

[Transcript] My First Million / #1 - From making \$76k at Microsoft to selling TinyCo for \$100M+

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

Just like, okay, I got to move on with the rest of my life.

This chapter is over and the bet that we made failed.

So I fall asleep.

I wake up the next day.

I immediately go look at our stats and I'm like, oh, we just generated \$400,000 in revenue yesterday.

So this is working.

Holy fuck.

This is actually working.

It's working.

Today we have an entrepreneur and investor, Suleiman Ali.

He is the founder of several companies, TinyCo, which if you ever played the Family Guy mobile game or the Harry Potter mobile game, you were playing with his handiwork.

He has built and sold multiple companies.

He's an investor in over 40 companies, and we're here to hear that story of how he made his first million.

It's a wild, wacky story where he won't believe the way that he did it.

You have to hear him to believe.

He's going to be telling us about his first company, his second company, some of the investments he's made.

It's an awesome conversation.

I'm excited for you guys to listen to it.

Here we go.

All right.

We're rolling.

Let's do it.

This is my first million podcast where we talk to entrepreneurs, investors to find out the back stories of their businesses.

We want to hear the good, the bad, the ugly, the untold stories behind how they built their fortune.

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We have our guest here today, Suleiman Ali of Ali Capital and of Tiny Co fame.

So I guess the best way to describe you would be, you're an entrepreneur.

You started and sold multiple companies now, maybe three companies, invested in 40-some-odd other companies.

You're a great friend of mine, and I'm glad to have you on the pod.

You don't usually do podcasts.

My first question is why is that?

I think I'm just a little shy about talking about myself in this public way, but since you're doing it, I had to get on and be supportive of what you're up to.

Okay.

Good.

And of course, this is the podcast where I'm looking to find the back stories.

So we often hear, I remember when I moved to Silicon Valley six years ago, before then I was sitting in Australia and I was reading tech crunch and I was reading books and blogs.

And at first I wanted to know tactics, but what I realized I actually liked a lot more was hearing the back stories, the failures, the successes, the trials and tribulations that it took for people to achieve what they did achieve.

Because everybody's story ends up being different, but when you hear so many, you know, hundreds of entrepreneur stories, you end up finding the commonalities, the patterns, and that could be the motivation for you to continue.

So my hope with this podcast is to find guests like you who have incredible stories, hear them unwind all those stories from the beginning and let the listeners use this as motivation.

I don't know if you know this, but there's going to be hundreds of thousands of people who are putting in their headphones in the morning listening to this on their way to work on their commute to a job that, you know, maybe they don't love and they're dreaming of starting their own business someday.

And the responsibility is yours, my friend, to make it worth their while and give them a little inspiration today.

That's great.

I think I can do it.

I remember being in that same place, having a job that I wasn't excited about and feeling like I was sort of stuck on this path.

And so I'm really excited to share my story and hopefully that inspires people to find their own path in life.

All right.

So, okay, let's start there then.

What was that job and what were you doing and how'd you get off that path?

So I studied computer science and undergrad at Georgia Tech.

I graduated and I was really excited about graduating.

I was really excited about entering the real world.

I interviewed at 10 or 20 different companies.

I got a job at Microsoft.

That was probably the best of the companies that I'd interviewed at, had the hardest interview

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and was really prestigious at the time.

So I started in January 2004 at Microsoft and I remember on my first day, I get there, go to the employee new training thing.

One of the senior vice presidents of Microsoft is there introducing himself, telling us his story, telling us why he's so passionate about being at Microsoft and I'm just so excited.

I then go to my office at Microsoft.

It's in this other building.

I walk there.

There's all these people that are young and excited about what they're doing.

I get to my office.

It's got my name on the door.

Somebody shows up and is like, hey, I'm Eric.

I've set up your computer for you.

This is your phone.

And I was like, oh, wow.

You're feeling like a king.

Yeah.

I was just not accepting this kind of treatment.

And so I arrived and thought, wow, this is amazing.

I'm like a real professional and I've arrived and I'm getting the respect that I deserve, even though I probably didn't really deserve any respect at this point.

I'd done nothing.

And the first thing I do is I pick up my office phone.

And I call my dad and I say, hey, dad, this is my new phone number.

Whenever you're trying to call me, call me at this number.

This is from my office that I'm calling you right now.

And he says, oh, that's all great.

You know, cool.

You've got an office and this is all great that you're excited about what you're doing.

But really you should quit your job immediately and start your own company.

That's really where the action is at.

You know, I was like, oh, my dad, he's always pushing me to do this.

So I kind of talked to my mom and my mom was like, this is so great that you're working at Microsoft.

I'm telling all of my friends and she was like the, you know, marriage proposals are just going to start coming just from the fact that you work at Microsoft.

And so that's kind of my first day and my first time having a real job.

Right.

And the moment you realized your dad is going to be hard to please.

Yeah.

My dad is insatiable in his appetite.

So he's 80 now.

And whenever I call him or talk to him, he's got new business ideas.

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He reads all about tech and, you know, will always be asking me, what do you think of Uber stock price?

What do you think of Airbnb?

When is it going to go public?

So he's really passionate about entrepreneurship in general.

His goal in life at the moment is to buy a tea garden.

So you had a tea garden when he was younger in Bangladesh and he really wants to buy a tea garden because he sees that as his legacy that will own as a family for hundreds of years and it will continue to generate revenue and employ hundreds of people for hundreds of years.

The Rockefellers of tea.

Yeah.

That's his dream for sure.

Awesome.

Awesome.

So, so if we bookend the story, because I think what's interesting is the beginning in the end and then figuring out how to point a lead to Z, right?

So if the beginning is you get to Microsoft, your name's on the door of your office, you sit down, you call your dad from your office landline and you say, Hey, this is my new office number.

And then today, you know, where I met you, you know, one of the reasons this is called how I got rich podcast is because it's not about money.

It's about sort of the lifestyle of being able to do what you want when you want on your own terms and you are somebody who does that.

I see today where you start businesses, you sell them, you invest in, you know, a number of companies, you're an investor in maybe 12, 13 venture capital funds, you have control over your time.

You know, it'll be the middle of the day and you'll be working out.

It'll be, you know, the next week, you'll be in London or Japan and doing something completely different.

And so I think it's going to be interesting is to figure out from that first day at Microsoft, how did you end up getting the financial freedom to be living the life you live today?

So let's pick up basically, you're at Microsoft, you were excited about the job.

Was that just a false promise or did you actually enjoy what you were up to and then eventually decide to leave?

I guess how did that go at Microsoft?

I was really excited about my job.

It was working with a bunch of other people who I thought were really brilliant, passionate about their work.

But I think after six or 12 months at Microsoft, I got a sense of, okay, this is not really where I'm going to be able to make my mark.

Nothing that I do will enable me to really make a mark here.

And why is that?

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Just a big company, you know, you're just a small fish in a big pond.

What was the reason?

Why did you come to that conclusion?

Yeah, I think no matter how hard I worked or the sort of quality of my work, I would get promoted every six or 12 months, something along those lines.

But those promotions didn't really do much from a sphere of influence or authorship over what I got to work on.

And I just realized that that was never going to happen.

So actually what happened for me is I started at one team and then I switched to this other team inside Microsoft that was building a new product from scratch called the Windows Home Server Team.

It was run by this guy, Charlie Kindle, who'd been at Microsoft 25 years at this point.

And he had a fantastic career at Microsoft.

He'd sort of started three or four startups within Microsoft and had a really good time doing that.

And he had joined Microsoft early enough where the stock that he had was worth a lot of money.

He had a house and a lake and a boat.

And I was like, wow, this guy's living the life that I want to live.

But I realized that because I joined Microsoft 20 years after he had, there's no way I was going to be able to achieve that same success at Microsoft in the same time period that he had.

So I just felt like I'm doing good work.

People are valuing the work that I'm doing, but I'm still stuck within a specific team at Microsoft.

And I can't really come up with an idea that somebody at Microsoft will say, that's great.

We're going to go fund that.

And I could only work within the construct of Microsoft, which is you're a software engineer or program manager on some team working on some project.

And I felt over time like those were chains that wouldn't let me do something beyond that.

And really, when I graduated undergrad, you put an objective on your resume, the objective I put on my resume was to fully exploit what my mind and hands are capable of doing.

And I just felt like, which is just thinking about it now, such a pissant, arrogant thing to do for a 23-year-old kid.

But why do you say that?

That sounds unusual, but I'm guessing if you were reading somebody's resume today, if somebody wanted to work with you and they said, I'm looking to maximize what I'm capable of in terms of my mind and my hands and my abilities, I feel like you would like that.

I would love that.

So I think one of the great things about Silicon Valley is it's made for people that are of that mindset and want to be surrounded by people that are like that.

What I was doing was putting it on resumes and applying to Microsoft National Instruments, McKesson, just giant companies where that isn't valued at that stage.

So it's this line of thinking that I think is the right line of thinking.

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I want to encourage everyone in their life to always be thinking in that way, whether they're at Microsoft and 23 or Google and 60.

I think you should just be thinking about what else should I be doing?

What are all the other possibilities that I'm not seeking out by doing my current job?

And do you remember the day when you were like, okay, this is the end of the Microsoft chapter for me?

Yes.

I joined this team called Windows Home Server.

We built a product over an 18-month period.

I got to do all these things I wouldn't normally get to do at Microsoft because I was one of the first 15 or 20 people on that team.

The team grew to 95 people.

So just for the level of experience I had, I just got to sort of punch above my weight on that team.

And we were launching the product.

We were announcing the product.

So it was in stealth mode.

Bill Gates was doing his last keynote at CES, and he announced the product as part of that keynote.

The whole team was down there in Vegas, manning the booths and talking about the product to people who were coming up at CES and asking, what is Windows Home Server?

Why would I want one?

And Bill Gates announces the product at his keynote.

We then all go out to dinner as a team.

The guy who ran our product called Windows Home Server was this guy, Charlie Kindle.

He gets up in front of everyone in Las Vegas to do a toast, and he just starts crying because he's so passionate and so excited to see this baby of his born.

And I looked at him and was like, wow, this is amazing.

This guy is in his 40s, and he's crying about this product being born.

And I realized that even though I really loved what I was doing, I didn't feel that sense of authorship over the product, and that I would not feel the way that he's feeling at Microsoft ever.

So I decided then and there that I wanted to quit.

So when we got back from CES, I went to his office and told him, hey, I got to do what you're doing here.

I don't think I'm going to be able to do that at Microsoft.

I want to go out into the real world and do it.

One of the other funny things is when you're at a big company, you're living in this bubble inside the big company where all of your peers are talking about what's happening at the big company, and all the press that you're reading, all the blogs and information that you're reading is about that company.

I remember quitting and leaving Microsoft and being like, wow, I was stuck inside this bubble and there's a whole big wide world out here.

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I remember sending an email to somebody and saying, wow, I felt like I was in a prison of my own making by being at Microsoft.

Right.

Wow.

And so now you leave Microsoft.

You know what you're going to do next, or you just know enough that we'll get you started.

Where were you at mentally at that time?

Yeah.

A lot of people, I told all my peer group that I was leaving and they were like, why would you leave Microsoft such a cushy gig?

You're making so much money and you're going to take this risk by leaving.

Why are you going to take that risk?

And I really think most people overestimate the risk that they're taking when they leave their job.

The unemployment rate in the United States is sub 4%.

For people who are competent and skilled in their line of work, it's easy for them to go back to their job.

I think if I quit Microsoft, started a company and failed for a year or two or three, I could go back to Microsoft and actually get a higher position than what I would have if I had stayed.

Just because even Microsoft values that entrepreneurial experience that people will have.

So I think people in general overestimate the amount of risk.

So I left.

I didn't really know anything about what I was going to do except I was going to move to Silicon Valley.

I'd been reading TechCrunch and went to an event that Michael Arrington hosted in Seattle for TechCrunch and was just like, oh, this is where the action is at.

I got to be down there.

I just know that when I get down there, I'll meet people that are like-minded and figure out what to do with myself.

I was just so excited to do it that I just quit.

So I went to visit my parents in Florida before moving out to Silicon Valley just to say hello to them.

After three days, I was totally bored.

All my friends from high school had moved out of Florida.

And I just didn't know what to do with myself.

So I said, OK, let's start working on something right now.

I had not done any software engineering or coding at Microsoft for several years at this point.

So those skills were rusty.

I said, OK, let me just start working on something.

Facebook had announced the Facebook platform right when I had left Microsoft the day that I left.

And I said, OK, this is something that seems really easy.

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I can make a web app.

I can put on Facebook.

And it's just a good way for me to get my feet wet in building something and learning how to code again.

So I did exactly that.

I got a friend of mine named Jamal from Georgia Tech to start working with me on it.

And we made it together and took us about two weeks to make and we launched it.

Our goal really was to get 100 people to use it ever.

And we expected that an idea of those 100 people would be our friends.

And what was it at this time you built, what was the first idea?

So the first app we made was called Superlatives.

The idea was really simple.

You got to pick a superlative and give it to your friends.

So we made a bunch of really funny superlatives, like most likely to wear a bunny costume for no apparent reason, most likely to get conned by old ladies in Las Vegas, things that we just thought were kind of offbeat and funny that you would want to give to a friend.

And that friend would go to the app and give one back to you.

So we launched it on the Facebook platform.

And within a month, a million people had used it.

And our servers were melting.

We didn't know anything about database architecture.

So our database was melting, the app was going down all the time.

All these friends of mine were like, did you make Superlatives?

I love it.

This is amazing.

I love using this thing.

So it was just a smash hit right away.

And how did that feel for you?

How was that different than what you had been doing up till that point?

And I guess, like, what was it like when you woke up that, you know, the first morning when it started to click?

What was going through your head at that time, if you can go back to what you were feeling then?

Yeah.

I think it was just joy.

Pure joy and pride of this is a concept that we dreamed up, we made, we launched, and people are using it, and they like it or love it.

And we created something in the world that people are using.

So it just felt very, it was a very different kind of joy than any joy I had experienced at Microsoft.

Right.

And at Microsoft, I'm guessing it was more joy of, I got the approval and appreciation of the kind of my boss, the person above me or the peers around me versus this is almost

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like art.

It's, you know, the market loves what I made.

Yeah.

I think at Microsoft, I was constantly focused on impressing somebody, whether that was my boss or somebody else on the team or somebody else I would go have lunch with that worked at Microsoft.

And here, I was focused on sort of my own values, doing something that I was proud of.

And it's just a very different calculation that those two things.

Gotcha.

So it's you and Jamal now, the servers are melting.

What happens next?

So we very quickly learn how to make servers not melt.

We find people who do MySQL consulting, they enable us to keep our servers up.

And we just start making the product better and better.

And it's really exciting.

We then get a phone call from somebody who lives in Silicon Valley.

And so by the way, this whole time I'm in Florida and Jamal is in Atlanta.

And you're living in your childhood bedroom.

Yeah.

Yeah.

I'm living in my parents' house in the bedroom that I grew up in.

And I'm sort of keeping the opposite schedule of them.

They'll wake up early and go to sleep early.

I'll wake up really late at like 6 p.m. and stay up all night working on the product.

So I get this phone call from this guy.

His name is Noval Rabakant.

Never heard of this guy before.

And he just called you.

Yeah.

Actually, I think we might have initiated it.

We reached out to some other Facebook app and said, hey, we have a question about Facebook platform or a question about how you're growing so quickly.

Can we talk to you?

And Noval was the guy behind that app.

And he called us.

Gotcha.

Okay.

So what does Noval have to say?

Noval, who's now, you know, I guess for those who don't know, Noval is the founder of Angel List, one of the most sort of famous and respected people here in Silicon Valley today.

And at that time, he was also a kind of well-known entrepreneur.

And did you know who he was at the time?

So I didn't know who he was at the time.

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He had started a angel fund called Hitforge and was investing out of that fund.
And he was really excited about the Facebook platform and was investing in companies on the Facebook platform.
So I get on the phone with him.
This is the first time I'm talking to anyone who's a true Silicon Valley person in my life.
And he's like, hey, love what you're doing.
I think it can be really big.
I want to meet you in person.
How do we make that happen?
And you know, I'm kind of waffling about how to make that happen.
And he cuts through all the bullshit in my head and says, what's it going to take to get you on a plane tomorrow to come meet me here in San Francisco?
And I say, oh, okay, I can do that.
Right.
And so I buy a one-way ticket to San Francisco and come out here and meet with him.
His office is in Soma in San Francisco and it's really, it's surrounded by homeless people.
It's nondescript.
It feels like a warehouse.
It's empty.
So I immediately get the heebie-jeebies from it.
He's a super nice guy, super, clearly very intelligent, clearly got a ton of experience in Silicon Valley.
And he's got that Silicon Valley ethos of anybody can do anything.
The next person I meet might be the next Mark Zuckerberg building the next big thing.
And so I meet with him, he takes me out to lunch, he asks me a bunch of questions.
Those questions are really designed to get a sense of, am I technical?
What's sort of my level of ambition?
And am I an entrepreneur?
Am I sort of made of the same cloth that entrepreneurs are that he is?
And I think he concludes in lunch that, yes, to all three of those and says, okay, great.
During lunch, he says, I want to invest, you know, I'm going to wire you 200K.
Let's go back to my office.
And you're not even asking for investment?
Yeah, I don't really, we didn't really need investment.
We didn't actually know what we needed.
So I wasn't asking for anything.
I was just kind of like, I'm here, you know something, I don't teach me.
That's kind of the way I approach it.
Like he was Yoda.
We go back to his office, he prints out a term sheet and he says, sign it and I'll wire you the money right now.
I read the term sheet and I don't actually understand any of the words on the term sheet.
I don't end up signing it and don't end up sort of taking his capital.

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But did you give him a, let me think about this, let me talk to my lawyers or this looks like it's in Portuguese to me.

What did you tell him at the time to exit gracefully?

Yeah, I said, this is really exciting.

You're awesome.

I love meeting you.

I want to work with people like you.

I want to work with you.

I don't understand what this is.

It's all a little too sudden for me.

So let me go home and kind of think about this and I'll follow up.

And Neval to his credit is when he knows what he wants is just aggressive and is like, sign it right now.

Kind of the same way he was about me coming to San Francisco, he was like, just eliminate, let's eliminate all the bullshit that you've got in your head.

Let's sign this right now and start working together immediately.

Tough first date, but a great businessman, but a tough first date there.

He was looking for marriage.

Yeah.

I like, I really appreciated that approach and also now that I understand term sheets, I went back and looked at that term sheet once.

He was a super entrepreneur friendly term sheet.

He is such a great guy for not like it was all common stock.

It wasn't preferred stock.

The term sheet is just set up in a super entrepreneur friendly way.

So I appreciate that he was doing that.

So I have the meeting with him and then I'd set up a meeting with a slide.

Slide was this other company that had started making Facebook apps and it was venture funded run by this guy, Max Levchin and this guy, Keith Reboy.

So I'd set up a meeting with those guys too.

I would go over there, meet them and they started asking me questions and I very quickly realized that, oh, okay, this is actually an interview where they're trying to see if I want to be an engineer or a product manager at the slide team.

And having just left Microsoft, I'm like, oh, I don't really want to do that.

And I remember this moment where Keith says, okay, well, we really like what you've built, but you know, he opens the door to the room we're in and he's like, do you hear that? That's all the engineers that I have working at slide and it's going to take them about 30 minutes to copy everything that you've done and integrate it with top friends, their biggest Facebook app and I think the biggest Facebook app in the world at the time.

And then you're going to be toast.

And I was like, oh, wow, that's some hard love that you're giving me here.

But for me at the time, I just worked on it for a couple of weeks and it didn't mean anything to me.

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You know, if you want it, you can just have this app and it's not a big deal. But what you can't have is my time. I'm not going to come work for you or for slide, even though I really respect what you guys are doing and you guys are really brilliant. That's kind of how the meetings in San Francisco went. I went back to Florida and I was like, oh, wow, this is actually what I'm working on. I've seen as kind of the silly, trivial Facebook app and I was like, oh, that's not what this is. This is actually a business. They respect what I'm doing and they've got a vision for the future where people are going to be buying airline tickets on Facebook and commerce is going to be happening on Facebook. So let me start buying into that vision and seeing what we can build. So I moved to Atlanta where I'd gone to undergrad and where Jamal was. We started working out of my sister's apartment. She had a two bedroom apartment. I took one of the bedrooms, took all the living room furniture, sold it and turned it into an office. We put ads up on superlatives and those ads started generating revenue. We used that revenue to hire a couple of Georgia Tech employees, Georgia Tech grads or Georgia Tech interns and we just start making superlatives better. We start making more apps. Superlative grows to about 10 million users over time. We make other apps that end up also getting millions of people using them. And so for a couple of months, we think, wow, we're really good at this. Look at us. We didn't need the money from those guys. We hired all these people. They work for us. We're their boss. We keep coming up with great ideas for what to build and we launch it and it ends up being successful. So we just felt really good about ourselves. Yeah, the Midas touch at the time. Yeah. And this was the Facebook heyday. So the people you're talking about are, you know, from Naval who's kind of like a luminary in Silicon Valley, Keith and Max are, you know, the ex PayPal guys who have done amazing things, you know, from slide onward really. And here you are sitting in Georgia in your sister's apartment and things are going well. You can't, you can do no wrong at this point. Yeah. That's certainly how it feels, but we very quickly realized that, oh wow, we don't know what we're doing and we've made a lot of mistakes here.

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So we realized that people that we hired actually weren't that good and we didn't know what to do about that in some cases.

The way our strategy would work is I would wake up in the morning and come up with an idea and fall in love with the idea and say, okay, everybody stop what you're doing.

Let's work on this idea.

And the idea would be a compelling sort of viral social thing like superlatives was where you send it to your friends and then your friends log in and they send it to you and then 10 of their friends.

So all of a sudden it starts growing sort of exponentially without us spending any money doing user acquisition or trying to market the product in any way.

So we're really good at coming up with things like that, but we didn't really have a sense of what metrics were valuable or what was the value that we were actually creating.

So for example, today a lot of social apps will track things like monthly active users and daily active users.

We didn't track those things.

We just tracked how many people had ever used our app.

So we were optimizing for fundamentally the wrong thing.

What you want to optimize for is building something that people are going to use constantly for a long period of time frequently ideally.

We were optimizing for something that people would touch, get 10 of their friends to use, but never come back to.

So we realized that, okay, this thing that we built is kind of valuable.

What should we do next?

So I came out to Silicon Valley and met with a couple other people and folks like Naval Keith and Max Levchin, those guys are Silicon Valley luminaries today and they were Silicon Valley luminaries then.

But I feel like they've sort of a hundred exed from the time that I met them in terms of the clarity of who they are as individuals and the work that they like to do as individuals.

And you know, Naval I think of as one of the preeminent philosophers of our time in the same way that people thought about Russo or Kant or other philosophers in previous ages.

We were quickly realizing the shortcomings of what we were building.

We came out to Silicon Valley to raise money.

We got a couple of people who were like, yeah, I like what you guys are doing.

I like you guys want to invest.

But we realized that we didn't really have a sense for what we should build next.

And we then decided, okay, let's try to sell this thing instead.

So we didn't really know how to go about selling a business.

So we thought, okay, the best thing we need to do is talk to people who are in this space, go to every event and conference that's in this space and see if we can sort of catalyze a chemical reaction or an acquisition in that way.

So we went to this event called Graphing Social Patterns in San Diego.

We get there, it's all people who are building apps on the Facebook platform of lots of different varying levels of success.

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We've got sort of a middle level of success at the time.

There was a website that tracked how many people had ever used one of your Facebook apps by company and we were in the top 10 companies there.

So we go to this event, we meet this guy, Shervin Pishivar, and he says, I love what you guys are doing, I want to buy you guys.

So let's go to lunch and talk about it.

We go to lunch.

Supercoat.

Mission accomplished.

Yeah.

He's just met a guy who wanted to buy the company.

Yeah.

It's crazy.

It's a crazy story.

So we meet this guy, goes to lunch with us, sort of again, tests us in the same way Naval did of are you technical, are you entrepreneurial, what's your level of ambition, and says, okay, I want to do this deal.

He writes a number, Shervin has a real flair for the dramatic in the best kind of way.

So he writes a number on a napkin, turns it over, slides it to us.

We look at it and we immediately say, okay, let's do this deal.

So it was a \$2 million number on the napkin and we'd started the company sort of nine months ago.

What could he have written on that napkin that you would have said yes to?

Was that like, you know, was that your minimum there or had he written \$200,000 would you have also said, sure, take it?

Yeah.

We would have probably said yes to any number, frankly.

So at the time when I was at Microsoft, I was making \$76,000 a year.

So you offered us \$2 million for nine months worth of work and really nine months worth of work where we felt like we just made a ton of first time entrepreneur mistakes.

So we felt really good about the two.

We felt overjoyed over the moon about the \$2 million number.

I think we would have probably had the exact same feeling if the number was \$200,000.

Right.

Okay.

So he slides over the napkin.

Do you even look at Jamal or you both, you both just say yes without even having to consult each other.

Yeah.

That's the weird thing is it's like, we, I think we probably looked at each other for a second and immediately said yes.

So we didn't negotiate in any way.

And yeah, we just said yes immediately.

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And I remember when you first told me this, the story that not in so much detail, but there was sort of a string attached of it wasn't just buying you, he was rolling up a couple of companies.

So you had a little bit more work to do at this conference.

Is that correct?

Yeah.

So what Shervin was doing was a strategy that's called roll up.

So you get somebody to back you and give you a big check.

In this case, he'd gotten a venture capitalist to give him \$15 million.

He was going to use that \$15 million to buy up the top five players in the space, combine them all together with a goal of, you know, that costs \$10 million, but creates \$50 million or \$100 million of value.

And that's what his goal was.

And so he went on to, at that conference and bought a couple other companies as well.

Gotcha.

So you've got to win under your belt.

You don't have to go work there or did you spend a little bit of time at that company as well?

Yeah.

So we moved the whole team out to Palo Alto, which is where the company was called SGN is based.

We stay there for a couple of months and I moved to New York City because I've always wanted to live in New York City and I just wanted to start a new company and it was a great way to sort of leave SGN by moving across the country.

Gotcha.

So that was maybe, you know, baseball analogy.

That was the single.

And then here come the home runs.

And so you don't like to brag about it, but I'll brag for you a little bit.

So here's the spoiler.

The next couple of chapters for you were huge hits.

You built a company that got backed by Mark Andreessen and Andreessen Horowitz, one of the top firms in the world.

Mark was on your board, I think.

You took that company.

You ended up selling it for, let's say, many buckets of money, many more than the first company.

And then you did with your brother, you built a company called Native, which for anybody out there who's looking for a deodorant, no better deodorant in the world than Native, which you sold to Procter & Gamble.

And so many big hits were to come.

So let's jump through those real quick about how you took that first win, the small win, and parlayed it into bigger wins.

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Yeah.

I felt really good about the win, and it definitely immediately felt like a win.

And I said, okay, this is good, but let's take all of the lessons that I learned the first time and apply them and try and build a company that's 10X more valuable or 100X more valuable.

And I immediately sort of got the entrepreneurial bug and said, okay, I'm going to do this for the rest of my life.

And by the way, what was your dad saying?

You know, dad who was like, hey, you got to get out of Microsoft.

You need to go start a business.

At this point, what was dad saying kind of after the first Facebook app, the superlatives, did he even see that as a business, or was he like, you're wasting your time with this, you know, which of my friends are going to wear a bunny suit game?

Yeah.

So my parents are really funny.

They, no matter what business me or my brother start are really dismissive about it.

And they say, oh, this isn't a real business until we sell the business.

And then when the business is sold, they're like, oh, I knew the whole time that you were going to win with this business.

I love this business the whole time.

So I think for my parents, when the company sold, they were like, oh, wow, mom was like, I can now have a new story to tell about you, which is you're an entrepreneur.

You started and sold the company.

So she was feeling pretty good.

And I think my dad was like, okay, my son is now following in my footsteps of starting companies and trying to create value on his own as an entrepreneur.

So I think he was also proud.

Got you.

Okay.

So you wanted to start a new business.

You decided to stay on the Facebook platform, is that right?

That's where all the action was or what was the thought process there?

Yeah.

So actually I got together with a friend of mine from high school named Ian Spivey in New York City.

We started jamming together at cafes and in New York City, just trying to come up with ideas for what to work on.

So we go start working together and spend about 12 months working on a bunch of really bad ideas.

What sort of bad ideas?

There's a company called Daily Candy, which was a newsletter for women that Comcast bought for \$400 million.

So we were like, oh, the newsletter business, we've got to be in this newsletter business.

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We thought that green energy was a big deal.

So we thought we got to be in the green energy business in some way.

So you launched a green energy newsletter.

Yeah.

That's exactly what we did.

We launched a green energy newsletter and very quickly we realized, oh, we don't know anything about the newsletter business, we should stop doing this altogether.

One of the other ideas we had was building Twitter for colleges.

So we felt like college you're talking to and meeting all kinds of new people and instead of using Twitter, which is this generic platform, we could build sort of a local Twitter which tells you about parties and events and things that are happening on the college campus.

We've worked on that for about three months before we kind of gave up and said, oh, you know what, Twitter for colleges is just Twitter or actually it ended up being just Facebook.

So we kind of stopped working on that idea.

And then we kind of came back to the Facebook platform because we felt like we had had enough failures where we wanted something that was that we felt like it was more likely to succeed.

And where was your confidence at at this time?

Were you sort of humbled?

Okay.

You know, last few ideas are not taken off like I hoped, you know, where was your confidence levels at?

That's always interesting, right?

As an entrepreneur, some people are blessed with this confidence as unshakable and it just never wavers.

And we hear about that a lot.

But I think in reality, most people have confidence of sort of ebbs and flows, sometimes dependent on the traction, sometimes dependent on really small things like, you know, one specific investor's confidence in you or, you know, something your mentor tells you.

And so, yeah, give me a sense of your psychology at that time.

What were you thinking?

How are you feeling?

Yeah, I would say I always have this weird level of confidence that whatever I'm going to work on, I'm going to will to success.

So that's sort of this confidence that is this sort of omnipresent confidence that applies to anything that I work on.

There've definitely been times where I realize, oh, what I'm working on is not a good idea.

And I just wasted six months of my life and the life of my colleagues.

And then I sort of realized that maybe I'm not actually very good at entrepreneurship or building companies or building products.

So I would say there's definitely this ebb and flow based on when I start a new idea, I have a lot of confidence and excitement for it.

As I build it, that confidence sort of builds.

As I launch it, generally when you launch something, you're met with resistance.

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So I expect some amount of resistance and that resistance dramatically decreases my level of confidence.

Right.

And then over time, I just end up sticking with something and persevering and focusing on willing it to success.

And that ends up leading to growth and success over time.

And as that happens, my confidence sort of increases.

Gotcha.

And so, okay, so you decide to go back into the Facebook platform.

And so just talk a little bit about what was TinyCo.

There's a story within the story there of, you know, there was what was TinyCo and then what happened.

And so I want to get to the what happened.

But first let's set the stage.

What was TinyCo and how did it even become TinyCo?

Ian and I started a company called TinyCo.

We started making games on the Facebook platform.

The iPhone launched in 2008 and then in 2009, they launched the App Store with in-app purchases.

So we said, oh, wow, this is actually an amazing platform.

Nobody else is on it.

And we started a company called TinyCo that made mobile games for iPhones.

And so why was it called TinyCo, by the way?

We were looking for domain names that were really cheap and fun.

And TinyCo, we bought for \$700.

All the other domain names and ideas that we had were very expensive.

So that's how we arrived at the name TinyCo.

One of our engineers, Boshi, came up with the name.

Gotcha.

Okay.

And then I have a quote somewhere here.

So this is the quote from, I think it's Ben Horowitz.

He's writing on the Andreessen Horowitz blog about TinyCo.

So the blog title was A Big Opportunity for TinyCo and he says, you know, he describes the company and at the end he says, you know, despite terrific early traction and what appears to be a massive market, it would be too early for us to invest in this type of company unless we believe that the entrepreneur behind it was so skilled, determined and talented that he would build the team that wins the market.

That's pretty good.

Yeah, that's amazing.

How does that feel?

Feels good.

Drink that one in.

Yeah.

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I'm going to print that out and put it in my room and every time I argue with my girlfriend, I'm going to like give this to you.

I almost printed that out.

That's my friend that they're talking about over there.

So okay, so you get this backing and you're in this market that everyone thinks maybe at this time, you know, the sort of forward-looking people are thinking, hey, mobile's going to be big, mobile games could be big and you're in that space.

And so what happens?

Does it take off right away like the first idea or were you met with a lot of resistance?

We get immediate traction when we launch our first mobile game.

So the first game was called Tap Resort.

We launch it, we do a marketing partnership with a friend of mine from Microsoft named Lee Linden.

He'd started a company called TapJoy that's a mobile ad network wherein TapJoy promotes our game Tap Resort and by promoting it, they push it in the top five free apps on the iPhone app store.

So we get hundreds of thousands of downloads immediately and those downloads are turning into revenue.

So in the first month of launch, we generate \$5,000, \$600,000 of revenue.

Not bad.

So we immediately are like, oh, wow, this is successful and working.

We had a couple other side projects or Skunkworks projects that we were working on and we say let's immediately stop working on those and focus on making mobile games because we think this is a place where we can win.

And so you start building mobile games like Tap Resort and I guess take me through because there's a butt that comes up.

So things are going well, but what happens?

So things are going well.

We launched Tap Resort, generates \$500,000 in revenue the first month and sort of keeps doing that in subsequent months.

We launch another game and now are generating another \$400,000, \$500,000 a month in revenue from that game.

So we're at a \$10,000,000,000 revenue run rate per year.

A bunch of VCs notice us and say, love what you guys are doing, want to meet with you.

Take one of the meetings and they say, we want to invest in your company.

We really believe in the mobile game space and we want to be investors in the space.

So we take the meeting and our intent initially is not to raise venture capital.

We like the fact that we own the company and that we haven't raised in the outside capital.

But the venture capital firms start asking us questions that make us realize, wow, these guys know what they're doing and are asking questions that are going to guide us in a way that we're not going to be able to guide ourselves.

So we decide, okay, we do want to raise venture capital money.

So they give us a term sheet.

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We then take that term sheet and go up and down Sand Hill Road and pitch to a bunch of other VC firms.

So end up getting a handful of term sheets.

The one that we like the most is Andreessen Horowitz.

Andreessen Horowitz, just their process is really different for evaluating an investment than most of the other firms.

They ask us a bunch of questions that are specific to our business.

And as we talk to them, you can sort of see the gears turning where they're connecting the dots and realizing how big an opportunity TinyCo could be.

So we end up taking money from Andreessen Horowitz, \$18 million, first money into the company.

Mark Andreessen joins the board and we say, great, we're going to take this money and put it to work.

So we start doing that.

We hire a bunch more people.

We grow the team to about 80 people.

We make a bunch more games.

We take that money and start spending it to do customer acquisition.

And that's all working and working really well.

So we end up growing revenue to \$20 million in the first year and then \$40 million in the second year.

And we're at about break even.

You know, again, we're feeling really good about where we're at and the humbling events are yet to come.

And a bunch of companies are coming to us and say, we love what you guys are doing.

We want to acquire you and we say, OK, we're not ready for an acquisition.

We see the future to be bright and rosy.

What ends up happening is we run into this giant brick wall that we foolishly didn't see coming.

We would spend about a dollar acquiring a customer and we generate about \$2.50 in net revenue from that customer.

A bunch of Japanese mobile gaming companies were making so much money in Japan, but kind of saturating that market and there was no more growth left there for them.

So they were moving to the United States, opening up offices in San Francisco and saying, OK, we're going to become dominant mobile game companies in the United States.

And they drove the cost of customer acquisition up from \$1 to \$4 and then to \$6 and eventually to \$9 for the games that we were making in a matter of six months.

So that took our unit economics and turned them upside down.

That meant that every time we were spending money acquiring a customer, we were actually losing more money instead of making money.

So that ended up being a giant problem for us.

I can imagine.

We went out to go raise new money and every time you raise a new round of funding, I would

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say it becomes 10 times to 50 times harder to raise the next round of funding. You need better product market fit, better unit economics, more clarity on how you're going to grow the company 10 times bigger than wherever you're at at the moment. And so the guys were meeting us, the Series B investors, and saying, OK, we really like you guys.

We like the business you've built.

But it looks like the unit economics are kind of falling apart.

So we don't want to invest.

So that becomes this real problem for us because we haven't been profitable.

We haven't been running the company on profit.

Because of these Japanese mobile gaming companies spending so much money on customer acquisition,

we start losing money every month.

So instead of being breakeven, first we're losing \$200,000 a month, then \$500,000 a month.

And those numbers become pretty significant pretty quickly as the months go by.

So I think that one of the things you need to do as an entrepreneur is never lie to yourself about reality.

It's very easy for an entrepreneur to lie to themselves about reality, especially when they've got investors that they always want to say the nice thing to or the right thing to, especially when you've got employees and you always want to be your employees to be excited about your business and where you're going.

So I definitely see as I've invested in companies now that entrepreneurs will lie to themselves about the reality of the market that they're in and kind of fumble the ball as a result of that.

So I'd say one of the strengths of our team at the time was that we realized that, OK, the reality that we're living in is not the same reality we were living in 12 months ago.

So we're not going to exist 12 months from now unless we do something dramatically different and we do it immediately with reckless abandon.

And you've told me this before and it stood out to me and ever since I've asked myself this question, other companies that I'm investing in, I try to get a sense of is the founder looking reality in the face or is reality in the room and they're just looking around, they're looking away from it.

And the weird thing is that this even happens to really smart people, really talented people. There's sort of no correlation between just sort of intelligence and talent and this ability to look reality in the face.

Go more into detail next.

I think this is super, super important and can really this can tank years of effort if you do this wrong.

And so it seems like something worth double clicking into.

Yeah, I think it's really easy to get high on your own supply.

It's really easy to look at the numbers and just look for the places where you've got traction and evidence that things are working.

You want to succeed, you want to find evidence of that success.

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And as you're talking to your friends, your parents, your investors, your employees, you also want to be successful.

So it's very easy to sort of seduce yourself into thinking that things are working when they're not.

And there's so many outside external factors that help people think they're successful even when a business is failing.

So raising a new round of funding and those investors now believing in your planning on doing over the next 12 months.

Getting press and press talking about your company in this fantastic way.

Meeting with friends and only telling them about the things that are going right.

Those are all the things that make it really easy to lose sight of reality.

So do you have some checks and balances?

Do you have a question you ask yourself or a tactic that sort of prevents you from doing that?

Because that seems like the natural way.

That'll happen by default.

So you need to fight the default.

Do you have something you do or is it just sort of inherent to you?

Yeah, I'm just constantly paranoid and I try to look for metrics that prove that the business is not working or that the business is degrading or the unit economics are degrading.

I think about what are all of the things that could be a meteor that take our business out.

And I sort of lean into those things and say, okay, I'm going to proactively identify and try to resolve those problems.

One thing I heard Keith Rebois say once is when you start a company, you should think about all of the reasons that it's not going to work and all of the reasons that it's going to fail.

And you should start with that list, make a prioritized list and try to prove that these aren't things that are going to make your company fail.

And you want to do that as the first thing, whereas I think it's very easy for people to do that as the last thing where they start by getting their co-founders and their friends to start working with them.

They start working on the product.

They launch the product.

And only then do they start asking themselves those questions.

You want to start asking yourself those questions upfront before you've written a line of code.

I think it's really worthwhile to make a deck or a memo that describes what your business is, why it's going to work, why it's not going to work, and try to disprove all of the reasons why it's not going to work.

Makes sense.

And so you're having that meeting now at TinyCo.

You and a handful of trusted folks, I guess.

You sort of see the writing on the wall that, hey, if we don't turn this around, this company is not going to exist in 12 months.

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And that \$18 million they put into us down the drain, this is not going to be pretty.

And so what happens?

Yeah.

It's really hard time at the company because I realize this is happening.

And I think nobody else on the team has quite realized it.

I think they realize it six months later.

And so I immediately start thinking about what do we do to change our business?

And I get this guy, Andrew Green, who's our head of business development, and I can fight in him.

And I say, okay, together you and I are going to figure out how to turn this business around.

And we come up with a long list of ideas.

And then we say, okay, that's not going to work.

That's not going to work.

That's not going to work.

One of the ideas that we come up with is licensing brands from giant media companies and making games using those brands.

The number one problem we have, the existential problem we have is we can't find a way to get 40 million people to download our game without spending \$60 million or \$100 million to get 40 million people to go download it.

And so that's the problem we want to solve.

We want to not have to rely on paid user acquisition to get customers into our games.

So you wanted to leverage the existing brands out there, like the way that Kim Kardashian puts her name on a game, that game gets a pop and markets itself because her name carries that weight.

You wanted to do that.

Yeah, exactly.

And you saw this working, or this was just a brilliant idea out of nowhere.

You saw somebody else doing it, or how did you get this idea, and why did you think it would work?

Yeah, so a lot of mobile games, so this was new in the mobile game space.

A lot of console games do this all the time.

And a lot of the games I played as a kid growing up had been doing this for generations.

I think we just realized that, oh, we can apply that playbook to the mobile game world.

People aren't already doing that.

It's a huge wide open opportunity for us to go do it.

Apple will be really excited.

Our consumers will be really excited.

Our employees will be really excited.

This is going to work.

Love it.

And so how do you do it?

So we make a list of brands where we think this brand is so powerful, we're going to be able to get 40 million people to download the game just based on the fact that I have

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this brand in the App Store.

One of the brands that we come up with is Family Guy.

So there had been a Simpsons game launched, and the Simpsons game was beginning to do well.

And we said, okay, what's like the Simpsons Family Guy?

Let's go try to get the Family Guy license and make a game using that brand.

So we go through these Herculean efforts to get in front of the Fox team, who is actually coincidentally right now in the process of deciding to license Family Guy and whom to license it to.

So we realized, wow, this could actually work.

We then kind of, Andrew and I kind of bet the farm on making this deal happen.

So we stopped working on, Andrew and I stopped working on the other games.

We just spend 80% of our time trying to close this Family Guy deal.

We make a pitch deck that is our concept for the game.

We go down to LA, we pitch it to them.

They love the concept that we come up with.

It's the exact game that everybody who loves the TV show Family Guy wants to see as a Family Guy mobile game.

The guys that meet us at Fox realize, wow, these guys are really passionate about Family Guy.

They have the right idea for what the game should be.

Should we bet on these guys?

And so we're competing directly with EA.

This had just done a deal with EA on The Simpsons and that's beginning to show that it's going to be successful.

So they're kind of the incumbent and the team that, team and company that Fox is leaning towards going with already, Zynga shows up and also wants to license the Family Guy game.

So we're kind of the smallest company of the three that's competing for it.

But we're the ones that need it the most and we're insatiable about making this happen.

So we pitch the idea to them, they love it.

We then go back to San Francisco and we say, okay, how do we get this deal?

We come up with all of the reasons for why EA is not the right partner for making the Family Guy game.

We send that to them and we say, let's do a call.

We want to talk to you about why we're the right partner and EA is not.

They read it and they start thinking, okay, wow, these guys are right.

There are some problems with EA being the company that we go with.

We then say, okay, that's good.

We're doing great, but that's not enough.

We didn't close the deal.

Let's do more.

So every day I would go to Andrew and say, what more can we do to get the deal done today?

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And he was like, there's no more.

I have nothing.

There's nothing we can come up with.

And I was like, no, we need to come up with something more.

Mark Andreessen is on our board.

So we call him up and say, hey, we need your help.

How do we get this deal done?

And he says, oh, coincidentally, I'm friends with this guy, Tom Rothman, who used to work at Fox.

Call him up.

We call Tom Rothman up.

Tom Rothman is this amazing Hollywood guy who's been making films for decades.

He's like, okay, coincidentally, the guy who is making this decision was my protege at Fox.

So let me call him and tell him that they should go with you.

I'm also going to call.

We asked Tom Rothman, can you join our board and call this guy?

Tom Rothman is an incredible human being where he just says, look, I'm happy to join your board, but let me call this guy first and see if it's going to make a difference.

He calls this guy and says, I love the TinyCo team.

I vouch for them.

I want you to go with them.

These guys are the best guys to make a family.

I'm a whole game.

Wow.

What a break.

Yeah.

Amazing moment that he does.

And I think so that's amazing.

But then I remember when you first told me the rough outline of this story, the thing I took from it was he came into the office every day and was like, how do we get this deal?

Do you ever want to kind of bet the farm on one partnership that's kind of unlikely to come through?

But you know, the situation called for it where you really didn't have another choice.

And I think that asking that question every day, you would have never got to that answer had you not just persistently, annoyingly and almost maniacally asked that question every day.

Is that right?

Yeah, absolutely.

We did all these things that nobody else in our position I think would have done.

And in fact, when we got the deal done with Fox, they said we had to give the deal to you because we were afraid of who else was going to call us if we didn't do the deal

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with you guys.

We were afraid of what else you might do next if we didn't give you the deal.

Gotcha.

So you end up getting the deal through Tom's nudge.

But this isn't all, you know, it's not rainbows and dolphins and sunshine here.

You had a problem that came up after this.

Tell the story about that problem because this is my favorite part.

This is when I scheduled this podcast, it was because of this story.

I think this is an incredible moment that that has inspired me and I think would inspire many other people.

But the only inspirational moments only come when you're really at rock bottom.

And so what happens after this, after you get the deal?

Yeah.

So, you know, we're really excited that we get the deal.

The company is still failing.

There's still no clear path to actually succeeding as a company.

When we sign the deal with Fox, we sign a deal that says that we're going to pay them \$10 million for the license and that we're going to pay them \$10 million within 30 days.

We have \$2 million in our bank account.

So the first thing we need to do is go convince somebody to give us the money to pay Fox.

We go to Silicon Valley Bank and say, hey, we're making this game.

We have all of these other games that are generating all of this revenue.

Will you give us a loan?

And through tremendous amounts of cajoling by us and by Mark Andreessen at Andreessen Horowitz, again, Mark really, Mark really comes through in making the family guy deal happen and he really comes through in getting SVB to step up and give us a loan.

So they give us a loan of about \$10 million.

We give \$10 million to Fox and we've got a couple of million dollars left to go make the game.

So that was our first major existential problem after signing the family guy game.

At the time, have about 160 people at the company and we realize that that's too many people for where our business is at.

We realize that we're not, we're going to run out of money unless we trim, unless we sort of decrease the size of the team and decrease our burn rate.

We realize that while we're doing the family guy deal, while we're trying to get that deal done and we also realize while we're trying to get the family guy deal done that we want to lay off significant portion of the company, but we can't do that until after the deal is signed by Fox.

So deal gets signed, we pay them \$10 million, then we say, okay, we need to take the team which is about 150, 160 people and trim that to about 90 people.

So I get up in front of the whole company one day and say, hey guys, today we're going to lay off about 80, 70 people.

And then we go through that process and it takes us the whole day, we take each person

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that we're going to lay off one at a time and talk to them and say, hey, here's, you're being laid off, here's what's happening, we're really sorry about this.

You know, that's a really unpleasant experience.

To this day, whenever I'm walking around San Francisco, I'll see somebody that I laid off on that day and you know, that person will not look, will pretend they don't see me or cross the street and not walk by me.

And you know, I totally understand that.

I think it's definitely a failing of mine to have gotten us to this point.

And so it's a reality that I sort of live with every day in a way.

So anyway, we lay off about 80 people that day, 70, 80 people.

Then we come back the next morning and say, okay guys, yesterday really sucked, but today is the beginning of a new era at TinyCo.

We're going to build this game.

This game is going to get 40 million downloads because of the Family Guy brand.

Here's all of the marketing ideas that we have that are free and that are going to get us to 40 million downloads.

We are going to focus on profitability and we're going to make this game be profitable and we're going to be profitable off of this game.

And it's going to take us about 10 to 12 months to finish making this game.

Each of you is necessary to finish making this game.

Please stay with the company and please help us.

Some people buy in to the vision and then what starts happening is every week we get somebody new coming into to me and saying, hey, I'm sorry, I've decided to leave the company.

I'm going to work on somewhere else.

And that was because Morale was down after the layoffs or they just didn't believe.

What was the core reason there?

Both those things.

So I think Morale was down.

People felt like this is a sinking ship.

I better get off of it immediately instead of waiting for it to completely go under.

And even this guy who was my right hand guy who led our product management team, Rajiv Nagpal was like, I don't believe in this strategy.

This isn't going to work.

I'm out.

I'm going to quit over this sort of at this time.

One of the, I love Marvel.

One of my favorite movies is Iron Man and in Iron Man, he's got sort of this artificial heart that's keeping him alive.

And I felt like during this whole time period, the only thing that was keeping the company alive was people seeing me in the office, people seeing the level of conviction that I had and that if my heart stopped beating for one beat, the company would die and everyone would quit and give up.

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Wow.

And so you put on a face every day and went in regardless of how you actually felt.

Yeah.

So no matter what level of conviction I actually had, which varied from moment to moment, I went in the office every day and said, we're going to win this battle.

This game is going to launch.

It's going to be successful and we're going to do this.

And so you fast forward, you guys built in the game, but you don't build the game in time.

What happens?

Yes.

We have \$2 million to finish making and launch the game.

Nine or 12 months have gone by and all that money is gone.

We've spent it building the game.

We were supposed to have launched the game by now, but it's not quite finished.

And funny things happen, start happening like creditors come to our office.

They'll be somebody that we're supposed to pay, but we don't have the money to pay them.

So they knock on the office and try to meet with me or somebody else and say, hey, Tiny Co has this unpaid bill of \$20,000.

You know, it's supposed to have been paid two months ago.

What's going on?

When are you going to pay me?

So that's also a really difficult period of time.

And you're just pretending not to be there or how are you dealing with this creditor at the door?

Yeah.

So we have this person named Susan Steele who's a steel willed.

That's where she got her name, I think.

She goes and sort of deals with all of that and creates this artificial brick wall.

And she does a really good job of figuring out which people do we need to pay right now?

Which ones can we sort of pay 30 days, 60 days, 90 days, 120 days from now?

So she really handles that for us, actually.

Gotcha.

And so you get to the end.

But I do remember one person quit and he quit because he was like, I'm quitting because I signed this contract that says we're going to pay them and you have not paid them and I don't want to be at this company anymore.

Right.

Fair.

Yeah.

And totally fair, legit thing to do.

The guys are really great, upstanding human being.

I really like him and I've worked with him since then.

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Yeah.

And this is the thing.

I mean, success is not always pretty, right?

There is not just difficulty, but there's just ugly patches where you do something wrong and then there's consequences of doing it wrong or you come short and now you don't have the money to pay the creditors.

And so this goes all the way to the end where you guys basically run out of money and they're not able to ship the game.

But what happens there?

What happened?

Yeah.

So we run out of money.

I tell Andreessen Horowitz and I tell Silicon Valley Bank and both of them are kind of like, look, we're not going to put any more money into this company.

And I say, okay, fine, totally understand it.

I get that I missed the deadline that I created for myself.

I had invested in this company called Mopub, started by this guy Jim Payne, and I'd invested \$100,000 into it.

It got acquired by Twitter and that \$100,000 turned into a million dollars.

So I said, okay, I just made this million dollars.

I'm going to go put that money into the company and that million dollars is going to be behind the \$10 million of debt that we've got from Silicon Valley Bank.

And Andreessen Horowitz also says, okay, for every dollar you're putting in, we're going to put in a dollar.

So they put a million dollars as well.

So now we've got two million dollars.

So you're putting your personal net worth basically into the company in a spot where it's behind all this other debt.

So at this time, do you think you'll ever see this money again?

Or what was the thought process?

Yeah.

My thought was this money is never coming back to me.

There's no way that we're going to be able to pay off Silicon Valley Bank and then be able to pay me off.

And financially, I felt like it was the wrong decision to make.

But emotionally, I just felt like I need to see this through.

I've come this far.

Just need to see if this game is successful when we launch it.

And I can't give up.

And if what it takes is me putting this money in and losing it to turn that card over and find out whether there's an ace in the hole or not, I've got to do it.

Unbelievable.

And so you do it, you put the money in, stomachs and knots, I'm assuming.

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And does the company even know that you're putting your own personal net worth into the company at this point?

Or is this sort of your secret?

Yeah.

So it's something I keep secret.

Only me and Susan Steele know and our investors in Silicon Valley Bank know.

The last thing you want to do is tell your team that, OK, we ran out of money yesterday.

There's nobody backing us except for me.

That's not a good thing to tell anybody, so I keep that to myself.

Gotcha.

OK, so you end up shipping the game off this sort of bridge.

That gives you how many months?

That gives us the time that we need, maybe another 60 days or so or 90 days to finish.

So we launch it and our goal was to get the top spot in the app store featuring.

We spent sort of six months talking to Apple and wooing them and telling them about how great the game was and all of the marketing that we were doing to support it.

Fox does ads on television.

Andrew Green and Mike Sandwick come up with this great marketing strategy where we have an event in LA that all these press show up to that get everyone who's a Family Guy fan to be amped up about it.

So I come into the office the day that we launch the game.

We see that the apps are featuring is bad and I think, oh, fuck, this company just died.

What do you mean it's bad?

What's bad?

It's not there or it's just not compelling?

We expect that the featuring is going to drive tens of millions of downloads over the next seven days and the featuring spot that Apple gives us is bad, so it's not going to do that.

So I come into the office, see that and say, OK, this company, it's over.

This is not going to work.

And I leave the office at noon when I see this featuring.

And we just launched the game.

And where did you go?

I just went home and watched Netflix for two hours and fell asleep because I was so tired.

And I was just like, OK, I got to move on with the rest of my life.

This chapter is over and the bet that we made failed.

So I fall asleep.

I wake up the next day.

I immediately go to look at our stats and I'm like, oh, we just generated \$400,000 in revenue yesterday.

So this is working.

Holy fuck.

This is actually working.

We're winning.

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I run to the office and like rally the team and say, wow, this is working.

We did it, guys.

And it's just an amazing moment of joy and pride for the whole team.

So many people work so hard.

And I was really glad to see it work.

Amazing.

And so that game takes off.

You guys have since gone on to build the Family Guy games, the Harry Potter games.

I mean, that's incredible.

You got the license to that, that huge franchise.

And so where did the company go from there?

Just kind of get to the sort of the end of the Tiny Co. chapter for you.

Yeah.

So the day we launched the Family Guy game, it's about 75 people.

We grew up the team to about 150 people.

We launched a Marvel game.

We signed a Harry Potter deal and we're working on a Harry Potter game.

The Family Guy game goes on to do more than 150, maybe 200 million in revenue at this point.

We get an offer to buy the business.

We hire an investment banker, this guy named Dick, Philippine, who helps us get a couple more offers.

We sell the business.

The year that we sell, we do.

We're doing about 85 million in revenue, 15 million in EBITDA, about 150 people at the time.

Amazing.

And so you sell Tiny Co. and you've since gone on to do a couple other interesting things.

My brother started a company called Native, Native Deodorant.

It's an all-natural deodorant that started in a bedroom and is now sold in Target.

It was bought by Procter and Gamble.

And so I want to get your take on, I guess, like how do you even think of your own story since Tiny Co.

Like what jumps out to you as the highlights of what you've been up to since then and we'll get into where you want to go from here?

Yeah.

I think one of the highlights is definitely working with my brother on Native.

So we are living together at the time and what he does is he goes and buys deodorant from Etsy and we test it at home.

So we put some of the deodorant that we bought from Etsy under each of our armpits.

We go run a mile and then we sniff each other's armpit to see is this deodorant actually good?

Highly scientific.

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It's totally unscientific but also very effective.

And we eliminate all these terrible deodorants from Etsy that are not effective and we find one that works and he takes that and brands it Native and starts marketing it.

Over time he changes the formula and makes the product better and better.

Did you think it would be big at that time or are you just happy to run a mile and be a guinea pig with different deodorants under your armpits?

Or did you see like, yeah, this is going to be, it's going to end up being huge because I remember when you first told me about it, it sounded like a cute business.

It sounded cool, niche, but didn't really get a sense that it would get to the size that it did.

And eventually Procter & Gamble sees this as something that it has to buy in a sort of nine-figure transaction.

I mean, that's not, that wasn't obvious at the beginning.

Yeah, definitely not obvious at the beginning that you can build a meaningful business selling \$12 deodorant over the internet.

Like I think my brother had the faith.

I didn't have the faith in the business but I had the faith in him.

And I'd say the, the sort of greatest joy of my career has been, you know, working with him and seeing him succeed and helping native succeed.

One of the weird things I find about working is I remember when I was graduating, I was like, you know, I want to be rich, I want to be successful.

And over time it's been really surprising to me how much more joy and pride I take when other people are successful and when other people's careers sort of leapfrog because they worked at TinyCo or at Native or anything that I've worked on.

So yeah, I think that it was really great to work with him on Native and really he started the business and ran it.

I provided some advice, brotherly advice and helped him sell the business.

Love it.

And so, and then you kind of went back to the old formula.

You went back to your parents' house just to visit, got bored, spun up a new business.

I know we can't talk too much about it because it's in stealth mode right now.

Normally stealth mode is like a pretty, like a lame thing.

When most people come to me with a stealth idea, they're afraid to even talk about it because they don't even know what they're doing.

They're so insecure about it that they don't want to talk about it and they really haven't done anything yet.

But this is different.

This is the company's up and running, it's generating a ton of revenue.

You're keeping it quiet.

Totally respect that.

We won't go into what it is and how it works maybe for the future podcast when you come back and tell the story of what's going on here.

But you did go back to that formula.

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So I want to take the last 10 minutes here and do rapid fire questions.

So first thing that comes to mind, first answer is the best answer, a couple of random off-the-wall questions.

So let's take a little sip of water, get to the rapid fire.

So if you were 21 years old today, same you, but you just graduated today from college, what do you think you'd work on?

So I think that I would work on something in the biology space, genetics or bioengineering.

I think in the last 20 years what we've seen is the internet revolution, the computer revolution, the mobile phone revolution.

I think the next 20 years is going to be about hacking our bodies, hacking genetics, being able to sort of design babies before they're born, eliminate disease at the genetic level, that kind of thing.

You've heard the Peter Till question of what's something that you believe to be true that few others would agree with you on.

One of the things I believe is that engineering is becoming a commodity in Silicon Valley and that the next generation of entrepreneurs are going to be not necessarily technical, but people who are more well-rounded in their skill set.

If you could buy a billboard on the 101 here in San Francisco and you've got tens of thousands of people who are driving by it every day, it's just a blank billboard and you could write any one message that a whole bunch of people would see every day, what would you write on that billboard?

I think it's two things.

One, for people who don't live in Silicon Valley and have never lived in Silicon Valley, I would say move to Silicon Valley, it will improve your life and you'll be better off 10 years from now because I think the culture of Silicon Valley is really positive in making you realize that you can will your hands and mind into making things that matter in the world and that anybody can do it with any skill set, any experience.

Everybody in Silicon Valley treats everyone else like they could be the next Mark Zuckerberg and I really like living in a place where you're almost afraid to be mean to somebody because they could end up being successful and powerful.

Here it doesn't matter what your last name is, doesn't matter your age, doesn't matter your resume, doesn't matter your school, you went to everybody.

You see somebody with a hoodie on and a bag, a hoodie and flip flops and sort of hear the default assumption is that that might be the next sec and so you don't sort of judge the book by their cover.

You wait to see what are they working on, what are their ideas and what are they capable of.

My last one is something that I believe is an important question everybody should ask themselves.

The question is what's something that comes easily to you that you see is quite difficult for others.

I say this is an important question while you think of your answer because for most people we spend a lot of time doing things that we're really bad at trying to get better at them

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because we think that that's what will improve things but often it's better to figure out what's something that comes really easy to you, something you're really good at or you don't mind doing that other people seem to mind doing or other people really struggle with because that can be sort of the foundation that you use so I'm curious for you what's something that comes easily to you that you notice does not come so easily to others.

I think it's faith.

I think that a lot of people, I sort of just believe that whatever I'm working on is going to succeed over time and I think I see a lot of people that kind of lose faith in what they're working on too quickly or they'll have faith or lose faith on a regular basis so I think for me it's having faith and having a sense of urgency like I wake up every day and run to the office and say you know how can we win today what do we need to do to win today.

Those two things just come really easily.

And do you have the opposite something that you noticed comes easily to others but you find really difficult for yourself to be able to do?

Discipline for other people it seems to me like they can be really disciplined about their schedule and time in like it's my goal to work out every day and I probably work out about 50% of days at best and other people will say I need to work out every day and they'll just be able to do it.

Nice.

And last question, when's our next workout?

Let's go right after this.

Okay.

Fantastic.

All right.

Silly it's been amazing having you here.

I knew you'd be an awesome guest for the podcast even though you don't like to do podcasts you don't like to talk too much about yourself but I think this is an episode I would have wanted to listen to.

So I thank you for coming.

My pleasure.

I think you're going to do a great job.

I'm so excited to see who else you have on the podcast.