales force, or display ads, or search engine optimization, or showing at trade shows, or whatever. It doesn't matter.

If that is a description of your business, you could use relational capital leverage and set up all kinds of additional sources of revenue, access to the same market, different markets, or more direct influence—all without risking or investing a penny, and only pay on results. That gives you latitude and license to an unimaginably greater scope of possibilities.

### 3. Increases your sales and profitability

Most conventional businesses have two dilemmas that constrain them. One is limited resources and infrastructure. Two is a certain cost structure that, until it is met, you're not breaking even. You can all appreciate that. Well, if I can introduce you tomorrow to five new sources of quality buyers where you only pay on results, and you only pay either a portion of the profit, or if you pay out all the profit (you're paying that out because you know that new buyer is going to buy over and over and over again from you, so you're investing a modest amount of money that somebody gave you to give back to them to get all the repeat business) the implications are profound, because once you cover your fixed overhead, all that incremental business could be three, four, even five times more profitable.

### 4. Lower the barrier of entry

Hypothetical question—so, somebody here has got a restaurant, or you've got a health club, or you've got a med spa (it doesn't matter what you've got) and you want to open up a facility in another market. Left to your own devices, what are your options? Go to the market. Spend a lot of time trying to find a location. Negotiate. Sign a long-term lease even though you don't know if it's going to work or not.

Number two. After you sign the lease, you've got to recruit, right? Got to outfit it. Number three. Now that you've outfitted and recruited, and you've got the clock ticking on your payroll, guess what? You don't have any clients. So, what do you have to do? You've

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got to run ads. You've got to run direct mail. You've got to run radio. You've got to run TV. You've got to do promotions. Might work, might not.

Or, you could go into a JV. You could do a partnership and use relational capital. You can go to somebody who's already got a facility. We've done a lot of people in, for example, laser hair removal. We find a dermatologist that's got one (and most of them have already paid out \$10,000 a month for their facility, they pay out \$10,000 to \$15,000 to lease the equipment and they have five cases a day). And those are normally during the day.

And we'll basically get somebody who wants to be in the laser hair removal business and say, "Why in the world would you want to lease a building and do all this when you can basically use somebody else's facilities incrementally when it's not being used, share their offices, pay only on usage, not even have to pay for the marketing (because you can go to the media and engineer joint ventures that are performance-based—unless there's a legal restriction—medical and some of the professions have it)".

But you could throw me—if I had five days with you—any scenario imaginable. I'll throw you back how to do it without risking a penny and without spending any time, and bring it to market fast; any of all the options in the world. If it outgrows that, you can move it.

It's just that leveraging relational capital gives anybody in any business *enormous* upside expansion, gets rid of almost all the downside risk, and eliminates most all the capital requirements. Unfortunately for the 200 of you who weren't here yesterday, I told a couple of stories of how most people come to me and say, "Oh, Jay. If I only had a million dollars. Oh, Jay. If I only had ten million dollars, I could own the world."

And I always say, "Well, if you had the money, what would you do with it?" And they'll say, "Oh, well, I would open a facility. I would hire a sales force. I would have my product manufactured here. I'd do this and do that."

I'd say, "Well, do you not think that at any point in time there's not some other company somewhere in the world, that has the polar opposite of your problem, and solving your problem will help them even more than you? That somebody's got facilities they're not using, manufacturing they're not using, a sales force they're not optimizing, or a relationship they're not maximizing?"

There always are, but you have to shift the way you look because most people have been inculcated and trained to be islands and do it all yourself. Go out there! Break through! Make it on your own! Spend all my money trying to figure it out! That's fine for your guys, if you want to be inefficient; if you want to basically minimize instead of optimize. But by leveraging to the *maximum* the relational capital that exists in other

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companies—and that can be the relations they've got with their market—the same market you want to reach.

It could mean the relations their salespeople have with the buyers—the same buyers you want to reach. It could mean the relations they have with expertise—the same kind of experts you would need that they're already paying for, or they already have as staff. It can be the distribution relations, or the trucking they already have that you can get a free ride on...and on and on and on.

### 6. Understand your client base

I started out in the seminar business with zero clients. I did this in 1987. In 1989, I had 47,000 entrepreneurs from around the world who spent \$250 million with me, and I didn't really spend a dime (a little bit of seed capital but almost inconsequential) to do it, because I basically got them by accessing all kinds of other companies, other organizations, other associations, other magazines, other consultants, and other training companies that had already spent hundreds of millions of dollars to reach them—and I was able to bring them in. Not only did they cost me *nothing*, but they were *higher* buyers, more *qualitative* people, highly *repetitive*, and they *trusted* me more.

For most people, when you start a business, you do not necessarily do dumb (but I think they're dumb) things like GroupOn; and you basically lose your ass trying to get a person who won't come back unless you give them another deal. Well, when I started, my first group of buyers were \$5,000 buyers. My second group was \$15,000. I didn't start with \$5 ones that I was hoping to bump up to \$45 and maybe work my way to \$500 and then work my way to \$1,000.

You can go right to the real money ball, so to speak, when you use other people's relational capital, because they've already spent the time and the money. Like the locks in the Suez or the Panama Canal, they've already graduated these people up to a level of trust and capacity. If they assign their good will, their credibility, and their basic brand currency to you, all of a sudden you start with that access. Does that make sense? Again, I'm trying to give you a lifetime compressed into a few minutes, and half of you don't even have the benefit of two hours yesterday, but it still ought to be interesting.

### 7. You can boost market presence

I am a partner in a publishing company that's publishing four different magazines on social media. There's one each covering a different forum: Twitter, LinkedIn, Facebook, etc. First thing we did was we partnered with four companies: Office Depot, EFactor, PRO-to-PRO, and a newsletter called *Early to Rise*. In totality, we have 14.2 million entrepreneurs

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and business owners that are getting this (who now think this is the cat's meow) because they trust their partners. That's the first leverage.

The second leverage is because I understand leveraging affinity groups. If you get any of these (they're online and they're free online) I am the person interviewing all the people. I'm interviewing Daymond John from "Shark Tank" who happens to be a friend of mine. I'm interviewing Shaq next week. I'm supposed to co-interview Mark Cuban with Daymond. And I get all this secondary credibility. Secondly, I'm giving all my cool things away in the magazine because I'm getting third credibility.

The point is you can get control. Office Depot, EFactor, PRO-to-PRO—they're all nice people. They spent hundreds of millions of dollars to build their credibility—they spent a fortune, and I'm not belittling them. But in one fell swoop if you understand ethically how to leverage off of that, you can have control. You can have fundamental access. You can basically have the impact of the asset without any of the overhead, any of the management, any of the infrastructures, anything.

Office Depot and my other partners have full social media staffs. They're paying millions of dollars out. I get access to that. I have partners who are working 24/7 bringing our magazines out. I'm an equity partner, but I get full access to all that. They came to me because I have relationships; because I can bring a Stephen Covey, or I can bring a Tony Shea, or I can bring whomever you want to bring. So, relational capital is very powerful.

I'm negotiating right now with Sirius Satellite to do an entrepreneurial channel. And they said, "Why should we have it?" I said, "Well, let me prove it to you in one day." And I got Stephen Covey, Daymond John, the roving editor of *Inc.* magazine, the fourteen-year editor of *Entrepreneur*, Russell Simmons, Paul Pilzer, Tony Robbins—everyone to contact them and say, "Yeah, we'll be in if Jay does it." Well, that's pretty powerful, don't you think? If you can do that in [snaps fingers]. And when you've got that kind of power, it's very, very impressive.

Now. Arguably, truthfully, I've spent thirty-five years doing it. Am I saying you can do that overnight? *Of course not.* What I'm saying is nobody in this room, whether you've got a start-up product, whether you've got a business—who couldn't use it to your maximum advantage in a series of progressions like the Panama Canal locks?

And there are probably some of you, as I said yesterday, who are thinking "I'm foisted as this very successful person," and I am, but I suspect that there are many of you in this room that would dwarf my success. You have your own companies. You can do it opposite. You can say, "What have I got that I'm not maximizing? Distribution? Brand? Access that I can get control of and put backwards through my distribution? Who do I know where there is six degrees of separation?"

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I made a call yesterday to a friend, and I probably have Ashton Kutcher, who we're going to interview for our Twitter magazine. I don't know Ashton Kutcher, but a friend of mine knows a good friend he's helped who knows him and owes him a favor, and my friend owes me a favor, so I just had a favor assigned to me. [Laughter]

I'm not trying to make fun. You can do it all day long. It sounds unbelievable, but it's not. I'm giving it to you probably at the 40,000 foot mark, but you can start at sea level and just work your way up.

### 8. Provide added value to clients

If you're a limited business—there are a lot of businesses out there that have one or two products to sell. If you think about it, there are a number of corresponding products or services that the same either type of buyer, or the same buying dynamic requires. There are certain products and services you buy before one product. There are certain products and services you buy right after that. There are certain products and services you buy during that.

The poor consumer—whether it be a business-to-business or an individual—is forced to figure out who's viable, who's credible, who's authentic, and do it all himself or herself. If you go to a company, challenge them to perform due diligence on you and you prevail, and they start adding your collaborative, corresponding, compensating product or service to their offering, not only are you both generating more commerce, but you're providing a great service to a consumer who, left to their own devices, is going to have to figure it out for himself. They already trust you when they're buying screens, but they don't know who to go to for this [looks at clicker].

And you say, "Hey, I've just partnered with the greatest switcher company, and I tested them, and you can trust me. Our reputation is on the line. When you buy this, buy this..." Or, you can even do better and say, "If you buy two of those, I'll give you ten of these." That's pretty cool, but you're providing a value. Does that all make sense?

I've not done this kind of an explanation before in this kind of limited way, and I explained yesterday, I'm doing it generously for you, but equally for J.T. and I, because this is the genesis of a company we want to do, that will go out and just structure deals for people and get modest consulting fees for figuring it out, but get pieces of the deal. And I'm just trying to talk it out for myself to figure it all out, and figure the resonating points.

But you are the beneficiaries. If it sounds a little, not out of context but fragmented, it is (but you're a guinea pig, and I normally wouldn't do this freely and generously). Now, you

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paid whatever you paid, but I'm trying to do it to give value and to also work it through, so bear with me.

### 9. Contribute substantially to perceived client benefits

It's the same thing. I'll give you a great example. I have a body of work. My whole life. I've sold hundreds of millions of dollars worth of it. Regrettably and fascinatingly, everybody and their brother around the world have knocked me off. They appropriate my stuff, they model it, they emulate it, they plagiarize it, and they don't acknowledge me.

And what I've chosen to do, rather than be mad and hire the Mossad to go and kill them all [laughter], I figured out how to not compete with that. I don't want to lower myself to that realm. So, I take my very expensive stuff, I package it, I give it away, and I find ways to add value.

For example, I am a partner in a company that is a merchant services company. Anybody here process credit cards? Raise your hand. Okay. Well, I'm sure that your daily vigil is you get a call or a visit, or ten calls or ten visits from people trying to sell you merchant services. And their mantra is going to be, "We're going to cut your costs."

Well, the truth of the matter is, if you know anything about the industry (which I studied) I'm going to give you an education and then I'm going to come back to this concept. The industry sucks. They're a bunch of basic (most of them—not all of them) shortsighted people that do give you low entry levels, but they bury you with add-ons and surcharges and stuff, *and* they take advantage of your trust. The normal duration of a relationship is about twelve to fifteen months, and they get you by reducing it a few points.

I went to a company. I said, "If you'll create a separate division, I will give you millions of dollars of my body of work that you can freely make available to merchants that use our services". We can still give them a low rate. We can eliminate most of the B.S. surcharges that the normal company throws on because our game is different. We're not trying to play a twelve-month game and lose them. We're trying to play a lifetime game, and it's to our benefit to invest generously to grow them, and make them more profitable.

So, I was able to use my body of work, give it to a third party, give them substantial perceived benefits to their clients, and they're building a whole business division on that. What I got was a third equity in the company, so it was a good deal for all of us. But there are very ingenious ways—does this make sense?

And by the way, what I said yesterday is the very same thing I'll say today. I'm not trying to turn you into masterful relational capital maximizing leveragers. I hate those words. I'm just using it right now as a reference. There will be something cooler when I

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figure it out. [Laughter] But I am trying to haunt you, and obsess you, and ruthlessly penetrate your dreams in a positive way (not dirty dreams, but positive dreams) about all that's possible from the time, the effort, the opportunity cost, and the resources you've already invested. You are invested, and you will continue to invest in your business outside and inside, or any new business you start up.

And if you recognize it as this thing works out with J.T., really our targets are real businesses, but I suspect truthfully, out of pragmatism, that most people are going to be too—not small, but not progressed enough—and there will probably be an educational training mode that will come out of it, which will be good for small companies, because anybody can use this and you can just leverage it and ratchet it up.

But just concentrate on the fact that if you've been living under the belief that there must be more, there must be a better way, there must be a way to grow this sucker, there must be way to gain distinction, there must be way beyond banging my head against the wall, and getting my brains beat out every month, and having no distinction in the marketplace, and hating Monday mornings—the answer is, there is.

### 10. You could enter emerging markets

Okay. So, here's an interesting concept. Ready? Jay Abraham, with all my attributes—most people don't know it—I'm a technophobe. I don't even turn my computer on. In fact, it's hilarious. I finally said to our IT guy, "Okay. Buy me a laptop." And they bought me a huge Mac Pro that I'm carrying around like a TV set. And I can't turn it on. When I go to a hotel, I don't know how to get on the hotel thing. I lose everything. On my iPhone, I accidentally delete, when I try to go on that. But all these technology companies come to me, and they tolerate my ignorance, because if they can tell me what it's supposed to do, I can normally make it do better. But I need stature in the technology world.

So the first thing I do is I make a deal with a company that was started by a founder of Seagate Technology. I become the chief marketing officer and I have them create a world-class, definitive report that I get coauthorship to. The second thing I do is I'm involved in this social media publishing company, and I've had five cutting edge reports created for me that I have coauthorship on. Third, is we have 150 contributing experts (including the head of social media at DIRECTV, MC Squared, Wells Fargo, Ford, Microsoft, Microsoft Asia, Bing) and I make them introduce all those people to me so I have a relationship with them. And I try to leverage everybody else's leverage.

And I'm not trying to give you a very linear education here. All I'm trying to do is have fun breaking your paradigm open and letting possibilities just burst out and let the inmates take over your brain. I hope I'm doing that.

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### 11. Expand your horizons

What has distinguished my career, more than anything else, is I'm like *The Accidental Tourist*. Do you remember that movie? Well, I have no formal education. I'm not saying that with pride. I got married the first time when I was eighteen. I had two children at twenty. I had the needs of somebody forty, and the world didn't care. And at first I was heartbroken and cried, and then I realized, "Nobody cares!"

So, I went through an odyssey of being a business transient. I would go from one industry to another industry to another industry, because I got bored. After about ten of those transitional excursions, I looked back and I thought, "Wow! Industry A—everybody in that industry does pretty much the same thing, the same way. Industry B—everyone does the same thing the same way. Same thing with C and D." Not because the strategy is the best. Not because the marketing approach is the best. Not because the business model is the best. Not because the cost or the risk is the best; it's just that's all they know.

And I started taking filaments that I had learned from A and B and C and combining them into hybrids and using them for D. And guess what? We led and lapped everybody, and that's when I started creating these outrageously unbelievable success stories. And it's not really because I know that much. It's because most people accept that little.

Now by that I mean when you realize, as I realize, that the world is a bus stop. It's your oyster. You can basically do what I'll call relational capital leveraging maximizing, or "power partnering," or asset or access leverage deals anywhere you want, as often as you want, as broad as you want, as frequently as you want. It's only limited by your belief in yourself, and your ability to understand the psychology and the mechanism. And I'm not trying to tease you, but that will probably take a couple of hours to tell you how to basically, not only maintain control but show certainty, overcome the inherent apprehensions, preempt all the reasons somebody would say no.

Once you master those fundamentals, if you believe it, you can do anything you want, and I've got \$9 billion documented to me because I believe it not for myself, but mostly for other companies. And we've doubled and redoubled, and we've turned companies that had this much capital into this big. And you have the same ability as long as you realize that it is folly, stupidity, asininity to try to go from here to here overnight. Not because it can't be done, but because you need to get your sea legs, or your negotiating legs, or your deal making legs, or your "power partnering" legs, or your nuanced understanding of relational capital.

But there's no business here, or there's nobody here with a viable product—and when I say a viable product, I've got to be very candid. I've helped a lot of people in the world that teach people how to start a business. There are a lot of very quality people, and there are a

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lot of people that have done irreparable damage. There are people that have taught people, taking \$50,000 of their money and convinced you, you can write a book on spiritual poetry and sell a trillion dollars—which may be able to happen, but it's highly unlikely.

If you have a good product, but you don't know how to take it to the right market; if you have a good service, but you don't know how to take it to the right market; if you have a good small business, but you don't know how to replicate it; or you don't have the management, or you don't have the money, or you don't have the skill, or you don't have the knowledge—it's no problem. You can use derivatives of all the things I talked about yesterday, and all the things I'm talking about today, and all the things I won't talk about because I don't have time, and I've got to build on it.

And I'm not saying that to tease you, but you could own the world. Everyone says to me, "If I took everything away from you, what would you want to keep?" And I said two things, and I said this yesterday. "I want the rights to everything and figure out what to do with them later, and I want access to other people's distribution, brand currency, clients, access to their markets and their credibility, because I could figure \$1 trillion to do with them."

Any of you can do that, too, as long as you're willing to start slow. This is not beyond your ability, or your ability. The only thing that's beyond your ability is if you want to be \$10 million tomorrow. You might have to say, "Well, I think I'm going to do a \$200,000 deal, or a deal with a couple of smaller companies to get my sea legs." And I'm sorry, but I told examples galore yesterday, and because I want to go forward today, you might cradle somebody who was here yesterday and say, "Tell me Jay's stories."

### 12. You can expand beyond geographic boundaries

And I told the story yesterday, but it was just me. I'm here. I have a company, if you want to call it that. I have an assistant. I have a chief of staff who's assigned to keep me from forgetting things. I have a woman who collects the money that's owed me. And I have an intern. That's my business. I used to have fifty people. I didn't like it.

Now, I have partners in Russia in nine countries. I have partners in Tokyo that do \$3 million a year. I have partners in Australia, Japan, Singapore, Malaysia (until they started ripping me off). I have partners in the magazine business, where we access hundreds of millions of dollars worth of assets. I have partners in the financial services business. I have a partnership with somebody who's in the closeout business. I can't even remember. That's why I've got a chief of staff, because that's my primary problem. His problem is just reminding me what the hell strategy and next step I've got to do.

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But I'm an anomaly that you may not be because you're probably more organized, and you probably don't carry an iPro that's like a TV. You've probably got a little one that works. [Laughter] But you have the same capacity if you're willing to suspend your own anal or status quo type thinking. Does this all make sense?

### 13. Control other people's markets

I get the biggest kick. So, let's say that you're in a business that's starting to expand, there's somebody out there in a market and they've got the lead, but you want to dominate them—not just them but every market that's available. Let's not say dominate. You want to crush the mother. You want to trounce them.

Not because you're a vindictive, bad spirited competitor; rather because you live by what I teach, which is the strategy of preeminence, and you know that your service or your product renders far greater value to the consumer. Your product gives a greater outcome, you care more, and you're a better company to deal with. *But* they're already there. How in the world are you going to even match them?

All you've got to do is find somebody else in that market, and any other market you want, who's already got credibility; who's already got distribution; who's already got access. You can use their facilities, you can use their brand, you can use their people, and you can use their buyer list.

This poor person is sitting there in the market. The other person quietly sitting back. Arrogantly. Smoking a cigar. Got his or her feet up. And thinking, “Ah, ha, ha. I've got the market.” Little do they know that subtly, you are basically staking out yourself, figuring out which preemptive partner with the best relational capital access are you going to align with that's going to crush that person without even knowing what hit them. And you can do that over and over and over again.

I apologize if I'm confusing you, because as I said, I would normally start at the beginning and do about five days of explanation if I was teaching this in its full glory, so I'm starting right in the middle. But hopefully this is fascinating. Is it? [Audience replies “Yeah”] Cool.

### 14. You can gain competitive advantage

I don't care what product or service you've got. There's everyone else, and there's you. And everyone else is a linear thinker who has been inculcated and grounded on the belief that we are islands. We build businesses by ourselves. We go out and we create our advertising. We basically fight for every buyer we get. It's a hard, competitive life and we're going to win. Phew! Hard.

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You say, "Okay. Well, more power to you. I'm going to go and find somebody who already owns the market. Somebody who's already got a brand they spent \$200 million building. Already has facilities, or already has all kinds of people they can tell that I'm now part of them, or tell to buy from me, or give them certificates to start a relationship.

"And overnight, you poor soul, while you're doing it alone, I'm going to envelope you, and I'm going to crush you, and I'm going to take your market away, and I'm going to have brand supremacy forever. And I'm sorry, but that's the way it goes." Sort of cool, isn't it? But you have that all the time. It's always been there. No one's ever sort of laid it out. And again, can you do it at that level instantly? Probably not. But can you do it? Absolutely—not that hard.

### 15. Rapidly overpower the competition

I could use another example, but it's self-evident, isn't it?

### 16. Joint marketing

Well. Let's say there's certain things you can't—and there are—that you can't do. Well, then you can figure alternatives B, C, D, E and F. And I've been trained by masters to figure every contingency, every head strategy out there. Let's say, for example, you're a CPA or you're a financial planner, or you're an estate attorney. Any of those here? And you want to go into the market knowing the market, but you don't want to spend all the money or the effort. Does that sound like you? Maybe?

Well, here's what you can do, and I've only done this about a million times. See, what most people are looking for—and you're a perfect, valid example—you're looking for guidance. People are silently begging to be lead as long as they feel they are being lead by somebody they can trust who has their best interests at heart. They don't deny that person economic gain, but they want to make sure that person doesn't just have his or her best interests. But you're here, and it's inherent in human nature. You want guidance. You want the idea. You want to know what to do, why to do it, how to do it better, richer, safer, more prosperously.

Well, if you—whether you're a CPA, whether you're a financial planner, whether you're the estate attorney—wanted to, you could go to a corresponding group of noncompetitive professionals. What are you? You're the estate attorney. You can go to a CPA. You can go to a financial planner. You can go to any other professional that has complementary services.

You could say, "We're going to do a kickass series of incredibly high-value, provocative, enormously fascinating seminars, and we're either going to do it to the open market, or

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we're going to do it, even better, with a bunch of endorsers, who I will basically put together. And we're going to do it at a hotel. And it's going to be on a theme that's going to be incredible. And I'll create everything, and I'll figure out the marketing. And, oh, by the way, you guys are going to pay for it because I'm putting it all together, and we'll each get whatever business comes from it."

I just gave you, in one fell swoop, three cool things. One, you moved all the expense and risk to somebody else. Two, you can go to some people that are even relationally above you in their prestige in the market, but they don't have good ideas, and you can bring them in to speak, and all of a sudden your stature just raised. If there's money being spent, you make them be the ones spending their money because you got the idea.

And if there's money being spent, you can take it even to the sublime, by instead of just buying ads or mailing lists, you go to other organizations and use their relational capital to invite their members, or their readers, or their people to the activity. Does that make sense? Pretty cool, isn't it? And you can do that all day long. I'm just using a random example.

### 17. Joint selling or distribution

It's the same thing. If you *had* to—not that you do—but if you had to use money, which is a fallback, and sometimes it's better, because you don't have to share revenue. It depends. Sharing revenue is good because you pay only for the results. But if you know how successful it will be, sometimes you're paying a lot more than you have to. It might be better to go to somebody who's already got distribution and offer to pay a pro rata for the salesperson, or a pro rata for the distribution.

If nobody's got distribution, it might be to—in the example of the attorney and financial planner—go to somebody that's compatible but not competitive, and say, "We're going to hire a salesperson we're going to share together. Or we're going to set up a storage facility." And you can do it all day long.

You're only limited to your capacity to think in terms of upside leverage, and the one thing I will share today, that I shared yesterday, was an analogy. When I talk about leverage, it is diametrically, decisively, profoundly different than the kind of leverage that you think about in real estate. No disrespect to J.T., but I used the analogy in medical that there's two kinds of cholesterol, good and bad, and if you have too much of the bad, your blood doesn't flow and you're dead. But if you have a lot of the good, it can compensate for the bad.

Well, the kind of leverage that I teach when I teach (I don't do a lot of teaching anymore) but the kind that I do, when I operate for businesses behind the scenes, or

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collaboration—or counsel or mentor or guide them—is only upside. What I'm talking about has as close to no downside risk as is possible. There might be a little bit of economic, pionic funding you've got to put out, but it's minuscule compared to what you're getting the leverage off of.

So when I talk leverage, I'm not talking about anything that's dangerous, and that's expensive. It might cost money, but it will only cost money if it works, and it will only cost money if it works and money comes in, and you'd only be giving back money that was given to you by mining somebody else's relational capital. Does that make sense? Pretty intriguing, isn't it? I think it's just as exciting as heck.

### 18. Technology license

You get other companies that have spent years, millions, tens of millions, have prestige, and you can get a license to apply it to a different market, a different use, a different country, and even use their prestige along with it.

There's a very prominent company in Switzerland that does this monstrously impressive research on the derivatives of fish oil, but they do very, very, very high tech, biotech, and cutting-edge stuff. And they just came out with a product that's based on caviar, believe it or not. It's got this incredible story, and it's got this incredible following, and this incredible research. And it's got \$20 million behind it. It's selling really well in Europe.

And I just got the rights for—are you ready—how much do you think I paid? They're putting up money for me because I have distribution and I have prominence. And I can make phone calls. And I can call people in alternative health. I can call people who are prominent people and give them free use; and if it works, have them be endorsers. And I can organize an advisory group of prestigious people like that. So, I just got control of all of North America—not just for nothing, but I'm getting paid for the privilege.

That's what's possible. And I'm really not trying to "fun and games" you, and I'm also not trying to say, "You can do what it's taken me thirty-five years to do." But I'm also saying everyone of you can do an application of this tomorrow at a level that's appropriate to where you are and get your sea legs. I mean, I might be a weightlifter (I'm not) that now I press 300 pounds, but some time ago, I started by pressing thirty pounds, and I had to get that right. So, it's no different with you guys.

And J.T. wanted me to try to explain this. Again, I don't do a lot of seminars anymore. I've done a variation of this, and it took five days, and I took people through it. Yesterday, I did a lot of psychology. But I hope this is intriguing and exciting and is worth your very, very most precious, really, commodity, which are your opportunity cost and your time.

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### 19. Can give you access to knowledge and expertise beyond company borders

Well, guess what? I don't know bupkis about technology. But guess what I have right now? Everyone who is submitting articles to our magazines—and is the top social media expert in their industry—has offered to spend as much time on the phone with me as I want, teaching me.

And I normally get paid \$50,000 a day. I don't do a lot of it, but it's a great contrast to having a company pay me \$20,000 or \$30,000 a month, plus have me work for them mostly on the comp. But people want to access my brain. And it's very easy, with that kind of reputation, for people to want to feel sorry for somebody and want to teach them. And I get all the expertise I want, because they want reciprocity.

So I get educated on anything I want. I can pick up the phone and say, "Uh, I need to know about this." *"Okay, I'll have twenty people call you in an hour."* Well, that is a priceless ability. And again, I've taken my ability to hone that, to leverage it to a much higher level, but you can do it at your own level. You scope a relationship. They all have expertise. They all have technical. You can get access to knowledge that other people pay fortunes for just by know how to equitably, ethically, and honorably access it. Again, I'm not trying to tease you. That will take a couple of hours of demonstration, but it's very cool.

### 20. Strengthen your reputation in the industry as a result of the association

When I started, nobody knew who I was. So what I did was I went to—this is going to date me, but I told everyone yesterday I'm sixty-three—I started out in the seventies and eighties. Back then there was not Internet. There was a concept called "investment newsletters." And the investment newsletters and the magazines were the medium that people turned to for expertise.

If you had any money, and you were an entrepreneur or a professional or an investor, you went to one of fifty newsletters. If you were an entrepreneur, you would read *Entrepreneur* magazine, *Success* magazine, *Inc.* magazine, *Investor's Business Daily*, things like that.

Well, guess what? I helped all of those, and they were past clients. I went to them, and I said, "I want you to put the full force of your credibility behind telling the world if you're a business owner, or a professional, or you're an investor in businesses, and you want to see that business multiply and the profit explode, you better get on the phone and meet Jay Abraham." So, I instantly accessed all the years they built of giving advice that worked, and the fiduciary relationships they had if they were money managers. And instantly I had

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people who trusted me implicitly, because they trust them. And this same dynamic is available to you in whatever application you want. But you can get credibility instantly.

Tony Robbins—it was hilarious—at the peak of his stature (he's still very prominent) but he was like to die for. In the nineties he was on every infomercial, and he was on Larry King about every afternoon. Well, I helped him, and I got him to promote me. Well, I got to take instant advantage with a letter from him.

As I said, Guthy-Renker spent hundreds of millions of dollars. Tony spent millions of dollars flying his G-IV to New York to go to Larry King. He spent all the time onstage with his previews, winning everybody over. He spent his twenty or fifty-hour days winning people over. Well, I got to take full advantage of that instantly with a letter. That's pretty interesting, isn't it?

And I'm not saying it to make fun. Where's the gentleman who is the CSI person we were talking to? Do you understand I'm just doing the same thing that you do? I'm basically reverse-engineering the process. Makes sense, doesn't it, because it's got a lot of scientific elements to it.

This kind of thinking is not born. You can learn it, and you can master it anywhere you are, and anyway you want. Yesterday I told a story of how I taught somebody to do it who had no product, no knowledge, no capital, no business acuity, and they made \$1.2 million by accessing rights and distribution in six months.

I mean, you can do it on any part of the continuum. You have a business, you can take it outside. You have a big business, you can take it outside and bring it inside. You have a product or service, you take it outside. If you want to basically do it for others, you can do that.

It's hilarious. Franchise companies have to spend fortunes doing that. I was telling yesterday that every time my son ever wants to buy a franchise, I always say, "Go to a hundred markets. Find the leading independent. Call him up. Ask him if they'd still do that business again, if they like the business, and what their growth plans are. If they aren't going to grow, ask them if you could sit and spend time codifying their methods, their strategies, their processes using it yourself in your market (our market, California). And if it works, if you could relicense it to other people and share the revenue with them. And very few will say no if you know how to do it.

But you just superseded being a franchise. There are legalities you've got to know. But you can do this in anything you want, anywhere you want, with anything you've got. You've got a big business, little business, no business, product, don't have a product, somebody's

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got a product they don't know what to do with it. You can take it over. Give them a royalty. It's infinite if your mind has the capacity to expand.

### 21. Widen your scope of innovation

It's all self-explanatory.

### 22. Secure your position as frontrunner

I already said that.

### 23. Provide marketing, selling

You can have a 10,000 person sales force overnight, except you don't have to pay any salaries. You don't have to pay any draws. You don't have to pay any vacations. You don't have to have human resources. You don't have to have management.

It's hilarious. There's a big radio group I met with two weeks ago. They have 1,000 salespeople. I made a proposition that I will help them make their salespeople more profitable for a share of the enhancement. I'm going to probably get it if I want it. They've got about a \$50 million payroll of salespeople and managers. They've got benefits galore. They've got facilities they're paying for.

I get to leverage all that, and I get between a quarter and a third of all the enhancements, and I'm talking to you while I'm getting that done. I can be talking to you and have 10,000 salespeople making money. I can have another company that has a million visitors to their website. I can have another company that's showing at thirty tradeshow. Another company that has 500 distributors. That's what you can do if you grasp this, and it's very, very powerful. And it's all been at your fingertips forever. You've just never thought about it.

### 24. Easy to establish

Yeah. They really are. There is psychology to it; there is structure to it. I really can't explain it now, but when you understand how to do it, there is a preemptive way to present it to a proposition where it's harder for them to say no than yes. It has to do with, first of all, understanding the psychology of what they want.

Since they didn't know you were going to present it, you've got to basically show them the gap. You've got to show them how it fills it. You've got to prove your credibility. You've got to show them there's no downside. You've got to show them how they can pre-validate

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it before they commit to it. You've got to show them what they can do for their market, or what they can do with the incremental money.

You've got to know how to take them on a journey and then bring them back to the fact that you're the only viable choice, because the fact that you've explained it means you grasp it, and no one else who wanted to do anything like this grasped that. And so they should trust you, because you have their best interest at heart; because you're willing to do a very small, safe, experiment. If it didn't go, you're the loser and it will never go forward. If it does go, you both win.

But there's psychology and negotiating strategy involved, but it's not hard to learn, and at any part of the continuum (whether you do it just one little retailer to another, or one professional to another, or one multimillion dollar company to another) their derivatives are the same thing. They're just a little more sophisticated or not.

25. You can set up instant distribution networks everywhere

26. Supply chain relationships

27. You can capitalize on people

When I started, and I was trying to distinguish what I was all about—now I deal with preemptive. I don't want to be compared to anyone. I don't want my clients to be compared to anyone. I want to create preeminent, preemptive positioning where nobody can put us under.

But in the beginning when I started, I was talking about "unique selling proposition," what distinguished me from you. And I started out saying, "Well, I'm very simple. I go to a business, and I find hidden assets, overlooked opportunities, underperforming activities, underutilized relationships, under-recognized resources, under-acknowledged revenue and profit sources. Then I take them and I, first of all, turn them into windfall processes. Then I convert them into ongoing, residual streams of income, and I do it at no risk to them. And I share in the upside. That was my proposition, and it's a pretty cool proposition, isn't it?"

But the essence of it was what I was getting at. I have a 200-page assessment that I make clients answer before they work with me. I have an 87-question self-diagnostic that I make people look at before they work with me. Recognize that I've been in 465 industries; I've looked at business model strategies, you know, thousands of ways of selling. I know ninety-three different ways to do referrals; I know fifty ways to find prospects; I know probably a hundred ways to add value; I know how to eliminate risk a hundred different ways.

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So, I can look at any business and I can see overlooked assets, hidden opportunities, *grossly* underperforming activities, higher performing alternative ways of reaching markets. You can, too, when you get a modest education. And I'm not saying you've got it now, and as I said to J.T., I'm not even here trying to sell you anything. There might be a training product that comes out of this as a byproduct.

I'm here trying to talk through the elements of a concept he and I are developing where we'll have a business, where the right-sized companies will come to us and pay us a fee to mastermind and strategize their relational capital leveraging strategy, and get involved either behind the scenes or side-by-side or do it for them. But I need to talk it through anyhow, so you get to be the recipient guinea pigs.

### 28. Higher return ROIs and ROEs

Return on investment. Return on effort. Return on employees. I could give you a list of 105 (for lack of a better word) OBs, other businesses' resources. Their sales force, their capital, their brand, and their distribution.

I'm just telling you this because it's fascinating. I have two TV show pilots being developed in partnerships with one of the guys from "Shark Tank" because the people are just blown away by the two concepts. One is leverage. The other is all the ways you can use other people's money. And we're doing things from everything from teaching people with lemonade stands to taking big corporations and showing them.

And I'm telling you this because it's really equally as accessible to you guys. And, again, most of you aren't the kind of clients that I think we would want to serve. I'm not saying it belittling you, but everyone of you could learn how to utilize derivatives of this to do whatever you're doing now, whatever you're doing in the future, whoever you work for, whatever product or service you've got or you can get control of. You could do it with other people; you get control of it.

I mean, it's infinite. We've taught people how to be matchmakers. We've taught people how to get control of the product and give royalties to other people. We've taught people how to do it as a profit center for other companies. We've taught people how to do it for their company outside, and big companies how to do it, and put somebody inside to bring it through. I mean, it's just infinite.

### 29. It's difficult for your competitors to imitate

Once, if, and after you grasp this; and you make your preemptive strike; and you align with the preeminent relational capital partner in the market; and you've got complete and impenetrable control of their brand currency, their reputation, and their good will,

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everyone else is just basically—it's like trying to shoot a bullet off of Superman. I mean, it's like you've got a force shield they can't penetrate. They look like interlopers. They look like little gnats compared to you. You can acquire that instantly.

### 30. Remain focused on your core values

It's hilarious. I have access, and I'm proud of it. I've spent a life doing it. I have access and control—I have functional control—without any of the yoke of management, without any of the yoke of investment. I stress for my clients and my partners that I've got involvement in probably, at any given time, \$400 million worth of activities that I don't have a penny invested in. I don't have one person I'm paying, except my little support team. I get the leverage off of it. I get the good, and I don't have to deal with the bad.

Right now, my partners, the servers blew out because we did a test, and they got a fly somewhere, and guess what? They've got to do that, because I've got my equity. I didn't put a dime in. I've got the relationships. I've got the marketing prowess to monetize the currency. I know what to do with the ad pages. I know what to do with the brand. So, I get mine for nothing. And I don't have to be responsible for any of that. It's just very *powerful* and *liberating*, and it's the polar opposite of what most people have.

I think I said yesterday, I was trying to give you a phrase to resonate, and I was talking, first of all, about Michael Gerber talking about *The E-Myth*—working "on" instead of "in" the business—and that's a cool-sounding word, but nobody knows what to do with it. It's almost like Deming; does anyone know who Deming was? Well, Deming was a client. I had all these great clients. He talked about the process and the red bead experiment, and everyone would go to the Web, but nobody knew what it was.

I'm *telling* you. The key to all this is to make your business, or your business activities, work harder and harder for you than you work for them. So you can stay doing whatever you're doing, and have all these other things working for you with the minimalist of effort, the minimalist of investment, the minimalist of risk, but the maximus of yield and the maximus of prestige.

And you can be creating not just new revenue streams, but sustainable cash flow that guess what? Has asset value. Has borrowing capability. Could be sold. Could be leased. Could be joint ventured. I've done it all the time. I've created a distribution channel that didn't make a lot, so I'd sell it to somebody else for front money and half of what they got. Or I'd trade it for something else I wanted.

What I'm trying to do is create for you a playground called "the world." And I'm trying to give you a user's guide that no one else has. And my analogy has always been like the world is a 3-D movie, and you have the only pair of glasses. Or, stated differently, because I

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like metaphoric examples, pretend you decided you wanted to go and play a game of soccer. And you did the field, and you fielded your guys, and you're playing for a while, and you're not having fun. Or you're winning, but it's just not a big enough win. So, you decide, I don't want to play again. I want to play football. Maybe I want to play rugby. Maybe I'll do that. You can change the game anytime you want. You can change the rules anytime you want.

There are only four governing factors. It's got to be legal, it's got to be equitable, it's got to be ethical, and it's got to add enormous value. The key to everything I'm all about is not manipulating. I'm showing you the ethical ways to manipulate not in the negative, but in the leveraging and the mechanical context of a situation, but it has to be predicated on enormous value added to the other side. Enormous intention. Enormous integrity. Enormous ethos. If you can do that, anybody who knows enough about my history knows that everything I'm talking to be true. And it's very liberating.

I told this story yesterday, but I'll tell it one more time. It's told many ways, but it just demonstrates graphically the power of this example, told by somebody who says it was Bernard Baruch or Rockefeller or Baron Rothschild. But supposedly years ago, somebody came up to one of them and they wanted to borrow money. And he said, "I won't loan you a penny, but I'll do something a hundred times more valuable. I will walk arm in arm with you four times up and down the floor of the stock market. And when everybody sees that, everybody will give you all the money you want. Everybody will be your partner." And that's the power of endorsement. That's the power of relational capital management.

### 31. Movie reality

There are three implications here. Years ago, friends of mine found out that they could take a B or C category personality (somebody who maybe had starred in a TV sitcom or a TV show years ago, or somebody who was not even a big star in the movies, and now was sort of not) and they could have them become the spokesperson for their product, which would double or triple the results, even paying that person a small royalty.

Great example: John Ritter (who died many years ago). There was a product in an infomercial called, "Where There's a Will, There's an A." It was a product designed to teach you how to get your kids better grades, and it wasn't doing well. And they brought John Ritter in to do the very same infomercial. It quadrupled, just because of his brand currency.

I had a friend that used the guy from "Happy Days," Tom Boswell; and that was a 40 percent increase. I'm going to tell you two stories here. And by the way, we've used endorsement in many ways. We've used endorsement to use somebody's affinity. We've used somebody who is a persona. We've used endorsement to create advisory groups with either people who were prominent or people whose current or past job was prominent—

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like the head of the FDA, or the former head of research at Jet Propulsion, or whatever. There's nineteen ways to do it.

The other way is now you'll see all the reality shows. They use different people's products. Well, I have a friend who has got a reality show—I think it's on MTV or eChannel—and it's on fantasy rock 'n roll. The deal was he had to get a sponsor to put all their stuff in before they would buy the show. He went to the Guitar Center and he went elsewhere... So I mean, there's all kind of very fascinating permutations.

I have a bunch of friends—when I do seminars—I'm not knocking them...I don't know how J.T. does them (and I don't really do them anymore) but when we did them, it just was a different model and ethos. Ours were pure content plays. We didn't sell anything on the platform (there's nothing wrong with selling on the platform) and we didn't sell anyone a sponsorship. The only residual sales that happened was I'd pick up either a couple of \$50,000 clients or five or six clients that paid me \$25,000 or \$30,000 a month a piece, but we never tried to sell anything.

Today, people that do shows like this, they'll offer things (nothing wrong with that). They'll presell sponsorships to the bags and this. And they'll get back more than the cost before they even do it. I'm not saying there's a right or wrong. I'm just showing you the possibilities. Pretty infinite, isn't it? Intriguing.

### 32. Mini-marts and Subways

Years ago, some brilliant person realized, "Gosh! Here's a supermarket that's got thousands of people coming every time. What else could we use that traffic for? Oh, could we put a bank in it? Oh, could we put a Subway in it? Oh, could we put a restaurant in it?" Same thing with gas stations. Gas stations transformed when people realized, "Oh, you can put a Subway there. Oh, you can put a McDonald's there." And just making what I call "the money connection," connecting the dots.

I've had people who were bright enough to see the connection, tie up the rights, and flip them to somebody else. They didn't even have the Subway. They just got control of the asset or the access; and with that control, they could go to you and say, "Hey. You've got twenty-five Subways? I've got access to twenty-five AM/PM mini-marts on the biggest highways in North America. Want to do a deal? Pay me a front fee plus a royalty." And they'd always charge more than they had to pay the other person. But you can flip it, you can sell it, you can keep it. I hope this is stimulating your mind.

### 33. Types of alliances

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So, a few of the types of alliances. You can do joint ventures. You can acquire a lease. The greatest story that I ever told, and it's a spin on this, but you know the concept "one person's trash is another's treasure"? Well, a lot of people's under converted leads are somebody else's gold mine. I'll give you two examples, but I could give you a hundred.

So, one of the greatest, I think it was like a no-brainer success stories that I had was in Australia, and it was funny. I had a client years ago, and they sold enterprise software for small and medium businesses. And it was expensive, like \$50,000 and up. And they ran ads in all the trade magazines in Australia. And I think they got about 1,000 leads a month. And because it was so expensive, they only converted 3 or 4 percent, but that was enough to make them money, and they were happy.

And I looked at it, and I said, "Well..." I might be a deluded optimist, but I said, "I don't believe that an entrepreneur really is going to take the time to inquire about enterprise software unless he or she really needs it—and the fact that they're not buying yours means either: yours is too expensive, your terms are bad, too many bells and whistles, too much power, or whatever it is. But they probably need enterprise software." So I said, "Why don't we go out and find somebody that's got great, lower-priced, basic, fundamental enterprise software, but doesn't know how to sell their way out of a paper bag, and let's take it over." And the first thing they said is, "We don't want to be a distributor."

I said, "Then don't. Tell them they can do whatever they want with theirs. We want a private label right to take theirs, add a few of our own bells and whistles so it's proprietary, and sell it to all our non-converted leads." And make a long story short, we took those leads, and we made more profit from the people that originally my client couldn't sell than we did from the ones they did.

How many other ways can we basically acquire leads? Anybody here have a house or a condominium? Anybody here who has a house or a condominium ever remodel? Did you ever make any addition or any improvement cosmetically or structurally? Okay. I might be, again, a deluded optimist, but I'll bet you money that the first thing you did, whether it was a kitchen, a roof, a backyard, a driveway, a garage door, or a swimming pool and spa—that was intended to be the only thing you were going to do, but when you saw that, you thought, "Well crap (excuse my language), the rest of the house looks old. Now I've got to do the kitchen." Is that right? "Now the bathroom looks bad."

Well, I've made fortunes for people in remodeling just by buying other kinds of remodelers either unsold leads or sold leads. Just because I understand the cycle of life. Does that make sense? These people spend a fortune finding them. And by the way, most contractors and service providers are terrible at follow-through and systems, etc.

### 34. Acquired license

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I got trained in process analytics, in looking at the performance of all kinds of things, tangibly and intangibly, that other people don't look at. So when I see any company, large or small, that outperforms the norm, I assume there is some dynamic at work there that the owner may or may not even know. Could be a strategy, casual strategy, merchandising strategy, positioning strategy, strategy they use for their personnel, or strategy of dealing with their vendors. It could be all of the above, or it could be none of the above. If you can figure out what it is and you can codify it, you can license it or sell it to tons of other people. And I've done that all the time.

I'll share with you two different quotes from two different people that could define the rest of your business or real estate life, and then I'm going to leave. The first quote is from one of the advertising greats, Leo Burnett. He said, "If you set your sights for the moon and the stars, one thing is certain. You will never end up with a handful of mud." If you reach for the moon and the stars. Simple but graphic.

The other one is a guy who trains high-performing people. He says that most entrepreneurs struggle with the wrong non-verbalized question. The question that they torment themselves is, "Am I worthy of this? Can I really learn J.T.'s partnering? Can I really find investors? Can I really do deals? Can I really quit my day job? Can I really build a million dollar, a ten million dollar net worth? Can I really make myself independent?"

This man says, "When you really realize how much more is possible from your time, your effort, your energies, your intellect, your opportunity cost, your resources, the marketplace, your communications, your scope of possibility, you will shift". And now the question will be, "Is the goal worthy of me, because I can do so much more?" That's what I'd like to leave you thinking about. Thank you. It's been an honor. [Applause]

*Ladies and gentleman, Jay Abraham.*

Thank you. Thank you very much.