

A man with short hair and a serious expression is speaking into a black Rode microphone. He is wearing a dark t-shirt. The background is a dark, textured wall. The entire image has a blue-tinted overlay.

JAMESCHRAMKO

# Some of My Biggest Financial Mistakes

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Even James Schramko and Charley Valher, who've had some success in wealth-building, can tell stories of mistakes they've made. Listen in and learn.



## Charley Valher

**James:** James Schramko here. Welcome back to my podcast. This is episode 953. And today, we're talking about the biggest financial mistakes. I've brought along my friend, [Charley Valher](#). Welcome, Charley.

**Charley:** Thanks for having me, James. I hope you haven't brought me on just because I've got the biggest financial mistakes.

**James:** No, I brought you on because you've been concentrating on this topic for your own content. And as you know, I like to bring on guests who are interested in certain topics, or specialize in certain topics, or are passionate about topics, to come and talk about stuff that's going well on their own environment, and to sort of, I guess, curate, aggregate, consolidate here, and I want to bring value for our audience.

Yeah, I mean, I don't have that many financial mistakes. Of course, that's probably not true. We all have done it. It's been a great discussion for you in your own environment. I wanted you to come along and share what you've discovered people react to the most. Ideally, some of the things we talk about might prevent someone making a mistake. That's the purpose of this episode.

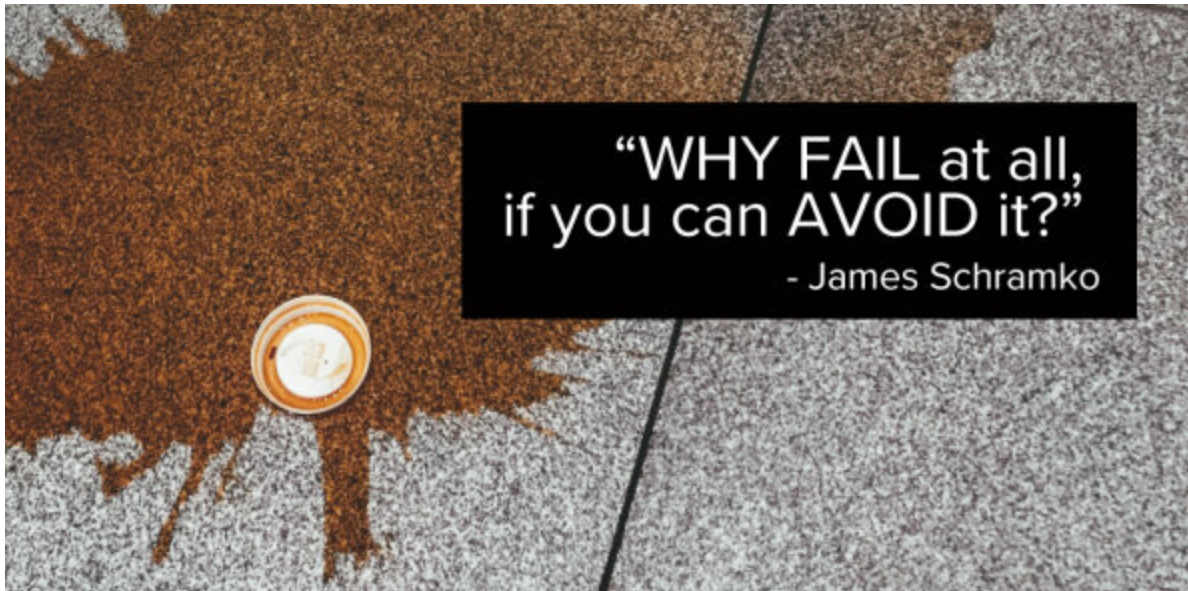
And it is something that we've talked about in previous episodes with you. And I know you concentrate over at [businessandinvesting.com](https://businessandinvesting.com), where one of the reasons we have a business is so that we can actually have a wealthy life, whether we're taking money from the business and putting it outside the business, which is what I like to do.

Sometimes it's to build the business up and make it strong and to sell that as a big, once-in-a-lifetime event. Or maybe you do it a couple of times if you're a serious business builder, but so many lessons we've both had along the way.

### **You don't have to commit other people's mistakes**

**Charley:** Yeah, absolutely. I'm in the same camp. Now, this topic actually came from, we did a little bit of like Facebook group chat in the Business & Investing community. And what was really interesting is, a lot of people were very curious about, like, well, what are the mistakes I've got to avoid along the way?

I think it can be so helpful to people to just go, hey, you know, these are the ones that have cost me. You don't have to repeat it. It's optional. Some people like to learn through experience. But sometimes if you can learn from others, it's much more advantageous.



**James:** I think when it's money, it's way better to learn from others. And that's actually one of my secret formulas, is I really try not to make too many mistakes. I know there's big business mantras out there, you know, like fail fast, fail often. And I hate that. I think it's terrible advice. Like, why fail at all, if you can avoid it?

But part of the reason I've got all these books you can see starting to collect behind me is I've learned a lot of things from people who publish information. I have learned a lot from my clients when I was at Mercedes-Benz. I observe and understand what I can about other people's experiences. I'm inquisitive, and I ask questions.

And thankfully, it's plotted me a pretty good path. I'm very happy with where things are at. And I think a big part of it is, firstly, taking full responsibility for my journey through life. And secondly, dedicating some time and energy towards understanding what lies ahead so that I can navigate the obstacles with the least amount of loss.

And I know Warren Buffett likes to preserve his money more so than even making money. Like some people, it's their financial setting, don't lose money is setting number one.

**Charley:** I think that's a strong setting. I like that setting.

**James:** But we have lost money. I've lost money, you've lost money. We're going to share a couple of war stories today. I also want to say I am not in any way, shape, or form a financial advisor, planner or whatever. This is not wealth advice. I'm just sharing personal stories of things that I've observed along my journey in life when it comes to wealth mistakes, etc. And I'm imagining it's similar for you, Charley.

**Charley:** Absolutely. I would actually find it interesting in an episode called Biggest Financial Mistakes if anyone took this as advice to follow. I'd actually think that it's probably not the idea or intent behind it.

**James:** I know. And sometimes, you know, the idea is, look, be aware of the traps. I remember Professor Cialdini, he published his book Influence as a warning to others, like how to prepare and defend against being influenced. So I think it's a great position to take in this case.

## **Beware of overoptimism**

Do you want to share a story, Charley? Are you brave?

**Charley:** All right. All right. I'll kick one off. We're going to do a business one first. I'll do a business one, and then I'll do a more wealth-building-related one.

So very early on, when I started in business, I had a marketing agency and after years of frustration, I finally cracked, like, a winning offer. Like, I worked out something the market actually kind of wanted.

Now, I should set some parameters. Let's pretend my marketing agency was doing about \$10,000 a month at this time on retainers. We cracked this offer in the marketplace, and we went from doing about \$10,000 a month to about \$70,000 a month in the space of, I'll say, two or three months. Very, very quick.

Now. So I'll unpack that a little bit further. It was just me and one other guy at that point when we were doing 10 grand a month, and it was like, you know, there was more business. But then when you've got 70 grand worth of retainers to deliver, all of a sudden, you need all these other things. And I was so excited to have found something people want.

And I thought, well, I've got this, you know? I get paid up front, I can get paid, and then work out how to deliver it. And I just created this massive, massive mess of saying yes to all this work, and then having to like, drastically hire people behind the scenes to actually deliver on it.

Now, the thing that actually caught me out, and this is where it becomes particularly notable, is in order to get a team to be able to deliver the work that needed to be done - on my very limited experience at this point, I will mention as well - is I actually created a massive cash vacuum. So in turn, what ended up happening even though my revenue went up, I lost all the cash in my business and couldn't really even afford to pay myself for the following six months.



So I actually had to live off my partner's income for the following six months while the cash flow cycle actually caught up with it. Because in agency land, and I'm sure you're aware of this one as well, James, it's like, the first few months with the client are the most expensive ones, when you're doing all the onboarding, and setup, and a lot of the one-off tasks that don't come into the projects later on.

And again, through the naivety of experience, in the attempt to make more money, I ended up not being able to pay myself for like, six months plus. I just dug myself a very deep hole that I had to work my way out of.

**James:** Ouch. How did you go with the relationship with your wife at this point? Did she have a loss of confidence in your business mission? Because this is something I do see between partners a lot, and it can cause a lot of tension in the home.

**Charley:** Well, I got very fortunate on this one. This is where Charley is a little bit lucky is that he's got an accountant wife. So when I could explain what's happened, and she understood it from a numbers perspective, she was like, Ah, I see what you've done here. Like, I totally get it. I think if she perhaps didn't have that experience or knowledge within herself, she may have struggled with it more and more.

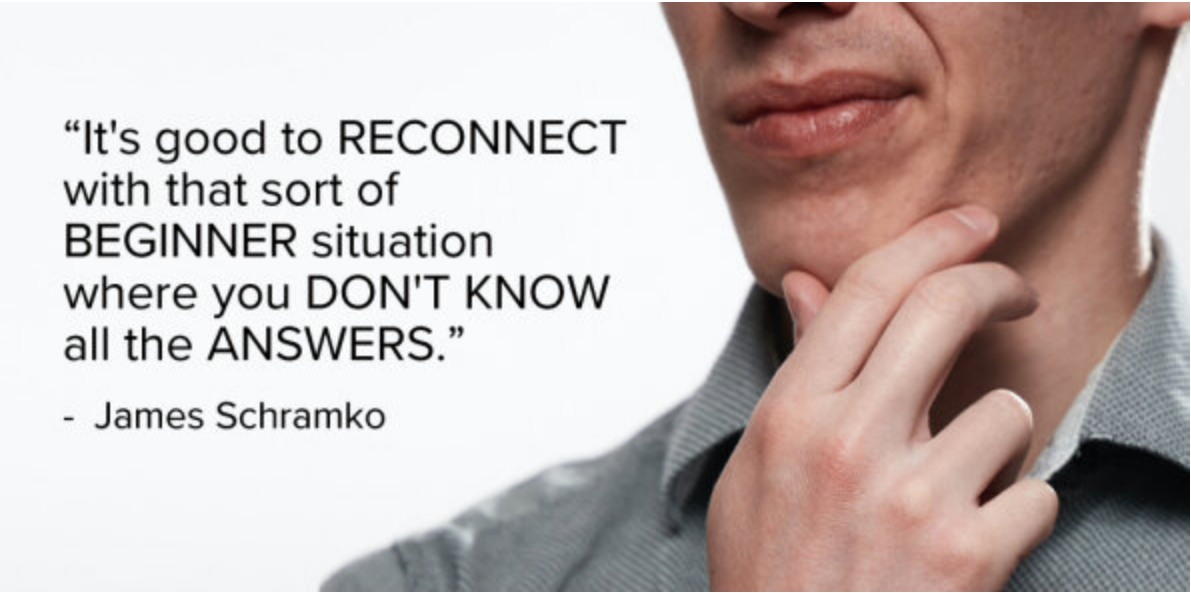
But again, even like, secondhand consequences of this is like, I think that that occurring actually led me to under invest in the business and be like, reserved ongoingly. So there was probably some opportunity cost on the back of it as well that come into play here.

**James:** I call that capacity sabotage. It's because we have limited capacity to deliver, we sabotage our marketing efforts, like i.e., we don't go and get another customer because we know if we do, it's a massive headache to deliver and fulfill. So we sort of set our limit of according to our capacity to deliver, which is why a lot of the time, I'm helping people build their capacity to deliver, because if they can do that, now they only have a marketing challenge.

Sounds like you're a great marketer. And you're only limited by being able to put together the capacity to deliver and not knowing what your costs would be, either. I mean, you were very quick to outsource, probably through necessity, if you had a skills shortage.

**Charley:** There was no option. There was no option. There was too much work.

**James:** I remember when I first sold a website, the first website I ever sold, I didn't know two critical things. One is, I didn't know how to put a form on the website. And I knew I needed to have forms. And I didn't know how to get the website from my laptop onto the server. I didn't know how to point it to a domain and upload it via FTP and all that.



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- James Schramko

So I had to figure it out along the way. And I probably could have hired someone to help me with that, and I didn't, so I was a little bit stressed about it. But I managed to figure it out, thankfully. But it's definitely, it's real. It's good to reconnect with that sort of beginner situation where you don't know all the answers.

So we've just heard a couple of examples where Charley and myself didn't know all the answers when we went out to win the business. But you have to be prepared to invest in getting the solution so that you can deliver on the promise.

### **When your marketing works too well**

**Charley:** Completely. And just to your point there, I'll ask you one back, do you think a financial mistake many make is like, not hiring?

**James:** I've got a perfect financial mistake here that dovetails this. Yes. It's somewhere between not hiring and over hiring. And I'll explain what I mean by that. When I [quit my job](#), it was 2008, I had a combination of affiliate marketing, information product selling, and I'd taken on a couple of agency clients. So I'd protected myself with a few different pillars of income.



The CPA marketing that I was doing was really taking off. I was up to \$5,000, \$6,000, \$7,000, \$8,000 a day in ad spend on my AmEx, and I was promoting primarily one offer. They had a second offer, but it wasn't as good. And this prime offer, I was using different advertising platforms, and this is 2008. I was using Facebook, I was using Add On Media, Clicksor. There was these buy-to-sell website banner ad things. There was...

**Charley:** BuySellAds.

**James:** BuySellAds. There was AdWords. Yeah, so Facebook, I mean, it was very early days for Facebook ads. It's a long time ago now. And there was a few other networks. But anyway, I had this big spreadsheet. And I was spending a lot on ads. And then most days, I was able to double my money or make a pretty healthy margin. Some days, I'd balance it out. Occasionally, I'd go negative. And I would check it at two o'clock every day.

A couple of challenges I had. One was, one day I woke up and someone had cloned all of my AdWords and running the exact same copy to the exact same offer. And it basically watered down both of our results. That was annoying. The bigger problem I had was, one day, I ticked on the Display Network option, the banner ad option for Google, and it basically just went crazy. I outsold all the other CPA networks, not just the individuals but the networks. And just overnight, I think I made \$16,000 in sales in one day.

Anyways, they started getting so many orders, they couldn't fulfill. And they got a really bad reputation. So they had people doing chargebacks because their order didn't come. They got a really negative reputation because they weren't delivering. People thought they were a scam because they'd ordered and didn't get their stuff. And they ended up collapsing.

And so now, I was basically caught with a big AmEx bill for my ad spend and the commission check stopped coming. And there was sort of a lag, two to four weeks from when I made the sale to when I got paid. So I ended up having to carry about six weeks' worth of advertising expenses, which I never got paid for.

So that basically gave me a cash flow crunch coming into Christmas. So I remember, it was Christmas, I had, but you know, theoretically, I had money coming in because I'd earned it. And it just didn't come because they went broke.

What we're talking about here is a few things. Firstly, I was single-source dependent for most of that income. There was a lead time between when I spent the money and when I got paid back. And it wasn't enough, I didn't have enough other in my portfolio for it not to be annoying, right? So in the end, the rest of my business balanced out the costs.

So I didn't go negative. I've never gone negative in a profit sense. But it did bottom me out for a month or so. And it was actually January 2009 I started my membership. And I'll pause there for a second, because that's going to be my next financial mistake, and it relates to partnering with someone when I should have hired someone to do a short-term, one-time thing. Instead, I partnered with someone and ended up overpaying.

### **Sometimes a partnership is a mistake**

So I don't know if you want me to develop that one now or come back to that.

**Charley:** We can't leave that one there. And I will say, you do see this one commonly. I see a lot of people that would, when they're in that beginner stage, is they partner because they perceive, I don't know, they want someone with them on the journey. I don't know where it comes from.

**James:** Well, I know where it comes from. It's a lonely, isolating mission, this entrepreneur thing. You're already in the 10 percent of the population, or six percent of the population who's suited to be an entrepreneur, right? You're stressed out and uncertain. It's nice when someone buddies along and you say, You know what, we could be partners.

The typical split is the 50:50 split. You and I've talked about this before, I feel, on the [revenue share episodes](#). In the early days of my online journey, probably 2006, 2007, and as it turns out, 2009, I did 50:50 deals, but none of them really worked that well.

And in this case, what had happened was I'd started selling mentoring 2008, and my first and greatest student was brilliant. And he was paying \$700 a month for one-to-one attention from me. And he milked me, which he was entitled to do, for all this knowledge on conversions and traffic. And he applied it, and he was getting huge results. He got amazing results. He was implementing everything.

And I said to him, I need to set up a membership. But I'm not sure what platform to use or how to go about it. And he helped me out. He helped me choose a membership platform. He helped me choose a billing solution. He helped me with the presale page and connecting up the autoresponder waiting lists.

I didn't have any team at this time. I think I had one support person, part time, called Matt, who used to answer tickets. That was it. And I maybe had an article writer - it was probably \$10 an article back then. Anyway, that was it. That was the only support I had. So I didn't have any technical depth.

So I said, How about we do 50:50 on this thing, and you bring in clients, and I bring in clients? And he said, Yep, that's fine. Because I mean, he was a super affiliate, he knew how to drive traffic, he could run paid ads, he's very precise. So we were able to set up the membership, which back then was called SuperFastResults.

And I started filling it, I filled it with the first cohort of people. And then I kept speaking at events and filling it, and then we were selling some directly. And there was a few affiliates as well. The numbers back then, in 2009, we were making about \$25,000 a month, we had \$5,000 a month in affiliate fees, and we split 10 grand each. That was the number.

So this went on for about four years, Charley. So I sent half a million dollars, US dollars, over four years to my partner, for helping me set up the membership. I answered about 80 percent to 85 percent of the questions. I brought in 99.99 percent of all members. And I was sending off half of the profit overseas for four years.

In the end, I realized, you know what, if I just paid someone \$10,000, I could have had all that stuff set up. And I realized I need to have independence in this one. So I said, Would you like to buy the membership? Or would you sell your share to me? He said, Well, I definitely don't want to buy it. It's no use to me. Of course it wasn't, because he wasn't putting any members in, and he wasn't answering the questions.

We're all friends and everything. He's a nice guy, right? No gripes about that. But commercially, it just didn't make sense. It became out of balance. He said, What would you pay me for my share? And I offered him a very generous amount. At the time, my wife said to me, You are insane. That's way too much. I'm like, Look, I'm not greedy. I'm fair. I want to put an amount.

I put the number and then I basically got, No look, I'm just happy how it is. And I said, Well, how about, why don't we just at least adjust the split? Why don't we make it 65:35? He's like, No, I'm just happy how it is. I said, What about 60:40? You know, and he's, No, I'm happy how it is. Anyway, there was no decision made. And after a couple of months, I just started my own community. And I left that one there.

And within a few months, everyone had come across to my new community. And the old one basically got to the point where we just switched it off. And that was it. And now the interesting thing is, the new metrics look like this. Back then, it was about \$40,000 per month in, with no affiliates, and no partner.

So I went from 10,000 a month to 40,000 a month. And this is the interesting thing, with no change in my actual workload, with no having to go and ask for permission or check-in or meet regularly to talk about sh\*t on how it's going to run. So I had total independence and four times the profit. Anyway, these are rough numbers. And it was a long time ago. This is 10 years ago now.

So that's my best recollection of it. But the big point here is the partnership tax. By leaning too heavily into a partnership and hoping that it would work out and not calling it early enough, I overpaid for too long, and I should have called it earlier. So it probably cost me hundreds of thousands of dollars. But it was a huge lesson, and investment in experience, as I like to call a mistake.

**How bad experience can lead to good**

**Charley:** It's interesting that many of these seem to like, lay up the next good thing, right? So this experience led ultimately to SuperFastBusiness, I imagine, was the membership you started on the back of this?

**James:** That one was called FastWebFormula, which became SuperFastBusiness, which is still what's now James Schramko. So it was one, two, three. This had four names, but essentially since the beginning of 2009 to now, I still have a recurring income with hundreds of - it's had between 350 and 550 members since 2009. So it makes it a very consistent business model.

It gave me an appreciation, the fact that I am more of a one-man wolfpack. I don't necessarily need or don't need 50:50 partners. Except for marriage, that's a different consideration altogether. I don't generally like to have consensus management or whatever. What I prefer is most of the control being in one camp.

For the most part, and it fits with my [OwnTheRacecourse](#) methodology, I like to have a lot of control. But I'm also prepared to take a lot of responsibility. I'll own it if it doesn't work, but I'll also own it if it works. So I don't mind that. And I've also pursued a [revenue share model](#). And I like that model. And I am taking this small percentage, in this case.

I'm taking a tiny percentage of someone else's business. And they own it, they control it, they are the decision maker, and I'm okay with that. I'm actually a great partner because I'm happy for them to be successful. I'm happy for them, and we don't get out of whack easily because, why would they? They're in control of their own show.

They can take or leave the advice or the resources available to them. And if they don't like it, they can end it by buying it out. So basically, all these lessons had to happen for me to get to the point where I found a sweet spot business model that not just only works for me, it also works for a lot of the people that I've helped do this. And I think it's a great solution for where I'm at and for my personality type.

**Charley:** It does seem to suit you well. But it's just funny that I didn't necessarily connect that you go back way then to where you've ended up today. But I guess that's, I mean, a lot of our mistakes has been, especially the expensive ones, tend to push us in a direction or to a path.

**James:** I learned this from my maniac boss. He would come in and see a coke can on a desk and smash it across the side of the showroom and scream and shout and then fire someone on the spot. He wouldn't fire them directly. He would storm into my office, and he would scream at me, Get rid of them, making sure they could hear him. And then he'd storm off. But that's like, this is like a road rage accident, right?

People don't start hammering on a window with a spanner just because someone cut them off. They hammer on their window with a spanner because they lost their job, their wife screamed at them, their kid won't return their phone calls, they got a parking fine. And then someone called them up asking for late payments. And then you cut them off. That's the last little trigger of the sequence.

So yeah, I believe a lot of things have to happen for where we get to in our life. It's just whether we're conscious of it. And also, and this probably, this is one of the greatest mindset things ever, mistakes are going to happen, as we learned from a previous episode of mine with [Nam Baldwin](#). It's normal, expect it, accept it, and then tidy up. The NEAT acronym.



I love this. It was one of the greatest podcasts for me. I learned that acronym, and it really changed things for me. But I'd already learned in business and in life that a mistake is just an investment in experience. And when something bad happens, use it as an investment. I've got a few other mistakes. And I think you have too. Let's talk about how you've used the mistake to change your future, Charley.

## **When you lack an early education in money**

**Charley:** Yeah, so this was a huge one for me. I'll jump in on this one. So my second mistake is that I never really got educated about money early on in my life. And to be honest, I was terrified of it. I had some experiences growing up where my family wasn't in the best financial position. So I developed quite like a fear-based or a scarcity mindset around money.

So I'll give you some examples is that often I would be like, you know, if I make money, I'll just save it and hide it away. I'd be reluctant to reinvest it in a lot of cases. So I'm one of those people that you will probably consider like, a saver, in general.

**James:** So you have a mattress full of cash.

**Charley:** I mean, well, actually no one knows where I live at the moment. So yeah, it's all good. So I'll take you through what kind of happened and then I'll share some more on it. In business, like I finally, after a few very challenging years, which I think many people have when they're starting out, is I finally started making some money after the experience I mentioned before, but then my attitude towards it was just to basically save it and squirrel it away.

And what I actually do is every dollar I made, I would just pay down my mortgage. So I'd go, right, because that felt safe, very, very safe. Now eventually, I got to the point where I actually paid off my house. I'd paid off my house by the time I was 30, which is something I'm very proud of in all honesty, it was quite an achievement even then.

But it was when I realized the opportunity cost of not getting educated with money and looking at what would have happened if I had invested that, been smarter about it, learnt about it, invested in my business more, in all honesty, it's like, I only realized how much I actually hamstrung myself. So I hamstrung myself in a big way.

And I look at that and go, that period of my life, I could have done a lot more with, but because of this fear surrounding money and not knowing how it works or being educated, it just left a lot on the table, in all honesty.

**James:** I wonder though, if you'd had the knowledge to deploy that money, if you might have frittered that money away, and then felt even worse? I mean, I know some people get suicidal when they lose money, they feel so overcome with grief, they can't handle it anymore, which is terrible. I often think about, well, what would be the alternative?

### **Living in fear of financial lack**

The worst case scenario in this case is that you have done forced saving, and taken a conservative position, and at least you own a house. And one of the big fears that people have is to be living on the street, you know, homeless. That is a fear, especially if you've had an insecure upbringing.

But it's an unreasonable fear for most because most of us, if we ran out of money, and we ran out of somewhere to live, most of us would be able to find a couch to surf on or would have enough one or two friends to support us with food, or even an opportunity to work. So it's probably not a valid fear for most people listening to this podcast, but it's certainly a fear for some people out there in society.

Do you think you would have had the acumen to invest it wisely? Or could you have potentially made it worse?



**Charley:** What I don't like the most about this is like, just how much time I was spending obsessing about money, in all honesty. It was causing me stress, just to actually like, have the money and have to put it somewhere. So I didn't like that. Like, I would go out to, let's say to a restaurant, and I'm looking for the cheapest item, or I'm trying to book a hotel or get the cheapest flight.

And I realized it was becoming quite obsessive for me. Like, I realized how much of my life was becoming around looking for the cheapest option. And that's where it was, like, entangled in the idea of like, it wasn't just paying down the house, it was the, how am I showing up in the world? How am I representing myself? How much of my energy is being drained on trying to find cheap solutions? And I was like, I was quite, how do I put it, I will say stressful is probably the word to use there.

**James:** How did you snap out of it?

**Charley:** I, well this is it, oh, there's probably even a touch of an embarrassing story nonetheless. So I went to a marketing event, it was in Sydney was this marketing event I went to, and I'm in Victoria. And I realized that the event was at a really nice hotel. And instead of staying at the hotel, I actually stayed at a friend's house to save on the money of all things, which sounds a bit ridiculous in hindsight now, because I just didn't want to spend it there.

But the thing that got me is I went to this event, and I found myself actually lying to people, saying, I wanted to catch up with a friend, rather than stay at the hotel. And I was like, Why am I saying this? Like, why am I like, hiding my frugality, like, if you're going to do it, like, wear it as a badge of honor, like, don't be one of these people, that's like, you know, putting it in the closet there.

And what got me was that I missed out on some key experiences at the marketing event. So when I left to go stay at the friend's house, all the other people were kicking on and forming relationships and getting all these things. And that was actually the trigger for me, when I came back to do some work on myself.

So I did a couple of programs, which one of them was Demartini's program on money and things like that. And there's some great ones out there. But that really helped me in a lot of ways, that was like the unlocking of my ability to actually like, function better with money in the world.

## The things you could be missing

**James:** Yeah, I've have seen this, and in extreme, I've talked about this in previous episodes about my multi-millionaire client, easily worth more than \$100 million, who had stained clothes that he bought secondhand. He just couldn't spend money. And when I probed him more about it, he just couldn't. He was just too traumatized by having no money when he was young.

But he's got all this money now. And he wouldn't - he always wanted secondhand cars, but he bought - I don't think he actually even bought - maybe bought one car the whole time, and it was secondhand. And I just think it's sad.

If you work it through to the end game, right, and I actually had a similar conversation today, I went for a surf with a friend of mine, Michael Maidens, down at Coolum, and it was big waves.

And both of us took a new board, and he said, I love this board so much. Like it even looks good in my room. And I said, You know, like some people would just hang it. They'd say, It's too nice to surf, and they would just hang it, and I think they're missing the point. Like, I ride them. I ride my boards, I want to experience them.

Because let's say you make it all the way to your deathbed and then your board's sitting there on the wall, and you never even rode it once. Like, how sad is that, that you never got to experience it, you never got to live what it will be like, and you can't take it with you. It's done. It's like you just turned to dust.

Same with the money, like so what? You die with \$50 million sitting in your bank account, but you never went overseas, you never drank a nice coffee, you never had avocado on toast, you didn't get to experience the thrill of hearing a turbo booster wastegate or a tire squeal or whatever. Like, I think it's really important to figure out, what's the point, as my crazy mentor used to say, what's the point?

And when you get stuck in this frugal mode... I have several frugal friends, a girlfriend of my wife used to scrape around the bin outside the supermarket looking for shopper docket to get a two-for-one meal deal. And would always produce a docket or go to the movies on a two for one. They lead their life driven by what the best price is, but they miss the whole point of living. It's so sad.

**Charley:** Incredibly sad.

**James:** I'm definitely not, I'm not in that category. To me, I don't mind whatever lettuce costs. If I want lettuce, I'm going to eat lettuce. It's just not the point to chase the dollar. And so false economy comes to mind. Like the crazy people who will drive across the town to save \$5 but spend \$7 on petrol and not think about it.

**Charley:** So just think about that compounded across someone's life. And I should mention is that I also have a lot of empathy for people that go through this, being I was one of them.

**James:** We were all. I mean, most people were a student or didn't have a lot of money, unless you're a trust fund kid, right? I get it. I'm saying this is the important thing. A lot of the people I'm working with are not in a dire situation where they're about to be homeless, and they still hang on to old money patterns that cause them to play small.

## **The people you really don't want to shortchange**

One more little example, and then back to your thought train there. I had a client recently say to me, I've got this worker, they're incredible. I think I need to probably give him a pay bump. And he said, They asked for \$8,000. But I'm paying them four. And I said, Well hang on a minute. Why are you paying four? Why did they accept four?

He said I paid four because it was an old money mindset habit of mine to just be cheap. And they accepted four because they said, Well, let's just start and see how it works out. I said, Well, and also I said, Would you miss them if they left? He said, I'd be devastated. I said, Well, there you go. Pay them 8000, right? Say, Hey, we've worked together. It's great. And it's working out terrifically, and I'm so happy with what you're doing, and I want to make sure that you get rewarded.

I see this all the time. This person has staff churn on staff churn, never can hold a staff, because he's always trying to nickel and dime your own staff. They're the last people you want to nickel and dime.



**Charley:** Completely agree on that point, James. It's very important. Pay your people well if they're good.

**James:** Yeah. So back to your thought line there. You were just saying that, you appreciate that some people are in a position where they don't have the luxury to not count the pennies or whatever.

**There's help for a limited money mindset**

**Charley:** Yeah, so I guess to frame it up or put it in a nice little box here is like, the regret I have is not doing the work more seriously. Like, I didn't believe there was a program out there that could help me, or there's some education I could get that could help me. And it turns out there's many fantastic ones.

And if I look towards the compound effect of just how many things would have been different if I started that earlier, but someone today who's listening to this podcast, like, they're delaying not dealing with their money mindset, or not getting educated on money, might be a substantial difference on their lifetime of where they actually end up financially, not to mention the experiences of enjoying money, like you mentioned before.

**James:** Yeah, that's it. The money is just a concept or an idea. I'll say one of the programs that I got tremendous value from was Bob Proctor's Born Rich. A wealthy client gave me that cassette tape when I was about 23 or 24 years old, was at BMW, and he gave me a box of cassettes and that was one of them. Other ones in there were Maxwell Maltz's Psycho-Cybernetics. Another one was Tom Peters. And there was Denis Waitley.

**Charley:** The classics.

**James:** I was so lucky that I got access to this stuff. You know, this guy used to be a seminar junkie. He used to go to seminars. I saw him at some later when I went to see Brian Tracy and Tom Hopkins. And he was there in the crowd. He used to run up to the table and buy the stuff. He was very positive, and he was giving the good stuff.

But I hand wrote notes from that cassette, and I believe it made a profound impact on me. It was talking about lots of things that were easy to relate to, like the circus elephant that grows up tied to a rope and doesn't realize it could just pull the stake out of the ground and walk off anytime it felt like it. It didn't realize it was even trapped. Or the guy who wanted to live on acreage in the city and thought it was impossible.

And I ended up doing that, I ended up living on acreage, five acres, just 25 minutes from the heart of Sydney, for about five years. And most people wouldn't think that's possible.

**Charley:** I wouldn't have thought that was possible.

**James:** So yeah, that was the resource. You mentioned John Demartini. So I think we've shared something valuable there.

## **Letting emotion get the better of you**

**Charley:** Yeah. Should we dig into our next one?

**James:** Yes, please.

**Charley:** All right, I'll give you one more here.

**James:** I didn't think I had any mistakes. And I'm hogging the whole show. Turns out I had plenty.

**Charley:** Alright. So this is a more recent one. This was kind of like the start of the recent year's events. I'll put it that way. I don't want to get any YouTube flaggings or anything on that. But point being is like, I just had a really successful investment property go well for me. So I'd done my first, I'll say, proper deal. I was quite excited by it. And then my instinct reaction was, let's go again.

So I just had this huge win, I was in this exaggerated, like, joyous state, running around high-fiving my wife continually, and I was like, Let's go again, let's do it again. Hired the team to go about this again. And sure enough, the team did what they do, and they found this property. And they presented it to me, but what had actually changed is that the world had changed.

So in Victoria, we were just going into our second lockdown at this point. And there were some very, very real concerns of like, you know, the future of humanity at this point. But looking back, I look at my mindset in some of those times, and just go, wow, like, what happened was intense for many people.

But I had this like, huge, heightened excitement of pulling off a successful property deal, which was a very exciting and joyous moment for me, to this incredible low of the world is ending and fear had taken over once again. And I actually passed on the property. So I had gone through this massive emotional roller coaster of things going through it.

And they ended up losing the deposit I'd left on it as part one, because you have to hire your whole team to be able to go and find and source these properties and come through with it. And then on the other side of it, if I had purchased that property, it would have done really well. But my big mistake here is that, I was just purely acting out of emotion. And I feel like that's really, really dangerous.

There's been some other times with it. And I won't say if they are or are not crypto-related, where I might have gotten emotional and gotten into some things I didn't truly understand either. But every time I tend to act out of, you know, what I hear from someone else saying some emotional type of environment instead of sticking to my plan and sticking to more long-term strategic moves, it tends to go really sideways for me.

So in this example, there's like, layered mistakes in it, from the deposit money I lost, from getting the property source when I probably shouldn't have, the loss of if I did buy it, how well it would have done, and it would have done really well. And then thirdly is like, just along the way of like acting emotionally instead of on the plan.

## **What a pandemic situation can do to you**

**James:** Yeah, I mean, look, it's a forgivable thing. And the whole world got shaken a bit with the pandemic, especially in your region, right? For our overseas listeners, Charley lives in the most lockdowned place in the whole country. The guy in charge of where he lives pretty much caused the biggest mass exodus from that state in history because he's so draconian.

And as an outsider to there, I was looking, thinking this is a human rights issue. In fact, I believe it's been proven now that it was in subsequent court cases. So you were in the blackest of black areas, like most depressing and negative situation. They had military sending drones down the streets looking for people outside their house. They were tracking mobile phones, surveilling mobile phone usage to see who's wandering more than a few kilometers.

It's bullsh\*t, quite frankly, but I can understand why that would cause you to just go to ground. It's totally normal. In my case up where I was sitting, I watched the bank stocks dive. And I purchased a substantial amount, when basically the share price halved, and watched it double. So I used the motion on the other side of the coin there.

When I see big events like that, I remember the sayings like most wealth is created during these times by the savvy people. And I bet against the general emotion of the market. If everyone's negative, then there's got to be an opportunity somewhere, it has to be. And I was really pleased with that one.

Now to counterbalance it, I basically got some help with someone with some crypto things. And I used a very small amount, play money that I could afford to lose all of, to try it, because I feel like I'm better to try it myself than to hypothesize on it. And I watched it jump up about 1,000 percent. And my gut instinct was, it's time to take that off the table, it's time to remove that.

Now my friend, he said, this is a long play, this is a hold and just leave it, if you can. I said, Well, I don't need the money at all, I can leave it. As it turns out, it's back to about the seed capital I put in, so I didn't even lose on that. But the potential of what I lost was significant, because I basically put too much stake in someone else's emotion. So that's secondhand emotion.

My - I'm not going to say advisor, but my passionate enthusiast in that market was more emotional than I was. And my intention would normally be just to remove it. Same as if I walked through a casino if I'm going to an event or something, and there's poker machines. If I put \$1 in it on the walkthrough between the lobby and the restaurant, and I pull out \$50, I'll cash it out immediately, because it's a good return on the investment.



So anyway, that's my sort of story. Using banking against general emotion is the first part, and second part is hooking into someone else's emotion and not benefiting from that.

**Charley:** Huge. The thing I find so interesting is that the lack of awareness in the moment that we're being emotional. Well, I certainly speak for myself here. But in my case, I didn't realize how emotional I was actually acting.

**James:** That's why whenever we caught up during that period, Charley, I was checking in on you from a health perspective. I'm like, Are you okay? And you're like, I'm fine. And I'm like, Okay, because as an outsider looking into your state, I was outraged. And I think you probably remember, I was outraged by the behavior. The crimes that were occurring made me angry that people were being put through this, and that it wasn't being challenged enough.

And yeah, you seemed fine at the time. But it's always good not to make decisions if you're drunk, tired, emotional. If you don't have the data or the research or the information to support making a decision, it's probably often better to not make a decision. And I can't really penalize you for not making a decision, it was probably a rational thing to do.

**Charley:** I still look back on that time and just think that it probably wasn't a wise environment for me to be making big property purchases from with that going on. That's just part of the delusion I was in, I guess.

**James:** But I think it's still valid. It actually holds true. I suspect some people made decisions or choices that have not panned out well for them, that they made during the pandemic. Example, we see news articles, like people have done a tree change or a sea change, and they're now finding that they didn't really like it or whatever.

Some people, I mean, look, I changed states, I move states, because I didn't like what's going down. But rather than just whinge about it, I'm a man of action. I took action, I moved my entire family to another state. I chased the freedom, and it is, in hindsight, almost a year later, I can say without doubt, without question, it was the most positive life change I've had.

It was incredibly good to do. And I don't have any regrets. But in that process, you know, I made a big purchase, and I've committed my other properties for two years on leases, etc. And like, I made a one-way door for myself. It wouldn't be easy to go back. Thankfully, I'm not going back. And it was good, but it could have been not good. So I did make a choice. But I don't think you can really know until later.

And this is something I picked up from Peter Drucker, who, like, you know, I got a lot of his books on my bookshelf there. He said the power of decision-making is not in the moment. It's not all the things that you consider, all the stats and the research, it's not how quickly you make the decision. It's not just in the data. The real power in the decision, you can't have at that time, it's in hindsight. The only way you can really know if you made a good or bad decision, is looking at it down the track, in hindsight. Then, what do you learn? What do you learn?

So I believe, Charley, you can only now know if that was a good or bad situation. And I don't think you could have done much different at the time.

**Charley:** Things do appear to have worked out, I will say, and this is, I think, as a continual theme that all of these mistakes or regrets, and if I may put around this is like, they tend to have led to good places for us, James.

**James:** The best saying I've ever heard on this, and it's so good, I use this a lot. It's that things don't happen to us. Things happen for us. I don't know who said that quote. But I love that quote. And so every time something happens that's not feeling ideal, or that you have a tinge of remorse or even anger, just recognize that it's happening for us.

So even when I was angered and outraged at the treatment of people in your state of Victoria, that helps me have gratitude and appreciation for the freedoms I have, for the fact that I'm not oppressed, and I'm not under the rule of what would feel like a dictator, that I am able to walk out my front door and go for a surf and not break the law.

These things I felt huge appreciation for, so they're all lessons in this tapestry of life. We've covered some financial mistakes. Some of the ones you and I have mentioned could run into the hundreds of thousands. Are they investments in experience? I think so. Has it helped us both make better choices in the future? Absolutely.

**Charley:** I concur.

**James:** Thank you for sharing these with us, Charley. You're over there at [businessandinvesting.com](https://businessandinvesting.com). You did mention a Facebook group. Is that accessible to the public?

**Charley:** Yeah, we have the - if you search [Business & Investing in Facebook](#), we do have a community and group of business owners who are looking to build wealth. It's a fun community. We get a lot of fun questions like this one, like what are our biggest regrets? I encourage people to come and join if they want to get a part of the conversation and hear more of these things.

**James:** Love it. We're going to put this up on episode 953 at [JamesSchramko.com](https://JamesSchramko.com). We'll put a link to Charley's website and Facebook community. I love your newsletter, too. I've been enjoying reading it, especially your contrarian opinions on things that most people think about certain ways. So it's really good and very important.

And this is part of what's helped me, is to surround yourself with people who have a variety of opinions that come from different spectrums, so that you can then decide, where do you sit in the lay of the land? It's best not to just go all in on someone else's opinion. That was my crypto mistake. And it's also good not to think you know the answers to everything. You need to have people around you with different opinions. And I think Business & Investing sounds like a great format for that, too. Thanks, Charley.

**Charley:** Thanks for having me, James, and appreciate the kind words.

**James:** Let's speak again soon.

A man with glasses and a beard is wearing large headphones and looking at a laptop screen. He is in an office environment with other people and desks visible in the background. The image has a dark, blue-tinted overlay.

JAMESSCHRAMKO

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