

Michael Falk - Transcript

- Jim: [00:05:59](#) Well, hello everyone. It's Jim O'Shaughnessy with my colleague, Jamie Catherwood, for another edition of Infinite Loops. Today, I'm very excited to have on as a guest, Michael Falk, who is a partner at the Focus Consulting Group. Welcome, Michael.
- Michael Falk: [00:06:26](#) Jim, thank you. It's great to be here with you and Jamie today. Thank you so much.
- Jim: [00:06:31](#) Well, thanks joining us. And right before we started to record, I had asked you about your career, and you started listing. It seems to me that you've done virtually everything that there might be to be done in asset management. I'm going to talk about your books a little bit later, but maybe take us through all the things you've done, because I found that very impressive.
- Michael Falk: [00:06:54](#) Well, impressive or sad. One of the two, I divide my history into about a third, a third, a third. I've been in the business in this space for about 30 years. First decade, private wealth, second decade, institutional money management, third decade consulting for institutional money managers and private wealth managers. So clearly I'm backwards because most people do the consulting first. I'm doing it at the end. Along the way, I studied behavior for about a decade, just randomly. Little neuroscience just because the behavior wasn't deep enough. I was adjunct faculty, teaching CFP certificate courses for people wanting to get the financial planner designation for about a decade.
- Michael Falk: [00:07:43](#) This overlaps the third, a third, a third, by the way, because you're saying it doesn't add up anymore. I've written 2.3 books. The 0.3 is a co-author with two other people. I just want to make the math right for people.
- Jim: [00:07:59](#) I appreciate it. I smiled at that because I've written four books, and I used to say something quite like that. When I was in the middle of a book, I'd say, "Yeah, I've written two and a half books."
- Michael Falk: [00:08:13](#) I've seen all parts of the industry with the exception. I have no experience on the ground in the operations side of the business, or the trading side. But anything sales and marketing, anything investment, anything... Actually working with Moms and Pops for years because I came out of financial planning. I know insurance as well as investments. So I've just... Jim, when you've been around long enough, you have the potential of seeing all the sides, or at least many of them.

Jim: [00:08:48](#) No question. Which do you like the best? Which fulfills you the most?

Michael Falk: [00:08:56](#) I've loved each and every one. I'll tell you the one I have the most respect for.

Jim: [00:09:00](#) Please.

Michael Falk: [00:09:01](#) Private wealth. Private wealth, I have the greatest level of respect for, because the thing that the general industry too often loses sight of is, who is the client. And clients, when you look at the really good work that's been done, clients don't care about performance. This is really quite interesting. They care about the relationship, the trust, the faith, the confidence. And in private wealth, it's one-on-one with your client. There is no doubt you can do the best work possible, because you know your client deeply, potentially.

Michael Falk: [00:09:40](#) Institutional money management with the layers of intermediaries. And it's not that this is wrong or bad. A lot of times you don't have a clue who your client is. So I'd say I have the most respect for private wealth of all three. I will say the consulting that I'm doing now, it's a hoot. It is probably the most fun, because I get to interact with hundreds of professionals across these two spectrums of private wealth and institutional money management in what I do day to day.

Jim: [00:10:16](#) Interesting. And so, let's explore that a little bit. Are you doing primarily behavioral coaching or are you nuts and bolts? You had mentioned earlier, because you came from the certified financial planning side, a lot of us asset management guys know nothing about insurance. We know nothing about the various things in financial planning.

Michael Falk: [00:10:40](#) You're hedgehogs. I'm a fox in the world of hedgehogs.

Jim: [00:10:49](#) So what does a normal... I'm not going to even say normal assignment, because there are no normal assignments. But what are the types of assignments that you are getting that you're clicking with, really enjoying the most?

Michael Falk: [00:11:04](#) I have three main types of work that I do, specialties if you will, across both wealth and investment managers. So I'll label each three, just for simplicity. Strategic planning for the firm, succession planning for the owners, and finally, investment decision-making for the investment professionals. And so, those are the three areas. Behavior comes in most specifically with

the investment decision-making, behavior is on the greatest level of display with succession planning, and strategic planning is... Well, maybe we can jokingly say there's an absence of behavior there.

Michael Falk: [00:11:53](#) By and large, the firms don't do it. That's why I say strategic planning is just not done typically for reasons of a lack of respect, the lack of time, a lack of understanding. Very few firms, I'm finding do honest to goodness, real deal, strategic planning that's effective. I don't mean some 50 page McKinsey ask document. No. I mean, strategic planning that moves the firm in a direction. So that's how I'd link it all to behavior. [inaudible 00:12:29] wonderfully on display, and important to help them get better and better.

Jim: [00:12:35](#) So, I love that. A friend of mine who we did a podcast with a bit ago, Alex Danco said... When he gets asked advice for what people should do, he's like, "You know what, don't go follow your muse. Don't don't do that. Go find problems that need solutions. If you do that, you're going to be really successful. And it sounds to me that's what you're doing?"

Michael Falk: [00:13:02](#) Yeah, by accident. No, there's been no grand plan. Here's the common theme, Jim. When I was 22, I discovered my purpose. Okay. So people say, "That had to be amazing." No, 22 years old and I know what my purpose is. Yeah. How do I operationalize it? What do I do with that? Put simply my purpose was to positively impact the financial lives of as many people as possible. I discovered that when I was 22.

Jim: [00:13:38](#) Cool. It reminds me of the Mark Twain quote, there are two very important days in your life, the day you're born and the day you figure out why.

Michael Falk: [00:13:47](#) I'm a huge fan of Mark Twain. Thank you for bringing him in to the dialogue. So private wealth, think of it, I was helping people one by one, 10 by 10. Institutional money management, I'm helping people thousands by thousands, maybe. Consulting, helping firms that do these things. I'm helping tens of thousands by tens of thousands possibly. So oddly enough, the arrow of my career has consistently moved in the direction of potentially helping more people.

Jim: [00:14:28](#) That's great. And I love the idea of having that mission statement, is what I would call it, for your own life. And mine was, "I want to level the playing field as much as I can in this thing that absolutely consumes me," which was figuring out asset management. Because when you have that internally, it

precludes a lot of things, but it also points you in the right direction, I think. At least that was my experience.

Michael Falk: [00:14:59](#) It has been my experience. And if I walked back 10, 20, 30 years, there was no plan. I didn't execute my own strategy to do this. It's just, I kept finding myself directionally going up one more step or going up another step, and then another step. And then accidentally I became an author. We can talk about that joke. If there's any fruition of the books, I may take my tens of thousands to millions and millions. And that may be a different question, but I may finish on a high note.

Jim: [00:15:44](#) I love that. Well, actually I had a question about succession planning. So I was the chairman of the Chamber Music Society of Lincoln Center for a while. Loved chamber music for a period, et cetera. And one of the things that I thought really needed fixing was succession planning. And so, we spent a lot of time on it. And I said to the powers who asked me to be chair, that I would accept, but only if the person that I thought should succeed me would accept before I even became chair, just so we would have a continuity and a process.

Jim: [00:16:25](#) And she did, and she's doing a marvelous job. But at the same time, we were looking at succession at OSAM. And so, one of the things that I wanted to message, if you will, to the marketplace, was that OSAM was not gonna go anywhere. We were in this for the long haul. And my son, I had different ways of judging him, because I know that I can't unemotionally or detached, have objective opinion about him. And our Canadian friends, which we talked about offline, came in very handy here. Because being very nice is one of their qualities. But the ones at the Royal bank of Canada, in addition to being really nice, they are brutally honest.

Jim: [00:17:19](#) Meaning that if you want to get a read on somebody, they will give you the unvarnished version. And so, he had passed a lot of trial by fire. And so, I had planned to make him CEO after he'd been there about seven years. I thought he's really emerging as he's really doing a great job. I did not encourage him to come work for me. I grew up in a family that was a family business. And so, one of the takeaways I had was that I wasn't going to encourage any of my three children to be interested in what I was interested in.

Michael Falk: [00:17:54](#) Smart.

Jim: [00:17:55](#) And he found that he was. Any way, so what are the story, is I thought, well, why wait? I love youth. I love the way that they

are just filled with ideas and with understanding, is that maybe me at 50, whatever I was when that happened. But it also had the effect that I wanted, which was, I would hear from friends. I was wondering if you were going to hang up the signal. The funny thing is, I'm not going anywhere. I'm going to take a leap out of my grandfather's book, who never retired. He always said, "If you retire, you'll die six months later."

- Michael Falk: [00:18:39](#) I've written about that.
- Jim: [00:18:41](#) Really? Okay.
- Michael Falk: [00:18:42](#) Yeah. But I don't quote six months, but I'll say it, the quickest way to die early is to stop living. And retirement, classically defined... It's been redefined now. Good classically redefined, you're leaving something to which I ask, what are you going to write? I have this little credential other than my CFA called the CRC. I don't know if you've ever seen it or heard of it? Certified Retirement Counselor.
- Jim: [00:19:11](#) No.
- Michael Falk: [00:19:11](#) This goes back to a long time ago in work that I did. When people said, "I want to talk about retirement," I said, "Fantastic. What are you going to retire to?" They can't answer the question. I said, "Well, you go figure that out. And when you do, come back and we'll start planning." Can't plan until I know what you're retiring to. A lot of researches supports. And the biggest issue is people lose their identity. And when you lose your identity, very, very psychologically, which then links to biologically risky, which I could bring into the world of COVID, how some people have lost their identity because they can't work the way they used to work.
- Michael Falk: [00:19:59](#) I heard the other day, just imagine if you were a collegiate athlete and you're not competing, who are you. For retirees, it's critically important, incredibly stressful time. They have to know where they're going, not just where they're leaving.
- Jim: [00:20:16](#) I mean, that's a wonderful one sentence that is going to make their heads explode a little bit, because-
- Michael Falk: [00:20:24](#) I tend to do that to people.
- Jim: [00:20:25](#) ... I love that though. That's the way to help them, honestly, I think.

Michael Falk: [00:20:29](#) It is. So succession planning, I do it from the equity. So there's two basic dimensions, equity and talent. All right. So equity within the Lincoln Center for you, this wasn't about equity and money. This was about talent. So we can talk about from either dimension. Good. The biggest mistake people make is they don't take enough or allow enough time. Listen, my father taught me long time ago, managers are responsible for training their replacements. Simple as that. And if you find out this person just can't cut it, well, then they can't succeed.

Michael Falk: [00:21:22](#) Wouldn't you like to know that before you have them succeed you. Take the time, five years, maybe 10 years. I don't think we have to go longer than 10, but certainly not shorter than five. And you gradually allow them to take on more responsibility. You extend to them greater decision rights, the ability, and you see how they learn from when it doesn't go as planned, and what they do with the successes when it does go as planned. And then you give them a little more, and you give them a little... And sooner or later they're doing your job, and then you can go do something else.

Jim: [00:22:01](#) Exactly.

Michael Falk: [00:22:02](#) But you need time to do it that way.

Jim: [00:22:04](#) I totally agree. We are totally simpatico on that. I mean, you're right. It boggles my mind sometimes when I see these fights, especially in asset management. I mean, I have seen so many things get just blown up, great teams that had great track records. Boom! All gone, because of your specialty, which is behavior. I couldn't believe it. I would come back and talk to my wife and just say, I just saw a team that we were actually trying to acquire, OSAM. And within the time that we were negotiating, they disintegrated.

Jim: [00:22:58](#) I mean, we were trying to coach them as best we could, "This is very stressful time, understand that you're going to have a lot of people coming at you. You just got to understand that this happens with everybody. We'll be here. Just call us. We will help you." They didn't call us. They didn't ask for help. And I would call them. Anyway, have you seen a ton of that as well?

Michael Falk: [00:23:20](#) Yeah, but very differently. So I don't wait for them to call me. I was going to say, which means I'm going to say, I force myself upon them. No. That sounds awful, and it's not true. I use tools. I will use surveys. I will use focus groups. I will use one-on-one confidential dialogue. But the one-on-one dialogues can't come on the front end. There's no trust established. They have no

idea of the process that I'm going to be taking. So we begin with a survey. So it's anonymous. From the survey, I can build a diagnostic. Let me explain what I mean by diagnostic. Think of the range of the survey results being put into a bunch of questions.

Michael Falk: [00:24:18](#)

Now, the questions are using either multiple choice or Likert scale type of answers. Likert scale, for those who don't know, strongly agree to strongly disagree. Simple scale of agreement or lack. I get the whole team together, everybody. I use polling software, real time anonymous polling software.

Jim: [00:24:43](#)

Cool.

Michael Falk: [00:24:44](#)

I put the diagnostic questions up on the screen. I do this through Zoom now, because nobody goes anywhere anymore. And then they vote. Shows up on the screen, we see how aligned or unaligned the team is across various dimensions of the topic. We raise dialogue, we end the session. Then the one-on-one interviews take place, and we get wonderful candor. And then from that, we begin to formulate what we think needs to happen. So the challenge is, people who are scared, people who are nervous, people who are skeptical... Hopefully they're not cynical. People who don't think they have a voice or a vote in the process, they're going to keep their heads down more often than not. We can't allow that to happen because we need their good feedback. We need their thinking. So when I say I forced myself upon them, it's a process that has been designed to elicit the greatest level of candor to inform the process, to get it done.

Jim: [00:26:01](#)

I love it. Deming said... The father of process thinking, said that if you can't describe what you're doing as a process, you don't know what you're doing.

Michael Falk: [00:26:10](#)

Correct. Yeah. Well, that's just say, we're just hoping for perpetual luck.

Jim: [00:26:15](#)

Right. Not a good look.

Michael Falk: [00:26:18](#)

"I am lucky. I'm lucky. I'm lucky." So if you remember the second Deadpool movie, "What is your superpower?" And the young lady said, "Luck. My superpower is luck." "There's no such thing as luck." "Yeah, there is." "No, there isn't." "Yeah, there is." "No, there isn't." Luck is opportunity and experience intersecting in a serendipitous way.

Jim: [00:26:46](#) Totally agree. I actually did a thread on luck, because I saw what I viewed as thinking going the wrong way about luck. For a brief period, there was a lot of academic stuff. I read a lot of the academic journals and things like that, just to try to [crosstalk 00:27:07].

Michael Falk: [00:27:06](#) So people like me don't have to. And we say, thank you, Jim.

Jim: [00:27:11](#) Anyway, one of the things that I was seeing was this very aggressive attitude that everything is luck. Basically, the human experience is a random number generator. And I'm like, "Whoa! This is a horrible idea. This is a really bad explanation." And so, I did the thread on luck, trying to be as gentle as I could.

Michael Falk: [00:27:43](#) Well, the one thing that ridiculous line of thinking has or is missing?

Jim: [00:27:49](#) What's that?

Michael Falk: [00:27:50](#) Starting point.

Jim: [00:27:50](#) Right.

Michael Falk: [00:27:50](#) The starting point by definition is a point, it's fixed.

Jim: [00:27:57](#) Exactly.

Michael Falk: [00:27:59](#) And so the randomness from that starting point may be fairly exponential, but it also may not be. But we do know there is a large degree of randomness post starting point. Hello?

Jim: [00:28:16](#) Yeah.

Michael Falk: [00:28:19](#) All right. So, Jim, let's just... We're going to go, I was born a white male. I still am a white male. All right. For the record.

Jim: [00:28:30](#) I noticed that.

Michael Falk: [00:28:31](#) And I don't want to offend anybody. I'm not trying to statement. It's just fact. In the United States, in the 1960s, to upper middle-class parents. I just said, male, white, 1960s, US, middle-class parents. I said six things. Those six things in baseball terms, put me at least halfway to home plate as a starting point compared to others. Can we just admit, can we just recognize starting point. By the way, I had no control over this. All right. None of us do. Starting point matters.

Jim: [00:29:24](#) Very much. And what you just said was how I opened my thread on luck. I said that I was born to an affluent family in 1960 as a white male, and that put me on third base. If you were-

Michael Falk: [00:29:42](#) You were past third base.

Jim: [00:29:43](#) ... okay. Right. I was. I was sliding into home. And so I just don't see why it's so difficult for people to just admit those things.

Michael Falk: [00:29:59](#) The narrative has been built for so long, that if you work hard, good things will come. And the reason why that narrative was built... It's a bit sinister. It was built so that people who are not experiencing good things could then be essentially described as, well, they didn't work hard, or it was a lack of character. And I wish I uttered these words, but I didn't. I'm just borrowing them. Poverty is not a lack of character. Poverty is a lack of money.

Jim: [00:30:38](#) Right.

Michael Falk: [00:30:42](#) This is the problem. Not enough people in society are capable of looking in the mirror and honestly seen what is in the reflection. And the people who look in the mirror and don't honestly see what's in the reflection, I think are some of the most dangerous people for society.

Jim: [00:31:03](#) Again, it seems like we might have been separated at birth. What year in the '60 were you born? I was born in 1960.

Michael Falk: [00:31:11](#) 67. You've got me beat a little bit, but I missed-

Jim: [00:31:15](#) You're a gen X-er.

Michael Falk: [00:31:17](#) I am. I'm an old X-er, which means I'm completely marginalized between the boomers and the millennials. And I accept, I recognize, because I can't do anything about it. I missed all the wars. I was born during peace time. I didn't even put that on my list of six. Let's make that number seven.

Jim: [00:31:38](#) Amazing. Right?

Michael Falk: [00:31:40](#) Yeah. It matters.

Jim: [00:31:41](#) Absolutely.

Michael Falk: [00:31:44](#) For almost my entire life, interest rates have gone down. Jim, money has gotten cheaper almost my entire life.

Jim: [00:31:57](#) Same with me that. In fact, it's like we're talking about my thread here, because I said the same thing. I said, look, I got married when I was young. I was 22. I was a young father. I had Patrick, my oldest at age 24.

Michael Falk: [00:32:11](#) Wow!

Jim: [00:32:14](#) But my entire career, basically... I was on my honeymoon in Europe, in 1982. You're a little too young to remember viscerally that bull market beginning. But here I am reading these newspaper. And back then, if a market went up 80 points, it was like, "What?"

Michael Falk: [00:32:33](#) Percentages. Not raw numbers, percentages.

Jim: [00:32:36](#) I know. Well, that's another one of my little windmills that I tilt at. But anyway, yes, I began as a young adult and headed... In my first house, I had to get a note from the seller. Because the mortgages would look at me and say, "No, we're not going to give you a mortgage at 18%." And so we got seller financing. We felt really good about it because it was 12% for a start. But then, Mr. Volker, worked his little magic and you and I, and our entire generation managed to be in a stream that was really very nicely running in our direction.

Michael Falk: [00:33:24](#) Yeah. Now imagine you are a millennial or... Some millennials are at peak age 40. So let's say on average, they're around the age of 25 to 30. That may be roughly right. Not precisely. The last 10 years or 13 years, 08 to now. All right. They've seen two massive recessions. They have lived in a different world. All right. Now, back that up to when they got out of university, if they went. Back that up to when they started what we might say is their adult life. And it's no wonder that things like Reddit and GameStop happen. They think the system is rigged, and whether or not the system is 100% fair, I think we can agree it's probably not. But rigged, that's a bit cynical.

Michael Falk: [00:34:28](#) They had unlucky birthdays, and it's not any more complicated than that. And it's unfortunate. And yeah, it sucks, but we can't do anything about it. You and I essentially had lucky birthdays. Again, maybe that's number eight on the list. No, I said the 1960s, so that's double.

Jim: [00:34:52](#) You did. That counts. So I was having... So all three of my kids are millennials. My oldest Patrick, who works with me, is turning 36 next month.

Michael Falk: [00:35:05](#) I've met Patrick.

Jim: [00:35:06](#) Great. And my next is a daughter, Kate, who's just had a baby. So my third grandchild.

Michael Falk: [00:35:15](#) Congratulations.

Jim: [00:35:16](#) She's an author, a very successful author of middle grade fiction. And then my youngest, Lael, is turning 26. She's getting married in May. She chose a very different route. Stand up comedian.

Michael Falk: [00:35:33](#) I love it.

Jim: [00:35:35](#) I love this, because in this context of the events that are happening have a huge impact on what's going to happen in your life. So Lael was a standup comedian. She went to Notre Dame. She lived in Chicago afterwards. She got very, very popular on their comedic scene of the stores in Chicago, which of course are legendary.

Michael Falk: [00:36:01](#) Yes, second city.

Jim: [00:36:01](#) Second really only to New York, in terms of making it. Anyway, there is a festival in Montreal called Just For Laughs, and it showcases new talent. And they had never in the history of Just For Laughs accepted someone's original application video. And essentially the video is five minutes of your routine. They picked hers.

Michael Falk: [00:36:30](#) Outstanding.

Jim: [00:36:31](#) So she is so psyched. We all went up, she killed it. The agents came. They're like, "You got to move to New York. You must move to New York, because that's where we're going to be able to get you." So she and her fiance, he's a comedian too, up steaks... And now obviously this is her home town, not his. But moved to Brooklyn, bam! COVID. Everything closes, no standup comedy. So I love the way she reacted. It was just like, "Well, I got to play the hand that got dealt to me here."

Michael Falk: [00:37:13](#) Oh, boy, do I live into that.

Jim: [00:38:29](#) And so, here's Lael. She gets picked on her first thing, she kills up at Just For Laughs. Agents are swanning around her, COVID.

Michael Falk: [00:38:46](#) Agents aren't going to go away. They may be fewer of them, but they're not going to go away. They'll come back around.

Jim: [00:38:52](#) Which is another part of her attitude, which I love. Because it's just like, "Well, okay, in the interim, here's what I'm going to do." And so that resilience... Which leads me into something I want to talk about with you, and I also want to get to your books. But so you have ALS.

Michael Falk: [00:39:11](#) Yeah.

Jim: [00:39:11](#) And I got to tell you, I've been watching your tweets, I read what you write and everything. You have, at least to me, an amazing attitude about ALS.

Michael Falk: [00:39:39](#) Well, I'm going to give you a three. I had time to process. Number one, there's an old saying, we get to choose whether to laugh or cry. Laughing is a hell of a lot more fun. So that's number one. Number two, I have a tattoo on my left forearm. People know the words as the serenity prayer. The words were shifted to become the serenity prayer in the 1960s. The words are legendary. They go back a millennia, where they originated. My left forearm is read the serenity prayer. And by the way, the text is pointing outward so people can read it. I know the words. All right?

Jim: [00:40:26](#) I love that.

Michael Falk: [00:40:30](#) Gratitude. It starts with gratitude. Can we just appreciate, "oh my God, the life I have been able to have, the things I've seen, the things I've done, what I've been able to do." So first, gratitude. Second, I've never had a bucket list. I see no reason to form one now. When you don't want, it opens up you to happiness. This is a paraphrase of how the Buddhists define happiness, which is simply not wanting. It is my favorite of all definitions of happiness. So no bucket list, I am able or closer to being happy. Number three, because of my good fortune when it comes from my gratitude. And I started as a planner. Let me just say that for the record. I practiced what I preached. My family is set. There is no risk to my family, financially, caregiving. There is no risk. I've cared for everything in advance. So, I have had such an amazing life that I could have never predicted it, so fortunate. I don't want... And I've cared for the responsibilities that I wanted to be responsible for.

Jim: [00:42:08](#) Amazing.

Michael Falk: [00:42:09](#) It makes things a lot easier, Jim. It really does. And COVID, let me just appreciate COVID. How often do you hear that? All right. So the world got shut down essentially, let's call it March of last year. Effective, July of last year, travel would have been next to impossible for me. So I haven't been able to travel ever since, let's say, July of 2020. But because the entire world got shut down at the same time, it made Zoom or any other type of service, people to do a communication for everybody.

Michael Falk: [00:42:48](#) I have been working full time ever since about one to two months after the shutdown, because people had to come up for air, realize maybe they needed some assistance or some help. And so Zoom has extended my career. And it's not about my career. I'm doing what I love. I'm doing what I feel very good about. And it's been all given to me by COVID. How's that for a unique spin?

Jim: [00:43:21](#) I think [crosstalk 00:43:22].

Michael Falk: [00:43:22](#) And roughly when everybody's going to be willing to go back to an office, I may not be able to work anymore. So talk about stick in the landing. I won't have to travel ever again, and they wouldn't accept Zoom all at the same time. That's called stick in the landing, Jim.

Jim: [00:43:41](#) So I couldn't agree. So I'm a big fan-

Michael Falk: [00:43:44](#) But my progression... Hold on real quick. I've got a slightly atypical progression. There's no predictability on how ALS is going to advance within a given person's body. For me, it's been 100% below the neck, legs, hands, arms. I can still chew, I can still swallow. Talk about a life's pleasure, I get to still eat, or somebody has to feed me. And I can still speak clearly what you can hear. A lot of people, they're swallowing or their speech isn't real strong or good. So my path of decline has enabled me to work longer. It's not just COVID, it's COVID and my path of decline.

Jim: [00:44:39](#) So, I'm speechless here. I'm just amazingly impressed. Gratitude is something that I have come over the years to understand is almost a superpower. If you just spend your time focusing on all you should be grateful for... It's like, I'm almost never in a bad mood, because it's like, I won the cosmic lottery here, man. So I applaud and love that attitude. And what I find interesting about it is, when I talk to people about it, many times people will be skeptical. And they'll give me the, what about, what about, what about, what about. I'm like, "I'm not telling you that the world is perfect, the world will never be perfect. But

what I am telling you is that we, as human beings are amazingly innovative, we are amazingly creative, and I'm going to be long human ingenuity forever, because it works very well."

Michael Falk: [00:45:52](#)

It's been a mistake to bet against it forever.

Jim: [00:45:55](#)

Forever. And you had [Malthus 00:45:57] and that whole group, and it's just... Also, I find, I want to get your opinion. If you've got an optimistic mindset... I call myself a rational optimist, which means I'm not pie in the sky, everything's going to be great and I'm going to be lucky. Hell no, I'm going to face a lot of problems. But I look at those as opportunities. I reframe those as learning opportunities, as opposed to some kind of roadblock, that's going to stop me from doing something. But I also have a positive some outlook on the world. Meaning that I think that you can engage in both business and other activities where everybody wins. And so when I come into contact with people who have a fixed pie point of view.

Michael Falk: [00:46:53](#)

It's sad.

Jim: [00:46:54](#)

Not only is it sad, the problem is it shuts down so many avenues for them to pursue. Going back to the beginning of our conversation, poverty is the lack of money. So how are we going to solve that?

Michael Falk: [00:48:19](#)

Well, when I wrote my first book... The reason I still make the statement. When I wrote my first book, based on some of the research I had done and through the course of writing, I was a better person after writing that book, I think, than when I began. It changed me. Writing that book. It wasn't just writing, writing that book changed me.

Jim: [00:48:45](#)

How so?

Michael Falk: [00:48:47](#)

Well, my research about poverty was a big part of that. My research about poverty, which said that essentially... And the experts are both aligned and quibble academics. This is their job. Somewhere between the ages of four and eight... We can narrow to four to six. Somewhere around four to six, if three things are not in place for the child, and those three things are nutrition, access to good schools, and a stable household, all three linked to poverty. All right. Or don't. If those are not in place, because of the importance of brain development and brain growth around those ages, by the time they reach the age of 10, their development will be permanently affected. If we don't begin to design... And this is what a lot of my writing is

about. Design how to, for these young families or young single parents on behalf of the young children, if we don't care for this, this is our future. We are holding back at a level of permanence, our future. This is not good planning.

- Jim: [00:50:26](#) Very bad planning.
- Michael Falk: [00:50:27](#) We can fix this. This is fixable, correctable, whatever terms you want to use. And I wrote as to how. This is part of my writing of my two books. Not the point three, the two.
- Jim: [00:50:39](#) Right. What's the title of the first one? Because I wrote down the title [crosstalk 00:50:44].
- Michael Falk: [00:50:45](#) The first one it was a monograph for the CFA research foundation.
- Jim: [00:50:48](#) Okay.
- Michael Falk: [00:50:49](#) And what you want to talk about a deviation from their norm, I think I broke them. They said, "Michael, we love this, but never again. No." Let's all learn how to fish to sustain long-term economic growth.
- Jim: [00:51:05](#) I like that.
- Michael Falk: [00:51:07](#) And it's a riff on [maimomadies 00:51:09] if I pronounce that correct. When somebody was born a couple millennial ago, we can't verify the proper pronunciation. I found that regularly. And this was, if you give a man a fish, he will eat for a day. If you teach a man to fish, he can eat for his life. So that phrase always meant something to me, and I wanted to build upon that and make it bigger and more important. So allegedly, this monograph has become my book about fishing, as I'm told. And then through CFA, I lectured on that book in 13 countries by invitation. I traveled the world and lectured on that book. And it became, first of all, what an amazing experience. So I got feedback. That's how I looked at it during the Q&A, I got feedback by people of different ethnicities, different nationalities in different parts of the world with different social systems.
- Michael Falk: [00:52:15](#) And the commonality, regardless of where they were, was striking. And their questions, the similarities, striking. I came away after that experience or after a large number of talks, I gave the talk dozens of times thinking I missed the biggest entitlement of them all. Book one, retirement, healthcare,

education are the three policy chapters. I fixed retirement, I fixed healthcare, I fixed education. If you're going to go, go big. So the second book, I came at it from an entitlement perspective. And I came away thinking, I missed the biggest entitlement of them all. It's called a job. If I'm nice enough, if I'm smart enough, if I get education, I get training somebody ought to give me a job. No, everybody to the greatest extent can do some level of work. We need to focus on the work, not the job. So the second book was about essentially twisting this job thing into a work thing. And I got back into dignity now, and talking about what the real threat or lack thereof is from the robots.

Michael Falk: [00:53:45](#) I have a chapter on automation, and robots, and AI. People have no idea the limitations. They need to know. And then I got into an exploration of what I think is the best path forward, which is a universal basic income. But what I did differently, most people who are advocates of UBI, is I questioned all of the different formats and different ways, negative tax, baby bonds. I analyzed and I had a discourse in the chapter of about, I think, seven or eight different ones, and came back to, there's only one, and here's how it works.

Michael Falk: [00:54:27](#) But then the problem I have is, people don't define the U. What do you mean by universal? They don't define the B, what do you mean by basic? Jim, basic, you or I might be very different than somebody in a different location. So I designed the U and the B, and then I priced it. And then I showed with my formula, we can afford it. It's not a stretch. We don't need a wealth tax to pay for it. Not that I'm anti wealth tax, but that's a different topic. And that's in the second book, which is called Get to Work on Our Future.

Jim: [00:55:09](#) Our future. Yeah.

Michael Falk: [00:55:10](#) It's essentially part two of the story I started with the monograph. The big difference is the monograph is written like a monograph. Get to work is written in the voice that I'm using that you're hearing today.

Jim: [00:55:23](#) Very cool. So I recently changed my mind about Universal Basic Income for probably a lot of the similar reasons that you concluded. So I'm fascinated when you say you analyzed all of the various-

Michael Falk: [00:55:37](#) Well, not all but many.

Jim: [00:55:39](#) ... okay. Very. And that's a good correction. Those that were in the majority or available, most people talking about. So which one did you find that worked, or do you want to keep that a secret and make everyone [crosstalk 00:55:51]?

Michael Falk: [00:55:50](#) No. \$800 a month for citizens, \$400 a month for children up and until the age of four. All of my writing inter-connects. It is a systems theory mindset, because folks we live in a system. Hello? If you fix retirement... Let's have some fun. You fix healthcare, you break retirement. Have you ever thought about that? You fix education, you break retirement. We have to fix all of them in concert with respect to each other. We need an attack on all fronts, because it's going to be like whack-a-mole. You fix one of these systems and you don't correct the other ones, and then something else is going to pop up. So, I put forth my remedy for retirement, including the underfunded pension system. I put forth my redesigning the entire healthcare system. Let's just say hospitals probably don't like me.

Michael Falk: [00:57:00](#) Colleges may look at me a bit a skew when I fix the educational system. I then fixed immigration, I fixed unemployment. Now, these are claims. These are not verified necessarily. It's a system. They all have to be fixed in concert. And the simplest thing I can say, Jim, if we take all of the people below the age of 10... Arbitrarily, let's pick the age of 10. And we say, we're going to level these people up, we're going to raise them up, because better education, better thinking, better nutrition, more safety. What are we talking about? Around the world, three billion people? Two billion people? You want to unlock economic sustainable growth, this is the way to do it.

Jim: [00:58:03](#) Amen.

Michael Falk: [00:58:04](#) Unlock the children.

Jim: [00:58:12](#) I'm floored that you and I are so simpatico on this. Because it seems so obvious.

Michael Falk: [00:58:24](#) Doesn't it?

Jim: [00:58:28](#) And I always marvel when I get pushback. How do you push back about saying, "Hey, it might be a good idea... For the two billion kids over here, it might be a good idea if we made them kind of healthier, better educated and better taken care of," because two billion, new minds coming online. And that gets back to the whole rational optimist versus a pessimist. And so

it's just something that drives me nuts when I see these people are just like, "There are no solutions."

Michael Falk: [00:59:03](#) Well, it goes back to what you mentioned earlier, fixed mindset. So Carol Dweck, wonderful author of Fixed Mindset Versus Growth Mindset. If you have a growth mindset, we can fix and correct it and grow out of everything, and get better and better. Fixed mindset, never going to happen.

Michael Falk: [00:59:58](#) And by the way, all the proceeds from that book are going to an ALS foundation. I don't make any money off of it.

Jim: [01:00:04](#) Which I think is really super cool. Just educate me a little bit about ALS, because you were also a baseball player-

Michael Falk: [01:00:11](#) I was.

Jim: [01:00:12](#) ... and it was originally called Lou Gehrig's disease, right?

Michael Falk: [01:00:16](#) Yeah. And major league baseball, finally, June 2nd of this year, they made it Lou Gehrig day and ALS awareness. There's going to be stuff in all the major league ballparks on June 2nd. Baseball was my first love, Jim. It has always been a love. I started playing when I was six. I stopped playing when I was 31. It was my salvation in so many ways. It's where I allowed my identity to develop. And then, of course, I had to develop it elsewhere. Between the follow lines, there is a set of rules for fair play. Outside of the follow lines, we have life. There are very few rules for fair play. The theory of why sport exists. I wrote a paper on this in college, long story. Anyway, baseball was my salvation. I had a good life. I didn't have a rough life growing up, but it was still my salvation. It was my escape.

Michael Falk: [01:01:24](#) I played until it hurt too much. I loved it. I loved it a lot. I got scouted for a very brief moment in time in 1988, by the Montreal expos. I never pursued it. I never pursued the scout, because I was graduating college undergrad the next year, and he wanted to get me on the team to see more of me. He saw me in a semi-professional game. And I didn't follow up because I knew my future was not going to be baseball. So I kept playing post-college at a very, very high level, but unaffiliated no-pay, because I loved the game. I didn't play for money. I didn't play for a career. I played because I just loved it. ALS is a disease essentially that disconnects the brain with the functional nervous system.

Michael Falk: [01:02:23](#) And so you can't get nerve signals to the muscles around the body. And what happens is then over time, every single muscle will atrophy, because it's not getting any signals to work. So when you imagine every single muscle atrophies other than the bones, you become a big bowl of jello. No. I'm not going to look like Java The Hat at the end of this. Ultimately, there is no cure. There are a lot of clinical trials going on. But as of yet, no real success. Life expectancy from onset of symptoms is three to five years. I'm at year two right now. So plus or minus, I've got a life expectancy of two years at this point. You eventually die in your sleep. This is going to sound strange. To me, one of the really cool things about ALS, there's really only one, it's a peaceful death. What happens over time is the muscles around your lungs and your diaphragm are no longer working, so breathing gets ever more difficult.

Michael Falk: [01:03:35](#) So then I will eventually go on breathing tools at night or during the day for a larger... I'm not using anything now, but maybe by the end of the year. I will eventually be using those more and more hours during the day. And when you're not breathing, two things are happening. You're not bringing oxygen in, and you're not expelling carbon dioxide. So you essentially just become very sleepy and you sleep a lot of the day. And eventually when you get to sleeping 18 hours a day, then you just get hospice, and you essentially die in your sleep. It is the most peaceful death of anything I can think of. But you got to get there. It's a rough go if you don't have help, if you don't have means, it can be a real rough go. This goes back to my gratitude. I live in a ranch house, ranch style house, which means that in my powered wheelchair, I can get anywhere I need to go. We refitted the bathroom to be handicap available.

Michael Falk: [01:04:50](#) I have caregivers that come in to help me. I'm high functioning, relatively speaking right now. I'll need more help as time goes by. That's ALS. Does that give you a clear picture?

Jim: [01:05:03](#) Absolutely. Again, what I just find so incredible is so many people could use that to fall into despair, to fall into anger, to fall into so many things. And I just have the greatest admiration for you, that you have used it to deal with the problems. I think this is so cool. It's like, "Okay. I've got this. What can I do to be helpful? What can I do to move humanity forward?" And I just got to say, bravo. I mean, it's amazing to me listening to you. I don't know that I could face it with your kind of attitude. I honestly don't.

Michael Falk: [01:06:01](#) You would if you got there. First of all, thank you, Jim. So many people have accused me of being courageous. And I say

accused, it's like, "Really. I have a choice?" So stop it. You don't know you wouldn't be doing exactly the same if you were in my situation. But here's where it gets interesting. So the middle of the serenity prayer, the courage to changed things that I can't. I'm saying this out of order. Serenity to accept the things I cannot change, the courage to change the things I can't and the wisdom to know the difference. What can I change? The courage to change the things that I can't.

- Michael Falk: [01:06:45](#) I can't change my ALS. It's my death sentence. It's my partner for the rest of my life, who is going to become the senior partner. I can change my attitude. I can change how I use my time and what... I don't want to be Pollyannish here, because I'm not. But just imagine if everybody in the world adopted, I want to leave the world a little bit better than when I came in. What would that do? I just want to leave... Now, if we can bring that on a smaller scale. I want to leave any room I ever enter a little bit better than when I entered it.
- Jim: [01:07:38](#) Wow!
- Michael Falk: [01:07:39](#) You're with friends, you're in a restaurant, you're in a store. Do you leave it a little better when you leave? Not because you left, but because how you treated the people in the store. You gave them a smile. You gave them a little break from their day. Your daughter Lael, who's a comedian. Laughter, can we just go back to that for a moment? Laughter, we don't actually know how it works in the body, from a neuroscience standpoint was just fascinating. Laughter is a conversation you're having with someone without thinking about it. When you are laughing with someone, you are collaborating, you are participating, you are joining, you are with them. Whereas when I'm just talking at you, if I'm not making you laugh, you may or may not be participating.
- Michael Falk: [01:08:46](#) How often do we think of laughter as universal participation? [crosstalk 01:08:50] Is there a way for people to internalize maybe messages we want to share? How about just changing the chemical makeup of in our body at the moment when we're laughing? So I could accuse your daughter of really being an educator, really being an ambassador. Has she thought of it that way? Have you thought of it that way?
- Jim: [01:09:28](#) Yes. I was a big fan of Norman Cousins' Anatomy of an Illness. And what he did was exactly that. He said, "You know what, I'm checking myself out of this hospital. You're not helping me." And he got a suite... Which I love. He got a suite at a hotel, and this is back pre streaming. So he got a VCR and he said to the

people who were helping him, "Only funny movies. I want all of the Marx Brothers, I want the Three Stooges. I want every comedy." And he literally defied all of their diagnostic timelines for him. And so he wrote a book about it, and now he's a little controversial because he had some pretty out there ideas about some other things. But the fact is, he himself serves as an excellent example of the curative nature of laughter. So, yes. We have actually talked about that.

Michael Falk: [01:10:36](#) But the word has gotten a bit serious. Wow! People lighten up.

Jim: [01:10:47](#) Exactly.

Michael Falk: [01:10:48](#) It's amazing. If you say you see my tweets, I refer myself as a counter puncher. Every now and then I'll throw the first punch. But to me, that's trying to enlighten someone. It's not actually hitting someone, but it's a counter-puncher. Every now and then I'll get into a Twitter spat with somebody. I have no idea who they are. And this is my moment to become curious. Why is it? Of course, we know they're temperament because they immediately call me some sort of an idiot in some way. They know nothing about me. And then I will actually interact with them for a good half dozen tweets back and forth. And almost always, if I do take the time, I get to a meeting of the minds. And they call me names, and I get to a meeting of the minds.

Michael Falk: [01:11:48](#) We are just all taking ourselves a bit too seriously these days. But before I do that, by the way, I do check who they are. And I find out if they've got one follower, I may not take six or 12 tweets back and forth to interact with them. But I've done this a few times and I've learned from it. So my biggest superpower... Jim, you mentioned superpower before about gratitude?

Jim: [01:12:12](#) Yeah.

Michael Falk: [01:12:13](#) Curiosity I think is the biggest universal bi-directional superpower that exists.

Jim: [01:12:20](#) Again, could not agree more with you. I just joined clubhouse, and one of the taglines I added to my bio was voraciously and constantly curious. Because curiosity... I love the Dorothy Parker who was the wit of the Algonquin round table. She unfortunately had a very sad life, but she was sterically funny. And one of her quips was curiosity is the cure for boredom. There is no cure for curiosity.

Michael Falk: [01:12:55](#) No, there is not. It's so interesting for interpersonal that. So we're talking about it and how it drives an individual. Let's take it to the other side of interpersonal. If you're curious, you can never be offended. Why did they say that? Why did they think that? You can't be offended. Nobody can actually push you to a defensive position because you're just like, "You're an idiot." Why do you think so. "You're ugly." Okay.

Jim: [01:13:32](#) It's interesting. So I've heard a lot of philosophy and I'm a big fan of ballism and stoicism. And one of the things that I read was about when people are name-calling. The author basically said he was working one-on-one. At least that's the way he wrote the book. And it would be him speaking and then the other person speaking. And the person he was talking to said, "I got really angry when my wife called me lazy." And the other says, "Would you get angry with your wife called you a horse?" And he went looked and was puzzled and went, "What do you mean?" "Would you be angry if your wife calls you a horse?" He goes, "No, I might think she lost her mind a little bit, but no, of course, I wouldn't be angry." And he goes, "All conflict is self conflict."

Jim: [01:14:36](#) And so, I have put that into practice. And what I've found is... I think we're very much in the same vibe here. If you really want to have a dialogue with somebody, you got to understand... And actually my son believes this even more than I do. He's really good at it. You've got to be willing to put the time in, because what you might find is that that person is lashing out for very different reasons than it appears. I completely agree with the inability to offend. I'm almost impossible to offend.

Michael Falk: [01:15:22](#) Myself as well. And people have tried to make a game of it on occasion, and they lose. It's quite entertainment. Part of what some of my colleagues on my team do, they teach feedback. How to give and how to receive. Really important in organizations-

Jim: [01:15:43](#) Very much.

Michael Falk: [01:15:43](#) ... for personal development and growth. And they've said to me, "Michael, we have never seen anybody take feedback the way that you do." There are only three things... This isn't a psychological literature. There's only three things that actually push us to a defensive stance. It's so simple a real or perceived threat to our security that can be financial, physical, emotional. A real or perceived threat to how people see us, our approval. So security and then approval. Or a real or perceived threat to our sense of control.

Michael Falk: [01:16:28](#) If any security approval or control get triggered, we can become defensive. But if we take a step back... And I've told my partners, this is how I do it. I very, very quickly, in a second, will go through a series of questions in my own head, "Is it true, my security? Is it true, my approval? Do I care? Is it true? My control, that I have any in the first place? Is it true? Is it true? Is it true?" And I get false, false, false, false, false, false, false, false. No reason to be defensive. I can do this. I've learned how to do this so quickly in my own mind. So I have a process. They say, "We never see anybody do it." It's because I have a process.

Jim: [01:17:20](#) Exactly. Well, listen, I mean, we are already way over, because you are incredibly interesting. I'm going to get both of your books and I'm going to read them. And then, probably love to have you back on to discuss them.

Michael Falk: [01:17:35](#) I would love that, Jim. Tweet invite, I would be happy to. Those books in addition to my son, are my legacy. That is what I'm going to leave behind. It's really that simple. The first book... Just so everybody knows on Amazon, they're both on Amazon. The first book, if you're Kindle, you can get it for free. If you want paper, you have to pay for it. That's all with the CFA research foundation. The second book, Get to Work.

Jim: [01:18:08](#) Actually, remind me of the title of the first one again.

Michael Falk: [01:18:11](#) Let's All Learn How to Fish to Sustain Long-term-

Jim: [01:18:14](#) Perfect.

Michael Falk: [01:18:14](#) ... so the Kindle is free. If you want paper, you have to pay, CFA. That's who's giving it to you. The second one, Kindle is \$10, a paper is 15, and all proceeds go to an ALS foundation. So each book... This is the most important thing [inaudible 01:18:38]. Together, both books are under 225 pages, together.

Jim: [01:18:43](#) Wow! Okay.

Michael Falk: [01:18:45](#) Together there are more than 200 citations.

Jim: [01:18:49](#) Amazing.

Michael Falk: [01:18:50](#) So the point is this will not take you long. I've shown all my work. You can go look at what I read, and we could have certain based upon this conversation, a glorious conversation if you're interested, when you read them.

Jim: [01:19:09](#) I am so excited. I'm going to get both of them today, and I'm going to recommend other people do too. Michael, one of the things that we like to end these podcasts on is a fun question, which is, we're going to make you the emperor of the world for a day. You can't kill anyone, you can't put anyone in a camp. But what you can do is have a spell of being able to make people think they thought of a particular type idea. And then seeing all of those people like, "I had this great idea." What two things would you put in their mind?

Michael Falk: [01:20:01](#) Curiosity is a super power. Respect it. Here's why. The serenity prayer, number two. If you've got those two things together, you may be unstoppable in a proper way, right?

Jim: [01:20:21](#) Yeah. I tend to agree. I love what... So I'm currently rereading the book, The Beginning of Infinity. And one of the things that I love about his style-

Michael Falk: [01:20:32](#) Wait, the beginning of infinity, that means that there's a starting point. It's not all random.

Jim: [01:20:36](#) ... that's right.

Michael Falk: [01:20:37](#) Just circling back.

Jim: [01:20:41](#) So anyway, he talks about ideas of consequence have reach. And by reach, he means the obvious. And what I want to say is that the two you gave me have big reach. Because if you could get people curious and the understanding that, "I'm going to change the things I can, I'm going to accept the things I can't, and thank God I'm going to know the difference." Bravo, my friend.

Michael Falk: [01:21:13](#) Well, you made it easy. You led me right there, which is what... As the leader of this podcast, Jim, I think that's what you designed. You knew exactly where I was going to go, didn't you?

Jim: [01:21:29](#) Absolutely not. My claim to fame, Michael, is that I apparently am the so-called expert who says, I don't know more than anyone else who is considered one, because [crosstalk 01:21:45].

Michael Falk: [01:21:46](#) That means you're a bigger expert.

Jim: [01:21:50](#) I'm going to use that. I'm going to go tell my wife right now.

Michael Falk: [01:21:54](#) It doesn't work in the household. No.

Jim: [01:21:55](#) I know.

Michael Falk: [01:21:57](#) We have to caution people that for all of the comments that you've heard on this podcast are only for safe use within the employment circumstance.

Jim: [01:22:08](#) Reminds me of a line I'll finish on. If a man says something and his wife, isn't there to hear him, is he still wrong? Michael, this has been an absolute pleasure. I'm going to get both of your books. I'm going to read them, and then we're going to have you back on to talk about them.

Michael Falk: [01:22:28](#) Jim, you're great. I love the work you do. I follow your podcast. I follow your tweets. Jamie, you as well. Great stuff. Keep it up. Whether you include me again in the future or not, just keep doing what you're doing. And thank you for it.

Jim: [01:22:44](#) Thank you.

Jamie: [01:22:44](#) Thank you.

Jim: [01:22:45](#) This has been fantastic.

Michael Falk: [01:22:47](#) Cheers.