

# ***SURGE***

***TIME THE MARKETPLACE,  
RIDE THE WAVE OF CONSUMER DEMAND,  
AND BECOME YOUR INDUSTRY'S BIG KAHUNA.***



***MIKE MICHALOWICZ***

***BESTSELLING AUTHOR OF PROFIT FIRST, THE PUMPKIN PLAN  
AND THE TOILET PAPER ENTREPRENEUR***

## **PRAISE FOR MIKE MICHALOWICZ'S BOOKS:**

*Author's Note:* It is important to get reviews from your peers, but I believe feedback from people in the trenches—the people who are using the exact methods specified in the books—is the most relevant. Since I like to buck tradition, here are quotes from three of my favorite letters from readers, one for each of my previous books:

### **PROFIT FIRST**

When I read [*Profit First*], I thought you had lost your mind. No way could this work. I kept doing things the way I was. No longer. Early in 2015 I really started following [*Profit First*] as best as I could.

To give you an idea of what this has done for us, at one point early in 2015 our net profit year over year from year to date 2014 versus 2015 was up 1,721.4%. Nope. No typo. I truly am not kidding. We ended 2015 with Net Profit up 335.3% overall.

—Keith Fear, *Balloons Over The Rainbow*

*Want to read the entire letter? Go here:* <http://bit.ly/pfresults>

### **THE PUMPKIN PLAN**

I saw your book propped up on a table. I found the title *The Pumpkin Plan* very interesting, but even more interestingly above the title it read: “A simple strategy to grow a remarkable business in any field.” I thought to myself, “this guy obviously does not know my field,” and bought it because I felt like the title dared me to. I proceeded to my gate, took my seat, started reading, and I was HOOKED!

Thank you, Mike. Your knowledge and book saved me. I no longer call your book *The Pumpkin Plan*, but my “business bible.” *TPE* is my business old testament and *PP* is my business new testament. :) I will continue to follow your books to the letter. I cannot say thanks, or praise you enough for these two books.

—Andrew Houston, *Bookworm English Academy*

*Want to read the entire letter? Go here:* <http://bit.ly/ppresults>

### **THE TOILET PAPER ENTREPRENEUR**

*The Toilet Paper Entrepreneur* is only for those who dream with their eyes open, and dare to make their dreams reality with grit and determination. It stirs and motivates the personality I possess, and speaks to the path I've followed. In that respect it is validation; encouragement for all of us who avoid the beaten track and cut trails of our own, sometimes rebelliously, often obstinately certainly.

—Cezar, *Top 10 Reggae Artist*

*Want to read the entire letter? Go here:* <http://bit.ly/tperesults>

*If you would like to read professional endorsements for my books, or industry reviews, please visit my website at [www.MikeMichalowicz.com](http://www.MikeMichalowicz.com).*



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**BY MIKE MICHALOWICZ**

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## CONTENTS

<b>Acknowledgments</b>	xi
<b>Introduction</b>	1
<i>Chapter One</i>	
<b>The Power of Waves</b>	9
<i>Chapter Two</i>	
<b>Finding Your Wave</b>	29
<i>Chapter Three</i>	
<b>Separate</b>	51
<i>Chapter Four</i>	
<b>Unify</b>	63
<i>Chapter Five</i>	
<b>Rally</b>	79
<i>Chapter Six</i>	
<b>Gather</b>	97
<i>Chapter Seven</i>	
<b>Expand</b>	117
<i>Chapter Eight</i>	
<b>Wipeout!</b>	131
<b>Conclusion</b>	145





*For my son, Tyler.  
You've caught life's surge.  
I can't wait to see how you carve it up.*



## **ACKNOWLEDGMENTS**



This book became a reality because the imminent swell was spotted by Lee Strayer. Thanks, Lee, for pointing it out and helping me start paddling.

If there is one person who has put my books in the most hands it is Yaniv Masjedi of Nextiva. You are a wonderful friend and a true class act. Not to mention you and your family know a bit about growing massively successful companies. I have never seen a group of entrepreneurs consistently catch so many surges.

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## ***SURGE***

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As always, I tip my hat, my head, and my heart to Anjanette Harper, my co-writer, my friend, and a master of one liners.

Finally and most certainly I want to thank the readers of my books who email me (I hope you will too). I love hearing your stories of success. I love hearing the impact my words and, more importantly, *your* actions, have had on your business and life. I am blown away that *Profit First* has saved so many businesses from financial ruin and saved some marriages in the process (seriously). I am humbled that *The Pumpkin Plan* has played a role in growing so many companies. I can't believe that *The Toilet Paper Entrepreneur* continues to inspire entrepreneurs to take the leap, without a parachute (the only way to successfully leap).

Every morning I read the emails and letters (shout out to the old-schoolers) and videos (shout out to the new-schoolers, too) that you send me. I love hearing how you have fixed, grown, changed, and improved yourselves and your businesses. It touches my soul every time and affirms I am living my life's purpose. Thank you. From the entire essence of my soul, thank you. Email me any day, any time, with your stories at [Mike@MikeMichalowicz.com](mailto:Mike@MikeMichalowicz.com). Old schoolers can mail me at Obsidian Press, ATTN: Mikey M, P.O. Box 73, Mountain Lakes, New Jersey, 07046.

***SURGE ON!***

*“The entrepreneur always searches for change,  
responds to it, and exploits it as an opportunity.”*

Paul Drucker

# **INTRODUCTION**



**Y**OU CAN'T MANUFACTURE LUCK. IT JUST HAPPENS. OR IT doesn't.

For most of my life, I believed that to be true. One morning I'd find a ten-dollar bill on the street and call it a lucky day. A few weeks later I'd realize I lost a twenty somewhere between meetings and call it a crappy day. To be in the right place at the right time, or the wrong place at the wrong time, seemed simply to be a matter of happenstance; it was completely random and out of my control.

Or was it?

A few years ago, Becky Blanton's story came up at one of my Entrepreneurs' Organization (EO) meetings. You may have seen her moving TED talk about being homeless for eighteen months. Her story is powerful and a must-watch, but the discussion at EO was about Becky's unique ability to find lost money on the street. She developed a method based on identifying patterns and, using that method, picked up five to fifty dollars a week. Every week. If I found fifty bucks over the course of a week, I'd think the seas had parted and pigs had learned to fly. Talk about luck, fifty bucks a few weeks in a row would clearly mean I had massive amounts of luck on my side. But for Becky, luck had nothing to do with it. She expected it. She created it.

I started to think about that elusive "good fortune" so many big business success stories seemed to feature. I thought about how, no matter how hard I worked, or how well I networked, or how many books I read (or wrote, for that matter), my current business



## ***SURGE***

still wasn't taking off. I'd had success in the past, but not this go-round, and had started to buy into the theory that most entrepreneurs subscribe to: Sometimes you do everything right, and you still can't make your business work. Sometimes you just can't predict the trends that shake up your industry. Sometimes luck is not on your side. Right?

Wrong. I was wrong. *So* wrong.

After hearing Becky's story, I began to change my belief about the concept of luck. What if luck had nothing to do with it? Or—and here is where I began to have a radical thought—what if I could *create* my own luck simply by paying attention to the patterns in my own industry?

Maybe Becky was on to something. Maybe spotting a trend before it took off wasn't a skill exclusive to media darlings and wunderkinder. Maybe I *could* manufacture luck.

In the years since I heard Becky's story, I studied “luck” and applied what I learned to my businesses. Sometimes I failed; sometimes I succeeded. Eventually, I came up with my own method for spotting what others are not trained to see: the next trend in my industry. I figured out how to be in the right place at the right time, over and over again. The more I practiced it, the easier it was to implement. And now that I know my method works, I'm ready to let you in on it.

When I sat down to write this book, I contacted Becky Blanton to ask if she would agree to an interview. I wanted to hear her story firsthand. As luck (ahem) would have it, we were able to meet for breakfast at a Waffle House on the outskirts of Charlottesville, Virginia.

After the death of her father in 2006, Becky packed everything she owned into a 1975 Chevy van and set out to travel the country with her dog and cat. It was a grand idea, but more difficult in practice. Despite her success as a journalist, despite her education and experience, she ended up homeless for more than a year.

## THE POWER OF WAVES

Though she had a job at a camping store at the time, Becky often went without food for two or three days in a row. In search of enough money for a cheap meal, Becky began looking for money people dropped on the street. “I’d be at Walmart, three dollars to my name, and look around the parking lot for change,” she said. “I started thinking, ‘Where do I usually find money?’ Whenever I found money, I’d notice the things those places had in common. Then I’d ask myself, ‘What do those places have in common with *other* places?’ Then I would start looking for that pattern in my environment.”

Becky noticed she often found money where it could be trapped, usually wherever she could spot a ninety-degree angle. “There’s always a corner or a curb. Phone booths. Milk crates lying around are like money butterfly nets. Finding money was like learning the good fishing spots, except I was learning the good money ‘catch and hold’ spots.”

Another pattern Becky discovered yielded her even more cash: She tended to find money in places where people most frequently take bills and coins out of or put money in their pockets, or where money might fall out. “It sounds gross,” Becky said, “but people always drop quarters and nickels and dimes around toilets. Nobody wants to dig around on the floor and pick up their own change. People also drop money at bus stops, but don’t even notice because they’re in a hurry to get on the bus. The clanking of coins is covered by the buses’ engine noise, and dollars float away in silence.”

Paying attention to this pattern, Becky consistently found money near hot dog vendors and parking meters, in arcades, at bus stops, of course, and—duh—in couches at furniture stores.

“Almost no one sees the money that is constantly around them. But I find dimes, quarters and dollars all the time,” Becky said. “You have to train your eyes for it. Once it’s on your radar, you do it all day. I still do it, because it’s a habit. My friends ask all the time, ‘How do you always find money?’ I just know what to look

## **SURGE**

for. Once you've seen the pattern, you spot it all the time. You see opportunity everywhere. And once you learn the practice, you can do it anytime, anywhere."

As I dug into my fried eggs and my sweet cream waffle, I thought about the Big Kahunas, the business legends. Every successful business you can think of had a big dose of good fortune; they were at the right place at the right time: AirBNB, Facebook, Uber, Google, Apple, Microsoft, Ford, the company leading in your industry, every single industry leader. Most people would say the founders of



these companies got lucky, that opportunity just landed in their laps. Those people would be only half right.

The founders of rock star companies truly were lucky... but I was starting to see that good fortune didn't just fall into their laps. It was a revelation to realize that being in the right place at the right time doesn't have to be some arbitrary force of the universe. Luck isn't about fate, or worth, or karma, or tiny green Irish men. Luck is about foresight paired with strategic action. Luck is about planning. Luck is about deliberately putting yourself in the right spot at the right time. Spot the next trend wave that is almost upon you, position yourself in front of it and you'll capture a surge of consumer demand for your product or service.

I know the prospect of spotting and riding trend waves can seem daunting. It would be so much easier if we could just buy a crystal ball or master time travel. As I was finishing the edits on this, my fourth book and the first in my "Sweet Spot" series, we officially entered the future—the future in *Back to the Future Part II*, that is. When I was but a wee lad, suffering through acne and getting

## THE POWER OF WAVES

stood up for awkward teenage group dates (I didn't even know that was possible... until it happened), I watched Marty McFly travel to 2015 to save his future son. As an adult, I often wished I had my own DeLorean time machine so I could travel to the future and figure out what the heck consumers want, before they know they want it. It's beyond frustrating to build a business only to have everything come down to happenstance.

Spotting and riding a trend wave might sound about as doable to you as finding your very own DeLorean time machine. I know you're eager for answers. You've done everything you can for your business. You took a risk on your big idea. You worked your butt off, sacrificed your retirement fund and time with your family, and educated yourself about better business practices. You sucked it up and learned how to network. You found your way over, under, or around every challenge that came your way. So why isn't your business the Big Kahuna in your industry? Why is your company still limping along, yet to live up to the potential you envisioned? What will it take for *your* business to experience a powerful surge of consumer demand?

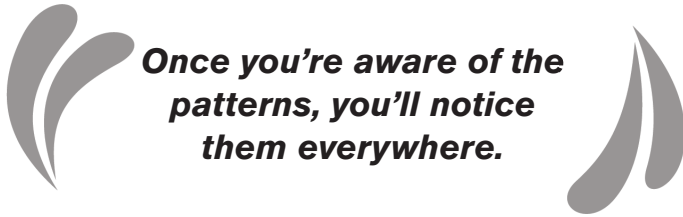
The answer is simple: You have to be in the right place at the right time. (Yes, it all comes back to that essential truth.)

When I give keynote speeches on this topic, this is usually the moment when I hear groans from the audience. I'm always surprised (but grateful) that people don't throw tomatoes at me or rush the stage in an angry mob. I suppose no one lashes out at me because they know I'm right. Anyone who has been in business for a few years knows that no matter how hard you work, or how brilliant your idea is, you haven't got a chance if you haven't accurately anticipated market demand. So why the groans? Because most people believe luck is something out of their control. I did—until Becky Blanton's story inspired me to think differently.

I've been in the entrepreneurial trenches for twenty years now, and if there's one thing I know for sure, it's that conventional

## ***SURGE***

wisdom is usually a bunch of B.S. When it comes to business, luck is entirely within your control. I'm sure plenty of people will disagree with me; I'm used to it. I've ruffled a few feathers via my books (one Amazon review of my books hints that I am the devil child, saying, "He's the devil child.") and speeches (I was invited to keynote a CPA conference, and when I said I would explain why profit



should never be the bottom line, but the top line... I was promptly disinvented). But it is only by busting myths that you successfully build a business. I'm all about doing what works, not what *should* work. I've seen a lot of businesses fail simply because the leaders at the helm followed the status quo without question.

After all these years, I can say with absolute certainty that timing is everything. I built and sold two multimillion-dollar businesses, launched two other successful businesses—including another multimillion-dollar business—and built a career as an author and speaker. I also had more failures than successes, and after I made ridiculous amounts of money with my companies, *I* became ridiculous and wasted away all my money. But unlike most people, I no longer believe good timing is reserved for “the lucky ones” who stumble upon a once-in-a-lifetime opportunity, or the geniuses who have some “sixth sense” about commerce. Nope. Being in the right place at the right time is a process that anyone can master. As Becky said, you just have to notice the patterns. Once you're aware of the patterns, you'll notice them everywhere.

You might think this is where I tell you that *Surge* will teach you how to build your own DeLorean time machine. I mean, not *really*, but, you know, metaphorically speaking. Nope. You don't need

## THE POWER OF WAVES

it. The five-step SURGE process I detail in this book will not only teach you the method of identifying the next wave of demand in your business, but also how to capture its energy and ride that wave like a pro.

I don't just write about this stuff. This method isn't merely a concept or a simple derivative of the clarity of hindsight. SURGE is the process I used in my own business. After implementing some of the SURGE techniques, I modified some of what I learned to better meet my own needs and objectives (you should do the same) and boiled the steps down to the simple process I share in this book: the essence of SURGE.

You see, you and I are in the same boat. As I wrote this book, I was deep in the surge of my newest company, Profit First Professionals (PFP). To get PFP off the ground, I made extensive use of the exact SURGE method you are about to learn. Not only did SURGE work for me... it worked *fast*. And it will for you, too.

After I finished my second serving of Waffle House coffee, Becky and I walked out into the parking lot to bid each other adieu. I fumbled for my keys while Becky, almost unnoticeably, scanned the curbs. A crumpled twenty-dollar bill sat right next to the gutter, hidden in plain sight. She picked up the bill, flattened it out, and exclaimed, as she put it in her pocket, "It's gotta be my lucky day... again."

Settle in. You're about to get lucky too.



# THE POWER OF WAVES



**Y**OU CAN CALL ME BOB. NO, IT'S NOT MY SECRET GIVEN name. It's not a nickname, either. At least not a *nice* nickname. And it surely isn't my safe word. Here's why *some* people call me Bob:

For the past ten years or so, my December festivities have kicked off with a "Man Day" trip. My mastermind group just happens to be all guys, and together we spend an afternoon doing "manly things":

1. We must shoot some kind of weapon at a target. Last year we shot apples off the heads of plastic zombies with crossbows. (No one actually hit a single apple, just the zombies... because that is the manly way it is supposed to be.)
2. We must compete in some kind of high-speed race. Go-karts, without speed limiters, are usually our go-to choice. Snowmobiles (with speed limiters... we're not that crazy) are a popular alternative.
3. We must only eat meat, with an optional side plate of more meat. One preparation is permitted: rare or don't eat at all.
4. We must end the day smoking a cigar and drinking whiskey. And if you don't like that, you can smoke another cigar and drink another whiskey until you do.
5. And, of course, no feelings are permitted. Not on this day. Not a word.



## SURGE

I have met face to face with these same guys once a month for the past ten years. And while Man Day is the only day in the year we allow ourselves to act like meathead ogres, every other day we meet *is* about feelings. We support each other in the growth of our businesses and in navigating the intricacies of life. These guys have witnessed my transition from selling my companies to becoming full of myself and placing too much importance on my newfound wealth. They watched me lose it all. They have seen me fall to my knees sobbing and have picked me up (figuratively and literally). They helped me become an author. And most recently they have been firsthand witnesses to my most recent struggle... failure to launch. These guys know me better than I know myself. And they know that often, an honest—albeit blunt—observation is far more effective than a kumbaya session.

A couple of years ago, on the morning of Man Day, we each shared a “quick” assessment of our individual businesses before heading out to shoot things. At the time, I was a co-owner in a few businesses. The businesses were all led by amazing people, but for some reason none of them experienced strong, fast growth. All were profitable. All had carved out a niche. All were innovative. But for some reason they weren’t sailing forward. I was really frustrated.

Things were okay, but stagnant. I was ready to replicate what I had done with my prior businesses, ready to grow, but for some reason I couldn’t get that spark. Something was missing. I thought I had all the answers (which, by the way, is the first indicator that you don’t). It is truly demoralizing to be the guy *shouting* from the rooftops—ahem, writing books quietly on airplanes and in the basement—and sharing the steps it takes to grow the business of your dreams, and then failing to do it for yourself.

Just before my turn to speak, I thought, *For God’s sake, I write books on this crap, and now look at me. I am standing here with a finger and thumb in the shape of an L for Loser on my forehead.*

“Okay, Mike. You’re up.”

As I got rolling with my own little State of the Union, my peers inquired about my businesses. They dove into everything I was doing. They asked me about the clients I served. They asked me about my offerings. How about the marketing? How about the specializations? The unique-nesses? The systems?

Then my friend RJ Lewis asked, “Where is the surge?”

“What?” I asked.

“Where is the customer surge, Mike?”

“What are you talking about?”

RJ said, “Where are your customers going? What are they doing, completely regardless of you? What is the biggest change that your customers are dealing with? Where is the surge?”

I ordered a few more pots of coffee for our unexpectedly long session. The zombies were going to have to wait, which, by the way, is the golden rule of Man Day: Nothing is more important than doing whatever it takes to support the other guy, even if that includes cancelling Man Day. I guess Man Day isn’t that ogre-ish after all.

RJ went on to explain the surge. In the past five years, the company he launched, Ad-Juster, had become the number one player in “online advertising discrepancy resolution.” I don’t know what that means either. But I do know he had top-shelf customers flocking to him and a wallet representative of that.

RJ and the guys went on to explain that surge is the force of the marketplace, so powerful that it rolls forward, crushing what is in its path and carrying that which rides on top of it.

A few more hours in and it was clear: picking a niche is critical, but not enough. Serving that niche with singular focus is not enough. Ensuring your business is profitable in that niche is mandatory, but profit surely doesn’t ensure growth. There is more to it—the natural direction your niche is moving. Like a massive herd of animals, your customers may be seeking out a new source of food or water or shelter. They may be seeking comfort or fighting

## ***SURGE***

for survival. Of course, herds run from things, too. Danger, for example. And so do niches... like the danger of new competition that is wiping them out.

RJ made it clear: My job, your job, our job is to find the surge. Where is your target market headed? Where are they surging? When you find the surge, you can position your company in front of it and ride it all the way to remarkable growth.

"Of course, you could just bob up and down in the marketplace," RJ added. "You could paddle around in circles. You could ignore the waves and instead of riding them, just *bob* up and down. The choice is yours, Bob."

I was floored. Waiting for a response, RJ stared me down. The other guys looked at me and asked, "Where is the surge, Bob?"

## ***TIMING IS EVERYTHING***

My Uncle Bill had a favorite joke and he would tell it every time my family visited him. With all of us sitting around the dinner table, Uncle Bill would instruct my father to ask him a specific question: "To what do you attribute your extraordinary comedic talent?" As my Dad started to faithfully recite the question back to Uncle Bill, "To what do you..." Uncle Bill would interrupt mid-sentence and say, "Timing!"

Get it? Timing. LOL.

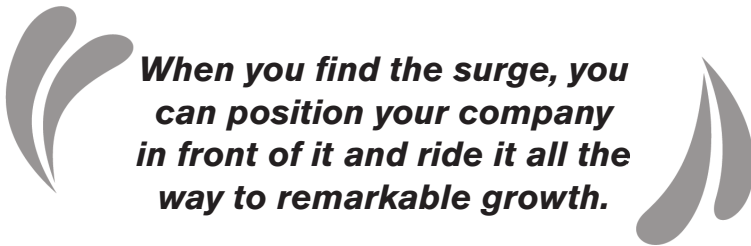
Uncle Bill was right. Timing is everything. *Everything*.

Let's talk about Skype for a moment. Skype didn't become a massive success because of video conferencing; that technology already existed when the company launched. Skype was in the right place at the right time. It caught the customer surge. "What surge," you ask? The surge of people turning their cameras on themselves.

Skype launched in 2005 as an alternative to making costly international phone calls. Though Skype experienced consistent growth every year, for its first four years in business its customers

used a fraction of the billions of minutes burned up on international phone lines. Then, in 2009, the tide turned. Skype-to-Skype customer usage more than doubled that year, and was equal to the number of minutes used in traditional international calls. As in, wait for the tone, then dial 011, the country code and the number, and then wait for that bizarre sounding ringtone on the other side.

So what happened? What caused the surge in Skype's business? In 2006, Apple put a camera into a laptop. The technology to do



this existed before 2006, but at that time, most people had to attach a camera *to* their laptops to use video conferencing. After Apple included a camera in all of their laptops, other laptop manufacturers quickly followed suit. And because laptops have a life span of about three years, by 2009 most people owned laptops with built-in cameras. By 2012, Skype outpaced the growth of the traditional international phone industry. And in 2013, Skype's growth rate was fifty percent higher than all the international phone companies combined.

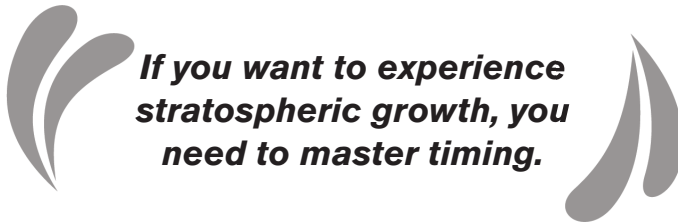
Skype sold to Microsoft for \$8.5 billion. The company's success is in part credited to its technology. No question. But its meteoric rise was due to the fact that it was at the right place at the right time. Skype was primed and ready to take advantage of the built-in camera surge.

Your success is more about timing than anything. Yes, you need to have a great offering that is *distinct* from your competition—that's the "right place" part. And the "right time" is all about catching the marketplace wave as it rolls through. Miss it, and you can

## **SURGE**

paddle all you want and still not be successful. You can't beat the tide. No one can.

If you want to experience stratospheric growth, you need to master timing. You need to intentionally be in the right place at the right time. Will you get it perfect each and every time? No. Most businesses don't, and I certainly didn't. But when you concentrate your efforts to capture the surge, you can greatly improve the odds of achieving colossal success.



Timing the market is the Holy Grail of investors, after all. They know that if they can get ahead of the market by a day, by hours or even by a few seconds, there's money to be made. If they can do that repeatedly, there are billions to be made. Brokerage firms spend massive amounts of money to get even a millisecond in timing advantage. My neighbor and poker buddy Scott Dages is the head of IT for one such firm. His team constantly upgrades their connectivity to the trading floor. New fiber, shorter connections, streamlined code, faster servers—everything is improved for efficiency. If new code allows servers to process an order even a millisecond faster, Scott makes the change. Huge money is to be had for Scott and the firm if they constantly work on timing. Huge losses are to be sustained if they ignore it.

Brokerage firms invest in an endless stream of companies and if they get the timing right even a modicum of the time, they make millions. Their method is one way to make money, but you're in a far better position. You don't have to string together a stream of successes. You don't have to time things perfectly over and over. You just need to catch the wave once and you will skyrocket to

being your industry's authority. You are not betting on a small portion of someone else's company. You are betting one hundred percent on your company. And the reward for getting the timing right for your own business will put all those brokerage guys to shame.

The founders of Google didn't nail it because their search engine was better, even though some would argue that it was. Google became huge because of timing. Yahoo!, Alta Vista, and other search engines were around before Google, but with the stratospheric volume of content being produced on the web, a growing surge of users were becoming distracted by the web's countless rabbit holes. Yahoo! and other engines were pumping news, email, ads—everything they could get on the screen—distracting users from the little search box. Users of these search engines were frustrated; they simply wanted to find what they were looking for. Google entered the market with a single input box and logo on the screen. It introduced the right solution (a screen with no distractions) at the right time (as people were getting seriously distracted by an overwhelming web and just wanted answers to their question fast). Better search engines have come into existence since Google's rise, but because that wave passed, Google has maintained its position as industry leader.

The founders of Skype didn't have the experience, knowledge, or history to be successful. But they were, and wildly so. Why? Timing. The stratospheric rise of Uber? Timing. The massive success of AirBNB? Timing. Apple? Timing. Ford? Timing. Edison? The master of timing, repeatedly. Wright brothers? Timing. Galileo? Good timing. Copernicus? Better timing. The guy who invented the wheel? Serious timing. Bill Gross's wildly popular TED video explaining why timing is the single biggest reason why startups succeed? He timed talking about timing perfectly. The successful rich guy down the street? Timing. The successful businesses in your industry, on your block, down the hall? Timing. Every successful person you know? Timing.

The success of your business? Timing.

## **SURGE**

### **CAPTURING WAVES**

Surfers know the importance of timing. Patience is paramount—an inexperienced surfer simply tries to catch the next wave, while an ace surfer patiently waits for the right wave. Of all the factors that come into play in their success—experience, knowledge, and expertise—nothing is as important as timing. As I write this, Garrett McNamara holds the record for the largest wave ever surfed. His 78-foot ride in Nazaré, Portugal is world-famous. But if he had tried to do it a month earlier, or a day later, or simply decided to sleep in that afternoon and head out to the water whenever, that wave wouldn't have been there. He would have missed that massive surge and his chance to break the world record.

You can only ride the biggest marketplace wave when *it* appears. You don't make it happen. And you can't have a killer ride on a ripple. It's impossible. Passion is mandatory. Skills are important, of course. Experience (usually) helps; a history translates into confidence, without a doubt. But all that stuff is useless if you don't have a wave to ride. And all that stuff is insignificant when the wave presents itself.

I was so green when I started my first business that it took a lot of trial and error to finally accept that I likely won't get rich, or happy, or fulfill my purpose on this planet by trying to figure out what's hot and then trying to serve that guess. Thankfully, the SURGE process isn't about *making* waves or watching the ones others are already surfing. SURGE is about *capturing* waves—spotting the imminent market trend that is on the verge of swelling and then riding it all the way to industry domination.

Have you ever gone into a pool with a floatie and bounced around in the water making “waves?” That might be cool for the little kiddies, but nobody is going to surf those waves. Now imagine taking that blow-up floatie of yours into the ocean to bounce around. Making waves in a pool was hard enough; in the ocean it just isn't going to happen. Plus, you'll kind of look like an idiot.

## THE POWER OF WAVES

Just as you can't make your own surfable waves in the ocean, you can't create your own waves in the markets. Yeah, you may make that killer app that everyone swarms to, but you didn't make the market wave. That energy was already pent up in the customer base. They were already moving and looking; they just found you because you were in the right place at the right time. You capture waves; you don't make them.



***SURGE is about capturing waves—spotting the imminent market trend that is on the verge of swelling and then riding it all the way to industry domination.***



Trying to create your own wave is exhausting and just leaves you tired, bobbing around in the same place. Most of us struggle with a day-to-day scramble, seeking new customers and new sales. We exert extraordinary effort prospecting, marketing and selling. Soon enough, it's an all-consuming obsession to get that next client. Then, when that sale does come in, we stop everything else we were doing to exert extraordinary effort delivering on our promises. And then we have little time or energy to sell more or educate the market. The work needs to be done. When the job is complete, the cycle starts anew, and we are desperate to sell again, because the marketplace has dried up. Panic-fueled sales lead to exhausting work, which leads to more panic-fueled sales, and so forth and so on. Sound familiar?

This flip-flopping around in the ocean is our attempt to make our own waves, or an attempt to paddle like mad to catch a wave that has already passed. It is not a mere coincidence that all this desperate splashing and gasping for air looks like drowning, because it basically is. Struggling businesses are always paddling, but seldom get anywhere.



## SURGE

Real, lasting success depends on finding a way to align your company with the natural, powerful waves that are already rolling through the ocean that is your industry, every day. In nature, a wave is a confluence of events: storms and winds, the moon's gravitational pull, even landslides and earthquakes. A wave is really a movement of energy. The water isn't necessarily moving; energy is moving through the water, causing the surface to rise and fall. Because of the way waves form, any surfer will tell you that you need to start paddling in the same direction the wave is moving *before* it arrives, so that you get carried by the momentum of that wave. If you aren't already moving in the right direction when the wave shows up, you're likely to get tumbled or left behind.

In business, waves are also a natural confluence of events: the changing winds—and storms—of customer demand, the gravitational pull of the economy, the industry-shaking quakes caused by advancing technology, and the landslides of collapsing competitors. All of these factors cause waves. As entrepreneurs, our job is to look for these waves as they begin to roll in on the horizon. And if we catch one for the ride of a lifetime, we'd better start paddling like mad in the same direction *before* it arrives.

When I discovered that there is a *process* to catching waves, it occurred to me that surfing was a great analogy for my SURGE process. Surfing waves and catching industries trends is a perfect analogy. First and foremost, surfers always follow these five steps:

1. **LOOK**—Be on the lookout for swells in the distance and identify those with the most potential.
2. **PADDLE**—As the swell approaches, paddle in front of it to best match the direction and speed of the wave so that you have the greatest chance for it to carry you. Find the shoulder, the least steep part of the wave and the easiest to ride.

## THE POWER OF WAVES

3. **POP UP**—Feel the wave to first lift you up and then push you. This is the energy of the wave transferring to you and your board. In one smooth move, stop paddling and stand up on the board to ride.
4. **CONFIRM**—Now that you are standing on the wave, determine if the wave has a pocket. The pocket is the heart of the wave that allows surfers to gain speed and perform maneuvers. Some waves don't have pockets, and surfers are forced to ride the shoulder. If your wave does not have a pocket, it's time to dump it and look for the next. Always look for the wave's pocket and adjust as it moves.
5. **RIDE**—Now that you are up on a good wave, there is only one thing left to do: Ride it for all it's worth.

### ***A MASTER CLASS IN SURFING***

Arguably, nobody knows how to ride a marketplace wave better than Brian Smith, the founder of the iconic footwear brand UGG. When Brian graciously agreed to be interviewed for this book, I was stoked. His story is legendary. If you know me at all, you know my deal is figuring out how to apply—and sometimes upend—successful business strategies for my own businesses. Then, when I figure out a system and master it for myself, I write a book and teach you how to do it. That's my happy place. Getting a chance to talk extensively with Brian about his massive business success was a huge honor and had me buzzing with excitement throughout our conversation.

As Brian and I spoke, he explained that he grew up surfing the beautiful beaches of his native Australia before becoming an accountant back in the 1970s. He hadn't been an accountant long when he realized that he wanted to do something different. Something *bigger*. He wanted to start his own company, a company that created products he would want to buy. If only he could find

## **SURGE**

a trend to ride with a product that appealed to his surfer lifestyle, he could create a company he would love. And if he got the surge right, so would the rest of the world.

Like any good surfer, Brian started looking to the horizon to see where those new trends, those *waves*, were coming from. He thought about some of the coolest products that appealed to surfers, like waterbeds and Levi's jeans and cutting-edge boards, and he noticed that those things were all coming from California.

"The California surfing scene was my lifestyle, and the products I liked all came out of California," Brian explained. "So I decided that I would go to California to find the next big thing to bring back to Australia." In other words, plant yourself where the waves are forming. Lesson one.

Brian moved to Santa Monica to saturate himself in the California surfer culture and find his product "wave," but even after a couple of months of relentless research he still hadn't hit on anything of interest. Waiting for waves requires patience, persistence and perspective. Lesson *dos*.

Then, on a nondescript day in 1979, Brian's surfing buddy Doug Jensen brought a copy of *Surfer Magazine* with him for a day of riding the waves at Malibu. Brian recalled flipping through the monthly rag: "I got goose bumps. There was an ad for an Australian company, with a picture of this pair of legs wearing sheepskin boots in front of a fireplace, and I thought 'Oh my God, there are no ugg boots in America!'"

Brian spotted a cresting wave heading in a totally different direction than he expected. He wasn't going to bring a hot new product back to Australia as he originally planned. He was going to bring Australia's iconic sheepskin footwear to the United States fashion market. Massive waves initially start as little bumps, far out in the ocean, and aren't necessarily heading in the exact direction you expect. Once you spot your wave, you must never take your eyes off it. Lesson *trois*.

## THE POWER OF WAVES

“Doug! Do you see that?” Brian remembered telling his friend. “We’re going into business and we’re going to be millionaires!” According to Brian, one in two Australians had some type of sheepskin footwear. In Australia, sheepskin shoes were like flip-flops. Everybody had a pair. They called them “uggs.”

But the boots also matched a confluence of events in the world of surfing. Surfing was no longer just a summer hobby; it was a year-round sport. Advancements in wetsuits and materials such as neoprene, the rise of competitive surfing for cash prizes, and the fashion-setting standard of the California surfer were all changing the surfing lifestyle. And as part of this changing tide there was a small, yet powerful, wave forming: cold feet. Literally, cold feet. A professional surfer would finish a set in the chilly Pacific Ocean and end up standing on the beach with freezing feet. That distant bump was there; serious American surfers needed something to keep their feet warm and fashionable during cooler surfing months.

Brian scraped together five hundred dollars to buy six pairs of sheepskin boots from the company that ran the magazine ad, and he also got the okay to be their US distributor, six pairs of boots and all. It was time for Brian to start paddling. Lesson *wyoorg*. (That’s “four” in the Wookie language of Shyriiwook. You know, from that unlikely little movie that surged: *Star Wars*.)

Brian’s buddy Doug served as the lead salesman, and Brian did what he thought he did best: accounting. After a couple of weeks on the road Doug came back with hundreds of business cards from all of the American shoe retailers he had visited, but no orders.

Undeterred, Brian managed to get a last-minute space in a New York footwear show, but the results were more of the same. “In three days, nobody spoke to me. I might as well have been selling car parts, because the buyers didn’t get it,” Brian said. Brian was trying to sell to everybody, yet nobody got it. Time to paddle harder.

## **SURGE**

A few weeks of marketing to the masses and it was clear: There was no wave in the retail footwear industry. But he could see the wave forming with a small, specialized customer base, and he knew he had to keep moving in the right direction if he was going to catch it.

The coolest of cool Californian surfers were already heading to Australia on surf trips and bringing three or four pairs of sheepskin boots back for their buddies. The coolest and edgiest of the community—the early adopters—were revealing themselves. That’s when the niche became obvious. Brian couldn’t sell to the mass market yet, but he *could* sell to the surf market. So he started selling to surf shops exclusively. And the surf shops, albeit slowly, started to buy. Brian had to paddle his hardest at this point, because he was about to jump up on his board and ride that wave.

That first season selling to California surf shops, Brian remembers they sold exactly twenty-eight pairs, which came to a thousand dollars. A weak start for what would become a worldwide fashion brand that today sells over one billion dollars’ worth of product annually.

But Brian had confidence—or ignorance, as he puts it—on his side. “To be a successful entrepreneur, you have to have a certain level of ignorance, because if you knew what was ahead when you started out, you’d never start.”

Brian was also ignorant of an important marketing problem. Unlike Aussies, Americans associated sheepskin with spun wool, which meant Americans assumed the boots were hot, prickly, and delicate. Far from comfort for your feet. But to Australians, sheepskin is rugged. It breathes. It even wicks moisture, so you can put it on wet feet. That really appeals to surfers, because within ten minutes of putting ugs on, all the moisture is wicked out and your feet are warm, comfortable, and dry. And because sheepskin has natural antimicrobial properties, it doesn’t collect bacteria; hence, no odor.

Sheepskin was perfect for footwear; Americans just didn't know it yet. Scratch that—only the über-early adopter Americans who surfed in Australia knew. The rest of America was primed to find out. Even if they weren't aware of it yet, the target customers had a common, fast-growing need, and Brian had the solution.

The next season of sales was far from a barnburner, but that's often how the paddling part intrinsic to this stage goes. The wave is still behind you, and it is hard to measure how big it is. Brian's job during this stage was to paddle hard. He had to get moving on his effort so that he would have enough speed to catch the surging wave building behind him.

The indicators of a surge coming your way? There are typically three. First and foremost, there is extreme loyalty and commitment from the early adopters, either to you or, more often, the concept. In Brian's case it was the use of sheepskin boots. Few American surfers were wearing UGGs at this point; there were only six pairs in circulation a few seasons before, after all. From the very few boots out there, a key surge indicator was visible, albeit barely: The customers using the product were *very* loyal to it. They *only* wore sheepskin boots; there was no alternative. This little bump in the ocean is the energy within the water revealing itself: Customers using your product bring credibility. Customers using your product exclusively bring unquestionable credibility.

Second, those loyal, über-early adopter surfers were encouraging their friends to get a pair, too. And the friends did. For the *surge* watcher, the key indicator is this: Do the early adopters who are loyal to the new product have enough stick-to-it-iveness to fight through social pressure and inertia to convert more early adopters?

The third indicator, as Malcolm Gladwell so eloquently described in *The Tipping Point*, is this: Are the *cool kids* loyal to the new movement? Brands become statements. A newbie surfer who has a crap board, steals waves from the pros, and just sucks at

## ***SURGE***

surfing is not one of the “cool kids.” If the uncool guy is wearing UGGs, that will actually repulse other surfers from the boots. But if some of the cool kids are sporting the shoe, the initial surge elements are there, and word begins to spread. Word-of-mouth sales mean your offering stands on its own. It’s not only delivering on its promise to your customer, it’s selling itself. Your product is literally creating its own demand. Time to rally the troops.

The cool people in any surge can’t be manufactured, but Brian tried anyway. He hired the most beautiful, sleek-looking models he could find. He put UGGs on their feet and longboards by their sides and ran the ads in *Surfer Magazine*. Beautiful for sure. But cool? Not at all.

Brian told me, “Over beers one day, I explained my trickling sales to one of my surf retailer friends, Robert. He yelled out to the back of his shop, to a couple of local surfer dudes, and said, ‘Hey! What do you guys think of UGGs?’ And they all said, ‘Aww, those UGGs, man, they’re so fake! Have you seen those stupid ads? Those models are posers! They can’t surf!’ I instantly knew I was sending the wrong message to my target market.”

People who want to be cooler rally around cooler people. People who want something rally around people who already have that something. Are the “cool kids” of your industry using your thing, or at least something like it? No? Get your thing to the cool kids. Fast.

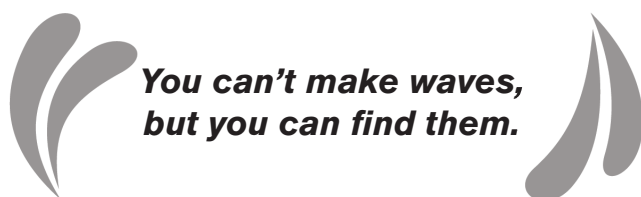
That’s what Brian did. The next season, the skinny models who couldn’t tell the difference between a longboard and a cutting board were dumped. FYI—A cutting board is not a surfboard; it’s the board on your kitchen counter that you use when you cut up your veggies (or raw meat on Man Day).

Brian grabbed his own camera and took a couple of up-and-coming surfers named Mike Parsons and Ted Robertson out for a photo shoot. Together, Brian, Mike, and Ted hit all the iconic surf walks, and Brian snapped away. Surfers recognized the authenticity

## THE POWER OF WAVES

in the new ads, lifting UGG from sales of thirty thousand a year out of a van on the beach to over four *hundred* thousand that year. Brian had positioned his business to be in the pocket—the specific spot where the vast majority of your niche marketplace is influenced to make a “go with you” purchase decision.

Brian was ready to build to what he always thought the company could be: a fashion brand. “Everybody thinks I came to California to exploit the surfers, but it was totally by default.” Surfers were simply the initial source of energy that started the wave for UGG.



Surfers started wearing UGGs to school, and other kids wanted them. Remember? Wannabe cool always emulates already cool. And the moms (cough—wallets—cough, cough) of “wannabes” hit the streets seeking UGGs.

Brian went on to find other ways to expand his market and exposure, eventually creating the phenomenon that made it onto the pages of *People* magazine, the runways at New York Fashion week, and the feet of every cool girl in the great US of A. I’ll share more of how he did it in later chapters. For now, I want you to get this one crucial point: You can’t make waves, but you can find them.

Yes, that does mean you, too. Your business is not too small for a surge. Your idea is not too narrow for a surge. *You* are not too inexperienced for a surge.

There are no special snowflakes in business. The only difference between you and Brian Smith is, he already rode his wave. This isn’t rocket science. If it were, *no way* I’d be doing it. You can do this. You can be the next legend in your industry, and your story begins now.



## ***SURGE***

### ***ACTION STEPS***

If you have read my other books, you know I always include action items at the end of each chapter. Why do I do this? Because, if you are like me, you like to read a book through and then go back to it to take action. But, for me, there's one problem with that strategy: I don't go back. Instead, I dig into the next read. Like many people, I discovered I was filling up on great ideas and doing nothing about any of them. But no more. I committed to always taking specific action *while* I am reading a book. And surprise, surprise—I see results.

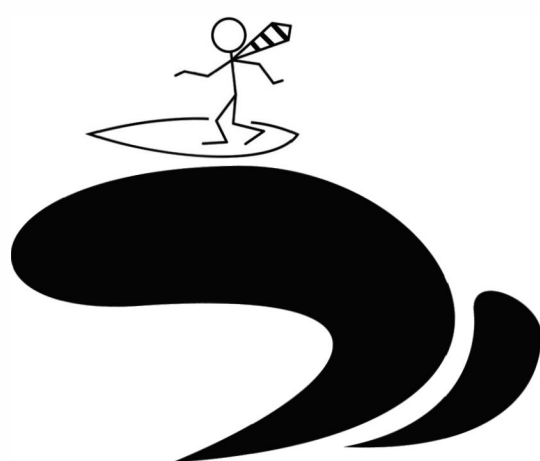
The same opportunity exists for you. While you could plow ahead and just read (I totally get it, that may work for you), I have found that small but deliberate actions will have an immediate, positive impact on getting your business where you want it.

You will find action items at the end of this chapter and every chapter for which action is required in the remainder of this book. I strongly encourage you to do them, immediately. Most tasks take only a few minutes. Some longer. But if you commit to doing them, you will see results.

To catch a wave, you can't just stand on the beach watching. You actually need to get out there in the ocean and start paddling. Start by doing these tasks now.

## ACTION STEPS

1. To see the true opportunity that lies ahead for your business, you must (for now) pull your business out of the equation. Ask yourself, right now—and every day until you find the true answer—“What are my customers doing, regardless of me?”
2. If you think you see a wave, validate it by looking for the cool kids. The nature of being a cool kid is showing off. The early adopters of the Tesla, just like all cool kids, find a way for everyone to know about it. The question is, are they cool? And the answer is quite simple: Cool kids will convince others to do the same; uncool kids won't. Whenever you find potential cool kids, try to find out if they have convinced others to buy. If so, you likely have an imminent wave—a surge.



## FINDING YOUR WAVE



**R**EMEMBER THE MOVIE *WORKING GIRL*? I’LL GIVE YOU THE lowdown, just in case you were born after 1975 (gulp). I just politely ask that you don’t share with my Man Day compadres that I have *both* seen this movie and can recite lines from it. If they find out I am a closet fan, I would never be invited to a zombie-shoot again.

The movie is about Tess McGill, an executive secretary from Staten Island who is trying to climb the corporate ladder on Wall Street—complete with teased-out hair and an accent straight out of *Real Housewives of New Jersey*. Played by Melanie Griffith, Tess is a real go-getter and she has great ideas, but no one takes her seriously. They think she’s “just a secretary,” that she couldn’t possibly have the smarts or the ingenuity required to put together big deals.

Because she wants to better herself, Tess makes it a habit to research her industry. She reads the industry news. She asks questions. She pays attention and she keeps track. She clips interesting articles for her personal files and jots down ideas.

Early in the movie, she learns that her boss’s client wants to invest in the media, but can’t seem to get past the restrictions placed on broadcast television ownership. I can still see the scene on the Staten Island Ferry, when she tears an article about a celebrity DJ out of a newspaper and the lightbulb goes on over her head. Radio! It’s that eureka moment we all have sometime, we hope many times. It usually starts with, “Hey! What if...?” Don’t you love those moments?

## ***SURGE***

Tess ends up posing as her boss and gets in a big ol' mess of trouble, but finally is able to prove her idea was her own thanks to her handy-dandy files. Now, obviously we as entrepreneurs are not Wall Street folks in mergers and acquisitions; far from it. I am bringing up *Working Girl* because Tess's story is an example of an average person finding opportunities simply by paying attention to her industry. (And if you need a pick-me-up when you're feeling less than successful, watch the movie—yeah, it even inspires guys. The last scene will make you think you can do anything. And the last song, “Let the River Run” by Carly Simon, is an entrepreneur's anthem. I dedicated *The Pumpkin Plan* to Ms. Simon, so you know how deep my love goes.)

As you read *Surge*, remember this: You don't have to prove yourself before you can spot the next wave of opportunity for your business. You don't have to be experienced or brilliant; you don't even have to fully understand my wave analogy. Start by paying attention. Watch the horizon. Take note and, when you can, connect the dots. The beginning of your surge could be one random article away—as Tess McGill discovers while freezing her ass off on the Staten Island Ferry, on her way to work.

## ***WAVES IN BUSINESS***

As I explained in the first chapter, ocean waves are formed by a confluence of various external forces. Storms, the moon's gravitational pull, earthquakes, landslides, and wind. Science, man. Just science.

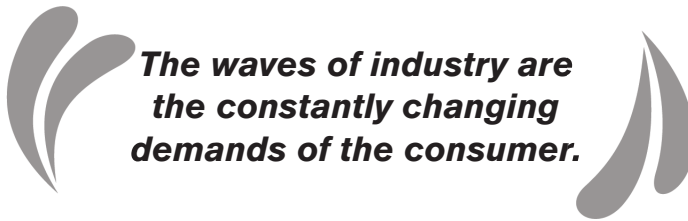
Some waves are created in an instant. Take tsunamis, for example. A large piece of land falls into the ocean, or an underground earthquake occurs, and massive amounts of energy are instantly transferred into a wave. It reminds me of the 1970s.

Back in my preteen days, I would lie in my parents' waterbed to watch black and white television. My dad would come out of

## FINDING YOUR WAVE

nowhere and jump on the side of the bed. A massive wave would form instantly and throw me sky-high. (My dad would catch me every so never.) That was an equivalent to a landslide tsunami: completely unsurfable. The physics make it impossible. Surfers know to avoid or ignore the unsurfable waves and concentrate their energy on seeking out long waves.

Short waves have little energy and tend to move slowly. Long waves have the most power and move the fastest. If you have ever been to the beach and observed the long waves that surfers love—the ones that go as far left and as far right as you can see—you know just what kind of power can be contained in one of these waves. The ideal long waves don't break all at once. Instead, they break at a peak part of the wave—the best place to start



surfing—and the break continues to peel down the wave as it approaches the beach. A long peeling wave is a wave you can ride hard for a long time. It's the perfect scenario.

Surfers learn to find these best waves not only by watching weather conditions, but also by recognizing the natural patterns and geographic formations that cause great waves to form in the same areas on a regular cycle—very similar to marketplace waves, which are just as surfable.

You don't need a science degree to figure out how to identify the patterns in your industry. Heck, you don't even need to have *passed* science to figure it out. Just as Becky discovered when she started looking for lost money on the street, once you spot the pattern, you'll see it everywhere.

## **SURGE**

Have you ever thought about the number of industries and businesses out there? From crushing cardboard to creating computers, there's an industry for everything. The size of the ocean of business is practically unimaginable. And every square inch of it is shifting with countless changes. Countless waves.

The waves of industry are the constantly changing demands of the consumer. This is more commonly referred to as *market momentum*. A different name, but a wave by any other name is still a wave. And the properties are the same.

Market momentum (a wave) is formed by trends (wind), or sometimes a massive market disruption (earthquake). Tsunamis of industry happen, but they aren't rideable. The physics of market tsunamis prohibit it. No one company rode the mobile technology wave, though all of them purport to have done it. The tsunami represents a massive shift in consumer behavior, resulting in countless distinct surges. So while it is nice to pound your chest and say you are riding the mobile technology tsunami, you're not. It's like saying you are riding the wave of business and commerce. Yeah, we all are, but that's not a wave. It's the ocean. You're riding a specific, cresting wave—perhaps a massive one—that has triggered a segment of customers to start moving in a certain direction. It's a trend wave.

## **TREND WAVES**

Trend waves are very rideable. The tsunami of mobile technology is so broad and so massive that no single company is riding it. But the waves it has triggered, like smartphones (Samsung and Apple are “hanging ten” on that wave), smartphone cases (Speck has carved up that one), the blending of smartphone and on-demand transportation services (Uber and Lyft are all over that), mobile fitness (just look at Fitbit), mobile app development (being surfed by the mostly bearded team at Fueled.com), and many

more, are being surfed by company after company. And many of them, like Uber and Speck, “came out of nowhere.” They didn’t, really, but like UGG, they were just paddling hard in front of the wave to get in perfect sync with it. Those companies were putting their efforts into timing the trend wave when everybody else was standing on the beach.

### ***SURFABLE WAVES***

Surfable waves are those formed by the shifting demands of the customer. The shifts in customer demand can be big or small; subtle or in-your-face; slow, long, or “Holy crap, where the hell did that come from? Hey wait a second; is that already gone? Thank God!” meteoric. Collectively, all these different forms of shifting customer demand are simply trends.

Trends will move fastest when they move toward an underserved hole in the market, much as wind moves toward low pressure in the atmosphere. The longer a trend continues to move, the bigger the market momentum wave it forms. The wave, in turn, goes on absorbing power from the trend; and if it continues unopposed by other competing trends or industries over a long enough time, it will grow to be really large. If you can see the patterns at work in your specific niche, as great surfers do, you can begin to predict where and when these waves will begin to form.

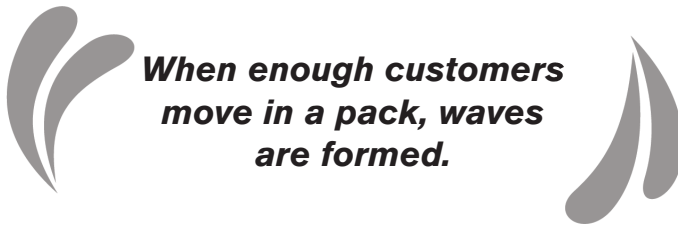
I’m such a geek for this stuff, but I realize not everyone wants to dig deep into the correlation between surfing and trends in business. If all of this science talk is making your eyes glaze over, here’s a real-world example that changed all of our lives. Social media momentum was started by the relentless thirst we humans have to communicate, share, and show pictures of every single damned piece of food we eat (the wave). The personal computer became accessible to everyday folks by the early 1980s, and by the middle of that decade modems had gained popularity. All



## **SURGE**

the elements for a new form of communication and sharing were in place. The wind of customer demand started to shift. A wave of bulletin board systems (BBS) formed, allowing people to post messages and comment on posts by others. People could now engage in deep conversations without ever leaving their houses. “Wow! That grainy picture of porridge looks a lot like grainy porridge.”

By 1994, the peak of BBS use, the BBS wave included about seventeen million users through Internet connection players like AOL, CompuServe, and Prodigy.



Then the Mosaic web browser made it “easy” to surf the web and create your own site via HTML. The BBS wave crashed onto the beach. Forums, site-specific FAQs, live chat, and search killed BBS. With overwhelming amounts of new data being generated every day, major search engines came about to make sense of it all.

Companies like Yahoo! and then Google rode the crap out of these waves. Then the social media tide began to rise, spawning countless different waves ridden by the likes of WordPress, Twitter, LinkedIn, and thousands of non-household name brands that have done extremely well for themselves. Some got up on their board only momentarily and wiped out (MySpace); others ride like pros (Facebook—for now, at least). Customer demand is always shifting, and new waves are always being formed, ready to be surfed... by you.

The lesson is this: The customer is always moving. Always. When enough customers move in a pack, waves are formed. When the wave forms, it can grow or stay small. You just need to spot

the wave and determine if it is the ideal size for you to ride. (Don't worry, I will teach you how to do both in this book). Then, if it's a good wave for you, you need to start paddling in front of it with the hope—not the guarantee—that you will catch the surge and have the ride of a lifetime.

Will waves eventually crash onto the rocks? Yes! All waves crash onto the rocks, or fizzle out as they roll onto the beach. When you ride a wave, it will crash against the shore at some point. I guarantee it. The key is to ride it as hard as you can for as long as you can, but constantly keep watching for the wave to wash out. As Seth Godin explains in his must-read book, *Purple Cow*: While your consumer base buys your remarkable offering, you need to milk it for all it's worth, because it isn't going to last.

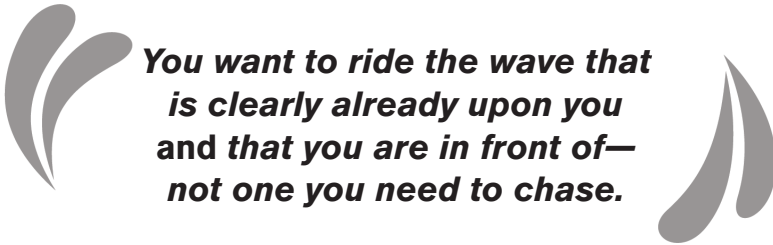
Most of those companies that noticed the social media wave coming early on, and found a way to harness that wave, tapped into a massive energy that still pushes them along. The smart companies are riding that wave like mad, carving it up every way they can think of. Yet their leaders know they need to be ready to get off the wave as it peters out or collapses in on itself.

It is a strange, somewhat contradictory, coexistence. Ride a wave for all it's worth, while simultaneously preparing to get off the second you see it approaching the rocks. And the farther you ride an existing wave, the farther you'll need to paddle back out to get in front of the next. As a result, it is really hard to ride great wave after great wave. But it can be done. Remember when IBM made computers? Beyond making computers, they paddled out in front of the personal computer wave and dominated it. Then they spotted the end of their wave and smartly jumped off. They sold the computer division to a Chinese company, Lenovo, and paddled out in front of the consulting wave. Now they are surfing a killer wave yet again.

Don't confuse riding consecutive waves, as IBM and others have done, with riding simultaneous waves. No one can do that. Now, before you get your undies in a bunch and ramble on about master

## **SURGE**

surfers Elon Musk or Richard Branson, or any other entrepreneur who is running a handful, or dozens, or hundreds of companies at once—they're not. They surely have an uncanny ability to spot waves and can place their corporate board in the perfect spot, but they inevitably get someone else to do the paddling and surfing. They plug in the perfect number two to lead the companies.



***You want to ride the wave that  
is clearly already upon you  
and that you are in front of—  
not one you need to chase.***

Maybe you have uncanny wave-spotting abilities too. But it's unlikely. Predicting far-off trends is really hard. As Rahit Bhargava shares in his book, *Non-Obvious*, the easiest trends to spot are the imminent ones, not future possibilities. Most entrepreneurs are best served by concentrating on spotting the imminent, niche market wave and focusing all of their own energy on paddling in front of it to the perfect spot. You want to ride the wave that is clearly already upon you *and* that you are in front of—not one you need to chase.

## **CAPTURING AN INDUSTRY SHIFT**

Just like the ocean, individual markets and even whole industries are constantly shifting. Nothing in the world ever stays the same, and business is no different. Markets grow or shrink; they rarely stay at a constant level. Consumer demand grows and shrinks: Whole industry categories change in structure, grow, or disappear altogether. Remember VCRs? Anyone? Bueller? Bueller?

Have you dumped your DVD player for a Blu-Ray device? Or do you simply stream all of your movies and TV shows from Amazon or Netflix? If you missed the streaming wave, don't fret; the next

wave is right behind it. Home entertainment is just one example. Look in *your* target industry and you'll undoubtedly find similar shifts. The examples are endless.

These changes come in all sizes. Some changes are tsunami-sized and bring sudden, massive disruption, as I explained to you earlier. Others are tidal shifts. The VCR was an individual wave that let people watch movies at home. Home entertainment, on the other hand, is a tidal shift. It encompasses all kinds of home entertainment, from online streaming to shopping from the couch to a kick-butt sound system that shakes your soul. (Sometimes literally: Check out how TheButtKicker.com is riding this wave.)

Again, tidal shifts are too large for *any* company—I am talking to you, Google—to find all their unique advantages. Tidal shifts tend to lift or change the direction of everyone in the ocean, not simply change the landscape for one industry or market. Don't try to catch a tidal shift. You can't. Instead, master an individual wave or trend *within* the tidal shift that affects your customers.

Waves may not be as big and powerful as tidal shifts or tsunamis, but they can provide just the momentum *your* business needs to shoot to the top and achieve incredible success. Some waves are small enough to be manageable for any size company. And while tidal shifts are very few in number, individual waves are everywhere. In fact, with so many waves available, the odds are good that you'll find one no one else is riding, leaving you plenty of room to work your wave to your company's best advantage.

So how do you find the wave that's right for you? Well, before you paddle out into the surf, it's important to do a little wave-watching. Surfers learn to read several factors to predict where and when they are going to find that perfect wave. You need to do the same.

First, analyze the part of the ocean in which you are going to surf. Everything, from weather conditions to geography and tides, figures into the equation. I explain this extensively in *The Pumpkin Plan*. I use a (notably, very sexy) colossal-pumpkin farming analogy

## **SURGE**

in that book, but all of the strategies connect and work together. The best part, and arguably the only part of the ocean you can surf in successfully, is where your company's *unique* offering caters to a *specific* type of top client in a *repeatable* and *consistent* fashion.

Look at the history of your top clients. History is a good indicator of things to come. Call them cycles, trends, or fads, the bottom line is this: Whatever's old becomes new again. To find where your waves will form, you first need to be a historian of your industry. What happened before is very likely to happen again, just in a new flavor. Organic fruits and vegetables were once all that existed. Then they were replaced by corporate-grown produce ripened using cheaper methods. And now the organics are back. History repeats.

Mom used to stay home and raise the kids, but then the wave of dual-income families took over, and now *that* wave is crashing as more and more families have one parent at home raising the kids. History repeats. Often with a slightly different spin. Shout out to all the Mr. Moms.



Shorts used to be super long (just look at those old-fashioned beach photos); then they went super short (Google pictures of Bruce Jenner... when he was Bruce Jenner), then long again (remember Jams?), and now they are getting shorter and shorter again. I suspect that by the end of this decade we will be back to the constant risk of seeing something we really, really don't want to see—thanks to short shorts. To confirm this wave (and I really don't want to), just see if the cool kids are wearing them.

Sunglasses are big, then small, then big, then small. Cars are the same. Circus freak shows have given way to the circus of “reality TV” freaks. History just *repeats*. In fact, as you read this book, I myself am trying to surf the wave of resurgent history—self-publishing.

*Poor Richard’s Almanack*, Benjamin Franklin’s annual mid-1700s almanac which immediately became a perennial bestseller in the American colonies, was... wait for it... wait for it—self-published. Granted, Ben was a printer by trade. But self-publishing was the way to go for a long, long period of time. I think it is fair to assume that the original Ten Commandments, carved on two slabs of stone, were not edited, printed, and published by Random House. Those stones were self-chiseled. Okay, technically they were “inscribed by the finger of God.” Po-ta-to, po-tah-to.

Then a new wave full of publishing houses came, and self-publishing basically vanished. But, as history repeats itself, self-publishing started to form into a wave again. By 2008, more books were self-published than marketed by traditional publishers. The quality of self-publishing started to rival—ahem, even *surpass*—that of the publishing houses. I saw the relentless energy in the wave, and parted ways with my traditional publisher to self-publish my last book, *Profit First*. And this one.

Speaking of “traditional,” that is another indicator of a new wave. When an industry has something traditional about it, the word “traditional” should be replaced with “crashing.” Traditional music is always dying out while, simultaneously, new music forms. This “new” music will, of course, become traditional over time, which then means *that* music has started its crash into the rocks, and yet *newer* music—perhaps a new spin on the old—will replace it.

Traditional publishing is being replaced with self-publishing, on-demand publishing, electronic publishing, and the newest wave that I am trying to paddle in front of: interactive publishing, in which you don’t read just words, but also watch video, listen

## SURGE

to audio, converse (in instant video chats between me and you), and so much more. Smell-o-book? Why the heck not? You know you want the scent of my mom's famous pumpkin bread baking in the oven to fill the room as you read my next book. (As a total but relevant aside, I am working on a book entitled *Hardwired*, for future release, which explains consumers' natural, hardwired "buy" triggers. Four years ago I conducted an experiment with mom's homemade pumpkin bread, and sure enough, even the most educated, knowledgeable experts responded predictably. I found that there is, in fact, a crystal ball for individual human behavior. And to some degree there is a crystal ball for a surge. It's called "tradition.")

The "traditional" approach is always poised to go bye-bye, and a new wave with a new approach is always waiting to form. Banks were "traditionally" only open from ten a.m. to four p.m., Monday through Friday. That's how we got the term "bankers hours." Then some banks noticed that people who had money to deposit may actually be *working* to make that money, so they started to stay open later one night a week, then added limited hours on Saturdays and even on Sundays. Then, to make themselves even more convenient, bank branches started popping up in strip malls and inside grocery stores. But now, with the tidal shift of debit and credit cards, direct deposit, ATMs, and the Internet, people can have 24/7 access to their money without ever going *in* a bank. Because of this, the banks trying to get ahead of the wave are closing branches—and the banks that understand the power of SURGE exist *only* online and have no branches at all.

Another way to spot a swell forming in the marketplace is to watch for consumers trying to figure out their own workarounds for "traditional" solutions. When customers want something and no one is offering it, they will seek their own solutions rather than grin and bear it. They will form the beginning ripples of a new wave.

## FINDING YOUR WAVE

If you think about it, you've already spotted incoming waves in your industry or others. You've noticed when fashions come back in style, when systems become obsolete. You know what used to be the norm in your business, or in your region, and why that changed. You just haven't yet analyzed it from this perspective.

I graduated from Virginia Tech. In the middle of campus is a massive field that students walk across to get from their dorms to classes. Countless times a day, students walk back and forth across this field. The university installed paved sidewalks crossing the field, and yet the students have beaten down their own paths, those that will take them most directly to their classes (and beyond to the bars). The sidewalks are barely used by the students seeking the shortest walks to their classes. If Virginia Tech had paid attention to the dirt paths worn by students, they would have seen that the students provided them with the answer to where to place the sidewalks. *The solution was presented by the customers themselves.* Observe your clients. Watch the paths they blaze. Then go pave the paths for them.

Another great place to watch for waves is in foreign markets. You'll see that waves *over there* often become waves *over here*. The wave of sheepskin boots in Australia was a huge indicator that there could be a wave for sheepskin boots in the US, and as you know, our friend Brian Smith rode that massive wave to billions in revenue. Phil Romano did the same with Romano's Macaroni Grill. He went to Italy, saw the custom of having fresh-cut flowers and open jugs of wine at every table in small Italian bistros, and offered the same at his Texas restaurant. He surfed that wave of casual dining—where you simply told the waiter how many glasses of wine you had as you sniffed the flowers—and opened over two hundred locations throughout North America, Europe, and the Middle East.

The Internet exploded in the US, and then it exploded throughout the world. The wildly successful TV show, *The Office*, was first



## ***SURGE***

a wild success in the UK after it launched in 2001. *The Office* then rolled into the US, launching in 2005 to long-running success here. *Shark Tank* in the US was *Dragon's Den* in the UK first. In fact, many successful US shows started in Britain. And the trend will move on. What's hot in New York City today will be the hot thing next year in Tokyo. The hip thing in Copenhagen will hit the streets soon in Johannesburg. What is trending *there* will likely trend *here*. Just pray that the trend in men's short shorts doesn't spread. No pun intended, sicko.

I shared a lot of different examples in this section because I wanted you to see that spotting trends is not complicated. Sure, there are many ways to go about it, and it can be a challenge at first to figure out if a wave is worth riding—and if the timing is right. That said, once you get the hang of it, you'll spot opportunities left and right. Simply form a habit of constant observation, and the patterns will reveal themselves, just as Becky Blanton has found and continues to find money every day in “catch and hold” spots.

## ***LANDSLIDES AND IMMINENT WAVES***

And while you're watching for waves, don't forget to also watch for landslides, because they can cause many waves, including some friggin' *huge* waves. When massive incumbent companies make innovations that require their vendors, competitors, and even unsuspecting “victims” to change, these business landslides can cause a series of residual waves to form: Amazon releases the Kindle, creating an e-reader landslide. Competing products like Nook and Kobo and even the iPad come into play. New self-publishing services like Smashwords and DocStoc explode into life. Savvy traditional publishers change their model. Sure, the wave in e-readers began before Amazon, but the point isn't so much who started it; the point is that one massive player eventually made a gigantic splash that added a lot of energy to the wave.

If you take a drive on the nearest interstate highway, you will notice a trend: more trucks. More and more eighteen-wheelers are cruising the highway, and more and more are coming. Why? Because of Walmart and Amazon, along with many others. The explosion of home delivery has changed the transportation and logistics market forever. The wave started back in the late 1990s and has gotten massive amounts of energy because of the big players in Internet commerce. The opportunities? Everything from wheel manufacturers (e.g., more efficient, wider truck wheels) to software companies (improved logistics software) could find waves to ride here. Construction of distribution centers along highways for e-commerce businesses. The invention of the TrailerTail, the aerodynamic metal “tail” you might have noticed on the back of eighteen-wheelers, which improves fuel efficiency. The number of waves is almost incalculable. The number of opportunities that await you is *immense*. And the next massive logistics wave is already out there on the horizon: drones and autonomous vehicles.

Of course there are victims of landslides, too. When McDonald’s decided to offer a salad with cranberries, the entire cranberry market shifted. At least temporarily, prices soared and small companies like Jimmy’s Cookies in Fairlawn, New Jersey, for example, which needed cranberries to make cookies, had to scramble to find a new spot to ride on the wave that didn’t require cranberries. The solid leadership at Jimmy’s Cookies continued to watch the pocket of the wave the company was riding and made a quick carve to navigate the fast break in the wave.

But there is an even more dangerous scenario out there in the ocean: paddling too soon. Yes, drone home delivery is coming and self-driving cars are on their way, but they are not imminent (at least, as of when I published this book). You can create a business today that will capture the energy of the self-driving car wave, but your business will be paddling a long time and is likely to run out of juice before the marketplace is a reality. If you want to be a surge

## **SURGE**

pro, always, and I mean always, look for imminent waves and ensure that you are positioned in front of them.

### **HOW I FOUND MY OWN WAVE**

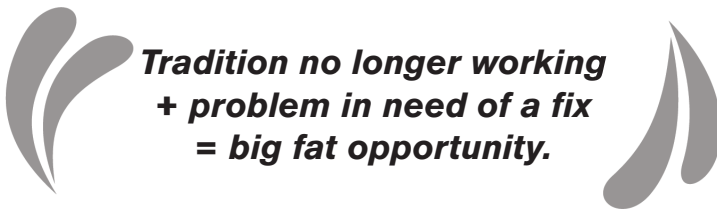
As I mentioned to you in the introduction, I am different from a traditional author in that I don't write books... at least, not at first. Before I even consider what I want to write about, I take these concepts and apply them to my own businesses, and/or start a new one to test them out. I am currently an owner in three companies, all guinea pigs: a membership organization, a manufacturer, and a tech startup. I did all the stuff I put in *The Toilet Paper Entrepreneur* before I wrote about it. I followed the niche specialization strategy I documented in *The Pumpkin Plan* to grow my data-forensics firm and sold that company to a Fortune 500 before I wrote the book. And I have done the same with *Surge*. I did this stuff for myself before I wrote this “manual” on how you can do it. Here are the results I have experienced from *Surge* (so far):

My experience began with my third book, *Profit First*, which of course you have read three or four times by now (hint, hint). In case you haven't read it—now *my* undies are in a bunch—I would summarize it as a new way for entrepreneurs to make their businesses wildly more profitable by following a profoundly simple method: Take your profit first, always. It is the “pay yourself” principle applied to business.

After writing *Profit First*, I started to hear from readers who wanted to find accountants and bookkeepers who could work with the *Profit First* system. You see, until now the traditional (holy cannoli, there's that word again!) system of making your business profitable was to follow the traditional (yikes!) formula of: Sales - Expenses = Profit.

But, as you may be acutely aware yourself, most companies aren't profitable. They survive check to check. So in *Profit First* I teach

a new approach: Sales - Profit = Expenses. In other words, I took the “pay yourself first principle” and applied it to my business. This subtle shift has had massive impact. Businesses implementing and adhering to this process experienced immediate improvements and skyrocketing profitability. But there was one problem (ah, another indicator of a potential wave). Many companies couldn’t get their existing accountant and bookkeeper to show interest in, let alone support, the *Profit First* concept. And without accounting professionals’ support, entrepreneurs struggled with the adhering part.



These entrepreneurs wanted their businesses to be more profitable and begged their existing accountants and bookkeepers to actively guide, support, and hold them accountable to the *Profit First* process. Yet their traditional accountants and bookkeepers said no!

Tradition no longer working + problem in need of a fix = big fat opportunity. Like Tess McGill, I was having my own, guy’s version of the *Working Girl* eureka moment. I could see that an imminent wave was upon the accounting and bookkeeping industry, a wave I could ride to propel a new service offering. Surely there were some progressive accountants and bookkeepers who wanted to serve their clients in the new way the clients wanted to be served? If I could find them, I could create an offering that empowered this new wave of accounting professionals to serve the new wave of entrepreneurs seeking far more consultative accounting professionals.

To help find that perfect wave, I did some research on the current state of the market. I started to observe bookkeepers and accountants to find out what the “coolest” ones were saying and, more importantly, doing. They were transitioning from data entry

## **SURGE**

masters to advising their clients on fiscal health. They saw that software like Xero, Sage, Wave, QuickBooks, and Freshbooks were becoming so technically sophisticated that the software compiled the traditional bookkeeping and tax returns automatically. They saw that big players were (and still are) trying to gobble up the easy—albeit dying—clerical work. Enter firms like H&R Block and Jackson Hewitt. The independent accountants and bookkeepers who were trying to do the same thing in the same way they always had were responding by trying to compete on price and getting crushed in the middle as a result.

The waves of traditional accounting and bookkeeping are crashing hard. But the “cool kid” (early adopter) accountants and bookkeepers showed me where the new wave was rising. So I created a new business model to ride this wave. Using the popular features from my book *Profit First*, I developed a comprehensive system that helps independent bookkeepers and accountants move away from the dying transactional services they used to perform and into an advisory model where they can thrive. My firm’s promise is quite simple: Join Profit First Professionals and move from a commodity-based, transactional accounting business to a done-for-you, consultative, high-margin, high-value profit advisor model.

By aligning the swelling needs of our business clients—independent bookkeepers and accountants—to the unique abilities and services that we offer via Profit First Professionals, we have caught this wave and are doing everything within our power to ride it hard and fast.

You know that feeling when you spot an opportunity in your industry, one that no one else seems to see? What a rush, right? Even if you haven’t acted on all of your ideas—or even one of them—I know you’ve experienced the excitement of honing in on something that, once you spot it, seems so obvious and promising. Heck, you may have launched your business on an idea born of spotting an untapped opportunity in the marketplace. Do you get what I’m

trying to tell you? You've already done this, at least once. You *have*. The only difference is that you will now be more deliberate about the process, gaining confidence, and leveraging what you see. And this book will give you the tools to see it all the way through.

## ***WHERE WILL YOU FIND YOUR WAVE?***

Where are these waves forming in your market? Begin looking at your target market now. Look at the history of the niche—where it has been through cycles in the past and where those cycles could lead it in the future. Thanks to the Internet, this is an easy step. Just do a search for “history of \_\_\_\_\_” and insert the niche or industry you are targeting.

As a second step, seek out the target market's experts. Find out what they are saying about the trends of the industry. Unlike experts who try to predict the future and seem to get it wrong way more often than they get it right, look for feedback on the new things that are *already starting to happen*. If no one is wearing short shorts, they may yet become a new trend; but for you to start making a junk-hiding-cover or sunglasses that are shaded so dark you are effectively blind would be way premature. Look for what the experts say is starting to happen and validate it. Look for a wave forming from a dying “tradition.” And surely look for waves *over there* that are repeating *over here*.

Just as surfers do, look at waves that are imminently upon you. Surfers don't care about the waves that are miles out in the ocean. They don't care about those that are even a hundred yards out. Not at all. Surfers are measuring the next few waves. If the next wave stinks, they let it pass as they sum up the one immediately behind it.

The marketplace is constantly rolling out waves. Don't try to predict what is going to happen five or ten years from now. Those waves are miles out in the ocean. They are impossible to spot, and even if by some miracle you did spot one, they aren't close enough

## ***SURGE***

to shore to surf. Just look for the waves that are already formed and approaching with growing size and speed. Then, once you've seen where these new waves are, take a look at how you might align what your company offers with what your customers will need to take advantage of an oncoming wave.

Once you've identified that wave, you'll need to begin paddling with everything you've got to get in front of it. You want to put yourself in position to capture that wave, and have it carry your business forward. This is the true power of waves, the power that you must capture.

A niche is the community of customers who make up a wave. That individual wave is the movement of that niche... the new direction they are taking and you are riding. First, identify your niche (the specific and targeted group of consumers you are serving), and then identify the wave (the specific movement that niche is making).

This energy is propelling Profit First Professionals far more than anything Ron Saharyan, who is the cofounder and managing director of our company, or I could have created on our own. The power behind it is not marketing, advertising, or social media. That's just paddling. Profit First Professionals has a powerful momentum because the industry itself is changing, and this change has created a wave that we've managed to catch and hope we have the skill to keep surfing. We couldn't have created this type of wave on our own, but we can ride this wave to propel our business forward.

You're positioned to do the same, quite possibly even better. How do I know? Because every business and every industry has a new wave forming. And that new wave is always forming now. As in *right now*.

So take one more look at all the beautiful waves out there in the ocean. Take one last sip of coconut water, grab your board, and run out there into the ocean. You are about to become a surfing pro. You are about to harness the *surge*.

## ACTION STEPS

1. Tradition is a lead indicator of something that is going away and yielding to something new. See through the traditions for the new wave right behind them. Ask your current top clients:
  - a. What is traditional about their industry?
  - b. What do they traditionally do in their business?
  - c. Who are the traditional players?
  - d. What traditions are changing or going away?
2. Hop on the Internet and do a quick search for “history of \_\_\_\_\_” and put in the niche you are focusing on. Then do another search for “trends in the \_\_\_\_\_ industry (or market)” and put your niche in the blank space. Between these two searches, you should sight a plethora of waves.
3. Check out the industry experts. Read their books, see them speak, watch their videos, or use my favorite strategy and interview them for an article or blog post you write. Get their input on:
  - a. What is happening in the industry right now?
  - b. How it has changed over the past few years?
  - c. How do they see things playing out over the next twelve months?



