

**Kim Brand**

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**From:** bounce-15228068@emailenfuego.net on behalf of The Blog of Author Tim Ferriss [noreply@4hourworkweek.com]

**Sent:** Friday, October 03, 2008 9:12 PM

**To:** kim@kimbrand.com

**Subject:** New Post - The Blog of Tim Ferriss

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## New Post - The Blog of Tim Ferriss

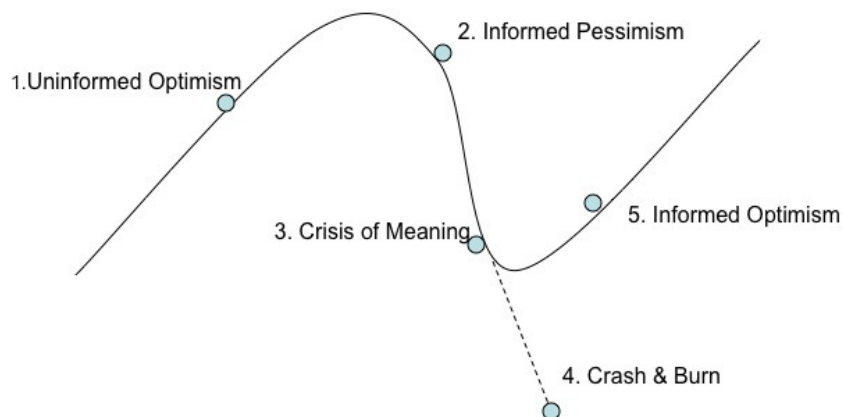
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### **Harnessing Entrepreneurial Manic-Depression: Making the Rollercoaster Work for You**

Posted: 03 Oct 2008 06:16 PM CDT

BACKPOCKET COO

### Transition Curve



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#### **The sky is falling!**

Ever since the media's Chicken Little response to the tremors in the financial markets, I've felt like shouting from the rooftops "now you know how it feels to be an entrepreneur!"

I just lost 9% overnight?! Fill a bathtub and get the toaster. I've had enough. Wait... I actually gained 13% while in the bathroom? I'm f\*\*king Superman!

This is a guest post on capitalizing on — vs. countering — the "entrepreneur's disease" (manic depression) through 4 cyclical stages. This is done by pairing appropriate activities to specific — though not necessarily positive — emotional states...

The author is **Cameron Herold**, former COO of 1-800-GOT-JUNK, whose professional resume includes:

- Helping build revenues from \$2 Million to \$105 Million in 6 years (no debt or outside shareholders)
- Building a PR team that landed more than 5,000 stories in those same 6 years
- Hiring 220 people in 4 months
- Leading the sale, branding, and integration of 450+ franchise locations.
- Teaching his psychological theories at the Entrepreneurial Masters Program at MIT.

I first saw this presentation at an **Entrepreneurs' Organization (EO)** event in Omaha prior to **my successful Warren Buffett quest** at the annual Berkshire Hathaway shareholders meeting.

I encourage you all to read this, especially with the fear mongering that is just getting started.

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**Skip CNN and just watch 4:08 - 5:00 over and over.**

Cameron:

**Marc Andreessen**, co-founder of Netscape, once wrote:

“First and foremost, a start-up puts you on an emotional rollercoaster unlike anything you have ever experienced. You flip rapidly from day-to-day – one where you are euphorically convinced you are going to own the world, to a day in which doom seems only weeks away and you feel completely ruined, and back again. Over and over and over. And I’m talking about **what happens to stable entrepreneurs**. There is so much uncertainty and so much risk around practically everything you are doing. The level of stress that you’re under generally will magnify things incredible highs and unbelievable

lows at whiplash speed and huge magnitude. Sound like fun?”

Many ultra-successful entrepreneurs are even clinically diagnosed as manic-depressive or bi-polar. Francis Ford Coppola has it. So does Ted Turner.

This article is about the emotional intricacies of being an entrepreneur – about what you’re going to feel during the journey.

The concept that we’re going to examine is called the Transition Curve. It resembles a rollercoaster.

Regardless of whether or not you believe you will ride an emotional rollercoaster running a business, you will. You have two fundamental choices: you can hold on and scream, or you can wave your hands in the air and have some fun.

I’m going to walk you through these different analogies, but let’s first look at the various stages of this process, which repeat.

**Stage 1: The first stage of the concept is called “Uninformed Optimism”.** At this stage on a rollercoaster, just getting to the top of the rollercoaster, you experience feelings of an adrenaline rush, characterized by excitement and nervous energy.

**Stage 2: The second stage is called “Informed Pessimism”.** As you ride over the top of the curve you now have a bit more information. Feelings of fear, nervousness, and frustration begin to set in. Perhaps you even want to get off of it.

**Stage 3 – The third stage is called “Crisis of Meaning”.** You’re past scared. You feel despair. It’s as if you’re standing on the edge of a cliff ready to jump, and you begin to think “Today the rollercoaster’s going off the bottom of the track for the very first time.” You feel helpless and you’re both terrified and frozen.

**At this point, you face a critical juncture.** You can come off the bottom of the curve and crash and burn, which is when your business goes bankrupt, you lose your marriage, you start drinking, or you end up in a doctor’s office because of stress. Or you can come around the corner because you’re getting support at “Crisis of Meaning” and you can enter an upward swing call “Informed Optimism”.

**Stage 4 – Informed Optimism.** You’re calm. You’re informed. You might even say you are cautiously optimistic.

## Capitalizing on All Emotional Phases — Activity Pairing

Here is the critical point – at each stage of the curve, you can do things to leverage the

**feelings and energy — positive or negative — that you have at that moment.** Fighting against these phases is like working against a natural force.

## Stage 1 - Uninformed Optimism

As an example – at Stage 1 – Uninformed Optimism – it's both a great place and a dangerous place to be for your business, depending on what you are working on or in at that time.

When you're starting your business, you have seed financing, some friend and family money, or you've just started the business with \$50 in your pocket. You can start a business without a lot of money directly because you're benefiting from uninformed optimism. You can take risks when you're feeling like this. Because you're so full of excitement you don't really know what's coming yet. So you're uninformed and your fully optimistic – or you wouldn't have started.

When you're at Uninformed Optimism you should be doing things like:

- \* Talking to the media. Imagine if a newspaper calls you when you're at that stage of uninformed optimism. How's your media interview going to go? It's going to go amazing because you have unbridled excitement and big thinking.
- \* Talking to potential investors. That's why everyone was investing through the 90s with the dotcom bubble. The entrepreneurs were so full of uninformed optimism and enthusiasm.
- \* Doing speeches in public – the audience will love you.
- \* Recruiting new employees – they'll all want to work for you.
- \* Networking for new clients – who wouldn't want to buy from you?

When you're at Uninformed Optimism there are also some things you should avoid doing:

- \* Spending money is a bad thing to be doing at this point. Because when you are really excited and full of optimism you think nothing will go wrong. The last thing you want to be doing is spending all this money because the reality is – at some point, you'll cross the curve and discover harsher realities.
- \* You don't want to be doing business planning
- \* You don't want to be working on your budget
- \* You don't want to be making buying decisions
- \* You don't want to be making hiring decisions
- \* You don't want to be doing your accounting, or your bookkeeping.
- \* Anything that requires you to be making financial decisions or planning logical shouldn't be done when you're at the manic energy or uninformed optimism stage.

Remember that when you're at that uninformed optimism stage, anything that's outward facing — talking about your company, selling the story, raising money — is well-matched. Simultaneously, at that stage, you don't want to make buying decisions, or hiring decisions, or planning decisions,

or budgeting decisions.

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## Stage 2 - Informed Pessimism

At Stage 2 – Informed Pessimism – you have more information now. You're not as excited as you once were. Coffee is helpful to get you started. You are worrying at times. You aren't depressed or scared – but you're somewhere in between scared and excited. You're just a little bit pessimistic now. The great aspect of this stage is that it prevents you from making careless mistakes due to overly optimistic thinking.

When you're at Informed Pessimism you should be doing things like:

- \* Planning the next phase of your growth
- \* Intermediate-term strategic planning
- \* Budgeting, as you'll be more realistic
- \* Purchasing things like advertising – you'll be careful with where you spend your money and will not over-purchase advertising based on exuberant pie-in-the-sky sales forecasts.

When you're at Informed Pessimism, there are also a few things you should absolutely avoid doing.

Do not:

- \* make hiring decisions.
- \* talk to the media or do speaking events.
- \* work in roles where being excited would help you get a better result – wait until things turn around emotionally for you.

## Stage 3 – Crisis of Meaning

This is a scary stage and can feel like you're standing on the edge of a building needing to jump. It will feel like all the odds are stacked against you and that everything is going wrong. It will be hard to get out of bed in the morning. Sleeping at night will be close to impossible due to worries and fear. You'll feel like you're paralyzed and can do little more than clean your filing cabinet drawers successfully.

When you're at **Crisis of Meaning** you should be doing things like:

- \* Cleaning your filing cabinet drawers – seriously. Doing a few little things can often perk people up.
- \* Reaching out to your support groups like friends, family, your church, groups like the Entrepreneurs Organization etc. to ask them for help, advice or to just lend an ear.

- \* Trying to set your TOP 5 daily and only work on the most important items each day.
- \* Taking breaks and going for walks, getting exercise, getting outdoors.
- \* Writing lists – lists about what you are strong at, lists about what you love – make lists that, when you read them, will help rebuild your confidence.
  
- \* Realizing that many others have been in this exact same place and usually turn the corner, just like you will.
- \* Remembering “The Little Engine That Could” – I think I can, I think I can – it can take time, but things will rebound.

When you're at Crisis of Meaning there are also some things you should absolutely avoid doing:

- \* Don't talk to others who are depressed.
- \* Don't talk to others who are “half empty” types
  
- \* Don't take any “all-in” Vegas poker type risks where you put everything on the line hoping for a big win.
  
- \* Don't try to “rally the troops.” Your employees, the media ,etc. will all smell fear. And your fear will lead to making things worse
  
- \* Don't turn to the bottle. Vices during stages of depression will lead to you spiraling out of control.
  
- \* Don't think that you can “handle it” all on your own. You can't. And when people “need” others, your true friends really will be there to support you.
  
- \* Don't try to learn more. Reading books and magazines about how to be successful or how to grow your company will only make you feel worse about your current situation. They'll just make you feel even more bogged down. Reading stuff like this is great when you round the corner though.

## **Stage 4 – Crash & Burn**

I don't really waste any time explaining this stage or what to do here – because if you slide off the curve, here it really is over – the company is done and/or so are you in the role leading it. Usually this is bankruptcy or forced sale, etc..

## **Stage 5 – Informed Optimism (or Hopeful Realization)**

This last stage is much like when the little engine that could turned the corner – and realized “he did”. You'll start feeling excited and energized again. You'll start rebuilding your confidence. And you'll start to feel momentum working in your favor again. You'll also have a lot more insights and experiential learning to draw from. You'll realize you have more competence and confidence than before and everything will start to go your way again.

When you're at Informed Optimism you should be doing things like:

- Hiring
- Strategic Planning
- Reorganization of your team – putting the right people in the right seats
- Cutting the wrong people
- Generally getting everything in order to really start growing again.

When you're at Informed Optimism there are also things you should avoid doing:

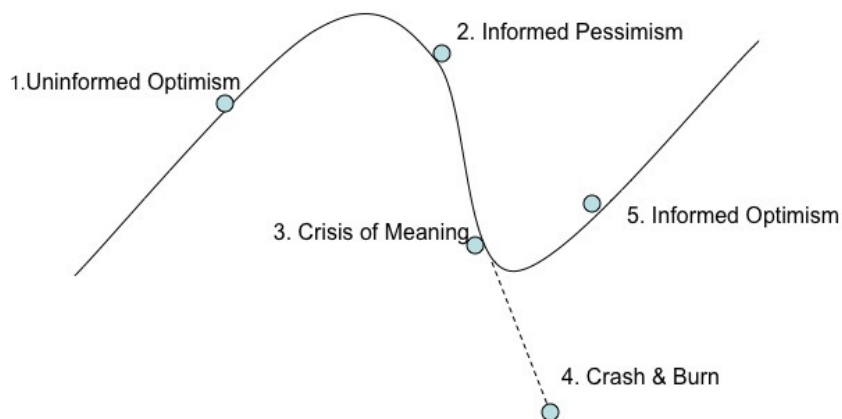
- Don't lose focus.
- Don't let your confidence slip.
- Don't get cocky or you'll fall backwards off the curve.

## Conclusion

This cycle repeats itself. Enjoy the ride instead of fighting it.

BACKPOCKET COO

## Transition Curve



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Guest author Cameron Herold's [training modules](#) are used by CEOs and companies in more than 15 countries.

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