

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

And that's exactly how it works is people think, oh, if I practice stoicism, I'll become that person who is calm mind and able to just operate and doesn't have these sort of like massive swings.

And it's like, no, it's the other way around.

Once you learn to tame the mind, once you learn to master the mind, you'll naturally become a stoic person.

What up?

All right, what's going on?

I'm in Nashville.

Wait, is it eight or seven where you are?

Seven.

Oh, it's seven?

Wow, it's early.

So I woke up a little bit late and I texted you and I go, you just want to record something right now?

And you said, yeah, I'm thankful.

You said yes.

Yeah, let's give it a shot.

You're at a podcasting conference, which sounds like not a ton of fun.

Is it a ton of fun, though?

So it's educational and I'm happy and I'm learning, but it's just like nerdy stuff.

And, you know, there's not like, I don't want to, I can't absorb it for that long, but I'm happy that I would.

Yeah, it's worth it.

It's cool.

People like know us and that's crazy.

Like it's crazy just to walk around.

It's at a hotel and like so everyone's staying and it's kind of funny to be walking around and just people come up to you and say that they like listen.

So that's kind of neat because it's all podcast nerds.

Yeah.

Okay.

I like that.

You learn anything cool?

Any hacks?

Any growth hacks for us or what?

I think YouTube is just the way to go.

So and that's what we'll be doing with this show is going hard.

Podcasting is for nerds.

We're going to YouTube.

No, I mean, well, that's the way to go.

Some of these people spend so for the listeners, Sean and I spent what's on our money anymore.

But when we were doing this, like we were like so cheap and I actually think too cheap about starting this podcast.

I mean, I think it was right how we did it with like really bad at first and then it got a little bit better and a little bit better.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

But people spend so much money on recording their stuff.

And I actually don't think that's important.

But when you have something like we have, which is like you kind of hit this lick, it's important to invest.

And I think we've under invested, which is crazy.

Yeah.

Maybe I don't know.

I was renting a studio the first 10, 10, 20 episodes, \$100 an hour.

So that was a, that was like professional setup.

I went, I thought I was going, I thought I was over investing at that time because I had zero listeners when I recorded those.

Yeah.

No, but that's my point is that my perspective has changed when I'm seeing like some of the budgets that people have.

But for this episode, I, like, I called you because I saw like three amazing things that I wanted to bring up to you.

And you have one, two, three, four, five interesting things.

And I just wanted to talk to you about them.

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 host relived 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.

All right, let's do them.

What do you want to start?

Give me your first one.

Okay, the first one that we didn't get to last time, but I wanted to fill you in about it.

And it's about the elevator business.

So I told you a little bit about this.

So this was one of these moments, and I've had them with you a ton, where you explained something and you're like, I didn't even know that this was a problem.

I didn't even know this was an industry, but now I'm totally bought in and I think it's amazing.

And this particular company, I'm not sure.

It's not because I think that they're bad.

I just don't know them well enough to actually believe that they're going to win, but it was pretty amazing.

So let me set the stage.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

So I believe there's something like, I might be off by a little bit, but I believe there's something like two million elevators in America.

And only four companies basically control the whole elevator business.

Have you ever been on an elevator and looked at your feet where the doors open and seen the names?

Yeah, there's this little plaque there, but I don't remember any of their names.

I can't recall.

I once threw my key in the crack and had to call one of the companies to be like, hey, how do I get under your elevator?

Wow.

So it's Otis.

You probably recognize Otis.

That's the big one.

Yeah.

Otis, Schindler, Cone, and Mashibi, are the big ones.

I know of Otis because I've already looked into them a bunch.

These four aren't technically a monopoly because there's more than one, but basically they control just about everything.

And what that means is when you buy an elevator, I'm not actually sure how much an elevator costs, but something like Target might have six or 7,000 elevators.

And when you buy an elevator from them, it's a 10-year or 20-year contract.

It's a really long contract, and it's almost like buying a car.

So when you buy a car, you get a 50,000-mile warranty, except imagine buying 5,000 cars.

And it's incredibly challenging to know when each car needs to be serviced,

what type of service the car company is actually going to pay for,

and what they're not going to pay for, what falls under it.

It's kind of a pain in the butt.

And so what happens is oftentimes a company like Target, they employ a whole team to manage their elevators and escalators,

and they don't know what they have to do.

And instead of fighting with Otis and deciding they just go,

ah, fuck it, we're just going to call service people and we're going to figure out on our own.

And there's two new companies.

One is called AuditMate.

That's who I talked to.

One in Britain called We Maintain.

That's raised \$40 million.

And basically what they do is they manage your elevator and escalator, like it's like fleet management, you know what I mean?

And they determine what, and I thought that this was so fascinating and very interesting.

And when I heard about this company, I was like, well, I don't necessarily want,

I'm not sure if I ever want to like invest in anything like this, but I would love to own it.

And so the way it works is they charge \$50 to \$60 a month per elevator.

And the name of the game is you just go out and find all the elevators and you say, look,

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

we're going to be your agent, which means we sign on to speak on your behalf.
And we're going to negotiate with Otis and we're going to make sure that your shit's maintained.
It doesn't break down and we're going to handle all of it.
And I thought that was amazing.
And it's one of these business models where it's kind of like the way that they charge you right now,
or a lot of these companies charge is a subscription fee, which is fine.
But this is one of those business models that we've talked about, like TurboTax,
where they take a percentage of all savings.
So this is like the easiest shit ever to sell.
Right. And anyway, basically saying, hey, you have no risk, no loss,
because we're going to save you money.
You know, you sign up to pay.
You sign up with us.
You're going to save you money and we'll take we'll take out of it in the same way that,
you know, like Main Street does this with tax savings basically for you.
They'll be like, all right, we'll take a percentage of whatever we save you.
It's like, oh, OK, sounds like I have no downside.
And even if that percentage is large, it's like found money.
So they feel good about it.
I thought and I thought this was cool.
I've never have you ever even heard of anything like this?
No, dude.
So I'm just looking at some of your notes.
Otis, 12 and a half billion in revenue.
Schindler, 11.6 billion cone, basically the same 10 billion in revenue.
It's huge.
Those are huge revenues for these companies.
Now, I don't know how profitable the elevator business is, but they're like family owned.
Otis is like a family owned business.
I'm almost positive Otis has been around since the 1800s.
I mean, these are like huge, huge family owned businesses.
So they definitely are.
I believe they have to be profitable here.
Otis.
Otis is publicly traded.
So what do you think their market cap is for 12 billion in revenue?
OK, I'm going to guess they are a 22 billion dollar company.
Might be less.
I think it could be less.
You think less?
I think less.
Is it more?
It's about 40.
40.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

OK, so I was 22.

I was off.

I was OK.

It's pretty crazy, right?

Like, who would have thought?

And so this is just software that lets you help you negotiate.

By the way, Twitter is like 50.

Set 55 or something like that.

Is it really?

Otis the elevator company.

Yeah, Twitter had been hovering below that and then now it's just 55, 60 or something like that because the stock went up recently.

But basically Otis the elevator companies were almost as much as Twitter.

Which is insane.

And not only that, I believe, let's see.

It's been around since 1853.

Yeah.

Amazing.

And the funny thing is this is named after like a guy's first name.

It sounds like it's not even his last name.

The company was invented in Yonkers, New York in 1853.

And they've been around since then.

Fucking elevators.

And so this fascinates me when I learned about this because I like old shit.

When I think about you and I and a bunch of friends were talking.

What is Yonkers?

Is Yonkers a place?

Yonkers.

Is somebody born in Yonkers?

Cause that's amazing.

I want to say I'm from Yonkers now.

Yeah.

It's in the, I believe it's in the Bronx in New York.

It's like a, it's like, I don't know.

It's in New York.

Yonkers in the Bronx.

All right.

So this company, but you're, what you're saying is that this company is a SaaS company on top of those, right?

Yeah.

It's a SaaS company that lives on top of it.

And here's why this fascinates me.

I love old shit.

Things that last a long time.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

And we were talking about like the creator economy, sub stack.

I don't remember what we were talking about.

Something like involving like, uh, one of these newsletter, like one off creators.

And it's like, yeah, I think you can make a lot of money, but can you do that for 20 or 30 years?

It's really, really challenging.

I think basically Sam's type on companies.

Did you start in the 1800s in some way?

Did you, um, did you have a physical product that you could, that you could touch and feel where did, where you started in the Midwest or some, some part of America, you know, are named after a family like Rockefeller or Schindler or Otis or something like that.

Um, let's see what else, what else is it?

You know, are you absurdly profitable?

Um, those are your, those are your type essentially.

Yeah.

Look, I think it's cool.

That's something that to build something that can last a really long time.

Yeah.

That interests me because that, that, that like you, you optimize for excitement, I think for, uh, interest.

I optimize for what's the least amount of work I can do in order to like have freedom.

And you're just more like durability and I feel like durability is like number one.

It's like, yeah, you just, if you have this, you win.

And I'm like, if you have this, you might win for an hour and then you might lose the next hour.

I'm cool with that.

So both work, but they're both work.

They're just different.

What, um, what, what do you, what do you have?

What do you want?

All right.

So, uh, what I want to do, let's do, let's do, let's do.

Um, okay.

Let's do this unbundling Etsy one.

So I'm really interested in the second tier or like what I'll call B class, uh, marketplace is I don't mean that as an insult.

I mean, it more like, if you're in real estate, you're like, Oh, do I buy an A, you know, A class property, which is like, it's a modern building, fully leased up, blah, blah, blah.

Or do you go for like an older thing that has upside, right?

You go for something that has some hair on the deal that you might be able to do.

And so you go, you know, this is not New York, right?

That like that marketplace might be Amazon, um, Etsy or Poshmark are these like second tier marketplaces, but I see a lot of opportunity in them.

We talked about, I think we talked about this about building SAS tools for sellers, uh,

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

on those marketplaces.

So you, you, you, you brought that up and I, and I thought that was a pretty revolutionary thing.

Yeah.

And so these exist, but they're not great and there's not a lot of competition.

And so like, I think we had talked about Jungle Scout, which sold for some large amount of money that you knew, um, Jungle Scout is a tool for sellers on Amazon.

And I was thinking, okay, who's building stuff like this on these second tier marketplaces like Etsy or Poshmark.

Uh, so that was the first idea.

Then I started thinking, okay, wait, that kid, are you going to elaborate on that?

Cause that's pretty amazing.

I think, didn't we talk about it?

Maybe we talked about it.

I thought we talked about it.

No, if not, then that's an idea.

I think, I don't know if you phrased it that way.

I think the, your, the story telling here that you just said is actually wonderful.

So I think that's actually brilliant.

We had, so at HustleCon, we had Poshmark, ThreadUp and one more of these companies speak.

And I think they were some of the biggest Mercari, Mercari is a big one.

Uh, yeah.

They're huge.

Secondhand sales, the real, real, you know, there's all these like other marketplaces basically there's all these other, other places.

So Ben's wife, Tiffany, she is a Poshmark, like super seller or something like that.

And so she like, she sold so much that like when they IPO, they invited her and like whatever the top other thousand sellers to be like, do you want to buy the IPO?

You can buy the reserve price basically we're reserving some shares for you because you've helped build this thing.

And for which company?

For Poshmark and like Airbnb did the same, I think I think for, they, they offered super hostability to buy some shares, some, some small amount of shares.

And so an Airbnb, by the way, another, another marketplace where could you build a jungle scout type of tool on top of Airbnb?

There is that I'm a subscriber to.

It's called AirDNA.

It's amazing.

And what does that do?

It tells you like what to price it at or?

Yeah.

So it's called AirDNA and when I was, so I rent out my house when I'm not there and

I buy property to rent out and I use it as a research tool.

And I guess it just crawls Airbnb and it determines what the average occupancy rate is, what you

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

should charge, what the earning potential is.

It's just, it's tons of signals for buying properties to make into Airbnb.

And there might be other things like reporting, you know, tax, you know, some tax savings you can get or whatever if you, if you're an Airbnb host, it plugs into Airbnb and it generates your report.

So anyways, I was thinking, okay, you could build a jungle scout type of tool.

And for those who don't know what jungle scout is, basically you go on Amazon, if you have jungle scout installed, it's a Chrome extension.

And basically when you are looking for products, you can just click jungle scout and it'll tell you, Hey, here's how much search volume this has here, much monthly revenue, this product makes it's, it's an estimate, but it's pretty good.

Here's how fast it's growing and here's how strong the competition is.

And so what you want to find is something that there's a lot of search and low competition.

And if you find some, if you find a combination like that, you're like, Oh, nobody's searching for, you know, wooden spoons that are like wooden oversized spoons.

You don't want to build that because nobody's searching for it.

But if you have like, you know, wooden oversized baby spoons, it's high search, low, low competition.

You could go, go to China, get that product made and, and become like the top result on Amazon, which is basically free traffic for you.

So that's the idea.

So I think you could do that for Poshmark.

I think you could do that for Etsy.

One thing that I was thinking about for Etsy is I think you could spin off a whole new marketplace, just unbundling Etsy.

Etsy is now big enough.

It's a public company, been around for a decade plus and has all these different categories, right?

So it's like, you can go and you can go to home.

You can go to, you know, custom gifts, you can go to all these different categories on Etsy.

And you can ask yourself, huh, could I make a marketplace or a service that just does this one thing better than Etsy's doing marketed as that and actually like unbundle a piece of Etsy in the same way that people have had a lot of success unbundling Reddit, unbundling Craigslist.

If you haven't seen this Google Google unbundling Craigslist and look at the diagram.

It's like, it takes every part of Craigslist and then it just shows how, oh, look, this housing part of Craigslist became Airbnb and this became Etsy and this became this other thing.

And so the same thing I think can be done here.

So here's, that's the, that's the core idea is unbundle one of the verticals of Etsy.

What I would do, I was looking at the categories, I would do custom gifts.

So custom gifts is one of the top categories on Etsy and people go there because they want to set a thoughtful kind of like what looks like a homemade handmade gift to somebody or they're getting it made for like their wedding and they want all their wedding coasters

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

to have their names on them or their bachelor party and they want everybody to have matching shirts that say the bat, the, the bachelorette's name on it or whatever.

And so I think custom gifts could be spun out into a marketplace.

That's like fiver where you basically just here's a bunch of custom gifts, push a button and you get these for, you know, 10 bucks or some, some flat rate basically.

So I think you could do a fiver or, or even like a cameo style thing for custom gifts.

And that's the, that's the category I would go after, but I think generally I think you could study their marketplace and find it, find a, we'll find one that works because you can also see the shop sales.

You can go into any shop on Etsy and you can see how many sales it's had, which is like an entrepreneur's dream.

You can do that, you can do that now, right?

Yeah.

This is part of Etsy.

You know, here, this shop has had 6,000 orders and you can look at the price, price of the store and be like, Oh, as you know, average things, \$35 would be like 6,000 times 35.

That's how much revenue this shop has made in two years.

Those are both two big ideas.

So you're talking about building like the, the, the software that analyzes the sales and then the, the marketplace that sells the stuff, both actually pretty amazing.

I go to Etsy sometimes and I do.

So if you scroll all the way to the bottom, you'll see how many sales they have.

eBay does it too, but not as good, but that's actually a great idea.

And by the way, I looked up AirDNA.

So the thing about these software companies, you're, you're, you're talking about two different things.

We'll call it one software, one marketplace, the software companies.

So if I told you, or if you told me about Jungle Scout a few years ago, I would say,

I'm like, Oh, that's a nice little, that's a nice little thing.

In the after business.

Yeah.

Yeah.

It probably does like 80 or, I mean, if it's worth a billion, I wouldn't be surprised, but it's definitely worth nine figures.

I know that for a fact cause it's sold part of their company.

So I told you just about AirDNA, I thought that was just a small thing.

How big do you think AirDNA is?

By the way, Jungle Scout raised over \$110 million, which is, that gives you a sense of how big it is.

If it was able to raise that.

Yeah.

I think it was, some of it was private equity.

So I don't know how big the valuation was, but it's definitely huge.

Right.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

Okay.

AirDNA, I don't even know what it does.

I'm just going to go to the website.

So I'm just going to take, I'm just going to say a random number out of the air.

I'm going to say 35 million.

What is AirDNA worth?

Wow.

Well, so they air DNA.

So they charge, I think I pay \$100 a month for it.

In 2018, they did \$4.9 million in revenue.

In 2019, they did \$8.4 million in revenue.

They said they were growing a hundred percent.

So you could probably assume that I would, I would actually bet that in 2020, they probably did 16.

And then in 2021, I wouldn't be surprised because there's a lot going on with investing in Airbnb's.

I wouldn't be surprised if they're in the 30 million recurring revenue, annual recurring revenue range, and they raised \$8 million in order to build up.

They bootstrapped to 9 million in revenue and then raised \$8 million.

So these are like these things that you would think are small, insignificant stuff that could actually be quite big.

So that's a 50 to \$100 million value business at that, roughly those numbers you just told me.

Yeah.

It's a huge thing.

And who would have thought?

I never would have thought that.

If you told me you're going to build this thing that analyzes Airbnb, I'd be like, no, it would have been like, side hustles are cool.

Yeah.

Yeah.

You should be able to bring in the four, five K a month, you know, with your little Airbnb DNA tracker, whatever the hell you're talking about.

And I would say, I would have, if you had to guess what's bigger, Etsy sellers or Airbnb, I would think there'd be more Etsy sellers than Airbnb hosts.

Well, the thing with Etsy sellers is that, so Airbnb is very much, it's a lot more set it and forget it.

And there's less levers to pull and there's less like, there's less like categories and things like that.

Whereas like Etsy has like multiple different categories, each one has its own little nuances.

And then there's like such a wide variety of sellers where, yes, there's many people have houses, but it's all, they're all doing the same, they're offering the same service.

Etsy's offering like a million different services to people.

And so I think that's why it has probably a little more opportunity.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

What would you do?

Why did you call it cameo?

Well, I was just thinking custom gifts, if custom gifts is this big of a market, I would just start with that.

I'd say custom gifts.

I wouldn't, maybe the end product wouldn't be a physical gift like Etsy.

Maybe it would be something like a cameo where it's a video or just making a jingle for somebody or it could be with celebrities or non celebrities, but basically some way to send a custom gift to somebody.

And that's such a big, such a big part of Etsy.

Maybe you could rank for it in search or run Google ads and hijack some of that traffic of people looking for custom, handmade, whatever, custom name, blah, blah, blah.

And be like, yeah, we do that.

We'll put your name on a shirt.

Yeah.

It's not as nice as Etsy.

It's, you know, we just took the generic Etsy look and we just mass produced it basically.

That'd be one way of doing it.

I'm on board with that.

You want to move on to another one?

Yeah.

Yeah.

Let's move.

All right.

So I'm going to weave two.

One of mine and one of yours.

I, I'm a big UFC fan.

So are you.

So DC Daniel Cormier, he is a, he's retired now, but he's a, he's a big fighter and he, he posted this thing and I'd seen ads for it, but he posted that he's now going to endorse this thing called fit to warrior and I went and looked at it.

So fit to warrior.

It's incredibly interesting.

And so what they do is you spend \$2,200 and in six months they take you, is it six months?

Maybe three months.

I think six months.

They take you from being a complete noob.

So you're just a guy off the street.

Isn't it winter warrior?

Oh, sorry.

I spelled it.

Yeah.

It's whip.

My bad.

That fit to warrior wouldn't make sense.

It's called wimp to warrior.

Wimp to warrior.

They take just you off the street, you give them \$2,200 and I think you get like a hundred classes or 50 classes.

What are they right?

So, so it's a 20 week program.

How many months is 20 weeks?

Five.

Five months in.

So you, you have five months and what they do is you sign up and you have a fight.

You have a fight scheduled five months from the day you sign up and it's like, and it's like cohort based.

You pay like \$2,500 or something like that.

Yeah.

Yeah.

It's a cohort based thing.

And they say in the next five months, we're going to take a guy off the street and you're going to have an MMA fight.

Now it doesn't take a rocket scientist to understand that the goal of this is not necessarily to get you fit or to like get in a fight.

The goal of this is to have like a pivotal change in your life to be more confident to say like, look, I said, I'm going to lose weight forever.

Now I like, I have a fight in five months.

If I don't get my act together, like I'm really, it's not a good, it's not going to be good.

So this is like a pivotal life changing thing and I love this business.

They just raised \$8 million from a bunch of PE people.

It was launched in Australia and basically what they're doing is they came up with this name, went to warrior, they come up with this program and they work with loads of different MMA and I guess boxing gyms and they license out their program.

And now they are paying kind of McGregor's coach, John Kavanaugh is on board DC, all these coaches to like promote it and they give them some type of fee.

I thought this was amazing.

And I think this is amazing for a couple of reasons.

One, it's a business that I actually think this would change your life.

If I told you you had to, if I told you you had a fight in five months, would that be the one thing that finally said, like, I got to take this.

Am I wrong that you think basically there should be mandatory part of the education system?

Well, everybody to do this.

Here's what, here's, here's why this has always fascinated me.

So women have this because they have like a biological, like you are now officially a woman, but men, we've lost like a right of passage.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

We've never had this like, all right, now I'm officially a man.
Like I guess if you're Jewish and you have a bar mitzvah, maybe that's like the crossing of the cast, I'm like, all right, you are no longer a boy, now you are a man.
And like we had this, like I love the Spartans because they do this thing where they like, you'd go, they'd say, all right, you're 14 or whatever.
Now you got to go out in the wild for five days and you got to survive and just come back when you're done.
Men, American, we don't really have this like, this modern day.
Yeah.
Yeah.
And so I love these type of transformational, like, all right, it is official.
You have, there's a start beginning and then like an end type of thing.
So I love that.
And you up here, you want to talk about mental fitness.
I've also done like yoga or not yoga meditation.
I love head space.
I love calm.
I try to, I do buy into mental fitness stuff, but it's a little bit tough because it's not like intense.
And so I love these intense programs and I think that they can be great businesses and incredibly fun and fulfilling to run.
Yeah.
So I think there's a couple of things.
First, I hadn't seen this.
I thought McGregor's coach John Cavanaugh, I thought he invented this because he was the first one always talking about, oh, we're doing Wimped Warrior.
It's so good.
We have 200 people doing it this season and he just kept doing it.
And it was like, they take average Joe's, you come in and you basically say, cool, I'm going to turn into a fighter.
I'm going to train like a fighter for X amount of weeks.
And then it ended kind of the graduation, the culmination, the right of passage at the end is you do the like the amateur exhibition fighter, whatever, with somebody else from the program, I think.
It's not like you're not in a ton of danger.
I think it's really cool.
I didn't realize that there was like a business underneath this.
And so just to do the math, so basically what they're doing is they're licensing this out to gyms and they're saying, hey, this is a great customer recruitment like mechanism, right?
So you run a Wimped Warrior program, we'll give you the branding, we'll give you the business in a box kit and what you got to do and we'll send you the customers and we'll send you customers because we have star athletes and coaches promoting this because it's a feel good thing for them too.

And so we'll send you a bunch of interesting people.

They'll find a Wimped Warrior program near them and you be my operator.

So it's asset like you do all the work.

We will just do the marketing and create the brand on top of this.

I think this is actually really, really smart.

I would invest in this company, even though it seems like so crazy fringe, actually, there's a very nice model is better than Tough Mudder, better than Spartan Race, better than all those because they take on a ton of operational overhead.

They're a traveling circus.

And so I like this model a lot better.

So okay, I think Wimped Warrior is cool.

I think that your right of passage thing is interesting and especially we talked early on about Boy Scouts and like the downfall of the Boy Scouts program and what you would do if you were going to buy it or reinvent it or make a new Boy Scouts.

And I think we were on to something with this and we should keep looking for the opportunities that are here.

I'll tie this into the mental fitness thing.

We did a segment on Simone Biles in a podcast two episodes ago or one episode ago and we ended up cutting it.

So it's in the Lost Archive, Lost Files, along with me and Sam Sparring footage from when I went to his house in Austin.

And the reason we cut it is because I had a strong take.

I was pretty like, but we didn't have...

I didn't have all the details of the story.

I didn't realize that this was...

When she said I had like a mental breakdown, I was like, oh, that's like crazy.

That's nuts.

Weak.

Yeah.

And then there's like these like the twisties things.

I'm like, all right, well, that's like an injury.

That's like your legs broken type of thing.

So my opinion changed.

And I was like, ah, I didn't actually have all the facts when I was kind of explaining my opinion.

All right.

A quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier, and while we technically had 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 days, the same length as always.

But before you know it, we spent three hours just fixing something that was supposed to be automated.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

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).

Yeah.

Yeah.

That's true.

And so we basically were like, we sent it to Sam's wife and we were like, hey, what do you think?

Too much?

And she was like, yeah, a little too much.

So we cut it.

But I thought there was one part of it that was interesting, right?

So, yeah, nobody really cares about Sean and Sam's opinion on some mobiles, even though kind of that's whatever, it can be interesting.

The more crazy your reaction, the more interesting it gets.

I thought the real part in it was there's going to be a trend.

I'm calling it now.

Over the next five to seven years, people are going to start to really give a shit about mental fitness.

And it's a very different thing than mental health.

Just like for your physical body, you have health, like, do you have a disease?

Are you ill?

Like, no, I'm not sick.

You can be not sick, but you can be not fit at the same time.

And so you could be healthy, but not fit.

And in the same way, you could have mental health, meaning you're not suffering from depression, severe anxiety, bipolar, anything like that.

But you can also not be mentally fit.

So what's a fit person?

Right?

What's a fit person?

You know, really physically fit.

If you work out with Sam, you go for a run with Sam, you'll be like, God damn, this guy can run.

He's, you know, he can go long distances.

He's fit.

And so similarly, there's mental fitness, which is basically just like physical fitness.

It's about overcoming some adversity.

So a mentally fit person is somebody who can overcome a high degree and variety of adversity and intensity of adversity.

And so, you know, shit, not going your way, getting in sticky situations, being out of your comfort zone.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

These are all areas where mental fitness matters, relationships, different challenges that come your way is where mental fitness matters.

And I think right now, this is something that is very poorly understood.

It's rarely talked about.

It's almost never taught.

But I would say mental fitness is, in my opinion, the most important skill one can have, right?

The most important thing is the little voice in your head that's talking all day, nonstop, this chatterbox we have in our head.

And what is it telling yourself?

Is it telling yourself that you suck, that you can't do it?

Is it telling yourself that you should give up?

This is too hard?

Is it telling yourself that, you know, don't do it, things might go wrong?

Or is it saying the opposite?

Is it saying, you know what, you could figure this out.

Hey, even if it doesn't work out, no problem, you know, you'll still, everything will still be okay.

Hey, even though this person just cut you off on the road, look around, the sky is blue, the air is crisp, your family is happy and healthy, you have a lot to be grateful for, right?

Like the voice in your head dictates the quality of your life.

And the voice in your head is your mental fitness.

It is the manifestation of your mental fitness.

And so I think we're going to be seeing a lot around this.

I think we're going to be seeing growth in services, content, thought leaders, whatever, around mental fitness.

What do you think?

Am I overblowing this or is that, are you a believer?

I'm a believer.

I think that what you're doing with this title of mental fitness is I think you're just rebranding something that's been around for a long time.

You know, this is like a Tony Robbins book.

So I totally buy into what you're saying and I 100% agree with it.

I think there's a few opportunities here.

The first is, so I'm reading this amazing book called Human Nature.

I've been reading it for a long time for like six months and it's very dense, but I'll read it and read it over and over and over again and I take notes and I'm trying to like master it because to me it's like a handbook on how to like handle my emotions and how to handle other people.

Now, what I would do with this is what I would want to do is almost have like a Whip to Warrior type of program where I can spend a fair bit of money and have a very intense program and I think that a mental fitness type thing, I think that's a lifetime of learning and that's like a lifetime journey, but I do think that there is like transformational moments in series of your life that could actually level you up significantly.

And I think that there's an opportunity to build something like that in this weird kind of fucked up way.

I've always been a little bit jealous of people who went to the military or at least people who went to military school because like there's this like classic, like I was undisciplined, I was fat, I was unhealthy, I wouldn't wake up early.

Now I make my bed, I know how to like show respect to each other, to people I have self-confidence, I know I have a new level of discipline and I'm like, oh my god.

I know what I'm made of, I went through hell week and I made it.

So I have been to my breaking point, beyond my breaking point where there was just no way and I did it and you know, they don't brag about it, but you could tell there's a certain level of confidence that people have by discovering your bottom, right?

What is your actual rock bottom?

Not in terms of your money, but in terms of like your mental game.

Where you break physically, yeah, sure, but when you break mentally, it's over.

And so they've been there because you know, that's what the military does, they challenge you in that way.

And I've always been jealous of that.

I'm like, man, I wish that, I say it in a joking way, but I'm not actually joking.

When I'm with my wife, I wish I would have went to military school because there's some like discipline stuff that I don't have that I wish I would have had.

And it's almost like, I've searched for like, what type of program is going to go towards?

It's like basically like the soft version of that.

It's like a fat camp version of that where I can just like spend money and they just like insult me for a week.

But anyway, I think that's like, I think there's something there with that.

And I also think that there's something there with mastering some of these books and some of these things and doing this mental fitness type of type of stuff.

And so I'm on board with this.

I actually think this is quite amazing.

Yeah.

And I think the word is amazing in this concept, this concept of, look, you're healthy, you're not like ruined, but you're not fit.

I think that's amazing.

I love, you know who could like crush us if they wanted to, but I don't think they do.

Have you bit paid attention to what Ryan Holiday has done with his stoic brand?

No.

Like I'm from afar, but I don't know anything specific.

I've seen his books, but tell me what's interesting.

So Ryan Holiday is an author.

His first book was called how to get famous or what was it called?

How to.

Is like news jacking or whatever.

Yeah.

I forget what it was called.

He's got like the obstacle is the way ego is the enemy or something like that.

He's got a bunch.

Yeah.

So he's got obstacles way ego.

And this whole idea is based on stoicism, which is this, uh, what are they Greek?

I don't know.

Marcus Aurelius, these philosophies of basically like you're going to face hardship in your life and it's not about avoiding them, but it's about embracing them and finding meaning in them.

And it's great.

And he's probably predominantly male, young males who listen to his stuff.

I'm one of them.

And he's built this brand called the daily stoic.

So I believe it's called daily stoic.com and he sells \$25 stoicism coins, which I own one.

He sells, um, like a \$19 email course where every 14 days he teaches you like a new stoicism like thing on how to read more like, and it's, it's pretty amazing.

And like, if I don't think he would ever want to do this cause he, he seems like he's got a good life and he doesn't want to work much harder, but I would imagine that if Ryan Holiday had like a stoicism boot camp for like a month and he charged like 10 grand and like it was around this mental fitness idea, I think loads and loads of people, including me would, would pay to go.

Yeah.

By the way, I heard something that I thought was great.

They go, a lot of people get it backwards.

I forgot who said this.

Uh, they were talking about stoicism and I was like, yeah, you know, stoicism, I've, you know, I get it.

You're supposed to be stoic and then that, that brings you sort of this calm and this peace and it's like sort of like really stable mental, mental game.

And uh, he goes, no, it's the other way around.

When you calm the mind, you become stoic.

You don't become stoic to calm the mind.

And I thought, oh, that's so true, which is that you, um, that's exactly how it works is people think, oh, if I practice stoicism, I'll become that person who is calm mind and able to just operate and doesn't have these sort of like massive swings.

And it's like, no, it's the other way around.

Once you learn to tame the mind, once you learn to master the mind, you'll naturally become a stoic person.

Um, you have to get the, get the order back, get the order right.

And uh, so that was like a big breakthrough for me because I've known, I know a lot of people that have tried to get into stoicism.

They have this anxiety.

They have this like sort of mental like lack of clarity and calmness.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

They get into stoicism thinking it's the answer and they get sort of disillusioned very quickly. They're like, oh yeah, it wasn't for me.

And it's like, well, that's true because stoicism is almost a state you get to after you learn how to calm the mind.

It's not the method you use.

You know, so I've read a lot of stoicism books and I like it from just a history perspective and I like it from a practical life philosophies perspective.

I think it's one of the very few like philosophical things that you could apply to your daily life. You know whose book changed my, it kind of changed my life on it.

And it was shocking.

It was Naval.

That Naval almanac.

What's it called?

Right.

The Navalmanac.

It's so good.

It's so good.

So the first half is all about making money and the second half is all about being happy.

And the first half is like, that's just normal, whatever.

Who cares?

The second half I felt was pretty game changing and he talks a lot about stoicism and a lot about mental fitness and he was basically like, the summary is basically happiness is a choice that I made and here's some of the strategies that I use and it's very sto, it is stoicism.

And I thought it was very useful.

All right, let's jump to a different topic real quick.

Can I, wait, let me quick tell you really quick about one of the greatest hacks that I've seen.

So a financial hack and when starting a company.

So the first one that I always tell people, and this is something that's new to me that a lot of people, or it was new to me, a lot of people don't know about.

It's called QSBS.

So it's probably the greatest American tax, basically when you sell your company, if you have QSBS, which basically is like, it basically means qualified small business tax.

So if you sell a business and you've owned the business stock for five years and it's a C Corp.

If you sell your company, the first \$10 million in sales or in profit that you make, you don't pay taxes on.

So it's amazing.

But I think I found something that's even better, moving to Canada.

So I talked to this company the other day and they were building this like amazing thing and I was like, how many people work there?

They're like a really new company and they're like, well, we have about 18 people who work here and we only spend about a million dollars a year in total cost.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

And that's kind of crazy.

So basically when you're starting a company, I started my company in San Francisco.

If you're starting your company, I would imagine that you would, when I started it, it was \$10,000 ahead and I was hiring like young people who didn't pay much.

But I imagine you'd want to, you'd want to bake in \$15,000 ahead, right?

Easily.

Especially engineers.

Yeah.

So maybe more, but let's just say \$15,000.

So \$15,000 times 12 is, let's say \$15,000 times 12 is, so that's \$180,000 ahead.

Oh, I think it's even more than that.

It's probably \$200,000.

So that number you're talking about is basically seven years ago and non-engineers.

And now you fast forward seven years, double it, and then to engineers basically double it again.

And so what was maybe, let's say \$10,000 is actually you should be budgeting almost 30 grand per head is probably closer to reality now.

30 grand, you think?

Okay.

If you're very good at engineers, yeah.

So 30 grand times 12 is 360.

So \$360,000 an employee.

So 360 times 15, if you have 15 employees, that's going to be around \$5 million a year.

And by the way, so that's not, that's not just their salary.

So let's say their salary is 200 to something K, then you have to pay all the like, you know, an additional overhead on salaries, which is about 20%.

That's your FICA, that's your social security, all that good stuff.

You have your rent, you have your free catered lunches, you have your, your snacks in the office, you have all the other bullshit that you got to do if you're going to hire in this like extremely competitive hiring environment, signing bonuses, recruiter fees, it all rolls up.

So if that number sounds high, if that number sounds high, you'd be surprised.

If that number sounds low, you're probably right.

And so let's just say like three to \$5 million is a huge range to have a team of 15 engineer heavy, highly competitive startup to get going.

It's a lot of money.

I talked to this guy the other day and he had 15 people and I was, and he told me he was spending a million dollars a year and I was like, wait, what?

He goes, yeah, so here's how it works.

In Canada, we have these things called the research and development credits.

And basically what that means is if you're an engineer is how they're called, they're called them shred credits, even though it's S-R-E-D, but I think they just, when people talk about it, they call them shred.

Yeah.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

I heard people mention it, but I didn't actually look at the mechanics of it and I'm not an expert on it, but he was reading it to me and I was amazed.

And basically what happens is he pays their full salary.

So he pays some engineer 150 grand a year and at the end of the year, I think he literally gets like deposited money back 50% of the cost that he's allocated or he's paid them.

He gets that money back at the end of the year.

So \$160,000 salary is actually only 80K to him.

And also in order to manage cash flow, there's these loans.

There's loans that you can, so he has to pay the \$160,000, so 160,000 biweekly, so he pays that out.

So you have to have cash up front, but he was able to get a loan against that.

And so he gets a loan up front and then at the end of the year after paying taxes and things like that, he gets the salary money back.

This was amazing and he was telling me all about it and this guy was based in Toronto and I've never been to Toronto, but it sounds like an amazing place.

There's a company that you should check out for this.

That's kind of cool.

So most companies aren't going to make the drastic move to go move to Canada.

So there's a company, it's part of Atomic if you've ever seen it.

And while you're talking and pulling that up, I think the best arbitrage to do this in or one of the easiest is service-based businesses.

Okay, but I think you can't do it unless they're engineering.

I feel like it's only engineering roles.

I believe it's for anything that's research and development.

Right.

Which usually I think is...

No.

No, because at the Hustle, we got a tax credit for some type of research and development stuff and I had to go through each employee and kind of guesstimate what percentage of the time is on research and development and you can do this for agencies.

You can get a fair bit of money back.

So agencies that do a certain type of thing.

And I was at my friend's office who has a New York agency and their office was like lavish because they spent, I think they spent a half a million dollars decorating it.

And I was like, well, why do you guys do it?

And he's like, well, this is just what you got to do to keep up with everyone.

And I was like, well, fuck, I don't want to play this game.

I'd rather keep up with people in other places.

And I think that we have a friend who has an agency and he sells to Silicon Valley and New York companies, but he does this arbitrage thing and he makes way more profit than most huge agencies.

Right.

The company I was talking about is Terminal.

Terminal.io.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

I think they basically, their startup is a smart idea.

They basically were like, hey, we will spin up a Canadian engineering office for you.

So you want these credits, you want these cheaper engineers, but you don't want to relocate yourself and your whole business and figure out where to go find engineers and figure out, you know, the best coffee shop in Toronto.

Cool.

We will do the engineering office for you and you just pay our bill.

And like, basically they're kind of like a recruiting slash spin up agency for talent in this region, which I think is pretty smart, a smart arbitrage that they're doing it in kind of a fancy way.

I think anybody can really do this.

I think it's a smart idea.

Yeah.

And so anyway, this guy like made this, like I had this whole conversation and then you like kind of, he like made this off here to comment and I'm like, wait, wait, wait, wait, wait, wait.

What?

And that like, it totally was like, there was a big shift there.

And I was like, I'm sorry, I know we're not supposed to like, this isn't like the main point in this conversation, but can you tell me everything about this?

And that was pretty, that was pretty amazing.

You want to do one more?

Yeah.

Let's do one quick one.

All right.

What's fun?

Did you see that Reese Weatherspoon sold her production company for \$900 million?

Yeah.

And a lot of people cause the fuss about that and I don't entirely understand the business, but I don't think, I think people cause the fuss because they don't understand what the buyers were getting, but I don't understand what they're getting.

Why is this worth \$900 million?

They get three TV shows and her, her team.

Well, so this is like kind of bro science.

So I want to preface like, I haven't done like entirely a bunch of research on this, but Reese Weatherspoon has had this production company, I think since like the early ish 2000.

Like for a long time, what that means is I believe that she owns the rights.

You know, do you realize that Reese Weatherspoon is like, like she's gross like over a billion dollars.

I mean, she's like one of those people that she's like the killers, like the killers is a band that like maybe not everyone says that there is their favorite band, but like everyone knows like Mr. Brightside, they like, you know, they, they, they're quietly in the background, just always the best in the most popular, even though they're no one's favorite.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

That's kind of what Reese Weatherspoon is, is like everyone that at least kind of likes her and will go to her movies.
And so with, with the deal, I believe what they're buying is like a lot of IP from years and years of production work.
So okay, so, so I'm looking up, I'm looking up right now.
So it says that she started Hello Sunshine, the company that got bought in 2016.
Before that she had another one, it's called Pacific Standard 2012 and that's a subsidiary of it.
So she kind of rolled that in.
So 2012.
So that's only a decade.
And I guess in 2000, she had another production company called Type A Films.
And they made, I don't know, some Oscar gone girl.
They made, you know, nothing too big.
Big Little Lies was their hit recently.
And then they had The Morning Show, which is on Apple TV.
But this is wild.
This is like, so she has a book club and the book club has over 500,000 followers on Instagram.
That's pretty amazing.
She also owns a.
Dude, good for her.
She's a filmmaking lab that teaches 20 year old, 20 girls that are 13 to 18.
The art of filmmaking.
Like this is great.
Dude, be like.
She also has a, she also has a clothing brand.
I think it's called Draper James and they have brick and mortar stores all over the country.
What?
What a powerhouse.
Reese is kind of like an Oprah thing where she's just kind of got a web of like a variety of different things.
She's, she's a baller.
She's also a kind of a baller because a few years ago her husband, her and her husband ran out of party and they drove home and her husband was got pulled over and I think he got DUI and she got out of the car and like, uh, conferred at the cop and she's like a wobble on with them.
So she got arrested with her husband.
So she, she, she's kind of, um, she's kind of a boss.
No, it's amazing.
I think if I remember correctly, I believe her company was bought by Kevin Mayer, who recently was the CEO of Tic Tac America, but got fired because of all the stuff.
And before that, was he the CEO, was he a CEO of Disney or president, but he was president and he, he like was the president, I think of Disney plus, uh, before like when they

launched or whatever.

Yeah.

So he's a big swinging dick.

And he, yeah.

And he basically, they bought this company to build a conglomerate of like some type of media company.

I don't entirely understand the structure.

These deals to me always seem very complicated and they seem very like deal-making.

I still understand the numbers, right?

Because like I'm looking at the, so I'm looking at the assets.

So they have gone girl, which, which bates 360 million, uh, gross in the box office.

And then the next highest one was 50 billion.

So they have four films, uh, of which, you know, nothing, nothing huge.

Um, and then they have on TV, they got big little lies, the morning show, little fires everywhere.

Those are the three shows you know, and then there's six that have been bought or sold to either Apple TV plus, Amazon, ABC, Netflix, whoever.

I just don't get how you get to that number because I feel like to do that you, you basically need to, uh, like, like the office was getting \$100 million a year of like streaming royalties. That's like, you know, the top or friends, you know, those were getting a hundred million a year.

I feel like there's a pretty deep drop off after that.

So I think this is like, this is like a beats by Dre acquisition is kind of what I see it as, which is basically somebody being like, cool, we get Reese, we get Reese and then some stuff.

And I think that's basically like when Apple bought beats and they're like, great.

We get, you know, we get Dr. Dre and we get whatever his name is, Jimmy, I mean, or whatever.

Um, plus we get some headphones.

All right.

Three billion.

Yeah.

We'll pay three billion for, for, for that.

But I think it's like the most expensive, the company that bought it was Blackstone.

They're the funding and they, I would imagine they don't, they're pretty savvy.

I don't know if they overpay for a lot of stuff.

Blackstone is funding that guy, Kevin Mayer, Kevin Mayer's company is the one who bought this.

I think it's more like Kevin, I think it's more like a Quibi thing where Kevin Mayer, in this case, Quibi was started by what's his name, Jeffrey Katz, Katzenberg, Katzenberg.

Yeah.

The dream work, the guy who started DreamWorks.

So he was able to go raise \$2 billion because he's like, I'm Jeffrey Katzenberg, I started DreamWorks.

And then he used it to go buy a bunch of content and it all evaporated into zero dollars.

[Transcript] My First Million / #207 - How to Make Millions by Unbundling Etsy

Um, I think that's, that's, you know, more like what this is like versus some, some like real asset that you can analyze and say, yeah, it's worth that.

Um, dude, congratulations, congratulations to Reece for getting that bag.

We, I would, she is actually amazing, Reece Witherspains, pretty amazing.

Have you seen, have you seen what she, you know, she's like, I think she's in her mid fifties.

Isn't she?

I don't know, but she's killing it.

And I don't even know she does half the stuff.

She looks exactly the same.

Well, that's how it looks.

Exactly the same.

They get like, you know, shot up all over their face and you know, they look the same or, or it goes the other way and they just look super weird and they're like, yeah, it's just gone wrong.

Um, you know, we'll end on this one last thing.

You know the new COVID strain, uh, it's called like whatever Delta, the Delta variants Delta plus is the new one.

Um, I was thinking about this this morning.

First Delta, how shitty for Delta airlines, just for, for the new COVID strain to get named after you.

God, that's a, that's a tough, that's a tough loss to just wake up to.

It's like, you know, which scientist just decided to name this Delta?

Like that's not cool.

And then I was like, it's a scary name.

It's a scary name.

I was thinking, what would that be worth to them?

If you were Delta, Delta's, if you were Delta, what would you pay some lobbyist, some, some bribery to some scientists?

How much money would you shove in the briefcase for this to not be called the Delta variant?

It's like, yo, call this the United variant, call this the, uh, the Southwest variant.

Don't call this the Delta variant.

So I'm staying at this hotel.

It's called the, I don't know what's called Gaylord Opryland or I don't know what it's called.

But I think it's called Gaylord.

I mean, Gaylord Opryland.

That wasn't like a joke.

That's what it's called.

And I'm in this like wing of the hotel called the Delta wing and it, it has like a bright red sign that says Delta wing.

And I'm just like, I'm seeing this, I'm like, oh man, this is just like, no, I could, but yeah, I don't, did you associate Delta airlines with the variant?

I didn't, I didn't, I didn't, it's going to happen in Corona with like Corona beer with

the Corona virus.

Like, you know, that can't have been good for them.

I didn't associate Corona beer too much with that.

Did you?

I mean, yeah, people did.

It's like that.

It became the word of the year and it's associated with like the deadliest virus in a hundred years is the Corona virus and who owns Corona, you know, except for, you know, nothing could come from that except for, you know, the like college, bro, who's like, bro, I've had, I've had the Corona virus for, you know, five years been loving Corona's to say, you know, like that joke.

That's the only upsides you get.

Everything else is downside.

And so I don't know, I feel like Delta should pay, you know, they're worth, I think like \$25, \$30 billion or something like that.

How do you pay?

I know you can't, you can't pay any way.

I'm saying, what would they pay if they could push a button and make this go away?

I feel like this is worth a billion dollars to Delta.

Like easily this is worth one 25th of their, of their market cap.

This is worth a 4% swing and like brand value perception.

You know, who's going to want to fly on Delta with the Delta variant going on?

I just feel like that's a, there's some weird association here on Delta.

That's my airline.

And you're standing in the Delta wing.

And I'm selling on the Delta wing.

You're just helping, helping Delta.

All right.

Anyways, I feel like if I could, if I could secretly present the CEO with a button that said pay a billion dollars and this goes away, this doesn't, this isn't called Delta.

I think he pushes that button.

Yeah, I would agree.

All right.

I think that, I think we had an action packed episode.

We'll see what people think.

I think we gave like eight good things.

Good.

All right.

And all right.

Early morning episode in the books.

Enjoy the podcast conference.

All right.

I'll see you.

See you.

Bye.
Bye.
Bye.
Bye.
Bye.
Bye.