

**Editor:**

This time, we're chatting with **Daven Michaels**, an entrepreneur who left behind the music business to become wildly successful with multiple business ventures. These days he's arguably best known for 123Employee, which is a virtual employee center based out of the Philippines. Now, alongside that, he's also become one of the world's leading business coaches and public speakers. We're going to talk all about all of that and so much more, but for now let's welcome **Daven Michaels**.

**Daven Michaels:**

Hey, it's great to be here. Thanks for having me.

**Editor:**

Well it's great to have you with us. Now for those people that haven't perhaps come across you before Daven, maybe I could start by asking you just a little bit more about your background, where you're from and how you also discovered your entrepreneurial streak.

**Daven Michaels:**

Yeah, sure. Mine is an entrepreneur's story. And if you're an entrepreneur and you're listening or reading this, you probably have one too. And I used to think that mine was so unique until I started speaking and teaching and empowering and making a difference in entrepreneur's lives that I realized that all entrepreneurs really have a story. Mine starts at the tender young age of 15. I didn't have any brothers or sisters. I was an only child. My parents encouraged me to do whatever I wanted it to do. All the dumb ideas I had, they encouraged me and I had a few smart ones too. And so at a very young age, I started doing entrepreneurial things. It was something that drove me. I was excited.

I didn't like high school. I just wanted to get out there. I want to make money and see my way in the world. And so my very first business, I was designing clothing for music groups, and it was in the early '80s. And quite frankly, I had no clue what I was doing. I was working with these bands. Most of them were playing their garage. I was designing their costumes. So most of them were playing their garage or very small venues. And then an amazing thing happened. MTV came on the air and it changed the face of music and changed my life. So I was working with some of these bands that had nothing going on. And within about 90 days, most of my bands had record deals. Within about a year, they were selling millions of albums. And I rode that wave and found myself working with some of the biggest bands of the '80s and '90s, Prince, Madonna, Cyndi Lauper. Over on your side of the world, Thompson Twins, Duran Duran, gosh, you name it, so many of those bands.

And it was a blast and it was especially incredible touring with these bands, especially at such a young age. And it literally happened overnight. We would play these small venues. They would bring us to the venues. We'd come in through the backstage just before the bands would go on. And I remember there were 600 people in the room, a thousand people in the room and then 5,000, 10,000, 20,000. And within about a year, we were playing stadiums and it was a wild ride. And that was the beginning of my entrepreneurial career.

As you alluded to, most of my businesses were around entertainment communications. From there, I wanted to be a recording artist. Well actually let me back up a second. From there, I had a telecommunications company and then I became the biggest electronic music event producer in the US and I'd throw parties eventually for about 15 to 20,000 people a night. Because I had that built in fan base, I actually had a short career as a recording artist, went on tour for a while. I did a couple of albums and then I started writing and producing for others. And that took off. And I was working with a lot of

big bands. My partner, Layla discovered Tupac, which plummeted me into the hip hop world. That was a wild ride. And I really had a good run there.

And quite frankly, I would probably still be in that business today, except Napster came out and there was about 50 million people downloading free music. I saw the writing on the wall and I bounced. And the only thing I really knew how to do was produce. And so what seemed like the next step for me was producing television. And it was right at the beginning of reality television. And I hired a huge staff and unbeknownst to most of them, they were actually training me how to do television same time I was paying them. And we didn't really have any big successes in television because I was only there a few years and then my outsourcing business took off. And we can talk more about that.

But as you said, that was 123Employee. Started off a small shop with about 10 employees. And today we have nearly a thousand of them. It's been just an incredible ride. Today we work with entrepreneurs all over globe, some of the biggest thought leaders on the planet. We do all the busy stuff or BS, busy stuff in their business, everything from internet marketing, social media, telemarketing back office tasks, inbound and outbound voice. It's basically virtual assistant services for small businesses, customer service for larger companies. And our mission at 123Employee is to rescue lifestyle starved entrepreneurs, give them their time back and their lives back. And we've been doing it for well over a decade and it's been a lot of fun.

#### Editor:

I was going to say it sounds like you've done so much in quite a relatively small amount of time. To hear that you've rubbed shoulders with the likes of Prince Madonna, Duran Duran and so on. That's impressive enough as it is. But then to go on to have this wildly successful business as well. Was that always part of the plan, would you say Daven? Or is it something where you just got lucky, would you say?

#### Daven Michaels:

What I've found over the years is that most entrepreneurs or successful people will take credit for their success. They'll take credit for their luck. And I believe wholeheartedly that luck is when preparedness meets opportunity. Luck doesn't just fall typically on your lap. You get to that point where you have good luck. You build a network. You become proficient in business. But I have to say that if you've had any level of success, you had to have had luck in your life. And I've met plenty of people that worked hard that had the qualifications and didn't achieve what they wanted achieve. And a lot of that is luck. A lot of it is being at the right place at the right time.

I have a dear friend of mine that is a perfect example of luck is when preparedness meets opportunity. He hustled in the real estate space for decades. For decades, he paid his dues. But on top of that, he happened to be at the right place at the right time. Today, he's making insane money. But it's a combination. He worked, he paid his dues, but there's plenty of people who've paid their dues. But then he was at the right place at the right time. But if he didn't have that network and those skills, he probably wouldn't have taken that very far. So anybody, I believe that's had any level of success, definitely there is luck in the mix. And then of course there's skill and there's resources and there's everything you built over the years.

And the reality is I have had a lot of success and when you zoom out on it, it looks incredible. But if you zoom in, there was trials and tribulations and it wasn't over that short a period of time. The reality is I'm old. I just look a lot younger than I am. And so it was several decades really. But I was fortunate enough to have some early success, which definitely helped out a lot. But it's a process and

being in business for yourself is full of ups and downs. But eventually you get to a point you've been doing it long enough, you can zoom out and go, "Look at all my success."

**Editor:**

It's true. It's true. And how do you balance your family life? Because with 123Employee being based out of the Philippines as you mentioned, does that mean you have to in normal times travel a lot?

**Daven Michaels:**

In the early days I did. I was in the Philippines on a quarterly basis. I used to average about three to four, sometimes five months a year in the Philippines in the early days. But I knew early on that unless I was going to move my family there. And quite frankly, in the early days of 123, I was just going to live in the Philippines. That was my plan. And then I met my girlfriend, Liz, and she's in the States. And then we had kids and it just didn't really make sense for us to live full-time in the Philippines. So, I realized pretty early on that I would have to put a lot of systems in place and a lot of staffing and management in place to make my organization run well without me. And that's what I've been able to do.

It took a long time to get there, but today whether I'm there or not is not that big a deal. I'm able to run the business virtually. Of course COVID probably made it more virtual. But in reality, my business was pretty virtual for many years now. I have a ton of managers. I have my C-Suite, all of the finances of the company are handled the US even though we're a Philippines company. So really it's really hummed for many years. And I am intimately involved in every aspect of our business on a daily basis, but I don't micromanage the business. I have a lot of really talented management that do an exceptional job at running the company. And that allows me not to be there all the time.

Now at the same time though, I do spend a lot of time travelling because one aspect of the business is I'm the spokesperson for the company. And I speak on stages all over the globe. And quite frankly, that's probably my favorite part of the business. And the cool thing about being self-employed is that you get to call the shots. You get to decide what your business is going to be. You get to mold that business. And about a decade ago, I got to a point in my business where I said, technically, I don't really have to work anymore. Technically I don't. I'd have to alter my life a bit to not do that. But I didn't really have to. And I said, in this decade, I've hit a point in my life that if I'm going to keep doing what I'm doing, if I'm going to keep working hard, keeping really dedicated to my business, then I'm going to make some big shifts.

And one is today I only work on what I'm wildly passionate about. So if I didn't enjoy doing interviews like this, I wouldn't be here with you today. If I didn't enjoy travelling, speaking all over the globe, I wouldn't be doing that. One of the things I do in my business, I write books because books bring a lot of attention to the business. We've just released my 10th book. And that's something that I'm passionate about doing, something I enjoy doing. I'm an advocate for entrepreneurship. I love speaking and teaching and helping entrepreneurs all over the world. And that's just something I love to do. And also coming out of the music biz, I'm an entertainer, I love to entertain. And speaking on stage allows me to get that entertainment side out of me. So I am still travelling quite a bit.

And so to answer your question, it was a long answer, is balancing work and your home life for the entrepreneurs is probably one of the most challenging things there is. And I'd say probably most of my business career, I didn't do a great job at it. It's just not easy. It's just not easy. Your business consumes you. Today I think I'm a lot better. I spend a lot more time with my family. I don't have to work as hard as I used to in the early days. But I still work plenty hard just because I'm driven and I'm passionate about what I do. And I think most successful entrepreneurs always feel like the clock is

ticking for some reason. We have so much we want to achieve and do before the clock stops ticking and it's all over. So that drives me.

**Editor:**

With much of this, there's pressure but it's a different type of pressure now for you. When you first started, as you say, there was a determination to get this thing working. Whereas now there's almost a determination to have the lifestyle to go with the business as well. And that must be a nice position to be in. How long has it taken you to get to that position would you say?

**Daven Michaels:**

Oh my God, too long. The lifestyle component has been there for the last decade. But I always tell people I've been self-employed for 30 years because if I said how many years I've really been self-employed it would make me sound too old. But I'm probably just a few years from being self-employed for almost 40 years. So I'd say the first couple of decades, I worked my tail off and then right around decade three, I started to craft that lifestyle for myself. But even then I'm just really driven by wanting to make an impact on others.

Quite frankly, I've always been grateful to be self-employed. I don't think I could have really worked for somebody. I had some jobs early on, but I wasn't a good employee. And I took pride in my work, but I wasn't a good employee. I didn't really find my true Nirvana until I started speaking, teaching, empowering, making a difference in entrepreneur's lives and other people's lives. And so that's what really drives me. And I just want to do more and more of it, make a difference. And the cool thing is the more I do of that, the more clients we end up picking up at 123Employee anyway. So we end up making more money by making more of an impact.

**Editor:**

In terms of the business itself, when did you start 123Employee? And as you say, you started out with one person, how quickly did you see the growth and how did you know there was a gap in the market for something like this?

**Daven Michaels:**

Sure. Well, I'd love to say I was this incredible visionary and it just took off like a rocket. But unfortunately nothing could be further from the truth. So what happened was we started the business well over a decade ago. So I want to say almost 14 years ago, maybe 12 years ago. And back then big companies were outsourcing, but small businesses were not. Entrepreneurs were not outsourcing. There was no outsourcing company for entrepreneurs. We were literally first to market, which people always think, "Ooh, first to market. What a great advantage." I will tell you first to market is a disadvantage. I always say you can always tell the pioneers because they're the ones with the arrows in their back. And we were certainly not an exception to that rule.

So what happened was when we originally started the business, I thought it was this tremendous idea. I knew entrepreneurs needed it. It was a need, but it wasn't a want because entrepreneurs didn't know it existed. And on top of that, I had a problem with the fact that I was a US company doing business in the Philippines and outsourcing was a dirty word. So what happened was we would get calls and emails on a regular daily basis that said something to the effect "F you, we're going to burn your building down. F you, we're going to come kill you. F you." And so it wasn't pretty in the early days. So in the early days, we were definitely too early to market. Entrepreneurs didn't know that

they wanted us yet. And you have to fill a want, not a need. And the other people just hated us and wanted to kill us. And so that wasn't so good.

And so what was nice is within a year or two, a couple of years, Tim Ferriss's book came out, 'The 4-hour Workweek', which was huge for a lot of entrepreneurs. But also it was a big tipping point for us because we could switch gears from defending ourselves to educating our marketplace. Once his book came out, those calls pretty much stopped. And all of a sudden we were the belle of the ball. Everybody wanted to talk to us, which was neat. And in the early days, there wasn't really a market for what we were doing. So, we realized very early on that if we wanted to have that market, we'd have to somehow carve out that market.

So we sat down. We were like, "How are we going to do this?" And we decided to adopt an educational model. And so I started writing books. We started creating info products. I started speaking on stages all over the globe. We started doing webinars. We started doing our own events all over the globe, Australia, US, New Zealand, Europe, Asia. And we would educate our prospects and turn them into clients. And that's still a methodology and a process and a system that we still use to this very day. And it served us very well. So what happened is in the very early days, the first couple of years, we false started a couple of times. So initially 123Employees started off, it wasn't even called 123. It's funny. I don't even remember what we originally called it. But I know that there was a conflict on the name and so we had to change it.

And so originally we were a small shop, just doing some business for ourselves. And then one day I had this idea. I was like, "I think we could offer this as a service." And then we tried and failed and we tried and failed. And then on the third time, one of my employees, Carl, he was literally employee number one at 123Employee. And he got it. And we were able to come up with a proof of concept. And that's why we actually decided to call the company 123Employee, because the whole thing started with one employee. And that was Carl.

And it's a neat story about Carl because Carl was going through school. And so I paid Carl regular performance bonuses. For me, it wasn't a ton of money, but for Carl, it was a small fortune. And so Carl was able to put himself through school. He was able to put his sister through school. He sent money home every month to his mom. And fast forward, several years later, Carl graduated, his sister graduated. It took him a couple of years to get his visa. But today Carl is a physical therapist in the US and we're still very good friends. And I saved Carl. I changed his life. But he turned around and saved me right back. And that story has the most amazing ripple effect. And I can share that.

So what happened was Carl and I have stayed friends over the years and when I would speak in Chicago, I'd show up and we'd go out and pick up some deep dish pizza because that's something I like in Chicago. And so we'd go out, we'd have lunch and he would usually drive me to my speaking gig. And I would always beg Carl. I said, "Carl, you got to come in and see me speak. I always talk about you." And he's like, "Oh, that's cool." But it never happened. And so years go by, years and years and years go by. And one day Carl hits me up and he says, "Daven", he says, "I'm in town. I'm in LA." I was living in LA at the time. And he said, "I'd love to see you." I said, "We're doing one of our events, but show up, come on Sunday." He said, "Well, I'm coming to Magic Mountain, to an amusement park." He said, "But I'll try to make it." I said, "Please, don't try. Just show up please."

And so I told my staff, I said, "Listen, Carl's going to show up most likely." And I said, "If he does you just signal me in the back of the room so I know." And so what Carl doesn't know is that my whole staff knows who Carl is, my almost thousand employees at 123 know who Carl is. We estimate today there's somewhere around 3000 people that have meals and on their plates, breakfast, lunch, and dinner because of Carl. Every everybody at our company knows the story of Carl except for Carl. And so Carl shows up on Sunday and it's our event. We have several hundred people at a hotel and I'm up on

stage, front of the stage speaking. And all of a sudden, I see Carl walk in and I stop what I'm doing. And I start telling the story. I always get choked up when I tell this story.

So I started telling the story of Carl and I said, "Nobody here in this room has any idea what ripple effect you have on the world. You just don't know the impact you have but everything that you do, good or bad, makes a difference, everything creates a ripple in the world." And I said, "Carl, I saved his life. I changed his life. He has a very different life now that he lives here in Chicago. His sister has a different life. His mom has a different life." I said, "But Carl changed my life and not just my life, but we estimate today thousands of people have food on their table every night because of Carl." I said, "Everybody in my company knows who Carl is." I said, "You all know who Carl is." I said, "There's only one person that doesn't know the story of Carl. And he just walked into the back of the room."

And the place just explodes. Everybody jumps to their feet. Everyone's cheering. Everybody's crying, I'm crying. Carl comes up and Carl is shy. He's not a front of the room person. And I just turned to him. I said, "Did you have any idea?" He said, "I had no idea." And that's the thing that really drives me. But none of it would have ever happened without Carl and I shudder to think what my life would be like without that happening, what his life would be like. And not just the thousands of our employees, but the tens of thousands of people that we've impacted all over the world, our clients and our client's clients, and the people that follow us on a regular basis. And it all happened with that one person, Carl. So that's why we call the company 123Employee.

#### Editor:

And that's how it circles back to luck, as well. Because you were lucky to, in a way, find each other to make that connection. And one of the other things I think that's really pertinent in what you've just said is the fact that a lot of people start a business or they want to make money online because that's it, they just want to make money online. But it goes so much deeper and wider than perhaps a lot of people really ever think about because you're right, you can touch so many people with what you do. And to hear that story of Carl and how by coming together with you, you have been able to make such a big impact to those people that know about 123Employee, and those people that even don't know about the business as well. So it's an incredible story. And for anybody listening or reading that is interested in finding out more about 123Employee, maybe you could just tell us a little bit more about the business, what it does and how it can benefit people.

#### Daven Michaels:

Absolutely. So, entrepreneurs are the only people on the planet that will work 80 hours a week for themselves so they don't have to work 40 hours a week for someone else. And unfortunately it's just a tough way to live. And because of innovation and technology today, the reality is that if you have a business, you could technically do everything in your business. You could learn how to do your website. You could take care of all your product fulfilment. You could do your finance and your bookkeeping and your internet marketing. And you can handle everything, all the automation, you can do everything in your business. But the reality is that doesn't make any sense. So much of that is below your pay grade. And all of it will keep you from scaling a company. You have to be the chief visionary in your company and oversee everything that happens in your business. And that's really what we help entrepreneurs do at 123Employees.

So for small businesses, it's virtual assistant services, everything from internet marketing to social media, picking up their phones, list goes on and on and on. Every day, it seems like we're adding something new for entrepreneurs. And for larger companies, there was a time when all of our business was small business. Today, we do work with a lot of larger companies. But even those larger companies

are still small businesses by standard. So the SBA here in the States considers a small business I believe a hundred employees or less. And as you can imagine, a hundred employees is pretty big company. But we help small businesses and everything from customer service down to business process, outsourcing, we've been doing it for a decade. We love doing it.

And what's interesting too, is that we've just gone through this whole COVID thing. The whole world has. And in the first couple of weeks of COVID, we had some pretty scary days. Some of our largest clients cut back their staff by 90%. And we went into war mode saying, "Boy, we're going to have to really bridge this to stay in business." Now, luckily pretty quickly that all changed because what happens with small businesses is that when they get backed into a wall they're forced to innovate. And so we innovated as a company, but also all of our clients who are small businesses, they innovated too. I'll give you an example. One of our largest clients, they were selling thousands of drones every day. Now they sell hundreds of thousands of N95 masks and hand sanitizer. So what happened was our clients innovated and as a result came back bigger and stronger than ever. And even though it's been a crazy year, it was a banner year for 123Employee. And that was really a testament to small business and how they innovate and how they work in the face of adversity.

#### Editor:

It sounds like it's a fully rounded business in terms of how you can support other businesses. A question that perhaps I would normally ask is what advice would you give to someone who's just starting out? And I could still ask that question, but maybe frame it in a way that leads into 123Employee. Because even for that solo entrepreneur or solopreneur, this is a service or a company that could actually assist them as they're getting started with their own business.

#### Daven Michaels:

Yeah, absolutely. Because one of the biggest challenges that small businesses have is when you're small, you need help. But how do you do that? You don't want to staff up because that's going to kill your profit and maybe you don't even have the money to do that. In the early days of so many small businesses you're bootstrapping. So with a company like 123Employee you can get employees who are inexpensive. You don't have to have office space. You don't have to have all the expenses that come with employees, you can be nimble and you can utilize our employees. You can even hire them on a part-time basis. And so it's a great way to grow a business quickly.

It's also a good way just to start your business because so many entrepreneurs when they get started, they just start micro-managing and doing everything themselves. And that's really a recipe for disaster. You really need to delegate so that you can focus on scaling the business early on and having an outsource staff really allows you to do that. And so we have the resources to help entrepreneurs do that. And it's just a good way to do it. Now I do hear a lot of gurus out there saying, "Hire VA's to get all the busy stuff off your business."

And what I do suggest to new businesses that are getting started and/or businesses that have been around for awhile is that I think it's a better idea to focus on the things that generate you income. Because even when you're hiring outsource staff, it's a lot less expensive than having them work locally in your own office, but it's still a liability on your balance sheet. And so the way you get rid of that liability is you first start with the tasks that are going to generate income in your business, what I call your income generating activities or IGAs. And as you know, there's a thousand tasks you can do every day in your business, but just a small handful that create immediate bottom line results. And that's what I call IGAs or income generating activities. So I always suggest starting with those tasks, that way your



team is generating income for you. And then move on to the tasks that are going to save you time. Because at the end of the day, time is money as well.

**Editor:**

Completely agree, completely agree. In terms of yourself, Daven, where are you based? Where do you live these days?

**Daven Michaels:**

So I live in Puerto Rico and we moved here to the island a few years ago. What initially drew us to the island is Puerto Rico is very pro-business. They have some very favorable advantages to doing business out of Puerto Rico. But then we fell in love with the island. So we have wonderful, wonderful friends here. Living in the tropics is amazing. We always dreamed about actually living in the Caribbean but now we actually do live in the Caribbean. And it's funny. I was telling somebody the other day, the first time I came to Puerto Rico was 20 years ago. And I remember the first time I came here, Puerto Rico was just not on my radar. I don't even think I knew Puerto Rico was a part of the US.

And I remember when I came here 20 years ago, I was like, "Who the heck lives in Puerto Rico?" I wasn't saying, "Who would live in Puerto Rico." That wasn't the question. The question was just, "Who the heck lives here? Who lives here? It's not even on my radar." And now I live here and it's been a few years. And quite frankly, I pinch myself every day. I can't believe I live in the Caribbean. It's the coolest thing ever. I can hop in my boat and bounce over to Saint Martin or the BVI's or the US Virgin Islands. It's just so cool. It's just an amazing place to be. And it's really attracted an amazing group of entrepreneurs that are doing some incredible stuff. So it's really a great place to do business from. So I really enjoy it.

**Editor:**

It sounds in a way, it's almost like that utopia. You've got the great place where you're living and you've got the business that helps other businesses around the world do what they want to do and grow those businesses as well. Sounds like in a way, it's almost you've got it all and that sounds wonderful, a great place to be.

**Daven Michaels:**

I feel like I do. Again, it wasn't built in a day, it took decades. Now I'm at a great place where I get to enjoy the fruits of my labor and still keep doing what I'm doing. And I'm just excited about what's next.

**Editor:**

I was going to say, what is next? What does 2021 have in store for you? Is there something that you're working on?

**Daven Michaels:**

There are some things I'm working on and a lot of it's hush hush. But what I can tell you is that one of the things I'm most excited about, and I shared this in another interview just a short while ago, and the interviewer said to me, he said, "That's the first time I've heard something like that." But one of my goals for 2021 is to slow down a little bit. Actually, I want to slow down a little bit more and just enjoy what I've built and spend more time with the family and travel more if that's possible. And just learn a little bit more about who I am when I'm still because I haven't really been still since I was 15. So that's my next thing.



**Editor:**

Sounds like a good idea as well. Because you've got the business in the Philippines. So, I guess you'll have to go visit that at some point as soon as you can. And also, to take the foot off the gas sometimes is actually a benefit to your business in itself. So good luck with that, Daven. That sounds great. And for anybody that wants to find out more about you and more about the business, where can we go? Where do we need to visit?

**Daven Michaels:**

Yeah, absolutely. You can get more info on 123Employee by simply going to [123employee.com](https://123employee.com) and you can learn more about me at [davenmichaels.com](https://davenmichaels.com). I'm actually **Daven Michaels** on everything. So D A V E N M I C H A E L S .com. And you can find me, **Daven Michaels** on Facebook, Twitter, Instagram, LinkedIn, anything that's social media.

**Editor:**

Fantastic. It's been really, really interesting chatting with you. It's great to hear such positivity as well, despite everything that's been going on in the world over the last 12 months or so. So really appreciate your time, Daven. Thanks so much for the interview.

**Daven Michaels:**

Thank you.