

[Transcript] My First Million / #176 with Codie Sanchez - Buying Distressed Assets, Real Estate for Cheap & How to Network Like a Pro

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.

Most people should not be out there trying to build the next Facebook, and I think it's kind of fucked up that a lot of people try to tell people that's what they should do.

Most people want Mazzo's hierarchy of names, right?

You want your family taken care of, you want food on the table, you want to be able to do the shit you want to do on the weekends, and that's it.

And so I like the portfolio actually better of a portfolio of small bets.

I think of buying businesses a lot like I think about buying stocks.

Yeah.

I feel like I can rule the world, I know I could be what I want to, I put my all in it like no days off on a road, let's travel never looking back.

Sam, you showed up.

I thought you were too hungover from last night's pod.

That went till two in the morning to show up today.

Dude, it went later for me.

I mean, I didn't go to bed till four.

What time did you, what time was it over for you?

It ended, but my brain didn't turn off.

So like, I don't even know if I slept last night, I straight.

So we, so Cody, we had a biology on the pod yesterday and I don't know if you know him.

Yeah.

He's a real smart, smart dude.

And he definitely, you know, has like a ton of different ideas and thoughts and he's like super, super smart on a math perspective, science, you know, technically for computer science.

And so he was, you know, rattling off a bunch of interesting things.

But when he left and I'm going to sleep and it's just, you know, you know, I'm sitting there, I'm in bed, my dog's in the bed.

And like my mind is like making up straight up, I was just making up like scientific theories in its head.

Like, you know, that state where you're dreaming, but you're, you know, like lucid dreaming

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or whatever.

You're like kind of like half asleep.

And so I was half asleep, but my mind was like, Oh, but then the vector has to go to the scalar.

And then it has to, you know, the order of magnitude.

And I was like, then I'd wake up and what the fuck am I talking like, what the fuck is going through my head?

This is not even, this is gibberish.

This is scientific gibberish.

And that's straight up happened like the whole night.

So not a great, not a great night to be prepared to be underwhelmed in comparison to him today.

I think is the moral of the story.

Well he, he's just like, like we've had a, I think we've had one other person on the podcast.

Like, I guess Michael Steyler could be this, but I, I for sure think that, uh, Rahul from super human was like this, but there's like these, a handful of people who we've talked to, and you know, people say like, Oh, that person's a genius.

They're not, they don't really mean it.

But if we define genius as just like a certain IQ, I would bet a lot of money that, that he was the highest IQ person that I've ever had a conversation with.

And it was very obvious.

And he actually was quite, he tried really hard to hide it in that he tried to act nice and friendly.

And there was times where he was like, sorry, you guys probably don't understand that.

Let me try to re-explain it.

And that was, that was actually pretty cool.

But he just, he's, he's just smarter than me.

Like his, his, his oven just burns hotter.

And I, there's nothing I could do to try to understand that.

Like I remember at one time, I didn't want to embarrass Sean, but like biology was telling something and he used, he used math metaphor.

He's like,

He's like, what I try to find is the dot product between me and this, and I was like, dot product.

I remember that like in eighth grade, I, I heard this phrase 15 years ago, didn't understand it then.

I never thought about it again, and then he's referencing it for like the way he thinks about something.

He's like, you know, so I try to find the dot product and I was like, fuck, I don't know what that means.

But he went, like, he went from math.

So he was talking about math to talk about an idea.

And then he moved to like, uh, this one battle of like some type of chemistry.

Battle of the Bulge.

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And then he went to the Battle of the Bulge and he goes to Sean and he goes, Sean, you know, like, you know, I get the Battle of the Bulge, right?

Um, and Sean was like, yeah.

And he's like, I don't think you know what the Battle of the Bulge is.

Anyway, it was an interesting podcast, but this, this isn't about him, this is about you.

That's what Wikipedia is for.

Sometimes I'm kind of glad I'm not like that, honestly.

Could you imagine how, like you felt like that last night, Sean?

Could you imagine being in his head every day or at like a dinner with normal people?

He probably wants to kill himself.

Yeah.

We were, we even asked him about that stuff.

We were like, you know, we asked a whole bunch of questions that were like, I hope not even like condescending, but we're kind of like, were you always like this?

And like, what is, what's your family thing?

Like, were you like an oddball to them or are they like, was this like totally normal?

Cause I've never met somebody like you.

So I want to know like, what's your life like?

What do you do for fun?

Like, uh, you know, how does this all work?

And so we asked him a bunch of goofy questions like that.

Actually, unfortunately the best, the very best part was at the end after the recording ended and we just kind of, after a three and a half hour podcast, we then shot the shit for like 30 minutes and it was great and his guard was totally down and, uh, that was awesome.

And then Sam started helping him with his newsletter tips and he was like taking notes and he was like, Oh, this, this is great.

This is awesome stuff.

And like that was ironically the best and simplest part of the podcast.

And we had like three and a half hours of like good stuff, but in a, I mean, the way you said it, his oven burns hotter than ours.

Uh, and so, you know, I didn't feel like we were able to really add too much to the conversation or really like steer it because I was like riding a Bronco that I didn't know how to ride.

Basically it was too smart for me.

Yeah.

I love that.

Can't wait to hear it.

Yes.

So, uh, with that out of the way, welcome to our guest, uh, Cody's, Cody's here.

So, uh, Cody, how do you, I guess like, how do you explain yourself, uh, when you kind of introduce yourself?

Cause you have a newsletter that's pretty cool, you know, uh, this country and cash flow newsletter.

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You have an investment, uh, fund and business there.

You have built an own business.

I think majority share in some businesses.

So like, what do you, how do you describe this jack of all trades?

So hi, I'm Cody.

Here's what I do.

What do you say?

Well, I think if I'm on an airplane sitting next to somebody, I usually tell them I'm a salesperson.

So I don't have to talk too much, uh, but in, in a conversation where I was trying to impress somebody, you know, I'd probably say I'm an investor.

I am a private equity investor.

I run a fund that's about a couple of hundred million bucks focused on cannabis.

Before that I did emerging markets, a couple of billion dollars raised there.

And, uh, and now I write about all the things I wish I knew when I was first figuring out anything to do with this green language of money.

Um, and I do that at country and thinking, and I mailed the two, but I think these days that's not that weird.

There's a ton of VCs, not so many PE investors out there probably that write about investing and share their ideas.

And I kind of think that's probably the future and why it's going, going forward.

You, I didn't know that.

I knew that you have the newsletter, but so you have, you've run a \$200 million fund.

Well, I'm not by myself.

There's five partners, but yeah, we have a \$200 million cannabis private equity fund.

We invest in companies that do like 10 to \$50 million in revenue largely.

It's called entourage effect capital and, uh, we've invested in 67 companies thus far.

Some cool ones, um, you let you all would know, I think there's been six unicorns in there thus far.

So, you know, um, you guys would maybe know GTI, green thumb industries, acreage, canopy growth, uh, cure a leaf, I don't know if you're big weed connoisseurs, you'd know them.

And then, uh, and then we have a smaller fund that's about 20 million bucks.

That's for micro PE.

So that's just me and a couple other partners money where we buy small businesses.

And that's if, if we'd sort of fancy and not fancy, I guess, trendy, uh, then the other one are super boring and things that, you know, your, your father did when you were growing up and you didn't tell people about.

And that's like, uh, give us examples.

We're talking laundromats.

We're talking, uh, what, what are we talking about?

Plumbing businesses.

What are you looking at?

Yeah.

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The, actually the first one was a plumbing deal.

We started it because my uncle Ebb, uh, he had a \$5 million business.

Let me make sure I get the numbers right.

That was doing about \$2 to \$3 million in profit and he was old, you know, 70s ish and he was a sharecropper.

He grew up in a sharecropping family, um, didn't know anything about the business world.

And when he came to, uh, retire, he didn't know anything about M&A.

So instead of selling the company, he basically just wound it down and, uh, and, you know, he took a company that had \$2 to \$3 million in profit and just,