

[Transcript] My First Million / #129 - Why Elon Musk Is the Greatest Dropshipper and A Low Key Company Making Millions From Politics

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 that you listen to like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

All right.

What up, Sam?

like I can rule the world.

I know I could be what I want to put my all in it like the days off on the road.

Let's travel never looking back.

All right.

What up, Sam?

What's going on?

You look like you're in a phone booth or something.

Where are you?

We have.

So there's this office there.

You can see how big it is.

That's me touching it.

Yeah.

Touching the other side.

So I'm setting up a little studio in there.

OK, great.

I don't know why I always ask you where you are to start the episodes, probably the most boring way to start an episode.

I'm going to be in Austin for a while.

OK, fair enough.

We have a bunch of topics because we have a bunch of things on this list and I did prep.

So I'm doing 30 minutes of prep for every podcast.

Now you will notice the difference.

The listeners will notice the difference.

I am confident of it.

OK, do you want to go first?

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Yeah, pick one of these things on this list and I'll talk about it.

Let's do Spy Guy.

Spy Guy.

OK, so I don't remember.

Have we talked about Spy Guy on the pod before?

No, but I know him, Alan.

Yeah, so I was DMing him just before this actually as well.

I was like, yeah, I'm going to shout you out on the podcast probably.

So what is Spy Guy?

So Spy Guy is if you go to spyguy.com,

it's a website that basically sells like spy gear or like anti spy gear also.

So like if you go to the website right now, the first thing on the site

is like this little tool that will help you detect hidden cameras

in your hotel room or your Airbnb, which is, you know, kind of creepy.

But surprisingly, just like is a problem.

There was a famous Airbnb thing that came out not not long ago.

Some girl found a hidden camera in her Airbnb where the host was creepily like filming her.

And so Spy Guy basically is a niche e-commerce site started by this guy,

Alan, and he just really owns this nation.

So I thought this was awesome because it's a seven figure store.

So I think he's doing over three million top line revenue now.

So probably about a million bucks a profit a year.

And it's been at it for a while.

Like initially got started in the space of like 2009.

So it's been like over 10 years.

2014, he basically found for a work week by Tim Ferriss and was like, oh, OK,

I need to like systematize this and like this can be my muse.

This is my cash flow thing and like got like reinvigorated by that

and had a little more strategy behind it.

And it started to take off and it's very different than I would say

most e-commerce things because, A, it's this niche

that most people don't think about, B, I love the name.

C, he doesn't use Facebook to drive traffic.

So he's basically like Facebook has never worked for me.

Not because it can't work.

Like it just hasn't worked and the business has worked despite it.

But he's like, you know, we haven't quite gotten cold traffic to work on Facebook yet.

So I think it's mostly Google and, you know, word of mouth of people

knowing the spy guy name.

What does spy guy do exactly? Can you explain to me?

He's he basically sells other people's products.

So he sells like things like, you know, like audio surveillance, hidden cameras,

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bug detection, hidden camera detection, stuff for your car.

You know, like basically like let's say there's a use case.

So I think there's one smart thing on the website where he says like shop by concern.

So what's your concern?

Is your concern workplace harassment or watching the babysitter

to see if they're doing a good job with the baby or tracking your car in case

we're tracking somebody else's car in case you want to see where they're going.

And so it's gadgets that are for these, you know, like, you know,

want to be James Bond use cases, right?

Like, you know, it's like having your own little Alfred and your Batman

and you get to have these little gadgets that help you do cool shit.

Do you have a security system at home?

We actually have one that I haven't said I just started renting this place.

There's one installed and I haven't started it.

But growing up, I always had one.

Let me tell you about this product I just discovered because I'm thinking about getting it is called the name's weird deep sent to Sentinel Sentinel.

Sentinel, yeah.

Have you heard of this?

Yes, I heard of it.

I know about it.

Jack showed it to me and what it is, and I don't know anything about the space.

So I have no idea if this is like breathtaking, but it sounds breathtaking to me.

Right.

You pay \$1,200 and then \$100 a month or \$20 a month.

I forget the exact price and you get three cameras and they can be solar powered as well.

So you never have to change the battery.

And what happens is it detects if someone is walking by and then a real live person on the other end will check in.

And if that person looks suspicious, the security guard on the other end will be like, Hey, do you know someone here?

What's the owner's name?

And if it seems more suspicious, they press a button and a loud siren goes off.

And they have videos on YouTube of like, what do they call them, Amazon Pirates or something? People with steel packages.

Yeah.

And like people breaking into cars.

There's so many videos of the service in play and it looks awesome.

It looks so cool.

I totally want to buy one.

Yeah.

So this space of home security is pretty crazy.

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So, um, so they're simply safe, which I think is like one of the, I don't know, like newer players.

I don't know when it started.

I think maybe it started in 2010-ish, something like that, but it's valued over a billion dollars now.

So they've, uh, Sequoia invested in it, all this stuff that they do, you know, a hundred million plus in revenue.

And, um, Deep Sentinel, what's cool about them is the fact that they have a real human who monitors it for you, right?

So like most of these are, you get an alert on your phone.

Like I have a ring, like doorbell and it's kind of like a security system in a way, right?

So it tells me, oh, there's motion at your door and then you're like, if I can, you have to open the app and then you open it up and it's just your neighbor coming home or like, cause my condo, my condo, the doors are near each other.

Or it's like a guy delivering a package.

It's like nothing unsafe, but with Deep Sentinel, they basically are leveraging a bunch of work from home kind of cheap labor to like watch the camera feeds and actually alert you when there's something to be alerted by.

And, um, it's just like the next level up of like pro home surveillance software.

And I think it's a pretty good idea.

I saw, um, I saw this pretty early on because my friend James Hong, uh, I think invested in it or advises them.

And I was like, that's a pretty cool model to have an actual person doing it.

Now I'm surprised they're doing home versus like business.

I feel like businesses and like warehouses and factories need this almost in a bigger way than homes.

And I'm sure there's a bunch of people who serve that market too that I'm just not.

It's pretty great.

I think the, if I was in this industry, I would be actually afraid of just knockoffs because like the electronics get cheaper and cheaper and more commoditized.

It's like, at this point, a security camera is like an iPhone charger.

Like sometimes a lot of people will just buy whatever's the cheapest because they think they all look exactly the same.

Right.

Yeah.

I think the, you know, so my friend Vishal had taught me this a while back where he was like, you have to, in any business, you want to identify what is the most valuable part of the chain and it's nine times out of 10.

It's just a customer relationship.

So the part of the value chain that is, that has the customer wallet basically like the wallet subscribed to their service.

And so like, you know, the manufacturers in this market are probably just getting squeezed

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over time because there's just more manufacturers, stuff gets cheaper, not more expensive. And you could swap one out for the other and people don't care.

But once you have like the simply safe brand and the name recognition and the customer relationship and the marketing engine to keep acquiring more customers, like you could just sort of like swap out hardware over time.

It's much less important.

And I think like for going back to spy guy, I think that's what spy guy does well too, right?

They have the brand, the name and the customer relationship of people who are kind of paranoid and want to buy this type of stuff.

And right now he's just selling other people's gadgets, right?

Like he started making his own gadgets recently, like 10 years into the business, but for nine years, you know, the business has worked beautifully with with just selling other people's stuff.

I like Alan.

I know I've met Alan a bunch of times and I've been friends with him for maybe eight years now.

So I'm happy to see that goes well.

He had something else before that.

But sorry, what?

Have you bought any of the spy guy stuff?

No, because I've never owned a home that like I've lived in buildings my whole life.

Right.

So I've never had, you know, I've always had a doorman.

So I've never really had like security issues.

Like there's like a pen that's like a voice recorder pen.

You click the pen and it starts to record like just shit straight out of the movies, which I think is great.

I love this stuff.

I've loved, I was loving movies when this stuff exists and I'm glad there's like an easy trusted place to buy it online.

It makes sense to me.

So let me bring up somewhat of a, I have two fluffy, but interesting topics.

Let's go with the first one.

The first one is leveraging leverage and picking the right business model.

The reason why I've been thinking about this is so my business model is like in the middle of like great to bad, which is it's all digital, very low cost, but I do have to deliver something every single day.

Yeah, a new thing every day.

A new thing every day.

A barber is like the worst business model ever because she can only make money when she's there doing this thing and it's like the worst.

And can only serve people geographically, you know, within five blocks.

So you're limited by geography because you have to be there.

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And then I was thinking, I'm like, man, it's kind of crazy.

I never, I didn't think, I did not think about this when I was getting into my business of like, what's the best way to do it?

Now the interesting part is that that's important because you can think about what your skills and what do you want to do, but you have to package it in a really good business model.

So like perhaps a business model better than mine is Nerdwallet, which is a really good business model, which is Nerdwallet, which is the, maybe, I don't know this for sure, but in my case, I liked content and I liked finance content.

Maybe their founders did as well.

And they chose this business model of just ranking high on Google.

And once you rank high on Google, it's hard to do.

And you have to work hard to maintain it.

But yet that webpage, nerdwall.com best credit cards makes money forever.

Right.

While you sleep, you don't have to do anything.

You take the day off and it just keeps on going.

So that's pretty good.

And that is credit karma, which is they probably cared about personal finance or finance.

They made a little widget where you could check your credit score and monitor on a regular basis.

And it just so happens you could also get a new credit card and they make money when they sleep.

And the reason why this is important is because

you, like we all are going to work 60 hours a week to get our thing up in the air and to get it and have it running.

Like everyone thinks that big problems or big companies are probably harder than small companies.

And the truth is that that is kind of true.

Like once you get it going, you could choose to work 25 hours a week instead of 80 hours a week.

That's definitely true.

But when you're just in the phase of getting shit started,

you're going to work constantly no matter what.

It doesn't matter if it's a hot dog stand or if it's a Facebook.

You know what I mean?

Like you're working really hard.

And I just think it's so important to package it in the right business model because your life will be so much better.

I think about this all the time.

I've been thinking about this for a long time.

If you remember when you first started the hustle, I was like, I thought you were great.

I was like, this dude Sam is amazing.

He's like a firecracker.

He's going to make shit happen.

And then I remember going to your office and hearing the business plan.

I was just like, I don't like media businesses because of this.

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Like I think they're sort of low leverage in a way, right?

They're medium, right?

Like at least your digital media business, not like a, you know, some kind of like at that time, Hustlecom was an events business.

So that was like pretty bad.

And if you remember, like one of the original plans that you were kicking around was like, we're going to use content to drive people to our events.

And like the events business can be big.

And like, I remember thinking, oh, events, that's pretty low leverage because you got to recreate the event every time, takes a bunch of people.

It's restricted by where you're at geographically.

So that's bad.

Then even content, I'm like, man, that's kind of like a content treadmill.

And it's just you have to constantly every, every day, every week, you have to remake the product, right? You have to make a new piece of content that's going to get people excited.

That seems really hard to do.

And so I was like, I think this guy's probably going to succeed, but I don't think it's going to be a humongous investment because compared to software, where software is amazing, right?

Build it once, sell it a million times.

Build it here, sell it everywhere, right?

Like those two things are superpowers compared to what you do and what I'm doing right now.

Like I think you were going to reference like, let's say,

yeah, I was going to say, I was like, you're understanding it now.

We were like, oh man, it's easy to make money.

If making the money off of this project is easy, maintaining it is hard.

But I would say that like with software, I'm a very small time owner of software business.

And I've like seen on the inside, like there is customer support.

Like anytime someone's giving you money for something, you have to fulfill the promise.

So you have to maintain it, right?

Yes.

So it's definitely not as easy as build it once.

Like, but it is build it once, sell it a million times.

So for example, like I've now experienced four different models, right?

I started a restaurant.

I did maybe five.

I did an energy company.

I did a software business.

I've done an e-com business and now I've done a content business, right?

And they're all of different levels.

So let's walk through them real quick.

So right now I'm doing this content thing, basically a paid newsletter

called the All Access Pass where I'm basically like every day I'm creating a new piece of content,

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a new daily blog post about teaching people how to execute, how to build a business, how to launch a business from scratch.

And so every day I got to remake the product, which sucks, but then I deliver it for free over the internet.

So that's good.

That's better than something like a physical textbook or something like that.

And your startup costs were literally zero.

My startup cost was zero and that thing's doing great.

So like that thing is on pace to do like half a million bucks in a year.

So the revenue is good and the margins are great, but the effort is really high.

And I'll never be able to just say, well, I did the hard work of setting it up and now I could set it and forget it.

It's like, no, people are literally paying for me to sit down every day and do the thing.

And even if it's an hour a day, that's still an hour a day of commitment I have to do and be creative and be good during that thing.

And so that's challenging.

So media business, I'm like, okay, hard and content hard game there.

But you're not doing a normal media business.

It's like the guy who owns New York Times isn't like, this is hard.

He's like, this is easy.

I got people doing all the work for me.

Yeah.

So he hires like people, right?

So there's people labor that can help.

Labor is a form of leverage.

And so you could do that.

But I would argue this is one of the reasons why media businesses struggle is because typically the labor is not differentiated.

So you get like kind of low cost-ish labor that puts out something that is typically undifferentiated from what anybody else can put out.

And so like right now, I'm able to put something out that people are willing to pay for because people trust me, they know me.

So I'm a differentiated brand myself.

I can't really outsource that.

If I out started to outsource it, then my product becomes less differentiated.

I think you've done a good job of that with the hustle where the people who write your daily email, write it just about as good as you did and trends, they write it, they do it just about as good as you would do or if not better.

And so you've done a good job of using labor, but then your cost goes up, right?

So now you have to employ writers and then your margins go down.

But it's still better than Ecom, right?

So Ecom is even worse because Ecom, you now have a physical product.

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So your leverage in your business model has higher cost of goods and less scalability.

You can't sell a million times.

You can't build it one sell a million times because you have to actually manufacture the product for every single time you want to sell it.

All right, a quick message from our sponsor.

I was thinking about the shortest day of the year earlier.

And while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work day is the same length as always, but before you know it, we spent three hours just fixing something that was supposed to be automated.

Thankfully HubSpot's all-in-one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and an easy-to-use interface, HubSpot lets you spend less time managing your software and more time connecting with your customers.

Learn how HubSpot can help you grow your business at [HubSpot.com](https://www.hubspot.com).

But the good news is, is that you can build a huge e-com business with very little people.

Like if you explain, if you told me there was a company that was doing 100 million sales with 20 people, I'd be like, yeah, I mean, that's not crazy.

Yeah, that's not crazy.

But the leverage there is capital.

So that business that's doing 100 million a year is probably spending 30 million a year in marketing, 30 to 40 million a year on cost of goods sold, and it's probably making 20 million on the 100, if that, maybe 15.

Yes, and the bad part is that they're probably not actually making that cash flow though, and they have zero money in their bank account.

Yeah, they have zero money in their bank account typically, and they're always one tweak away from death of Facebook algorithm, email marketing rules changing in Gmail, things like that.

But that's besides the point.

I would just say like e-com is, I would say, worse than media.

So if I was for stack ranking leverage, I'd put media above e-com.

I'd put software definitely above both, and I'd put the restaurant I did below all of them.

That's the barber.

It's like the worst model.

And so this isn't like groundbreaking, but I do think it is under thought about when you start a thing.

I agree.

So I heard something the other day that I think is relevant.

So Emmett, the CEO of Twitch, was doing this talk back at Yale where he went to school, and this video has like 39 views, like nobody's seen this video yet.

And I was watching it, and he said something.

He goes, you know, one of the original Justin.tv founders, Kyle,

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went and built Cruise, which was like the self-driving car company that got bought by GM for a billion dollars.

And he's like, you know, Kyle was amazing.

He's an amazing engineer.

And when he went to go do this, like go to Cruise, it was very clear that there was zero product market fit risk, meaning there's no doubt in anyone's mind, any investor's mind, that if you could build a self-driving car, clearly you're going to be a successful company.

You don't even have to do the hard part of like going to market, getting customers, because like customers will either come to you because you have a freaking self-driving car, or you can just license this to any other brand who sells cars already, and you can make a bunch of money that way.

Or do what they did, just sell to GM ahead of time, just for the technology for a billion dollars.

So he's like, there's zero product market fit risk, but there was a huge technical risk of like, can this even be done?

And he goes, I think this is a mistake a lot of entrepreneurs make.

He goes, there's, you know, for every one entrepreneur that's doing what Kyle did, there's probably 999 that are doing like the opposite risk profile.

So it's like low technical risk, you could definitely, it's like definitely possible, questionably valuable.

And he's like, I think more people should be doing the opposite, which is definitely valuable, questionably possible, because there's, you know, like a pretty like open space over there.

And, you know, if you had to take a risk, like taking technical risk is not that much worse than taking market risk.

In fact, in many ways, market risk is worse because you're going to do all the hard work of building the thing and nobody wants it.

That's a really good insight.

I think that's phenomenal.

And so I have another friend who invests in things like this too, where he's like, I take zero product market fit risk as an investor.

I said, well, what do you mean?

He goes, well, I invest in automation.

He goes, basically, I only invest in a thing like he invested in this like robot that cleans bathrooms and hotels.

He's like, if this company can make this little super Roomba, basically, that will clean a bathroom in a hotel, then or in an office building, then for sure, the office building owner is going to buy this instead of hire a janitor to go clean the bathroom, because that person's going to be inconsistent.

They're going to cost money.

They're going to call in sick.

And, you know, I'm going to have to, you know, have HR issues and like all kinds of stuff.

Whereas if this robot can actually do it for cheaper and better than a human can, like there's no doubt that I'll buy this.

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And so all he does is just vet, does this robot do it cheaper and better than a human can?

And like, if it's not cheaper today, but it's better,

do I see a pathway where it becomes cheaper in the next three years?

Who is that?

My friend, Vishal, Vishal Harpalani.

Is that the younger guy?

He's the young guy, yeah.

That's cool.

I that's a really good, good idea.

And I never heard anybody say that.

I never heard anybody say, I look for zero product market fit risk.

In fact, I always just the style of entrepreneurship I did was always product market fit risk, right?

Like, I'm going to do a thing.

I don't know if people will want it, but like, let's try it and see.

And it's kind of interesting to take the opposite approach of like, what is an absolute, yes, they will buy.

Like he invested in this pizza bought company.

Same thing.

It's like, he's just trying to, the company's trying to sell pizza, pizza making machines to Domino's to say, like, yo, replace your four employees with this, this, you know, conveyor belt that like makes pizzas precisely, automatically 24 seven, like at lower cost than your humans.

And like, if they can do that, if they can just like technically pull that off, they're for sure a billion dollar company because they can license that tech to everybody.

So that's actually a common thread that I've seen amongst the people I look up to.

So John Rockefeller, he sold oil.

Originally it was for kerosene.

And there was no doubt of what people want this oil.

He was just like, can I actually get it to them and do it affordably?

Right.

And then Cornelius Vanderbilt, he was like, I need to get people from Staten Island to New York City.

Okay.

Now I need to get them from New York City to Nicaragua.

Like there are people who want to do that, but like literally can I pull that off?

Like I might have to build this crazy ship, but let's see if I can pull it off.

But like there's demand for sure.

Another one is Andrew Carnegie.

It was like, can I make steel for cheaper than the other people?

Like is it physically possible?

And that's when the idea of steel was everyone was making iron.

He was like, what if I made steel just as good as iron?

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That's way cheaper.

So like it's like a pretty, I guess you could almost say the same is the same for Amazon and Walmart.

It was like, we know everyone wants this, but can we actually pull it off?

Exactly.

Yes, exactly.

And I think what most people get wrong is they just do either better or cheaper.

And then they think they're in the boat.

They think they're in the same boat as the steel thing or like the pizza making robot.

But actually what they're doing is they're saying like, for example, there's a company called Boom Supersonic Airplanes and these guys are basically making really fast air travel.

And so it's like, oh, you want to get from LA to London in four hours?

Boom is trying to make planes that can do that.

And they famously, they went through Y Combinator and they showed up on demo day of Y Combinator.

They got on stage and they said, hey, we're boom, we're making supersonic jets.

We think air travel has stagnated.

And by the way, we have, I forgot what it was.

It was like, it was like a hundred million dollars of pre-orders from Boeing or from actually Virgin Air at the time.

And basically they had the day before demo day, they had gotten Branson to write, you know, sign an LOI that says, if you can deliver a plane at this cost that does this, we will buy, you know, whatever, 12 of them and the total was a hundred million dollar purchase price. And so that works.

But the problem with them is that they might be more expensive than, you know, their air flight, airfare might be more expensive than a traditional plane.

So they might be better, but more expensive.

Whereas the trick with like something like an Uber, for example,

Uber was way more convenient and it was cheaper than a cab.

And so that's better and cheaper.

Better and cheaper is when you have zero product market fit risk.

But if you're better, but more expensive or you're cheaper, but not better, then you still have the product market fit risk and you shouldn't miss out on that.

I think this is a fantastic conversation and it leads nicely into the next point, which is I read a stat recently.

So like, I was having a little existential crisis yesterday that I normally have, not existential crisis, but like, I need to do something meaningful.

My daily questioning of life.

Yeah, like everyone has all the time.

And I was, because I was thinking about nurses and I was like, gosh, these people are doing COVID, like they're really the heroes, not me who, well, no one thinks I'm a hero, but like, like, like, uh, you know what I mean?

I'm like business people aren't heroes.

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Like maybe some are, but anyway, um, I was thinking like, what could I do with business that actually makes an impact?

And I read this crazy stat that, uh, basically the majority of things that we recycle, like that go in your blue recycling bin, like 90% of it just gets thrown away.

Do you know that?

I do know that.

And we did talk about this last podcast or the one before.

So, so yeah, we did talk about this one already.

I just, I reread this step.

Maybe I just forgot about it where it was like 9% of plastics are recycled.

I was like, that is crazy.

That is crazy, crazy, crazy.

That is crazy to me.

Oh yeah, we talked about new plastics here, right?

And actually somebody, somebody, uh, messaged me something after the fact, they go, Hey, check this out.

And they sent me something that is, uh, with a called negative carbon, uh, manufacturing, meaning the process to make the thing is not just carbon neutral is, uh, you know, a negative. It actually sucks more carbon out of the atmosphere than it took to make the thing.

And, um, you know, I understood like 10% of what the person was telling me, but it was like, yeah, these are materials that are like, um, it's called air carbon, I think.

So let me see.

Okay.

So if you go to, um, the website is, um, it's called Air Carbon.

It is covalent fashion.com.

And basically it's like glasses, phone cases, purses, and it's, um, made with what they call air carbon, uh, which is like a new material that is a breakthrough that is better than plastic and good for the environment and all that good stuff.

I don't know if this is legit.

I don't know much about this, but I thought it was cool.

And, uh, I hope people send me like a million things like this because, you know, anybody who's actually, uh, innovating on the material side of what we use for plastics, cardboard, foils, all that crap, um, tape, you know, like there's just an absurd amount of this stuff that's used and wasted and it's killing the environment.

And if somebody can actually make something that is better and cheaper, you have zero product market fit risk, I believe, if you're better and cheaper.

I like that.

Um, then if we already talked about it, we could skip.

Want to go to Parler.

That's interesting.

Yeah.

Have you seen this app?

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That's something kind of similar to that.

If you guys wanted to talk about it.

I guess, yeah, what is it?

Uh, I put a link in, it's called a tradewater.us.

Do you guys know about what cap and trade is?

Cap and trade.

Now, what is that?

Yeah.

So like the state of California, they'll put a limit on how much, uh, carbon dioxide a company can emit.

Um, and if you go over that limit, you could buy credits to offset that.

So there are companies that will, um, they'll kind of offset that and then sell the credits that they earn.

And that's their business model.

And this company is one of them, it's called tradewater.us.

I think what they specialize is, um, these chemicals called R12, R22, R502.

And these are found in old refrigerators and ACs.

They go around collecting these things.

Um, and then they destroy them basically.

They'll, they'll buy, they're usually like laying in garages.

People don't even know they have them.

And even though they're not in use, they're omitting, um, the gases.

So these guys, they go around, they're kind of like American picker.

There's like two guys in a truck going around picking these things up.

Um, they buy it off people, they put ads on Facebook, they buy it off people.

Um, and then they destroy it basically.

And they get the credits for destroying it and they sell the credits.

They sell it on a marketplace and that's the company.

I think they do several million a year in revenue, uh, 30 employees.

And funny thing is like on Facebook, they'll advertise as a different company.

So they have two websites, uh, because some folks won't sell it to them if they show up and say that they're going to destroy it.

They're like, no, it's all conspiracy.

Global warming is not real.

So they really, they have to have two names.

So that's their, that's what the company's actually called.

And then on Facebook, they advertise as refrigeratorfinders.com.

And they don't mention that they're going, they don't mention that they're going to destroy it on that website.

Abray you your audio sucks right now, but your content is fire.

I love it.

This is great.

Are you sick of it?

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Uh, yeah, my throat's kind of bad.

Yeah.

Okay.

So this is fucking great.

So I also have been wanting to go deeper on the carbon, uh, carbon credit marketplaces because we've talked before about how beautiful of a model marketplaces are.

And this is like when you pair high impact, like mission oriented stuff with beautiful business model and large market size, because, you know, so many large companies need to offset their, the footprint, especially as regulation changes.

So I think that that's a very interesting space that I feel like I just don't know enough about, but I want to know more.

Yeah.

I, I don't know anything about this, but I think it's, I'm shocked this even exists to be, to be honest with you.

There was a very cool, I'm like, this is amazing.

I have to share it.

Well, don't you remember when we talked about like the, the carbon credit cards?

Right.

That's right.

Um, which was like a trap.

Anyway, it tracks all that.

It's, it's, it's, it's intriguing.

Do you want to, what is a Elon drop shipping?

Okay.

Let's do, uh, so Elon drop shipping.

So you saw Elon Musk came out with this, um, Tequila recently.

Have you seen this?

Yeah.

I got shit on because I tweeted a bunch of fake news about it.

What did you tweet about it?

I saw one, like did this analysis about how Ferrari has a massive chunk of their revenue coming from merchandise and I, and he was wrong.

It wasn't the same.

It wasn't, he said it was like 70%.

I think it's really like 30% and I tweeted that people got, that's when that kid got pissed and he goes, I'm never investing in Sean's.

Right.

All right.

Cause Sam, Sam didn't diligence his tweet.

Okay.

So, okay.

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So basically, uh, I just wanted to highlight this.

I think this is just cool as any, like a lot of people idolize Elon for a bunch of different reasons.

I think one cool thing that he does that more people should do is he sells his by product and, um, what I mean by that is, um, in the course of doing what they're doing, right?

So let's say, let's take the boring company, right?

That's his company that's going to go underground drill holes and make tunnels. They sell bricks, right?

They sold bricks.

They also sold the something called the boring hat and it's just a hat that says boring on the front and, um, because, you know, it's a pun on like the drilling term boring plus, you know, the word boring.

Um, and he sold \$600,000 worth of the hat and then he like changed his Twitter bio to like hat salesman for the day or whatever.

Like he just knows, okay, I can make this limited, limited edition merch that's just meant to be fun.

And I can use that to basically kickstart a bunch of my projects.

And so he did, uh, flamethrowers for \$500 because he's like, what's my brand?

My brand is fucking rockets and electric cars.

Cool.

What else do every, what else is like a little boys wet dream?

All right.

Flamethrowers.

So he, you know, they made a flamethrower, uh, a Tesla brand of flamethrower, I think, and it was 500 bucks and he sold \$10 million worth of it in a hundred hours.

And then they actually deliver them to customers.

And, um, these things I think do, it's like a win, win, win.

So basically it builds your brand as somebody that's interesting, that's fun, that's unique.

It makes money.

So it's profitable marketing, uh, whereas marketing is almost always a cost center, but he's using marketing as a profit center essentially.

And, um, and then the last thing is these are, um, you know, not only does it like kind of build, you know, your diehard fans, like gives them like reasons to like love you more and ways to connect more.

But it like raises a bunch of capital upfront for you to finance things.

And so, you know, Tesla, so he does this with the cars themselves, right?

Like Cybertruck, look at this fucking thing.

This thing's great.

Put down a thousand dollar deposit or a hundred dollar deposit.

And I think he's raised what, like 20, um, I forgot exactly how many, how much he sold of presales of the cars, but like, I believe it's like 20 million dollars

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worth of the car, um, that he's pre-selling or potentially more.
And, um, and so he, you know, he's done this with merch,
but he's done this with his cars.
And I just think that more brands should do this.
Like I, I've pitched this at Twitch.
I'm like, Twitch, we have this huge community of a hundred million plus gamers.
Gamers love, but gamers have a sense of humor.
They love kind of like internet memes and jokes like this.
We have a quirky, we're one of the few social networks that's not like
just like hated like a Facebook and treated as this like corporate overlord.
Like sure, some people look at Twitch that way,
but a lot of people think it's like fun and kind of irreverent in a way.
And, um, and so between like Twitch and Snapchat,
I think those are the two brands that could tick tock maybe that could pull this off
of like selling stuff.
I think the hustle should be selling stuff.
I think more brands should be basically selling their,
their brand in these like gimmick merch packages.
We do sell some stuff.
The reason we have it is we just haven't had the ability to set up.
I mean, I guess this is kind of a shit excuse,
but it's like when you're a small company,
it's actually hard to like do all this.
When you're Elon, it's a little bit easier because you could just be like,
oh, you 10 people, just go and do it.
But I do agree with you.
Do you want to know my favorite example of this?
Go ahead.
Kingford Charcoal.
You know what Kingford Charcoal is?
That's right.
Yeah, I didn't know you're worth it.
Do you know what it came from?
No.
When Ford was, so for a long time, Ford was,
I might get the story wrong.
I pray you can Google it, but so Ford had to bring in a bunch of production in-house
because they were making so many cars and no one else was doing it.
And I think they had to make their own frames out of iron and steel or whatever.
And so they had to burn a ton of stuff,
you know, they had to have ovens going really hot.
And so what they did when they had these ovens is they would put wood into an oven,
burn it.

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And then what's left over is like charcoal and they would pack it together really tightly. And then they would pack together really tightly all their extra wood scraps and created charcoal.

And that's where Kingford Charcoal came out of.

I love it.

And that's, I think, a big business of its own, right?

Yeah, multi-billion dollar company.

And I bet you that there's a ton of these types of things out there.

I love these types of things where you use the ways to,

I mean, that's what oil ultimately is, right?

Like with oil, you just use every little bit of it.

You make kerosene.

You make crude oil, or I don't know anything about oil, but you know what I mean?

That's like how the refinery works.

Right.

And this is what I, this was my theory with the All Access Pass was like, if I'm going to do a project anyways, why don't I just sell the byproduct, which is the the learnings and process that I'm using to make this?

What if I just wrote that down and then sold that in addition?

Right.

And so I raised a fund and I told people how I raised the fund and I made money while raising the fund.

I got paid to basically do the thing I was going to do for free anyways.

And so I think that there's a whole bunch of examples that are like this, that are either selling like the physical byproduct or the reason I called Elon, the greatest dropshipper on earth, was because he was basically just taking the kind of Elon Musk slash Tesla brand and slapping it on, slapping it on a bunch of commodity products that could be sold as novelty items for 10 times the price.

Right.

So like this isn't the best tequila.

It's Tesla tequila, the limited edition fun thing for Tesla fanboys that can be charged. You know, he's charging \$250 a bottle for this thing that's probably, you know, normally would sell for \$30.

And so he's got this like 10 X markup because it is a novelty, you know, a novelty product to his fanboys.

What? All right, let's go through two more of these.

I like what? Tell me.

Well, I don't know what Fear Nation is.

Which one do you want to pick?

Skip Fear Nation.

Let's do Parler.

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So I noticed this app the other day during the election.

I noticed this, I looked at the app store and I like to keep track of the app charts just to see what's trending and whatnot.

And the number one app in the US free store, which is almost always just like Instagram, Facebook, TikTok, Snapchat, like, you know, one of these, one of these apps was something called Parler.

And I never heard of Parler.

So I was like, what the hell is this?

And Parler is a social network.

It's basically Twitter slash Facebook.

But it's like the whole thing is like it's anti-censorship.

So it's like a whole bunch of people on the right wing in the US, the conservatives, the Trump supporters, basically, who are really upset about Facebook and Twitter for censoring things like, you know, the other day I tweeted this ridiculous thing out where Donald Trump put up a photo on Instagram that just said, happy Diwali, which is like this Indian holiday.

It's just Donald Trump like just wishing happy, happy holiday to somebody.

And then underneath Instagram had this like big banner under his photo.

That's not under any other photo that just said Joe Biden is the president-elect in 2020.

It's like, what?

Why are you, why are you fucking with this guy's photo about something complete?

He's not saying I'm the president-elect and this is like fact-checking.

He just said happy Diwali and this, this thing like auto slapped this on his photo.

And I looked at the comments and people were like, fucking, I rate as they should be like, this is like a stupid thing that the platform would do that would just show it's, you know, quote unquote, bias.

It's bias towards liberals left, whatever.

That's the belief of Trump supporters.

So Parler is this mysterious app.

Nobody really knows- Wait, no, that's not true.

I saw the kid today.

It's a young guy, Parler app.

No, no, no, they know who it is.

It's- No, they know who the CEO is and they know two of the investors, but they don't know who's the main investor because the people who they say are investors are these celebrity kind of like well-known people, but they're not like big investors.

I think I read it's Mercer.

It's basically Mercer is, what's his name?

What's the Simmons guy?

Jay Simmons?

I'm not sure.

Anyway, the guy who started Renaissance hedge fund, the big shot hedge fund.

It was Simmons and his partner Mercer or something.

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They also- So that came out today, yeah.

They backed Breitbart.

So they actually own Breitbart.com.

I don't know if they own it or they're the main, I don't know how the structure is, but they're basically,

they basically own it.

And it was a dad.

It's his name, Robert.

Robert Mercer is the one from Renaissance.

And Rebecca is, I think, his daughter?

His daughter, yeah.

So they fund all that stuff.

And so I think there they go.

James Simmons, it was James Simmons, the one who the book, you know, he just had the famous book come out.

The man who beat the market or something.

Right.

It's about the Renaissance.

Yeah.

Well, his partner is Mercer.

And Mercer started Breitbart.

And now is the guy behind this, I think.

Right.

So this came out, I think, today, the article broke.

But yeah, Monday, November 16th.

So basically, for the last two weeks, this thing has been number one on the charts.

And I tweeted something about this, which was just like, holy shit, look at this.

The number one app in the charts is because a whole bunch of people are basically leaving.

They're basically saying, I want to leave Twitter.

I want to leave Facebook.

And I want to be on a different social platform to the point where they could be, you know, this is hundreds of thousands of downloads per day easily, like half a million easily per day to be at that spot in the charts.

And so I thought that was kind of interesting.

And nobody was really covering it at the time.

Nobody knew who was backing it.

And it kind of just been this app with no traction for three years.

And then all of a sudden went crazy.

And I tweeted about this thing.

And it's my most popular tweet of all time because this guy, Dan Boingo, who I guess is like a podcaster, conservative podcaster, like type of dude, he retweeted my tweet about it.

And so this tweet is seven and a half thousand likes been shared over 2000 times of me just screenshotting that charts and being like, look at this like app.

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That's number one.

And it's basically a giant middle finger to Twitter and Facebook saying people want to want to go try something else.

That is pretty interesting.

I think this is going to be huge.

It's already huge.

The app has been down.

So like during the election that week, most of the comments in reply to my tweet were just like, oh, I can't log in.

Like the app got so slammed with like, you know, whatever, hundreds of thousands of users within, you know, within a couple of hours that you couldn't even log in.

The app kind of sucks.

But I think that there is a there is demand for like an alternative network that is not like kind of owned by Silicon Valley.

And, you know, crypto often promises projects like this that are like, oh, decentralized anti censorship.

And there's been a whole bunch of like Reddit, but not owned by Reddit and Twitter, but not owned by Twitter, like Mastodon or Steemit.

Like most people haven't heard of these.

But if you're in the crypto world, these were kind of popular projects because people thought, oh, would people want to use a social network that's not owned by Zuckerberg and Jack Dorsey.

And they never really took off.

But I think some of these things are about timing.

And when you get enough angry people who leave and want something else, that can kickstart a new place.

Although I will say, I think this is really bad for the, for, you know, the country in general.

If like, basically people just split and you just I'll be in my echo chamber and you be in your echo chamber and like, we just hate each other from our own silos.

I think that's probably bad in the end.

Can I let's let's stick this conservative thing.

So there's this website called winred.com.

It's only, I think, two years old.

I got it because I subscribe to tons and tons of email lists.

And like, I don't give a shit if you're a conservative or Republican, but here's the truth, which is that the conservative, like more conspiracy driven websites like Breitbart, they have, they're far more aggressive.

And like, they're just trying to like, their audience is like old white people who think that someone's going to come and steal from you.

Like, take your guns and so they do incredibly aggressive marketing. So I, I sign up to all of them just because I like to learn what's going on.

And I got this dedicated email from winred.com from Breitbart.

It was because I subscribed to Breitbart.

I got this email and it said like from Donald Trump.com.

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And it says, it was like a message from Donald, like we need your help.

And it led to the, and he's like, give the president as any, any dollar that you can or give any dollar that you can and I will match it for my campaign or something like that.

And it was like, Nancy's going to take your guns. You got, you have to help us fight and win this recount, whatever.

And I looked at the service that was due, like the service that was promoting it had like amazing copywriting.

I was like, what is this?

And it's a website called winred.com. It's only two or three years old.

And that short amount of time, it's trans, it's, it's collected roughly or it's done over, I think, a few billion dollars in transactions.

And so, and so if you go to the FA, it says zero to one bill in 15 months, Republicans have raised over one billion on Winred in 15 months.

I don't know if I believe all this, but that's pretty amazing.

And by the way, they show a chart. This chart charts kind of amazing. I'm going to, I'm going to tweet this out.

They show act blue, which is like the, like the left wing side of this.

And they show that it took 12 years for them to get to this same point and one year for essentially one, just over one year for Winred to do it.

There's a graph that's kind of amazing.

Okay. So if you go to FAQs, it says they take a three and a half percent fee and then they charge you a one and a half percent like fee that they give to a MasterCard or Stripe or whoever gets it.

It's shocking, this website.

And I saw that, like, I guess their services is they buy, like they go to Breitbart or whoever, or Donald Trump's like, hey, I need to raise money.

And he goes, okay, I'll, I'll, we'll raise money for you, but it's going to cost you like 30 grand in media buys and we'll go buy it for you.

We'll also even write the copywriting for you and run the website and do everything.

And we're going to take a three percent fee for this, by the way, as well.

And that's probably how they do this run this business.

And like, I don't care if you think it's unethical or not.

It's incredibly interesting.

It's three percent, thirty million dollars just there, they're right off the train.

It's crazy. This website's crazy.

Like you just look at one of their ads and you're like, oh, these guys are like experts.

And there's a reason why Donald Trump, I mean, his digital media or his digital strategy is the most sophisticated of all, of all the other candidates.

And that in itself doesn't matter because, you know, he lost, but these conservatives, man, they're like the most hardcore, effective marketers I've ever seen.

Yeah, it looks like they also have like a kind of like an affiliate model where you create a team page and then they teach you how to promote your team page to like rally up your own little support in your like local community as well, which is pretty interesting.

It's such a fascinating thing.

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Yeah. All right. What else we got?

Oh, here. Look, by the way, check this out. Let me show you this.

So the listeners, I'm showing Sean this email.

So it says DonaldJTrump.com. This is who this message is from.

The election is far from over.

Okay. So let me just point out a couple of things here.

So first, the subject line is we're not done yet.

Period.

Or no, we're not done. Period. And then special message from Donald Trump is like the header. And then that it says the election is far from over.

It's red with a yellow highlight underlined, which is like, you know, I love looking at these because they like just break all the like cute design patterns of Silicon Valley.

And it's like, no, but you know, they're way more of hyper effective copywriting and design that is, you know, it's in size like 40 font for anyone to be able to read.

With big bright photos and colors.

And then check this out. So how does this work?

Please contribute any amount right now to help defend the election and to increase your impact by 1000%.

I don't know what that means, but they're saying if you contribute \$100, that means you're impacting it.

You want to be, that's weird, right? What the hell is that? Yeah, what the hell does that mean?

So check this out. And then you go to their landing page and look, this is when read it's it's all.

And like, you already know that they've just tested this shit out of this.

Oh my God, there's literally, there's literally jiggling buttons that are like dancing trying to get you to push them like these blue buttons that are like shaking with a giant picture of Donald Trump.

It's like, well, this thing is like optimized for conversion. If you're like, why does my website not convert, you should go through this flow.

I mean, you should steal half of these paradigms, have these design patterns for your, for your own product.

If you want to see what the maximum could be.

This opt-in that was opted in automatically, it's a weekly recurring donation.

So they ask you, so I clicked something, they try to upsell me to get me to donate \$50.

And then it automatically checks a box that says, make this recurring until 1214.

And then we need your help to ensure that we do this. We can't allow the left-wing mob to undermine our election.

Donate an additional \$50 automatically on 1119.

Right. Auto-checked and hidden under this like giant paragraph of like propaganda telling you to auto-renew.

Crazy, right? Is this nuts? This is just absolutely insane. And let's look at the traffic of this.

So like tens of millions of people are coming here.

Yeah, you have the web extension open. And what does it say? It says 10 million plus.

It said 20 million.

Yeah, that's kind of insane.

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Let's talk about one more. Let's do one more idea.

Either, let's do maybe Quindle.

Okay, so Quindle is a company I was looking at investing in.

And I'm not sure if I will or won't yet. I haven't decided, but I thought it was a pretty interesting concept.

So these guys are making Pinduoduo.

And we've talked a little bit about Pinduoduo before, which is a group buying app in China that's super, super popular.

It was one of the fastest growing companies, reached over a billion dollars.

And so a lot of people have been trying to copy that model in the West, either in the US or in this case in India.

And Pinduoduo was more for, I think their two big niches were food and fashion.

And other people have copied it in fashion, but these guys are doing it in food.

And so I thought there was two interesting takeaways to find here.

So first, the way this app works, first, it's not even an app. It's what I call an invisible app.

I stole that from Ryan Hoover. He likes to call these apps where there's no interface.

It just lives inside.

And it basically says, here's the price at your local supermarket.

Here's the price for you to buy from us as an individual.

So let's say it's 60 bucks at the 60 rupees at the market, 45 rupees if you buy alone, or 29 rupees if you buy as a team.

And so you just get one image and it's like a picture message a day in WhatsApp.

That's their product is a WhatsApp photo message.

And then they encourage you to basically create a team.

So if you go and invite five other people in your neighborhood or whatever, I think a team has to have minimum three.

You can basically, you guys can all buy this for way cheaper than if you bought it at a grocery store.

And so the customer acquisition is really cheap because I'm clearly incentivized when I just look at this picture.

Like, damn, if I had a team, I could save a lot of money. All right, fine.

I'll invite two other people into this WhatsApp group. That's easy for me to do.

And then if we buy, we can all get it for this price. That's cheaper.

And so they're getting a whole bunch of users for very cheap because they're able to, because users are very incentivized to create buying teams or buying groups.

And then for them, they're happy to sell to these buyer groups at a lower price because they're not paying for customer acquisition because the customers are getting for free, virally.

And secondly, they're skipping the supermarket. So they're like just going straight from the farm to the customer and just delivering it direct rather than selling it at a retail store first.

And so I thought it was a pretty interesting concept. And I've just, I've just been waiting and looking for people who are going to do this group buying thing.

Well, in some country on some product, I don't know where it is, but there's something to this group buying thing that I think is really important because acquiring customers is always the most expensive and like hard part of any business.

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Brother, you're just describing Groupon.

Well, it is Groupon, but it's not because for Groupon, you're not incentivized to go tell your friends about this.

You were.

It had to tip.

At the beginning, is that how they did it? You had to invite?

Well, it had to tip.

I threshold.

See, I think basically Groupon was, oh, this is so cheap. I'm going to tell my friends because this is a cheap deal.

Whereas this is like, you can't get the cheap deal unless you invite your friends and create a group. And I think somebody creating that today on top of one of the texting platforms, either WhatsApp or Messenger, that's going to work.

Like this, this model is going to work.

Groupon's like 10 years old now, right? More than 10 years.

Yeah, by the way, everyone, like everyone forgets about them. They still make like \$2 billion a year. You know who tried to do this and failed miserably was James Bechara, a crowd tilt.

Tilt.

But this wasn't group buying. This was, that was group fundraising. That was like, hey, we want to buy a keg for our dorm.

Everybody needs to pitch in. Oh man, it's a hassle for everybody to like Venmo and I have to front the money first. Let's all put it in a piggy bank first.

So it didn't make it cheaper.

It didn't make it cheaper, which is different.

What I notice in trends is people are always saying, I want to buy this \$1,000 software or this \$1,000 course. Does anyone want to team up?

That happens all the time in trends.

Yeah, I hear you. But how is it not like illegal or against the terms of service for a lot of services to do that?

Well, if you're trying to do it where, hey, we're going to sign up for trends as a group and we're just share the content illegally. That's against the TOS.

But in this case, it's basically saying, for example, with group delivery or group buying of vegetables, it's cheaper because, A, they don't have to spend any money on marketing.

So all the marketing budget basically drops down to the bottom line or drops down to, you know, drops the price for the customer.

And the second thing is that when you make a buying group of people within your apartment complex or your neighborhood,

now they could just do like a batch delivery for all of you guys to like one central location.

And so, you know, they're able to get like economies of scale, right? Because they're delivering the same thing to the same place.

So it works with a physical product in that way that won't work as well with like a digital product where the cost of goods sold is zero anyways.

So what do you think this would work for?

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So I think somebody, I think it'll work for something like food delivery, like what these guys are doing in India.

I think that could work there. I think it can also work in other markets as well.

I don't think there's nothing just about India about this.

The other one that I've mentioned before that I don't know if there's a good idea or bad idea is like creating this as a Shopify app so that when somebody's on Shopify,

basically they're on your store, you can basically say, hey, you can get this product for less if you buy this with two friends.

If two friends also buy, you guys can all get this for cheaper. And you turn your customers into your referrals, referring agents to go get you more customers.

There's a store in Nashville where I used to live and on Broadway, that's like the Honky Tonk where like all the tourists go.

And their whole logo and shtick is buy one boot, get two free.

Sorry, like buy one pair, get two pair free.

And they do that because they always know that people are in groups of twos or threes and they're like, well, one pair is only \$300.

They're only like a \$40 pair.

I mean, they're shit.

But like, wait, if I buy one, I get two extras. That's crazy. That's like a great deal.

And it works so well that everyone in Nashville copied them to where as buy one, get two pair free.

And that totally works. It totally works.

Yeah, there's something about the psychology of a deal that if you package it, if you package it right, it can basically be your best marketing engine because you turn your customers into your marketers.

Yes. And it works wonderfully.

And I don't know why it does it.

Oh, the name of the, the name of the store I just looked it up is called Two Free Boots.

They're like, fuck it. We're all in on this.

They went all in on it.

They went all in on it. It's called TwoFreeBoots.com. That's their whole shit.

So they're, they're, they're taking this whole group buying thing to the max. It's pretty crazy. It works so well.

I remember like there's always a line and they stay open late at night so all the drunk girls get stuff from there.

It works wonderfully.

Yeah, I feel like somebody could bring this online because that domain would be like pretty catchy and available for different products to basically go all in on the deal.

I agree with you. I think there's, I think it's a good idea. There's something interesting here.

Yeah. All right. We, we hit the hour or so.

Let us know what you think of this episode. Leave a review. We just added this little bot and Slack that will post our reviews in front of our face.

So we don't have to remember to check.

The whole team will see it.

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The whole team sees it.

Yeah. If you hit a review, everyone's going to see it.

Exactly.

By the way, if you, if you are like whatever project you're working on, invest in a little Slack bot that will put front and center

like every purchase and every review that you get from your customers.

It's so much better than going and checking a dashboard.

Like just getting a little, a little ping or a little message in your, in your Slack channel.

It's like, I think that's probably my favorite feature of Slack.

Yeah, but it gets addicting.

Yeah. I know. I like to be addicted to, to my customers. I think that's the healthy addiction for business.

All right. Well, thank you everyone and we will talk to you soon.

All right. See ya.