

## [Transcript] My First Million / #113 - From Furniture Store to Water Delivery: The Millions in Boring Businesses

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.

What's going on?

You know, it's another day, another, another, I don't know, what's the phrase?

Another day, another dollar or something like that?

I don't know.

That sounds weird.

It's another day.

What's the end of the phrase for me?

I have some stuff I wanted to talk to you about.

Did you see there's this blog post, maybe a LinkedIn post by this guy, by the guy Frank Slutman, the guy we were talking about, the CEO of Snowflake?

Did you read this blog post?

I saw you link to it, and I hadn't read it yet.

What's the summary?

It's amazing.

So this guy, Frank Slutman, who's the CEO of Snowflake now, but he was the CEO of Service Now, which is a public enterprise company and data domain, which is another one.

He put this thing on LinkedIn, which, you know, LinkedIn content, not usually the best, but he just wrote like kind of his philosophy on building a company and building it like he's like, he was basically like, look, a lot of people ask, okay, what did we get right?

What do we do differently?

Is there some silver bullet?

And he's like, no, not really.

He's like, but he's like, I think in most organizations, there's basically like slack in the rope.

And he's like, if we did anything, it was that we took all the slack out and he calls that amping it up.

He's like, I just think you can amp up the pace and intensity in a company.

And here's how we did it.

Here's how we thought about it.

Wow, this is long.

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I love this blog post.

It was like, by the end of it, I was like, all right, I want to work 10 times as hard.

And I'm in on this guy, and I'm all in on this guy.

So I really liked it.

If you didn't read it, you know, hard to talk too much about it, but a couple of the things that he talked about, which I think were, were good was, I guess there was a couple of things that he talked about that were obvious, but he said it in a good way.

And then there's some things that he said that most people don't say.

Like for example, he talks about diversity and inclusion.

And let me, he says, well, he previously, he goes, he said something like, if you're on our ship, you're included.

He has a few more great lines.

It says organizations are not getting killed by C players.

Everyone knows who they are.

And the performance is eventually addressed.

The people who kill organizations are your B players.

It's a scourge of the enterprise because there are many and they are generally accepted.

Often, they're seen not as bad enough to fire, but not good enough to keep.

They're the ultimate passengers.

Yes, exactly.

And he was basically just like, a passenger is dead weight along for the ride and we shed that dead weight.

He talks about, like for A players, he talks about how they, like they compensated the whole service now exact team on one metric.

And it was the pure, like kind of the performance metric of that, of a cloud software company.

And he's like, the board fought me on this.

They were convinced that a grown up company had to have a balanced scorecard.

He's like, and this is arguably the worst idea ever to come out of academia, which is was say it again.

I didn't quite understand it.

Can you say it again?

I'll give you an example.

By the way, look where I'm sitting, I'm in an Airbnb.

Look at the award that is on the snowflake award.

It's like some ballet thing, I don't know.

It's not like a mock award.

Okay.

That's great.

So, so a balanced scorecard would be like, oh, you know, the, we're not just concerned about revenue.

We're also concerned about net promoter score.

And we're also concerned about user growth, right?

All three things are super important.

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We have three top level metrics.

And he was, he's basically saying, we had one metric that mattered.

Everybody got compensated on that.

Like in most companies, sales team will get compensated on sales.

Maybe the safety team will get compensated on, you know, be, assess their performance on a different thing altogether.

And you want to have balance between, you know, growth and revenue and maybe like customer, you know, satisfaction or whatever.

And so he's like, the board fought me on this.

They were convinced a grownup team had to have a balanced scorecard, which I'll arguably the worst idea to ever come out of academia.

People say they want focus, but their actions do not bear it out.

Quite the opposite.

Focus is hard.

They don't understand what it really means.

It means, what are you not going to do?

And he talks about gender diversity and inclusion, and he says, we ran our companies for attracting and retaining talent regardless of gender, race or ethnic origin.

We valued people on the contribution to the goal, not because they had the preferred skin color, gender or ethnic background.

Either you're completely focused on your goals or you lend in all kinds of noise that dilutes your limited resources.

I have nothing against diversity and inclusion as long as it results from the goal oriented mode of execution.

We are not a university or nonprofit.

This is business.

If you lack focus at the top, it will be even more so at the bottom.

I just love this guy's, even though, I don't know, like I actually agree with that point, but even though I didn't agree with all his points, I loved his just straightforward ballsiness.

And I think this is a post worth reading.

I think it's great.

And I agree with that sentiment as well.

I think that as a, I still am a young leader, but as a younger leader, I was nervous to say that like, dude, all I care about is revenue growth and profit because in Silicon Valley, it's like, well, like I knew these guys that, um, it was two co-founders and they're like purposely were trying to hire their first engineer to be a female engineer and I was like, why?

And like, well, we need diversity.

I was like, uh, um, and so anyway, like that kind of like stuck, snuck in a little bit to my thinking that the diversity thing, but the, um, like we care about like this and that and this and all these unimportant things where I'm like, man, I really don't care about this thing, but I'm afraid to say it.

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Now what I've learned is that a lot of employees actually want you to be like that because they've all, many have worked somewhere where they didn't give a shit about revenue and profit and they get fired or laid off.

Do you know what I mean?

And one thing this guy says in here is basically like, if you take a strong point of view on how you're going to run your company, you will attract the people who want to be in a company run that way and you will repel people who do not want that in their company and it will be painful.

There will be turnover, but in the end that's like how you get high performance.

And so even at the very last paragraph he goes, this performance centric thinking does not trend well with, with the prevailing attitudes of today.

Companies have become more fixated on their employee NPS score than their customers. They coddle their people, they get caught up in little things that have nothing to do with their mission.

It takes conviction and courage to act like this.

As they said in Braveheart, people, people don't follow the title, they follow courage.

You'll be immensely popular when the good results come in.

That's all people want from you anyway.

Is this guy, uh, was he the military?

What an old school.

Is he American?

He's a guy.

I've heard him talk and he didn't have an accent, but I thought it said he was like from somewhere.

I, I don't know where he's from.

He's just looks kind of like a white guy in his fifties, I don't know.

He's, he's Dutch.

Yes.

Um, I then went and I was like, Oh shoot, I'm on the Frank Saluteman train.

Let me go to YouTube and let me see what this guy's all about in his talks.

And then his talks were horrible.

They were very boring and he was like not well spoken at all.

And I was like, Oh, okay.

Fuck that.

I guess, you know, I'll just like this blog post and stuff.

I, I, I saw some of his talks, they were fine.

I saw the stuff when he goes on CNBC and you're talking about snowflake and he was not, uh, if I had just seen that, I wouldn't be like, Oh, this guy's the shit.

What an interesting person.

So that's what I've been asking myself.

Like I know a couple of people like that, you know, um, my friend Roman is a, he is very intense and whenever I'm around him, it increases up the intensity.

I'm like, Oh man, you could push it this, you could push it this hard.

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And then I love hearing stories about rocket internet.

Do you know who rocket internet is for anyone who's listening, Google rocket internet, the hustle.

It's an article I wrote, um, or you just Google rocket internet.

I'm sure you could find a bunch of stuff to three brothers who scale rapidly.

Like they've scaled multiple companies like 300, \$400 million in sales and literally two years.

One, they cloned eBay and sold it back to eBay in 90 days for 50 million.

So just like crazy intense.

And it is nice to, uh, I think be around that, but I don't want to be like that forever.

Like I think even Slutman was like, I took off.

I think he said, I took off.

He goes, I have to take off two years after each one.

Yeah.

And, uh, I can see that you got to chill.

But I do like him.

I'm a big fan of him, um, speaking, all right, since we're talking about people, let's talk about Danny Meyer.

Do you know who Danny Meyer is?

Shake Shack, right?

Yeah.

So I like him cause he's from St. Louis, but I'm quite fascinated with like brick and mortar companies.

Like I'm a little bored right now of digital, um, because I don't know why I just am.

And he, uh, started a restaurant when he was 29.

How old is he now?

So he was 27, 28, um, so that must have been 30 years ago or yeah.

Uh, anyway, uh, he started this thing called union.

It's popular in New York.

So all the New York people are going to laugh at me, uh, if I don't know, it's, is it called union square hospitality group, I believe.

And they worked up to be, you have a chain of restaurants and then cater other place.

Nothing interesting.

Well, no, I mean, it's kind of sexy hospitality is kind of sexy catering's not, but owning restaurants is then partly that the shake shack and, uh, just a super fascinating, fascinating guy, um, because he has like an empire union square, uh, what's it called hospitality group?

It does like 300 million.

It's, I mean, it's like multi a hundred million dollars in sales.

Then he has, um, shake shack, which is \$3 billion market cap.

I just love these people who just have a lot of hits.

They're fascinating to me.

Have you heard of the melmins?

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No.

So the melmins are like Danny Meyer for Chicago.

They have this group called lettuce entertain you.

And so like lettuce, like the food and these guys create their unique because a, if you go to Chicago, everybody knows the melmins.

It's just like family business, the brothers or whatever.

And let us entertain you.

They have a bunch of different restaurants, all totally unique brands.

So only kind of like foodies know, oh, this is, you know, one of the new lettuce entertainment joints, but they'll do like a bar cocktail lounge and then they'll do like a tiny quick service, you know, Chinese bow restaurant, like what called wow bow.

And so they have all these different concepts and they just make hit after hit after hit.

And when I was doing the restaurant thing, we stopped on, we road tripped from North Carolina to Colorado, which is where we were going to start our first restaurant in Colorado.

And we literally drove like two days off track to go to Chicago to try to meet the melmins because we had no introduction.

And we were like, we got to meet these guys, we got to see what's up.

And we ended up getting in touch with one of their guys, this guy, I think his name is Jeff Alexander.

And he took us around to three of these restaurants in the day and was giving us kind of the, like the breakdown of like how they do it, what they do and how they do it.

What did they say?

So what's the deal?

What's the shit?

You know, the thing I remember was at that time he was super interested in wow bow, which was their latest concept.

And it was really, really small.

They only had one location, I think, two locations at the time.

Now wow bow is nationwide and has actually gone all in on cloud kitchens.

But at the time he was like, look at this restaurant.

And we're standing there and he's like, this is a, you know, 10 by 10 square foot, 10 by 10 restaurant.

He's like, this is the smallest footprint you can do with a restaurant.

And we started with that question.

How can we make a restaurant so small it could fit in this one tower's lobby where it was like there's only this tiny space that used to be just for like, I don't know, like greeting cards or something.

It was like so small.

And he's like, we just work backwards from that question.

And they just had this like standard of excellence and they have this great culture and they had all these great people because once you started getting hits, there's this flywheel where the best people want to go work for you.

And so he was just sort of explaining like, we cared about these things.

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Once we got momentum, we parlayed our momentum like this.  
And when it comes to new concepts, we just go completely fearless and we always try to do something unique.  
And when we do something unique, people want to go check it out and want to see it.  
And it becomes, you know, that becomes the, it builds the brand again.  
And so I just liked his energy.  
I liked the, and I liked that they had this little mini empire in Chicago that I had never heard of.  
What's it called?  
I'm going to write it down.  
Let us entertain you.  
Let us entertain you.  
Do you think those are good?  
I mean, did you like that?  
Do you think they're good businesses or no?  
Yeah, they're doing great.  
Like, you know, they're big in the restaurant space, which is not like.  
By the way, it's lettuce.  
It's lettuce.  
Like the food.  
Oh my God.  
Oh my God.  
Okay.  
I get it.  
Um, so yeah, they're like 120 restaurants or something like that.  
And this is not in that long of a time.  
I think they're, yeah, like open, open on earth since 1971, like 1971 is not like this like a hundred year old family business.  
That's like one person's lifetime that they've built this empire.  
And I think it's pretty, according to Wikipedia, 300 million in revenue, 50 million in profit.  
Yeah.  
2005 though, 2000, that was the 2005.  
So it could be who knows double that by now.  
Yeah.  
Or well, not right now, but who knows what it is prior to this year or I don't.  
You like, uh, you like brick and mortar now.  
What else have you liked in brick and mortar?  
Yeah.  
I, so here's what it's interested me.  
Um, uh, okay.  
Did you see that thing I did?  
Well, first of all, let's talk about, I'll talk about her in a second.  
Uh, Chabani, yogurt, crazy, fascinating to me.



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Do you know that guy?

It's, I think you've told the story of him once on here before he's like, I don't know.

I'm going to butcher it, but like some Israeli guy who started this thing.

Oh, is he a billion dollar company or something?

Right.

I think, I think he's Turkish.

Uh, is he Turkish?

Hamdi.

You look kaya.

What name is that?

You're Turkish born American billionaire.

So Oh, he's Turkey.

Or okay.

Sound American born Turkish born.

Yeah.

Cause I thought he had a small accent came here.

He must have been, he was not.

I mean, he'd been here for probably a decade plus, but then eventually somehow like saw an ad in the newspaper for a yogurt.

Was it a yogurt?

No, it was a craft food factory that was for sale up in upstate New York and somehow was like, had the idea of I grew up in Turkey eating goats, uh, using goat's milk, I believe to make yogurt and was like, this should be popular here in America and he, I had no idea how he financed this.

I'm pretty sure this guy doesn't come from wealth and, uh, started shabani yogurt out of there.

And I think that he owns most of it.

I think that, uh, he's taken on debt, but I'm pretty sure that he owns 90% of the company and it does like a billion and a half in sales.

It's probably one of the larger privately owned companies in America.

Uh, just a bad ass baller dude.

They now have a, um, a venture, like a fund that they invest in other companies.

Uh, they, uh, invested in Kettle and fire up my friend's business and, uh, just crazy fascinating.

And I think that there's something, I don't know, I think that there's something a little like sexy and cool about hiring the type of people who work at brick and mortar stores more so than dealing with tech employees.

You're such an all American for wanting to like do brick and mortar hire 3000 residents in a, in a state and be their biggest employer and have a factory that's like so different than what I think is awesome.

And like, I think that's cool for people who do it.

I have zero desire to go that path, but I feel like there's something that you love because you've read somebody biographies.



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You're like, yeah, that's awesome.

Well, cause I did it, right?

I had a chain of hot dog stands, so I did do it, but, um, like I had multiple locations, but I will say that there's two things that you said there that are true.

The first is like, be the biggest employer in a state that is actually cool.

I actually think that it's far better to be like the big dog in Montana or the big dog in some small town than the medium dog in a big city or for sure.

It's like Epic, that healthcare company that has like a full campus in Wisconsin and they're just like the shit in Wisconsin and bought all the land and created like a university campus.

And they're like, yeah, this is where we are.

All right.

I want to take a quick break to talk about startup investing.

You know, I'm a big fan of startup investing.

I do it myself, but there's many different ways for people to get involved in startup investing.

This week's sponsor, our crowd is a new way that I just heard about, you know, if you wish you were early in some of the best performing IPOs of 2019 or 2020, our crowd investors were and you could join them to see what's next.

With our crowd, any accredited investor can have access to invest directly, easily, and most importantly, early.

Our crowd investments have IPO'd like Beyond Meat or been bought by companies like Intel, Nike, Microsoft and Oracle.

Today you can join our crowd and our crowds investment in Texas, a software startup revolutionizing

how leading enterprise companies provide remote customer support.

You can get early into companies like Taxi or other companies.

If you go to our crowd.com slash the hustle, if you're interested in investing, your account is free.

Just go to O, U, R, C, R, O, W, D. That's our crowd.com slash the hustle.

So when a lot of people are like, you know, should I leave and move to San Francisco or New York or whatever?

I'm like, maybe, but then maybe go back and like be the baller in like Omaha or be a baller in, you know, Birmingham.

Like I think there's like way it's actually far easier, I think, to be the top dog in those cities.

Then blue collar shit.

Yeah, I think it sounds cool.

But then if I had to deal with them, I'd be like, to my fucking headaches.

But it does sound cool, like from the on the surface to work with those types of folks.

The other one that I like is waste management.

Do you know waste management?

The company?

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Yeah.

But that same guy owns, like he's done like three or four of these huge rollups.

Yeah.

Check this out.

The student's name is Wayne Hezinga.

He's dead now, but he originally started waste management as a young person, like 21.

It was a truck, one truck that he like scaled to like many trucks.

And then eventually the waste management plot of that story is that it's the greatest acquisition, one of the greater acquisition companies of all time.

So they just bought other companies.

So that's not quite interesting, but whatever it's cool.

He did, they crushed it, but then he went and started Auto Nation, which I think today is the largest reseller.

I think it's the largest used car dealership in the world.

Then whatever, that's great killer.

Then from there, he started Blockbuster.

Who would have thought?

And then he owned like the Carolina, I bought this guy's book.

I haven't read it yet, but it's badass.

Yeah.

So he started care.

Then he owned Carolina Panthers and dolphins and all that.

So I like waste management as a brick and mortar thing because I actually think that I think that there's still some room in that space because like particularly in recycling, you know that most recycling like is just don't know why unusable yet trash basically like pretty much all of it.

So like that's kind of fascinating to me.

And then finally, did you see the tweet store my little, I did about this lady named Rose, this lady who owned Omaha or what is it?

No, Nebraska Furniture Mart.

No.

Russian lady, Russian, no, sorry, Bulgarian, Bulgarian Jewish lady came over here.

She was 45, started a furniture store, really small, built it up to hundreds of millions and it's a one page agreement.

They just shake hands on it.

He doesn't audit any numbers.

At the age of 89, she sells to him for like a couple of billion dollars.

Then she works at her for more years at the age of like 94.

She her family's like, look, you got to retire, retires for three months and then goes, fuck it.

I got to get back into it.

A competitor down the block and Warren Buffett also buys that because he didn't have a non-compete

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clause in her contract because he was like, well, she's just going to die.

Never underestimate the 90 year old lady.

She might still have another run in her.

Okay.

I like that.

That's, I mean, just amazing, pretty remarkable story for that lady.

When you're saying you like these caviar, what does that mean?

That means I like hearing these stories.

That means I liked, I want to do this.

That means I want to invest in this.

That means what does that mean?

I think that I get, lately I've been so bored just working behind a computer at a desk and I'm like, I want to be able to like, and I want to, I want to be able to see what I'm making and touch it.

And I find that to be kind of fascinating.

Have you ever, have you felt the same?

No, never felt that.

And anytime I've been in that position, whether it's like doing a brick and mortar restaurant or an e-commerce company that has inventory, I hate it.

I hate every aspect of it.

We're just having a ton of employees hate that also.

So I feel zero urge to, the grass is always greener.

That's for sure.

Yeah.

But maybe that's just me.

I mean, obviously a lot of people do businesses like that.

They love it.

So it's, you know, to each their own.

But let me give you an example of one of these small local businesses that I think would be a good business to start.

Let's give an idea out here.

So move to the burbs and you know, had this problem.

I almost hesitate to even say it's a problem because it's so minor.

We moved out to this new house and in the fridge of this new house, there's no like built in water and that's all right.

We used to use a Brita, but then our Brita doesn't fit in this new fridge, which sounds like nothing.

But what that basically meant was that we never had cold water for the first like month that we lived here.

And I only drink water.

I drink no soda, no coffee, no nothing.

I only drink water.

And so not having cold water was kind of a fucking buzzkill.

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And I was like, and it really highlighted to me that like most of the things that like change the like quality of life are these like small irritants that happen frequently rather than like big things that happen infrequently.

So like needing water five to 10 times a day and not getting, not having an easy way to get it was kind of annoying.

And so I was like, all right, I'm going to buy one of those like water dispenser things that you get.

Like if you go to Costco, it's like, you know, there's a, there's like a tower and they deliver jugs on your doorstep every so often.

And I went to the website to go buy this thing and then the website looked ancient.

This is a thing called ready, ready refresh or direct for refresh or something like that.

And and then I was like, this is great.

This is subscription water company.

They're going to sign me up and like, you know, they probably have this like a local monopoly in my little city here.

And there's two, it turns out there's two companies that service everybody who wants this in our city, in my city.

And that I bet they just, what are they called?

So the one is called this ready refresh.

I don't know what the other one, I don't remember the other one off the top of my head.

But I, it's like ready fresh or ready refresh.

But anyways, I was like, this has got to be a great business, right?

Cause I'm paying for, you know, 40 bucks a month for the rest of my life.

And then so will the next household and the next household and the next household.

And you know, I bet these businesses can get to like kind of low seven figures per geographic area.

And that might be either something that you could improve on because it's not like the customer experience is great.

Like the dispenser looks crappy and cheap and the website sucked.

And you know, there's not like other options.

I can't do anything cool.

I can't get like, I don't know, flavored water or like smaller jugs or whatever.

There's nobody competing with them.

It seemed like nobody, nobody modern was competing with them.

Dude, there are, okay.

So when I was a kid, we had this thing called call again.

You know what that is?

No.

Let me Google.

What was your thing called?

I want to make sure it's the same thing.

Uh, a fun name.

Ready.

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What's it called?

Ready fresh one word.

Ready.

Refresh.

Ready.

Refresh.com.

Let me look at these things.

Okay.

So yeah.

Okay.

Same thing.

So when I was a kid, we had this thing called a call.

What's it called?

Call again.

Yeah.

Call again.

Okay.

Yeah.

I don't know how many gallons that was up in 10 or 20 gallons of water and you put it on that machine, right?

And then that machine.

Yeah.

Okay.

Um, this thing looks cool.

This Kulligan machine.

I like this.

Yeah.

Dude, I looked it up.

These are huge.

Kulligan bought their competitor for \$1.1 billion.

So these aren't like tiny ass things.

These are massive.

I mean, let's see.

So do they, do they just make the device or they are the local service provider?

You have to rent it.

And so it's a, you, how did it work?

I was a kid.

I think it was only \$10 a month.

Like, okay, here's the thing.

All right.

So if I'm a D to C player, so let me go to, let me go to the Facebook ad library.

Call again.

Does Kulligan advertise?

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On TV and shit.

Yeah.

Not TV.

I'm talking about the new TV.

Well, I don't know.

I don't know if they do it on Facebook.

How much does it even cost?

I don't even know.

I don't see Kulligan advertising, but also my ad library has been broken.

So I don't know if it's going to work at all.

I'll break you.

I don't know if you have access to ad library for some reason, my account's like fucked up, but check if Kulligan advertising.

I think somebody should make a D to C version of this and have subscription revenue coming from, you know, a basic utility that you're providing.

So what they're, what Kulligan is famous for is they have, uh, so it looks like costs like 10 or \$30 a month.

So they have, um, it was real famous.

They would have the Kulligan man.

So like they have all these trucks and I think that was their whole ad campaign was like, say, Hey, to the Kulligan man or something.

And this guy would drop off water to us every two weeks or however much it was.

Uh, I think, so I think it's a far bigger operate.

Like it's a, it's a far more challenging operation than we think because it's pretty expensive for the customer or even for them.

I'm sorry, not expensive, but, um, not, I mean, like it's, it's, it's a sink.

It's a five gallon bottle of water.

Can you ship that?

To deliver.

No, no, no, you can't ship it.

You have to have local delivery people.

Yeah, dude.

It's like a big, I think it's like a big deal.

Yeah.

Yeah.

So that's not really sophisticated.

So they're running two ads, uh, as we can see.

Yeah.

I think, yeah.

Sure.

You have to deliver water bottles.

That's fine.

Do it.

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That's great.

It's a pretty, it's a fascinating company or maybe even just be an affiliate.

Maybe you can contact the local provider and be like, how much will you pay per customer?

And I'll just do the marketing engine on top and then I'll, you go fulfill it.

But the, and the truth is, is that, um, like I had one of those machines, you have one of those machines.

They're really awesome.

They're like the best.

It's a game changer.

I love it.

I got one on taps, like cold water on tap and it's always cold.

And if you want it to be hot and it can be hot, like instantly super hot.

And I don't understand how there's like no machinery inside the damn thing.

It's like a plastic.

It's like, and it's not even that bougie.

Like I wasn't rich growing up and we had it from the day I remember, like we've always had it at my home and it, and it was awesome.

And that's the one thing that I didn't think was great about this.

If I was going to do this as a business, because the price point was kind of low, like, uh, each of these giant jugs.

So the, the five gallon jug is \$8.

Um, so that's like, you know, this doesn't seem like a great, like great value when bottled water, like, you know, one bottle of water sells for like \$4.

All right, let's talk about another one.

This one's getting went viral today.

And I have an opinion that very few people that I've read have, but that's obvious.

It's called civil.

It's spelled really dumb.

C-I-V-V-L.

So explain what it is.

So the haters, which I actually, who cares what I think, but the haters explain it first.

Yeah, the haters call it Uber for evictions.

And basically what it mean, what, what it in reality is, is you hire people to do process like a, uh, you like serve people court documents, like an eviction.

And so landlords are using it to evict people, but I believe they also clean up a house after a tenant has left it in a really bad state, but they also do, they definitely like, um, send evictions.

They serve papers, they post eviction notices.

They do cleanouts for foreclosures and they do evictions standby with standby extraction, which looks like a cop that takes you out of the place.

Exactly.

And it's all on demand.

And they seem to be doing really well.



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They are hiring people like crazy to do this.

Um,

When you say this went viral, you tweeted something about this or it no, uh, like vice covered it and then business insider, and then we'll probably cover it.

A lot of people have covered it.

Gotcha.

Interesting.

And, and this is not a Silicon Valley company.

This is just like, it's certainly done look like it.

Um, but they, I mean, like it's so dumb the way they spelled it.

C-I-V-V-L civil.

Uh,

I thought you were going to say the idea was dumb or, no, it's like it's so dumb the way they spelled it.

Yeah.

So dumb.

Nothing.

This is someone off more than business.

Well, it looks like what it looks like is like a non-Silicon Valley guy thinking that he has to play startup.

And also this website is like completely bogus.

Like there's no like about, there's no like terms and conditions.

There's no, like there's no anything on this website.

It's such a simple ass website.

Looks very cheap.

It looks crazy.

Right.

But I bet it crushes.

I bet it does well.

Yeah.

This is obviously going to do well.

That's fascinating.

Right.

So I saw that.

That was kind of cool.

And it kind of reminded me of Banner Man.

Do you know Banner Man?

That was the Uber for bodyguards, right?

Yeah.

Which we used, I used one time for an event or what?

Yeah.

You need security for like, when you rent certain event venues, you have to have a security team.

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And I don't think that company did well or does well, but I kind of like these little small things.

Maybe I clicked be hired as an eviction crew.

I just want to see what their, their process is here to become a victor.

They should just make you submit a photo.

The whole application should be take a shirt off and take a photo.

What I was trying to think about was like the repossession industry.

Like surely that's huge, right?

Like there has to be massive companies.

I mean, I was doing, I would do research.

One time I got, like I hit my head.

When I was, when I was 21, I like, we were skiing and I like fell down so much.

Oh yeah.

We were like, I was on a company trip when I, when you said, when I had a job at apartment list and I like, I fell and hit my head and had to go to the doctor.

And I thought the hospital, I thought the apartment list covered it.

Turns out they didn't.

And it was on me.

And so the collections agency was calling me and I was doing research on them and I couldn't find anything about it.

But I could tell by how many people were calling me and how many people were in the background that they had hundreds of people working there.

Right.

I was so curious.

It was called like account services.

Like that was the name of the company.

Right.

Right.

And I was so curious and I'm like, I get why they don't have anyone, any information out there.

I wanted to know all about it.

So there's another industry that's like this.

Now I don't, I haven't fully looked into this, so I'm going to talk out of my ass for a second.

Might be wrong on some of this, but so the student debt market is really interesting to me because obviously there's like whatever a trillion dollars of outstanding student debt or something.

And student debt, the reason we have so much student debt is because, you know, I forgot when it was 30, 40 years ago, maybe 50 years ago, the government basically decided everybody has the right to an education and therefore anybody who wants funding, everybody who wants debt for university can get it.

Right.

And so, you know, universities like University of Phoenix, they make all their money because you can use the, you know, student debt to pay for University of Phoenix and they basically

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just convince you to do that rather than paying out of pocket and then, you know, you can't even like declare bankruptcy on your student debt and all that good stuff.

So in terms of paying back student debt because, you know, Fannie Mae and Freddie Mac are the issuing agencies.

They're the ones who actually, I think, originate the loans, you, they don't collect.

And so there's like a, some absurd amount of money, two or three billion dollars a year, just in collector's fees for different agencies that go out and collect student debts.

And so, so just in the fees for collecting was multi-billion dollar, multi-billion dollar industry.

I don't know if that's split amongst tons of small companies or if there's some large ones, I would expect it's some, some kind of split, but I found that to be quite interesting.

Would you do that if it was like, if it would provide you a good lifestyle, would you do that?

Now no, before, yes.

So I'll just say like before, my general philosophy is like, yeah, I'm not like uppity about what business I pick.

Like I go for a business that I think will work and I have fun building it.

Now I've realized, well, I really only get time to do so many of these in my life.

And there's a whole bunch of things that could be successful, might as well pick the ones that I'll enjoy versus ones that I probably won't enjoy, bring me no like, you know, satisfaction or intellectual stimulation or I shouldn't say that, but there's low creativity type businesses.

And so now I prefer to find one that does both, that I enjoy and can work.

I don't think I could do it.

I think that even though like, I hate when, I hate when people say like, you know, we got to forgive the debt.

And I'm like, well, I mean, dude, if someone fucking takes a loan, they should pay it back.

Like just, you know, you're an adult, you got to make your just, even if you're close to an adult, you did it anyway, but I wouldn't want to be doing that all day.

I would just want to kill myself like heavily like, like, Hey, pay me my money.

Like I just would hate doing that.

It would be so exhausting.

I don't think I could, but you're not necessarily the one doing it.

So really the question is, would you want a company where there are people who are doing that in your company?

And that's the problem you have to think about.

But that's not the reality, you know, because even, even if you hire people to run shit, you get starting some, when you start something, you still have to like be heavily involved. Yeah.

When you start, that's true.

But pretty quickly you can hire out of those sort of repetitive TDS tasks.

You know, if you're, you're doing it right.

So okay.

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Yeah.

I feel you.

What else did you find?

That was interesting.

We have probably one more topic.

Okay.

I can tell you one thing, but I don't know if you're going to be able to contribute to this, but maybe go for it.

So I saw these snowflake things and unity and like these B2B companies are crushing it, like getting valued like a hundred or no, not a hundred, yeah, maybe a hundred times north a hundred times revenue, just like killing it, right?

Versus I have a beat, I guess my company's both, I mean, we, some of our customers are advertisers who spend north of seven figures.

Some are trend subscribers who spend hundreds of dollars, which is small.

Anyway, the difference between selling through Salesforce and large ticket items versus consumer, I've been thinking about which is the best.

And I do think that the business model that you choose, I just read this great article that agree that said this and I kind of stole it.

The business model that you choose dictates the company culture and it dictates, dictates like your lifestyle, things like that.

And the business model is basically, do you want customers who are spending, you want a lot of people spending a little money or a little people spending a lot of money?

And what is your take on which you prefer?

Okay, so prefer, I think is the right thing because you started by saying which one is best and I was going to be like, well, no, it's like saying what's better, a plane or a car?

Well, it's like, well, it depends what you need, right?

Right.

But then it's like, do you prefer to fly or do you prefer to go on road trips?

Okay, that's actually a question I can try to answer.

I prefer consumer by far.

I think consumer is more interesting, more fun in terms of building myself, in terms of investing.

I love investing in B2B.

Why?

Because it's very strong, very durable companies because the inertia to switch once your company has decided to buy a thing is just so strong, so hard to get companies to change the services they use, they have big budgets and it's also hard to get them to use it.

And generally speaking, so generally speaking, I think that B2B companies are able to ramp sales quickly and very durably.

Now there are certainly consumer companies that are similar, so these aren't really like that useful at this level of abstraction.

But what I'd say is for me personally, I like business models that require very few people

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that don't require you to create new things all the time.

So I like software more than content, I like software more than physical products, I like software that's given to a small set of customers that are self-serve rather than sales in order to generate revenue.

So for example, I would rather build a dev tool that is basically used by small developers who pay a subscription and they discover it because when they Google for something or they read a blog post, they find my tool.

Why would you prefer that though?

Because then the likelihood, the likelihood that they churn and the likelihood that they pay a little bit of money is quite high.

I think most subscription things have low churn in general, you know, it's pretty rare to, like most subscription business I see that have churn, it's still better than consumer, sorry, than businesses that are non-subscription that are sort of, you know, reliant.

Dude, I think they're way off base, what do you consider to be a good annual churn?

Well, I usually think about it like monthly.

All right, what about monthly?

So you know, if something is churning less than 2% monthly, I know that that compounds and it's like that's a 2%, even 2% monthly would compound and become quite a large number at the end of the year.

But most things that a person just buys, like there's exceptions like Atlassian's like a crazy exception, Slack's a crazy exception, but they even they have a sales team.

But most things like, for example, ConvertKit, which is the site I love, you know, ConvertKit, you can Google ConvertKit bare metrics and you can go and look at their churn numbers and they'll tell you.

And anyway, churn for a lot of these small, so if yourself serve, you're going to be small to medium business focus more likely than not, and your churn will thus be higher.

Yeah, so like, so I guess what I'm saying is, if I could pick software, so let's just compare two business models, D2C e-commerce, which is a popular, you know, thing a lot of people are doing, or a SaaS dev tool, D2C e-commerce, well, I have to continually buy inventory, so it's going to be very capital intensive, D2C e-commerce, I'm not on subscription, so I need my customers to remember to come back and repeat purchase and a repeat purchase rate might be like 30% of my customers ever come back and that's like a healthy repeat purchase rate versus in SaaS, I'm going to have 98%, 99% of my customers from one month were new to the next, that's just a much healthier monthly, you know, return rate.

You know, so software over physical products, subscription over non-subscription, these are my like rules of thumb and then self serve over Salesforce, that's just a preference because I don't want to have a lot of people in my company.

And so I'd rather not have a sales team, I'd rather have.

I hear that for lifestyle preferences, it's going to be my goal to convince you that you're wrong over some period of time.

I think that having a sales team is like the greatest, having a sales team creates demand.

If you're a business owner and you just don't want to deal with it, I get it, that's cool,

I don't want to deal with it a lot of times either.

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But in terms of creating revenue, dude, it's the best.

Okay, I can see that.

Now, let's take, you know, ConvertKit right here, ConvertKit, no sales, no Salesforce, right, I'm on their dashboard right now.

Yeah.

It's like \$2 million a month in recurring revenue.

Yeah, great company.

Great company.

And they're generating all their leads from some combination of SEO content, maybe some digital ads, word of mouth, right, like the furthest.

And I just think this is really, let me try to find their churn because you talked about it.

Okay, so they're at 4.9%, 4.9% per month.

High for a SaaS business to churn 5% of your user base per month.

New churn is 4.5%.

Now, and look at this active subscriptions line.

That's great.

Just going up.

Anyway, so I, I, I think, yeah, sure.

Maybe, maybe that's effective, I don't doubt the sales team.

My company right now has a sales team.

Yes, that's true.

I guess like, like, here's what happened at our company.

And I've talked to so many people that it said the same thing.

So I, some people think I'm a sales guy.

I fucking hate salespeople.

I mean, I don't hate them.

I love our guys, but like, I, I, I hate what it represents of like a bunch of like slightly overweight dudes wearing jeans that are too tight with, with brown leather shoes and like a collared shirt tucked into their jeans and like a slicked hair.

Right.

Is that like the, what every sales guy looks like?

Not the overweight part.

I, that's not been in my experience, but yeah, they are like a lot of bros, but it was like a 35 year old dude who like has got a little bit of stuff.

Definitely the loafers.

Definitely the, the collared shirt tucked in.

Yeah.

And it's like, uh, like I see you for a mile away and like, you're going to like whine and dine me and talk about all this shit that I think is this fucking bullshit and you're probably good at your job.

Whatever.

That's how I pegged it.

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And I'm paging them as accurate, by the way.

That's how most are, but I thought you were going to hedge instead.

You fucking double down right from the moment where I thought you're going to go like, oh, they're all that way.

No, I'm right.

They're all that way, but they're nice guys mostly like our sales guys are all like that, but they're like good hearted people.

So we could accept that.

Anyway, I sold the first quarter of a million dollars with the stuff at my company and I was like, I don't want to hire a sales person.

Like they're obnoxious, yada, yada, yada.

And then we hired someone and he was like, yeah, we're going to go get three more.

I was like, this is like, you guys know, like you're just going to drink beer and you stop working at 4pm.

And I sold the first quarter of a million.

And then after that I had this like base where I was like, all right, I think it would work and hiring a sales team.

It was like putting a match onto it in a barrel of gasoline.

It just, it just like went up significantly and I was like, oh my God, you guys totally drew up demand.

You totally created demand.

Another person that said this on a great podcast was either the founder of Squarespace or the founder of Wix.

I forget which one, but one of the website builders, I think it was Squarespace and he was like, oh, or maybe WordPress.

Like one of these website developers that's created by a tech guy who like his anti sales and he said the same thing.

And he was like, I was so anti sales because of all the reasons I just said, but they created demand and it's awesome.

Right.

And I think that's how most people feel and I get it, but they should get over it.

Yeah, I think that's a good point.

The sales person I want is, you know, 125 pounds soak and wet sitting behind a laptop with Facebook ad manager open and has, you know, three people in the Philippines and in India making ad creative for a product that don't even know what the heck it is.

And they're controlling, you know, a quarter million dollar a month budget.

That's the sales person.

I'm on board.

I'm on board.

I just don't think you're going to do that with a software product.

I mean, if only fans of software, then yeah, you could do it with only fans, but can you do it with something that costs like hundreds to hundreds of thousands of dollars a year?

I don't know.

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I don't think you can do it on high ticket items.

That's true.

But again, you don't have to build a company that's based around that.

So you don't have to, but I, hey, look, I'm, I'm team nerd all the way.

I just, uh, I do, you've had an amazing experience with your sales team.

I appreciate that.

I think that's awesome.

I love how much revenue you all make.

That's great.

And I think for, if that's your win presented that problem, then you got to take that key off the key chain and be like, cool.

That's kind of my, my general mindset is, you know, wait, wait, wait, what is that analogy?

A door is locked.

You got to unlock it.

You got to find the key that fits that keyhole.

So where did you make that up?

What?

I don't know.

My head, I was just thinking about like, you know, you got to use the tool to solve the problem.

That's kind of interesting.

For you guys, you had that problem.

So you found the key that unlocks that, that door.

If you're saying, Hey, at the beginning of your business, you can choose because you kind of know which key you're going to need.

I like the blue key and I'm going to choose businesses generally that do that unless I just love an idea so much.

And then of course I'll pick whatever business model makes sense for it.

You know,

Totally.

Well, do we have anything else to say?

No, we got to roll out of here.

Cool.

Okay.

Good episode.

I like it.

I'm going to keep my eyes peeled for more of your brick and mortar stuff because you've that's what you're interested in nowadays.

I'm going to keep my eye open for I think it's cool.

I think it's cool.

You know, and typically it seemed to be like, I love the immigrant entrepreneur, even though I'm like the exact opposite of an immigrant.

There's a guy DMing me right now that has this flooring company and it's a couple million



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dollars a year.

And he's like, we're going to get to a hundred.

He was just like, you raised how much money for what?

Like, dude, my flooring company is going to get to a hundred million dollars and everybody needs floors.

He's like going off about flooring.

I mean, he's right.

He's probably right.

Yeah.

He's absolutely right.

Check out a blue collar millionaires on CNBC.

It's a bunch of stories show.

Yeah.

And it's everybody who's made their money off like blue collar jobs, like flooring, roofing, all that kind of stuff.

Dude, the greatest company that we had was or one of my favorite companies that we had was 1 800.

Got junk.

And, you know, when people hear this, I think some people are going to be like, wow, Sean and Sam discovered what businesses.

Yeah.

Yeah.

Of course.

Yeah.

All the time.

It's like, dude, I know we're just talking about it.

The reason we're talking about it is not like, dude, did you know there's flooring companies that are big?

It's more of we're trying to break our own filter bubble sometimes and be like, yeah, we're always thinking about this and all of our friends do X, but there's a whole other world of Y that I'm, I'm obviously I knew about, but I'm getting more and more interested in.

I'm meeting more cool people.

I'm hearing more stories about that thing.

I'm just, that's where that's the flavor of the month for me right now.

And anyone who wants to criticize like, do you know what my parents do?

Have I told you that they're like kind of farmer brokers, right?

My dad started a fruit stand that he like, it's like eventually expanded to like selling wholesale.

But like, my parents are like, this is what I grew up around, like a group around truckers and fruit stand, like produce shit.

So like, it's like, it's anyone who's like, make it fun of like a tech bro's like, I grew up around this shit.

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Right.

And it's just, it is fun to, you know, jumped from bubble to bubble to bubble.

Yeah, exactly.

Um, cool.

All right.

Good stuff.