

[Transcript] My First Million / #112 - Why Buying Businesses Is Better Than Starting Them and The Mad Genius of Kanye West

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.

I imagine you're not going to say anything negative about Twitch, but is there anything about a big company that you're learning throughout this that I can learn from you?

Be more specific.

What are you curious about?

In the last three months, what is your number one takeaway about big companies that you like, and what is it about you don't like?

What I like is that the rich get richer, so when you're already the market leader or you're the biggest company in a space, all the gains, like if the whole industry grows, you grow the most.

That's been very true for Twitch, but I think it's just generally speaking, like Twitch is the biggest marketplace of its kind.

There are competitors, but when the whole market is growing, like right now gaming is getting more and more popular, maybe it's because of shelter in place.

People have more time on their hands.

It's growing like crazy, and the people inside the company have to do nothing in order to make that growth happen.

All we have to do is walk out of the house with a big pot and just catch the rain of growth.

I think that's really cool is that big companies, when things go well, they get to eat up a whole bunch more share more than it and probably create enough value like a whole nother startup that goes from \$0 to \$1 billion.

I think Twitch...

But isn't that the same with a small company?

Basically, you're just saying like catching a tide of wave is good.

I'm saying when growth happens in a market, people flock to the leader, they just go to the top of the mind brand.

The small companies in our space are not growing at the same rate we're growing.

We are the biggest and growing the fastest, which is usually not the case.

Usually the big company is big, but they don't grow at the fastest rate because it's hard to grow on a big number.

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But when there's a big wave, the recognizable brands do the best.

I think this happened for Calm also in the meditation space.

As meditation got hot, Calm and Headspace were the two brands that people knew about.

They had good names and they were featured in the App Store, they were the top two ranks in the App Store.

They just got a shit ton of growth because of that, because the rich get richer in many ways.

The leaders grow the fastest.

I think that's pretty cool.

That's a cool thing about being at a big company and seeing what that's like.

The realization I had today because I was in a meeting and there's a lot of times when you're in a startup and it's easy to think, oh my God, Google is going to just throw a thousand people at this or Facebook probably has 50 engineers working on this.

Or even if you're not so engineering heavy, just the general idea that a big company can squash you.

They could do this better.

They have more resources.

They have more footprint.

They have just more people to throw at the problem.

Then when you're in a big company, you see how much, first people in a big company work eight hours a day, no more.

Or less.

Yeah.

Or less.

Yeah.

But generally, for sure not more.

I would say in a startup, I used to work 14 hours a day.

Already that's almost a double day every day compared to what you get out of a big company.

The second thing is in a big company, I don't know if it's just me, but I would estimate somewhere between 30% to 60% of all your work hours are in meetings about other things other than the problem you're trying to solve.

So it might be like we're doing talent reviews about promotions.

Cool.

That's important.

You got to do it for your organization to work, but you're not.

If you're just a startup thinking about how do I build this product that just makes this one thing really great, how do I solve this problem better?

How do we make our app better?

All you're doing is basically coding, or in your case, maybe it's creating content.

But for most software startups, it's like you're just coding and you're talking to users and you're looking at the data.

And in a big company, there's all these other things.

There's all hands you have to attend, and then there's this 4pm team building exercise

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that the whole company is doing because we're all remote and they want to make sure everybody's happy.

And so we're all going to do this goofy fashion show from at home, and there's all these cool things that I could see why they're useful, but if you just think about it, a lot of hours are not going towards the A plus problem.

And so that's refreshing to me about the startups where it's like, yeah, they have 50 people, but their motivation is 25% of what yours is as a startup because you are trying to make your shares valuable and you're on a mission to do this.

Also you're working double the hours per day.

Also all of your hours are going towards making this product, and in a big company, I would say half of the hours at least, are going towards inter-company functioning, just cooperation and collaboration.

This is something, so we're having to re-record the course that I did and I just did it, and he was asking something about competition, and I was like, I don't think you really need to worry mostly about the big companies because smaller companies have two things that are actually the two most important things, but those are two things that they have which is focus and speed.

And I'm like, it's not resources.

In fact, when it comes to competition, I think you're more often to die from suicide than you are from homicide.

Yeah.

I always used to say it's starvation that you die from and not murder, and starvation being you didn't get enough customers.

And so really you should just be focusing on that, and why didn't you get enough customers?

It's not because all the customers went to Facebook or Google, it's because the customers didn't know about you, didn't care about you, or tried you and you sucked.

Focus on that and not the like, what if we get beat either by other startups or by big companies?

Now, of course, it does happen sometimes, but majority of deaths, starvation or suicide not homicide, I like that, that's better.

Last question about this, which is about just in terms of building a great company and also building like doing wealth creation, it sounds like what you're saying is like, man, really just like finding that right market is incredibly important.

I mean, is that what you're?

Is that right?

Yeah.

No, you obviously find the great market and then like great execution to get to capture the market and to become the leader of the market.

I think those are both critical, but what I'm saying after that is, you know, to your point there, there's no substitute for a great market.

Like there's, there's great Mark Andreessen blog post you should go read or anyone I love that one, which is basically what's more important team product or market.

And it's like, you have the Apple purists who are like product, it's all about product.

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And then you have the, you know, kind of like founder, you know, oh, it's all, it is a people business.

You're betting on people and they have to make the product.

They have to make the market.

They have to find the market.

And that's true to an extent, but Mark Andreessen like kind of says something I think at the time was a little controversial, a little non consensus.

I think most people would have said people, some people would have said product.

And I think the least would have said market, but he, he said, I think the market is most important and you know, it's like the Buffett quote, a great entrepreneur goes into a shitty business.

The business keeps its reputation.

And so, you know, great people can't fix a shitty market, but a great market, even just average people can do well.

And so I, I've seen that, you know, play out in my life as well, where you get into the right market and then you're just surfing a wave.

And then there's other times where you're, you're in a market that sucks or it's dead or, you know, you thought it was taught the time was now, but the time was not now.

You're sitting there trying to create a wave and creating a wave in the ocean is just so hard to do.

It's much better to get out there and surf existing waves.

Yeah.

I like that.

I also like one thing I'm envious about with Twitch and some other software companies is

I wish I didn't have to make my product.

Like we had to record this podcast every two days.

Yes.

I wish, I wish they would just work all the time.

And it does.

You know what I mean?

Like our back catalog gets listens every day.

It's not like, it's not like it only is when we record, but we have to keep recreating a new product every week, twice a week.

And you know, for the hustle, you guys got to create new content all the fucking time.

And that's why software businesses are beautiful and media businesses are less beautiful in that same sense.

Right.

Like in fact, if you had media businesses without the advantage of today's software, media businesses would totally suck.

That's like kind of the use to suck.

And so you're lucky that, you know, you get to surf off of free distribution over email instantaneous to everybody's inbox overnight.

In addition, you can research using all these tools.

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And so a few people can create amazing content.

Sure.

You know, there's all these amazing advantages to software, but you know, that's obvious.

So it's not really even worth going too much into.

Well, enough bitching about my problems.

You want to talk about, we have a pretty interesting list here.

I have a question for you and we can edit this out if you don't want to talk about it.

But I saw that Adam is no longer at the hustle and he's doing his own thing.

I don't know what that is.

And I was, you know, kind of surprised about that.

And I don't know how much you could say.

Feel free to just be like, I can't talk about any of it, but yeah, I kind of wanted to just hear like from your POV, your owner of a business.

You have a president.

He did a great job for many years.

He decides to move on.

Totally fair.

But like, what's, what's that mean in your world and how are you handling it?

Yeah.

He went and worked for this guy, he started this company and sold it.

He basically like funds and starts companies and then like hires someone to help them start it.

And that's what he did.

And Adam was always passionate about education.

And so he was like, look, I want to, I hired him as like the eighth employee, I forget.

And he's like, this, this case, he'll be the first employee of this company.

So he wanted to try it.

It's almost like a, he told me it was Zoom for education, which frankly, I don't understand because

Zoom is Zoom for education.

That's Zoom.

But whatever.

No, I could totally see that why, you know, today Zoom is not built for education, so, but it's used for it.

So if you, maybe there's certain things you could build that would make it better.

Yeah.

I just, yeah, it might work.

I just don't want to compete against Zoom.

I don't want to compete against Zoom.

Like there's like a couple of, we just talked about competition.

There's a couple of companies where like it matters if you are the big dog and like anything that involves network effects is one of them.

And that's Zoom and Twitch.

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And so anyway, he went and started and how does it feel?

It was a bummer at first, but it was a blessing in disguise.

Not at all a disparagement on anyone, but I'm actually looking for like a CEO type.

And the amount that I'm changed my opinion, I talked to Andrew Wilkinson and he's helping me hire this and he was like, no dude, screw that whole, like they work hard and they'll figure it out.

Like I only want people who have been there done that.

And I have found a ton of been there done that and it's freaking awesome.

Like I'm meeting these people and I've met with a bunch of them and it's been amazing.

And so, yeah, it was sad, but no big deal.

I did a good job of automating stuff and I did a good job of automating stuff.

So we just were able to like throw someone into the mix, but I'm also, it gives me an opportunity to hire people who have been there done that and I like that.

Right.

Okay.

Cool.

Yeah.

I was curious.

That's great.

So let's, let's go to some ideas.

I just opened up the sheet and I see some juicy ones.

Did you see this Kanye West tweet about?

No.

Now you didn't see it?

Okay.

So Kanye West basically tweeted out yesterday like basically I'm going to create, you know, I want to create Y Combinator for music.

So like the record industry has historically had like very predatory kind of bad deals for musicians and artists and it's just not right.

Like the system is screwed up and the people who kind of do all the work and create all the value, the creatives don't go on to, to sort of own their stuff and build big, big enterprises off this because the way the industry set up, it goes in Silicon Valley, Y Combinator helped create like kind of like a standard system for the up and comer where it's like a standard document for how we invest, standard terms for how we invest, very open and transparent, not like screen it up.

Obviously he didn't say all this in his tweet.

He just said, we should create a Y Combinator for music.

And so what do you think of this idea?

And also what do you just think of Kanye West tweeting this?

I'm going to pull this up.

Is it literally just we should create a Y Combinator for music?

I think it's like there needs to be.

I don't remember the exact phrasing of the quote, but I think that's cool.

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But first, okay, so Kanye is crazy.

So wait, there's like also him like signing a, he's like tweeting out the contracts that he signed.

That's like his whole Def Jam contract.

He took screenshots and he tweeted out the entire thing.

Oh my God, like he tweeted out like pay, like it looks like it's 40 or 50 pages like Twitter.

I checked Twitter 10 times and I didn't see any of this.

Come on Twitter.

Show me Kanye West peeing on his Grammy and also like him tweeting out his entire contract.

How did I miss this?

But like, that's what happens on Twitter.

You miss all the good stuff, dude.

I'm wrong.

This is like a hundred pages.

Yeah.

He just tweeted out the entire thing.

Dude, he should have used like script or something, but whatever.

He goes, he said this moment is going to change the music industry for good.

I feel so humble and blessed that guys put me in a strong position to do this.

And then he tweeted out page for page, his entire document, crazy, awesome.

And I see what you're talking about.

Um, okay.

So what do I think?

Great idea.

I actually think this is a great idea.

So Lou Pearl, you know Lou Pearl?

No.

So he, Lou Pearlman, sorry.

He, I mean, isn't that what he did?

Basically like what they did was, I mean, this is how boy bands came to be Lou Pearlman.

He was a, he's dead now, but he basically was always kind of a scam artist.

He started a, um, if I remember correctly, a hot air balloon business that he like scammed people out of or not.

It was like hot air bloom and like blimps, like whatever he started and kind of scammed it.

And then he had this weird idea to start a boy band.

And so he went and he interviewed all these kids, which sounds creepy, but I don't think it was creepy.

And he interviewed all these kids and he's like formed this boy band and he called it in sync.

So this like model works.

Another example is, um, there's this, uh, you're a Korean entrepreneur, uh, who started, um, let me pull it up, but you know what BTS is?

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Yeah.

They're like the new hottest boy, you know, hottest band, is it a boy band?

It is boys, right?

They're boys, they're boys, but they, it's hard to tell sometimes they're boys.

Um, but it's called a big hit entertainment.

It was started by this awesome entrepreneur who was like a tech guy and he got into it and he did the same thing.

And they just went and ran it like a tech company and they went and found talent.

Like they went and like recruited talent and they created BTS.

It was like a, they had like auditions.

And so in a sense that's kind of like what Kanye's doing, not exactly, but I think it's a great idea.

And, um, didn't puff daddy do this with bad boy records too, like where he had that TV show making the band.

Yeah.

Yeah.

He did that too.

Yeah.

I like that.

Chopper.

Chopper.

Um, this, uh, and Dylon, Dylon, four people listening to this that also watched that show and remember Chopper and Dylon is like, I need you to go to Brooklyn and get me some Cambodian milk.

Yeah.

I know.

I know all this.

Um, and anyway, long story short, I'm totally into it.

I think it's a cool idea.

I don't know how they make money.

I don't even know how artists make money anymore, but it seems like this is like a thing already.

No.

Okay.

I'm going to give you a minute and tell you a little bit about this week's sponsor, lemon.io.

Lemon is the perfect solution.

If you are a technical co-founder, maybe you just need to delegate some of the work because you got too much on your plate, um, or you're doing a project that needs a specific technology and you don't have that skill set in your team and you can either try to learn it and which will take months or hire somebody, which will take, you know, six weeks to find somebody. You just want to have somebody, you know, yesterday or you're just growing super fast and your company needs to add developers quick lemon.io is a perfect place to find vetted remote developers in Eastern Europe.

They test and interview every developer, which eliminates the risk of a failed project and

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there's a zero risk replacement guarantee.

So they'll match you with somebody within 24 hours and if it doesn't work out, it's on them.

So go to, go to lemon.io.

And if you want a 15% discount for your first six weeks of development, any MFM fan that's my first million fan can claim this 15% discount, go to lemon.io slash MFM as in my first million. So lemon.io slash MFM to claim the offer 15% discount for six weeks.

That's not bad.

That's a big chunk of change.

They are much cheaper to use than hiring engineers with other outsourcing, even, even more than other outsourcing platforms like TopTal and others.

So check them out.

Lemon.io.

Back to this week's episode.

Well, I think, yeah, people made other labels, they made their own labels, but I don't think that they have the sort of, um, here's, here's the example.

I talked to a founder yesterday, founder is based in LA, built a business in the last couple of years that was doing, let's say 30 million plus in revenue.

And a lot of the deals that they were doing were, were deals that you had to partner with influencers, celebrities as big as like Kardashian level celebrities.

And what he was saying was he was like, look, influencers are super powerful.

And that's kind of the amazing part.

On the other hand, he's like, you know, in Silicon Valley, there's just kind of like, you don't have to worry about getting stabbed in the back constantly when you like raise money for your company.

Like all the firms kind of use the same like terms, they use, uh, the same structures.

There's like kind of a well-known glossary of like what, what is a safe note and what, and what is a priced round and how much approximately does the, does the firm get versus the founders

in each round?

Um, and generally, you know, founder friendly is like a thing.

And yeah, we kind of talk about it a lot, but, but I would say in general, the, the industry skews towards not trying to just like be really predatory towards, you know, the next 25 year old entrepreneur.

And, and so, you know, I think he was like, it's the exact opposite in LA.

He's like, everybody we deal with, they have their own fucking contract template that's totally different than anybody else with a bunch of shady terms.

And everybody has like four managers that do nothing.

And it's like, this guy says he owns half of the, you know, this is like his childhood friend and he gets half for some reason and he's not doing anything.

And he's like, there's just so much like just cruft built up into the system and so much sort of shadiness in the deal making that, um, it makes it very hard to do business.

Business is hard because you're constantly looking out for landmines, whereas in Silicon

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Valley, like I signed an investment check today, didn't even read the contract really because it's the standard YC safe that I've read a million times and I don't really even need to check.

And, um, because of that business can move quickly and swiftly and, and the, the incentives are fair.

It's fair deals for the most part.

Um, that's an interesting, um, compared to like in the music industry.

You don't own your shit.

You can die and, or you could be like, I, I wrote this song, I sang this song and then scooter bronze like, yeah, but that's my fucking song.

You don't own that song.

That's my song.

Actually.

And you're like, but what do you mean?

I, I wrote it.

I recorded it.

I created it.

I performed it on tour.

And he's like, yeah, yeah, but like also in your contract, everything you make is mine and I decide if it goes on the radio or not.

I decide if it's an iTunes or Spotify, you pretty much have no say.

Well, I think that there's part of me is like, well, okay.

Yes.

But there's no opportunity here.

The only opportunity is like those establishments, just you need to die.

Like they're like, like a record label doesn't really have much of a need.

It seems at the, at the moment, you know, like, right, but no reason why anyone should own anything other than the, but, but I think if Kanye West literally did this, right?

So he was talking about, you know, some people who would partner with that.

I don't think I don't take Kanye West seriously, but if he really was like, look, every up and coming artist don't sign with a record label, come to our, come to the incubator first, we're going to take a tiny fraction and you're going to own your own shit.

And we're going to try to blow you up because today we don't need to put the same amount of money and resources into each creative talent as the record labels did before.

Because today you're able to distribute through YouTube and Spotify and you get famous through your own social media.

You don't get famous because some record label has a deal with radio stations and that's how you get on the air.

That's how you get to know the best example of this.

Who have you been following what in anyone listening?

We have a, this audience of ours, I don't know if we're TikTok fans, but have you seen what these TikTok kids are doing?

How they have like, they create these houses.

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Yes.

Oh my God, that's brilliant.

I talked to a guy that has one and it is so golden and what you're describing is almost like that.

It is a great, great concept.

They also do it for YouTube.

So that Logan Paul or Jake Paul kid had one like the team 10 or team 10.

I love those kinds.

There's a listener to the podcast.

He was reached out to me.

He runs the biggest, um, TikTok house in Ireland.

He just started it and they basically put in a bunch of people who have tens of millions of followers and he's like, wait, is this, is this named Tim?

Maybe.

I don't know.

He's been emailing me.

I don't remember his name off the top of my head.

Black guy or white guy?

Never about him.

Just email.

Okay.

I know because a guy reached out to me too.

It can't be two.

So if it's Ireland and it's a TikTok hype house, then he's, he's in, this guy's in UK, but maybe he has one in Ireland.

I don't know.

Anyways, they're doing it and I've been following along the progress.

He emails me updates every once in a while and it's great.

I think this is awesome.

It's an awesome thing to do for kind of like, if you're young and you're in that scene, this is just a great adventure to go on.

It's hard to like ultimately make a lot of money doing it and you end up getting squeezed in all these different directions, but, um, but it's definitely cool and it's definitely where the influence is.

But anyways, my point is it kind of was to actually wanted to create YC from music.

I think that would be super interesting.

I think he has enough pull to bring in for top talent to want to come to his thing and want the freedom and not be owned by the labels.

And you know, they literally could change it.

Now I don't think he has the focus or execution to actually go do this, but I think that would be pretty awesome if he tried.

I mean, um, let's talk about domain names.

Yeah.

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You put this on there.

Yeah.

Um, and what I, my opinion, so, okay, so you said something that I say on a regular basis.

You said a great, uh, a great domain can make you.

So here's what I always say.

I go, uh, the domain name will never break you, but it could make you.

Absolutely.

That's absolutely right.

I saw, it will never hurt you.

Yes.

I saw some name yesterday.

I don't remember what it was.

It was like, it was like, oh, Vogel with a number in between some of those letters.

And it was like, you know, some billion dollar company.

I was like, wow, you know, I would have never even invested this just off the hideousness of this name.

Uh, you can, you can make it despite your name, but sometimes a name can really just like define you.

I forgot.

Have you ever watched, by the way, this is so total tangent.

Have you ever watched the documentary Wiener for Anthony Wiener?

No, no, dude, dude, who you have to watch this documentary, pick up his dick and like send it to, uh, send it to like you must watch this documentary.

It's insane.

Um, this guy, well, that guy's a fucking idiot, right?

Didn't he like do the same thing over and over and over again?

Yes.

He was recording a documentary because he wanted to like become president eventually and he was like, oh, and so, and they caught this live.

This all happened, the crisis all happened live while it was recording.

So it's like one of these amazing things and then you see him just fucking up regularly, but the cameras never stopped.

And so the documentary is dope.

And the first screen of the documentary is some quote from, I don't know, whatever I'm going to butcher it, but it's like, you know, a name, you know, sometimes a name can define us or a name, a name destines us to whatever.

And then it's like Anthony Wiener.

So I sort of think the same thing about startups sometimes where two examples.

So the first is a company I mentioned a lot on here, which is calm.

So calm, I think is a great app and a great brand.

And Alex originally got the domain calm.com very early on and he had the domain.

And you know, before the app blew up and, and you know, even domains don't even matter so much anymore when you're just an app, but calm.com was such a catchy thing that I think

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he had to go pursue this company.

It like gave him the juice to like, yeah, I can build an epic brand.

I could build a great company.

What a name.

And it kind of like, it almost pot commits you to a, to a venture because it's like, the name is so good, you almost have to give it a shot.

And an example of this I saw recently was this guy's building this thing and it's text.com.

So TXTS text, like text messaging, text.com with an S at the end.

So text, text.com.

So I was like, how the fuck did this guy get this domain and I went to it and it's like, it's this idea that a lot of people talk about, which is like, oh, I have all my mess.

I have some messages in WhatsApp, some on iMessage, some on Facebook Messenger, some on Instagram, DMs.

God it's so annoying.

I wish there was just one inbox to just do all my messaging.

And that's what he's built.

And normally I'd be like, okay, whatever, that's just like kind of, I don't know how I feel about that product.

I don't know if it can last.

It's a lot of platform dependency.

But this name really does make it pop.

It makes people want it because the name is like so sexy.

And so he has this like multi-thousand person waitlist just off the sort of the name and the promise.

And I started using it and the app's actually pretty dope.

But I just think a domain name can make you and it's not that it makes you successful.

What I mean by it is it makes you pursue this like pure vision, this like dream.

And you kind of stay committed because the name is so fucking good.

What do you think of this theory?

So I think that for a minute, I thought you were right.

I was like, yeah, calm.

It's pretty amazing.

But text.com, that looks so stupid.

The idea is stupid.

I think it's a great idea, but not a venture funded thing.

I mean, I don't know.

Would you invest in that thing?

If I just see something with a small idea like that in my head, I'm like, oh, that's going to be so hard to do.

Yeah.

Like I think that, like I thought about it because I like the guy a lot.

He's like a hacker kind of like, you could tell these guys like a whiz engineer based on his background.

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And then I like the domain.
And I think it's a real problem that people have.
People do have all their shit like all over the place.
And if they just had one one inbox where they could do all their messaging, that would be, I think, great.
I wouldn't invest in it because I think every one of these platforms holds your kill switch.
And no matter how great of a product you do, in fact, the better you do, the faster you grow, the more Facebook's going to wake up one day and be like, you know what, I don't like that this other, everyone's using this other client to do their messaging.
So no more access.
And so that's why I wouldn't invest.
But and I asked the guy, I was like, how are you going to get around this?
And he was like, you know, it's a good question.
It's going to be hard.
And I don't have a great strategy, but like, you know, I just think this is a great product that people need.
And he's right.
And that in one sense, but it's makes it hard to.
So I think that, yeah, I wouldn't say make you, but I would say help you.
And I also would say, well, I hate when people say, uh, the domain's available.
I'm like, oh my God, dude, who cares?
Like that is so not important.
Just do it anyway.
And you could acquire it at another point or so, um, I hate doing you think thinking about that as an excuse, but I would say I agree with you.
Com is particularly special text is a little weird, like, okay, there's another one that's popular right now.
Fast.
So fast.
I don't know if they're fast.
I don't know, but, um, the name fast and they got the, the Twitter handle for at fast.
And all their marketing is on Twitter, um, like they're built, basically built their entire kind of hype engine, just talking on Twitter and having the domain, the handle at fast, I think has helped them.
Um, did you think that was, do you think that's going to be a good thing?
I don't think so because I think that they're just way too focused on hype.
And I tend to be very, very skeptical of companies that build themselves that way.
And that get really excited about, I'll tell you what was the red flag of this one for me.
They like have this name for like new employees called fast or knots.
And they have like a whole bunch of swag in their store for their hoodies or fast hoodies.
And you know, they talk about their like culture and all this shit all the time.
And I'm like, you haven't launched.

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Why do you even have culture?
Why do you have a onboarding program?
Why do you have so many employees?
Why do you have any of this?
Like where is your product?
And they also were always talking about, oh, running a scaling test today.
We can handle this many requests per second.
And it's like, yeah, but that would require customers.
And again, you haven't launched.
So they're building it in a way that is anti what I believe you should focus on when you build a startup.
So because of that, I think that they're going to struggle.
I think the idea itself is actually pretty fucking great, which is one click, check out across the web.
I think that's a really solid idea.
What do you think about, there was another one of these.
It was like, what was that guy?
What's named biology?
He had a sick domain name for his old thing.
It was like coin.com.
Yeah.
He had 21.co and then he had earn.com.
Earn.com.
So when it involves a little bit more, when it involves things kind of like that, I'm totally into like money related, like anything where there's a transaction versus just a landing page.
Do you know what I mean?
Yeah.
Does that make sense?
I think that domain is important with calm.
There's a small, there is a transaction.
Like you're buying something.
I think that's cool.
But if you're just like, it's just a landing page, I don't think it's that important.
Yeah.
I also don't think it's super important, but I think it is a nice turbo when you can get it.
And I think most people put very little thought into their name and they just go with kind of what's available.
And that's fine.
It's good to not hold yourself up, but man, when you get the right name onto a product that has legs, it really is a turbo.
You know, it's 338 and where I am in New York.

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What's that company?

Snowflake went public like two or three hours ago.

I tried, I never, I don't buy any stocks other than S&P 500 and Facebook and I tried buying this one.

I was like, huh, I'll put an order in for 125.

I was like, that's a lot.

Today hit a high of 319.

Now it's at like 250 or 280.

What is going on with Snowflake, what's it called Snowflake, the worst goddamn name on Earth?

Snowflake's not a bad name.

Dude, it means like, it's like a Trump thing, like what are you, a Snowflake, like a bunch of Snowflakes.

It's for cloud data warehousing.

I don't think they care about what the social justice warriors get labeled as.

What do I think of that?

Or what do I think of the IPO, like, and buying that?

Well, do you want to hear the story about this company?

So basically, I was researching this.

It's crazy.

But first of all, this company, it's only eight years old.

And it's worth \$50 billion, right, as of now, or 60 or some crazy stupid number.

And the way it started was these three guys, or four guys, worked at Oracle, I'm looking at them now.

And they threw together this technology because they're definitely like geniuses.

I mean, it's a very complicated, complex data warehousing, which is, I think, very, very challenging.

But they raise a little bit of money, and they get this thing going, and they let one of their CEO, or they hire a CEO, so these guys are probably old nerds.

They hired a CEO who is from the venture capital firm, and they hit like \$10 million in revenue in the first year of sales, and then like 30, and then 40, and like crazy out the gate, making money.

And it's three guys, they were never, they never had, they were always hiring a CEO.

Then last year, basically, the team, like this was like a company run by committee at this point.

Like it was never, it doesn't seem like it was ever like, I'm so familiar with that.

What I understand, it was actually incubated almost like at an EIR program.

It was incubated in the VC firm itself.

So they didn't just hire a VC guy as a CEO.

The VC firm itself incubated this idea with these four guys, and one of the partners was CEO number one, and then they've since had four CEOs, and as it's continued to grow.

But because of that, this VC firm, Sutter Hill, or whatever it's called, Sutter Hill has this like insane return on this because they were literally the co-founder of the

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company.

And so now it's, you know, \$50 billion.

It's crazy.

That's going to be like a 10 to \$20 billion return or something insane.

And then what they did was, basically in 2019, they go, okay, current CEO, you're out, and they hired this guy, Sluteman, Frank Sluteman, who's taken all these things public, and he comes in like a general.

I've heard him talk.

He's like an army general.

He was like, we don't have time for your bullshit emotions.

He goes, like, we don't care about this.

We don't care about that.

Like, which attracts his tight bay personality employee, and he just crushes this.

This is just like, in terms of execution, the way that these guys did this, it's so crazy.

It is so crazy.

It's totally atypical and like very different.

And I think that's, somebody was saying that about one of the other topics on here, which is open door.

Open door is looking to use a spack to go public.

And open door.

They already did, I think.

For those who don't know, open door, basically, they were like, okay, home sales is a huge market.

And today, it's not great for a couple reasons.

If you're the seller, it can take, you know, 90, 120 days to sell your house, which sucks because you just want to move.

You want to get your next house and you can't go till you sell this house.

And it's this anxiety ridden process.

Brokers take a huge fee for doing not that much work.

You don't know how to price your house properly, all these problems of selling a house.

So they created an option, which was in certain markets like Arizona and whatnot, you can just sell your house to open door instantaneously.

Open door just gives you a valuation and you just take it.

And if you take it, you're, boom, you're done with your house sale process.

You can go on your way.

On their side, they had like a data modeling, you know, basically like a, they had a way to model what they think the house is actually worth and what it'll sell for so that they could buy it right.

So they could buy it slightly under, they take a smaller commission as a broker and they like kind of automated some of the like walkthrough stuff, like, you know, using lock boxes and digital tours and stuff like that.

So that it needed less people to sell a house.

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And so it's grown like crazy.

And one of the things people pointed out was that open door also violated like all the traditional Silicon Valley rules of what you would call a lean startup.

So open door would be like a fat startup, meaning immediately started with a big, a big vision, not like kind of a small like a wedge immediately needed a bunch of capital to do this because they had to go buy homes and every home is expensive.

And so they needed tens and tens of millions of dollars pretty early on that they got through equity plus debt and they didn't have like some MVP.

They like came out swinging with a big team, big, big bank budget, bought a bunch of homes and, and grew that way.

And like it was expensive, it burned a lot of money, but it also grew like crazy and got a bunch of market share.

And so it's a good example of, of what they call a fat startup where, you know, SpaceX or Tesla is another example of a fat startup where it takes a lot of capital, takes a lot of engineering, takes a lot of time to pull off.

Like I think that I do think that myself included, we've become a little bit of like kind of pussies kind of like what you were describing earlier of like your style is to like launch soon and get customers and that is definitely my style as well.

But sometimes I get down on myself and I'm like, this is like some soft ass like way to go about doing shit.

Like every once in a while you just got to, I mean, like I like, I respect people who raise all this money and who just go at it and they just go big and it's like, it's, this is either going to absolutely work or it's going to absolutely fail.

And I totally respect that.

I totally respect it and I do like it.

There's a ton of ways to get something done and I'm not going to criticize any of them because they all have great things about them.

But like the founder of, you know, Flexport, it's like a, it like helps you track your international shipments.

It's a very, very successful company.

Someone I know works there and the guy, Ryan, who's the CEO, he just tells us employees, he goes, just so you know, like we're valued \$4 billion on paper.

Your stock is either worth zero or it's going to be worth a ton.

Like there's no middle ground and we're either going to go bankrupt or this is going to be worth like at 40, you know, this huge number.

And I just, I just so respect that.

And sometimes I wonder, so I'm like, I want to do that.

And then I'm like, well, it's good to establish like your wealth first and in some regard, that's true, but there's also like these young kids that just go after it and they like don't have that.

And I love that.

I had a crazy conversation the other day that I'm going to share a little bit of it here.

I can't share the whole thing.

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But I was talking to some guy and he's got a business that we had mentioned on the podcast that is a profitable multimillion dollar company that has taken zero investment from Silicon Valley.

And it, and I was like, where did you come up with this idea and like, where did you come from?

I've never seen you before.

And he was just like, and I kind of dug in and he's like, I don't know why I'm telling you all this.

He's like, actually, the origin story is back in this one game called RuneScape.

He's like, you ever played RuneScape?

And I was like, no, I haven't played it, but I've heard of it and I've seen it on Twitch.

So, you know, what about it?

He's like, he's like, there's this kind of this like, he's like, when a bunch of us were like 16, 15 years old, we were all on RuneScape.

And like RuneScape, he goes, RuneScape is a game that's designed for you to grind up.

It's like this long term grind.

It's like, there's no shortcut.

You just have to play a shit ton, get really good at the game, just accumulate a ton of points and you want to level your, you want to max out all your stats at 99, 99, 99 across the board.

And the only way to get there, there's no shortcut.

You have to grind it out.

And so a lot of us who ended up getting to that level of getting to 99, which is the same thing in World of Warcraft, like the people who get to level 60 and work and wow, you know, they invest like years of their life into this.

It's like totally different than like instant gratification games like Candy Crush and you know, stuff like that, or just kind of like fun arcade games that are forgettable as soon as you're done.

These are like investments.

And he's like, he's like, there was a bunch of us that did that.

We got to 99.

And then we started to figure out, oh, okay, we're kind of bored of just being the best characters in this game.

Like we have max stats.

What do we do?

How do we use this?

And he's like, well, RuneScape has this little like dueling arena and we basically created like a tiny little black market casino on top of it where people would come to duel and then we would let people wager their gold and then people would win and lose.

And he's like, so we kind of, he's like, there's this other skill that we learned.

So first thing was we weirdly got into like grinding for the, for the big max prize and being willing to do this long-term investment when everyone else was chasing short-term things.

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Because the second thing was we started finding exploits in the game, ways to get gold faster, ways to like scam kids out of their gold, ways to like create little, you know, casinos where we're the house essentially and we're just raking in gold and we're not having to risk anything.

And he's like, so then a bunch of us started talking and he's like, it's crazy.

He's like out of that group of people on RuneScape in the, in the RuneScape casinos, he goes, there have been seven different billionaire kids who are under 25 that are billionaires.

He goes, most of them went to crypto and wait, you mean they're, they're under 25 now and they're billionaire.

I don't know if he literally meant billionaire, but I think he meant like rolling in money, like tens of millions of dollars at the, you know, when they're 23 years old and he gave me a couple of examples.

And I know for those, those examples, those people probably are kind of like black hat billionaire kids who created, you know, the first big Bitcoin casino or created like, you know, different, like, I don't know if you ever heard of these, the loot boxes or the CSGO skin scandals that happen.

So they spun off.

Eventually they were like, okay, I think we kind of like maxed out the value.

We can get out of RuneScape because what they were doing was they were taking RuneScape gold that they accumulated and they were selling it to Chinese people who wanted to level up their characters faster.

They wanted a shortcut.

They wanted to invest five years.

So they were like, I'll buy your gold off you.

I'll buy your character off you and they'll pay you in Bitcoin.

So they kept getting paid in Bitcoin.

It was like 2010, 2011.

And so they owned a bunch of Bitcoin themselves because of this.

And then they were like, shit, why don't we just do something at Bitcoin?

And so in 2012, they all started different Bitcoin schemes.

Some of them have done ICOs.

Some of them created things in the like gaming.

I don't know if you've ever heard of CSGO skins or, or, or this.

So basically Counter-Strike is a game CSGO is the thing.

And basically it's just huge multi-billion dollar black market of just selling your in-game cosmetic items to other people who want the certain gun wraps and whatever.

And this all got shut down later, but these guys created those marketplaces.

And so anyways, he was telling me about, he's like, he was, I was like, dude, you're kind of different.

What's made you this way?

He was telling me about the RuneScape thing.

He's like, and then the other thing is like, all my friends kind of made it.

And he's like, so even though this business is good, I just look around.

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And my peers are all like way further ahead than me in terms of how much success that they've had in their different things.

He's like, so, you know, to me, this is like nothing.

This is like, this is like chump change.

And I was like, I fucking love this.

This is how funny of a story is that.

And like good for him.

It's going to, it's going to pay off having that peer group.

Well, that's fascinating.

When you said this, what, what's the definition of this?

I can't say the name of his thing.

What do you mean?

Like, like the, like, what's that mean where he was like, it's a big business or what?

It's doing seven figures profitably a year.

And so, you know, he's making millions of dollars a profit, but, you know, it's nothing compared to the guys who've run the biggest Bitcoin casino in the world.

Right.

So, wait, but what does this have to do with, I love this story.

I was captivated the whole time.

What does this have to do with the raising lots of money thing is that you're saying that like, just when you're around bold people, you act bold.

I don't think it has anything to do with it, to be honest.

I think I just randomly went on a tangent.

But if I had to connect, watch me pull a, pull a pretzel here.

All right.

So we were talking about for, for open door or for, you know, big, you know, the fat startup, basically the things would start with the big vision, take a bunch of capital, take a bunch of risk, and they either pay off big or they just completely go bust.

I think that there's, like I said, many ways to win.

And what I liked when I heard this guy's story was him and a group of people have all found totally non-traditional, non-talked about things about how to win.

And one of the reasons they, their thought process got shaped by each other was because of, of all things, this little game, like they created the RuneScape mafia, just like the PayPal mafia, you know, spun out like multiple billion dollar companies due to the experience they had there.

I think that these early experiences can shape the way you think about business.

So if you were saying, oh man, sometimes I think I'm kind of a pussy about the way I approach things.

One way to like figure that out or to change the mindset is to surround yourself with a bunch of people who did business the way you want to do business, or did business different than the way you do business to change your, to break some of your invisible rules you have in your head.

And I think, how are you going to do that?

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How are you currently doing that in the digital, you know, like I haven't seen, I haven't been, I'm currently in New York, but I might as well just be in some box, I don't go anywhere.

How are you doing that?

So how are we going to do that?

I don't know how we're going to do it.

Because I've struggled with that.

So a big thing I'm trying to do is I'm trying to hang out with a bunch of people who are very early in the game, very young.

So like there's this Gen Z mafia funny thing that they got exposed on New York Times, but it's basically like this discord group of like 20 year old trying to build companies.

And like most of the companies probably suck.

By the way, I read that.

I think those guys are fucking stupid.

Right.

I think it's genius what they're doing.

I think it's really smart to brand themselves.

I think it's really smart to create like their own little mini dorm of like 20 year old people who want to be billionaires someday and want to build cool companies and whether their companies.

But the whole point of the article was like, oh, like Silicon Valley's elite, we're going to be more open.

Like everything you just said is elite.

Yeah.

And also their thing is elite.

Yeah.

Like you can go to the website and it's like request access and then you don't get access.

So like, I don't know what the fuck they're talking about.

I'm like, you are exactly what you're saying you don't want to be.

But I think one way I'm trying to like change my like not have these invisible rules in my head is to learn from people who are playing other games or learn from people who are so early in the game.

They don't know the rules themselves.

And so then they break all the rules unintentionally because they didn't have them to begin with.

They didn't know best practices.

And so, you know, the beginner's mind is how are you literally hanging out with them?

But how are you hanging out with them?

Like I'm in one of these discords with a bunch of people who are like this and a huge part of me every time they're talking, a huge part just wants to be like, no, you're doing it wrong.

Do it this way.

But now I'm like, fuck it.

Maybe there's some wisdom to what they're doing and like the attempts that they're taking and like the stuff that seems totally whack to me.

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Like if I just wait, some of these actually start to show results and huh, maybe the rules are not the rules after all.

And so like I've personally, I've been surprised at some of the techniques they're using to grow the company or like just a lack of planning that they do.

And somehow that's like, you know, paying dividends for a few of them.

So I don't know.

It's not something I don't think you can manufacture totally.

But I think the one thing you can do is just pick who you spend your time with.

So like the other one I'm doing a lot of is I'm spending time with people who buy businesses rather than build them.

And because Silicon Valley is all about build, build, build.

And then through Andrew Wilkinson and some of our friends who are buying businesses rather than building them, I'm like, holy fuck, this model is awesome.

This model works way better than the build model.

And do you think it works way better?

Yeah, absolutely.

I think it works way better.

I think hit rate wise, it's way better if you want.

And I don't even think there's like a big cap on how big you can get.

Yes.

Sometimes if you build a world changing product, you can, you know, have a billion users to make tens of billions of dollars or whatever.

But dude, our friends who are doing this buy versus build, they're making a lot of money very quickly through taking very little risk.

And like that's a great formula for business.

It's a much better formula than the start of lottery.

So Andrew does it well.

Do we know anyone else?

Who?

Bromone did it well.

Do we know anyone else who like did it really well?

Xavier and Siava from Enduring, they're doing it very well.

Brent Bishore, who was on the podcast a while back, he's done it very well.

And then there's a bunch of like other people, Ryan Beagleman, he's doing it.

He's either, you know, he's not, he's at the beginning of the beginning of his journey, but he's doing it.

But this shit works.

Like this just makes sense.

And then the fundamentals make a lot of sense as you let me put it that way, which is it's very hard to go wrong when you're buying profitable companies at fair prices and you're using cheap borrowed money to do it.

Like that seems like a good ass formula to me.

I can't, I'm an investor and that's a lot of those people you mentioned.

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I can't, which, and I'm happy that I am because I think they're all going to kill it.
I just can't decide if I think that's awesome or not.
Oh, not awesome or not.
For me, awesome or not.
Like fun.
I, yeah, I'm still, because I'm, I agree with you, it is a great way to make a killing.
I just think that maybe it might be too boring for me.
It could be.
It's possible.
Right.
I think that's so boring.
Like the way that you, it's so less stressful, which is good.
And it's so boring though.
Right.
I don't know.
It's a phase where I'm like, I want off this roller coaster, like thrill seeking and the ego side of things in me is sort of dead now in terms of building companies.
I just want to have successful businesses that make customers happy and make a bunch of profit.
Like that's just like a, that's the thrill now.
It's sort of like dad mode of entrepreneurship and I'm into it.
Can you buy companies with a rolling fund?
No.
Oh, that'd be cool if you could.
I agree.
Well, that's interesting.
I, I, you know, this whole buying thing.
I actually learned about it live on this podcast.
It is quite interesting.
Andrew seems to be doing wonderful at it.
I'll see even those guys wonderful.
I'm, I'm happy I'm involved in their stuff.
Maybe I should do it.
It seems, it seems, it seems neat.
I just can't decide if it's exciting enough.
Yeah.
Yeah.
Just a ton of math.
It's a ton of math is what it is.
There's one other idea I wanted to shout out in the last two minutes here.
So I was talking to Nathan.
I don't know how you say this last time, maybe Resnick, I think it's Nathan Resnick.
He's the founder of Sourceify and he's a listener to the pod.

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Yeah.

He showed me that deal too.

Not a deal.

No, no, so, so.

Bubble.

Yeah.

Bubble.

Yeah.

But it's basically the project.

The project is what's interesting to me.

Just like the general concept.

So, so basically Nathan's a cool guy.

He's got a cool story and he's helping me out for within the all access pass.

He's helping me on the e-commerce side.

So I got to know him a little bit and I was like, so what are you up to?

And he was telling me about these, these things, these bubble hotels that he's building, the bubble hotel that he's building.

And I forgot the domain.

I should, I should really shout it out.

I'll put it in the description after this, but he's got a great domain.

Like it's, it's kind of like bubblehotel.com, but it's not exactly that.

I'll try to, I'll try to find it.

Maybe we'll even edit over this and just say it.

But he's got this great domain and his concept is very simple, which is like it's now more than ever.

People want to get out, they want to travel, they want to get outdoors, but traditional travel, traditional hotels, it's like kind of risky and kind of not, not what people are going for.

So he's creating kind of a glamping experience.

He's creating a bubble hotel.

So the bubble is, I think literal in some ways where like the actual camp, it's like a plastic see-through.

It's a little dome that you kind of like sleep in.

It's like, it's like cool version of camping and, and then also like, you know, like the right now the NBA playoffs are going on in the NBA bubble, which is sort of like a safe place from COVID.

And I also think that this, that's also what this is going to function as, which is like a getaway, safe, clean way to, to, to have some adventure, have some travel in your life.

And so he's building this bubble hotel.

And I think it's awesome.

I think it's an awesome project that is like in line kind of what you're talking about, about like, it's kind of risky.

It's totally nontraditional.

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I thought it was cool what he was doing.
I just, I didn't get involved because it was like a part time thing for him.
Yeah.
And I think, you know, it's a side project for him or a side hustle for him.
The reason he lists as his podcast is because he's wired that way.
He loves ideas.
He loves side hustles.
He loves, you know, scheming and dreaming the whole time.
So I think that's part of him.
That's why that's why the podcast appeals to him.
And so, you know, I can't knock, I can't knock the guy for doing it as a side hustle.
I think that's great.
I thought it was a cool idea.
I didn't go in for that reason, but regardless, I thought it was really neat.
I just Googled it.
I can't find it.
Okay.
I think he just maybe took down the landing page he had because he sent it to me and I clicked it and it was a full website.
It was great.
And the great thing is because he owns Sorsify, he sourced all the materials that he needs to build these bubbles himself and like cut out like a ton of the middleman like sort of markup on how much it would cost to build this thing.
So he's sort of building it at an actual cost rather than a more expensive endeavor.
I can't decide if I would stay in that or not.
I think maybe, but I'm not sure.
Dude, why not?
This thing looks awesome.
I don't know.
I don't know.
Would you want to say that?
Yeah, of course.
Yeah.
I might be, I might want more.
I think at the fun of the outdoors with none of the work, like I'm super in on that and that's what this is.
Maybe I would.
I'll do it.
I guess I would do it.
It depends how much it costs.
I've grown.
I do like, I always stayed at motels then recently as sometimes I'll stay in fancy hotels, fancy hotels are sick.

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Yeah.

Of course.

Of course.

This is the fancy hotel of camping.

Anyways, I thought this was a dope idea and a dope project.

So yeah, I hope when it goes live, we should go, we should go check it out.

Anything else before we hop off?

Nope.

Okay.

Sweet.

We're out.

Okay.