

[Transcript] My First Million / #25 - Mission Driven: Bringing Solar Power to 1M People in Africa

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.

Some of the best people I've ever met come through the mission-aligned work.

Our biggest literacy partner is Books for Africa.

I got very involved in that.

Some of the other board members took me to Africa and had this experience of staying in an off-grid village in Malawi.

And all of a sudden I realized, oh, there's no electricity in this entire town of like 20,000 people.

You know, I founded Solo Electric, which delivers electricity to a million people in Africa every day.

And it literally all sprung out of like us sitting around in Mauritius, Tanzania, going to the living rooms and saying, OK, we think this can work.

If this thing could do 500,000 in revenue, that would be shocking to me.

Right.

What did it get to?

It got to 70 million.

50 million is not enough.

10 million.

50 million dollars.

100 million dollars.

Half a billion in revenue.

850 million dollars.

One or two people in a bedroom actually put threats to these like giant multi-million dollar companies because you have creativity and you have nothing to lose.

Add another zero to that price, buddy.

Add two more zero.

Every week we sit down with self-made millionaires and ask them, how did you do it?

I didn't start a podcast.

I started my own personal business school and the teachers are the successful entrepreneurs behind the biggest brands and businesses that we find today.

I wanted to know the real stories with all the details like, how did you get your first

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hundred customers?

What did it feel like?

Shit.

I ask them, how did you spend your money now that you're rich?

And what would you do if you were starting over from scratch again today?

If you're like me and you want to own your own business instead of living a nine to five job, this is the podcast for you.

The hustle presents my first million.

All right, I'm here with Xavier.

I've been excited to have you on for many, many weeks now, not only because you're one of my best friends and one of the more interesting people I know, but you've done something that not a lot of people have done.

You have built for-profit and social impact businesses.

And for those you don't know, that's a business like you may have heard of Tom's shoes where you're selling shoes to customers, but for every pair you sell, you give a pair away to people in need, things like that.

So businesses that are trying to not only build great products, build great businesses, but also do a lot of good in the world.

And Xavier, you're somebody who not only has done it once, you've done it twice.

And so I wanted to have you on, let's give the overview of what are those two businesses and then we'll go into the story of what you did.

So tell me about the two businesses.

Thanks, Sean.

It's a thrill to be here with you.

And I'm just thrilled that so many more people get to hear your wisdom and your insight.

Thank you.

That I've benefited from over the years.

So I found a Better World Books, which is the leading used bookseller on the internet. So it has over a million feedbacks on Amazon and eBay and sells about 10 million books a year.

I also founded Solo Electric, which delivers electricity to a million people in Africa every day.

No big deal.

We got introduced to a friend and we met and he was like, yeah, he was describing it as basically, I was like, so it's like Solar City, which is a kind of a large, well-known company here in the US.

I was like, so he did Solar City for Africa?

He literally is providing electricity, the company is providing electricity to a million people a day in Africa.

That is incredible.

I wanted to know more.

And so as I got to know you, I found out that you came about this in a pretty organic way.

So how did you start Better World Books?

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So I started Better World Books in a room probably no bigger than this podcast studio.

I wanted to be an internet entrepreneur.

I was in college during the first dot com boom, the one that ended in 01.

I had a very popular college website that even had a feature called the eDogbook.

And what was the website?

It was called Endi Today.

So we were doing hyperlocal.

So we would basically, and we had about 80% of the campus opted into our email list so we could email to them, market to them, do whatever we wanted.

And then we were doing this at other campuses too.

So we had one at Yale, we had one at U Penn, and we would basically do kind of hacky social stuff.

We had message boards.

We had polls.

We had teacher reviews were the popular one.

You could have built Facebook.

I've thought about that from time to time.

What I would have built would have been...

A little different.

Yeah.

No, it would have been Friendster.

I would have built the one that didn't scale because I wasn't a good enough coder.

I think people don't give Zuckerberg enough credit for building something that didn't just get crushed by its volume.

And what was it like back then?

So you're saying it's during the dot com boom, I mean, were you looking at the stock market and looking at all these companies?

That must have been pretty inspiring.

Like I'm jealous I wasn't actively in the game at that time.

Oh my God.

Every day.

Every day.

We were checking the stock market.

Some of us were speculating, you know, we'd take \$500, we'd buy excite stock or whatever we thought was the company at the time.

I was seriously considering dropping out.

I really, really went back and forth on it and I was like, no, the internet's not going away.

I'm going to finish up and by the middle of 01, which was when I was a senior and I was graduating, like it just cratered.

I remember going to Google's Help Wanted page in 2001 and there were no jobs, literally no jobs at the whole company.

So I was an unemployed internet guy.

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And so I, among other things, I tutored the Notre Dame football team in calculus. I worked at this printing company in the Midwest as a programmer, so it was the only day job I ever had.

And, you know, as soon as I got that job, I hated it and I was like, I need to be building something here.

What did you hate about day job?

You know, in that particular one, I went in with a ton of energy.

I was like, here's some new ideas, here's some stuff I want to build.

And then I kind of just got the life beaten out of me in about four weeks, where I was like, oh, this really, really mediocre programmer who sits next to me, like gets paid just as much and gets 3% annual raise, just like I'm going to get.

Putting in half the effort.

Putting in half the effort and producing one-tenth of the actual value.

And so, you know, I kind of settled into a place where I was like, well, okay, if that's the bargain, then, you know, I'll write some useful code, but I will do, in essence, no more than the minimum.

Of course, that felt very unnatural for me.

I always wanted to throw myself in anything I was doing.

And so, I would say it was that disconnect that made me a bad employee.

I don't think I'd be a bad employee in all situations, but I think in that one I was.

Gotcha.

And so you were like, all right, I got to do something for myself, where basically what I put in is what I'm going to get out.

And I want to throw myself in because I'm not getting any resistance from other people.

You know, this is my company.

This is my baby.

Exactly.

You know, I just didn't know what it was.

And I had this vague idea that I really, really wanted to do something with social impact and that made money, but we didn't have Tom's shoes then.

Like we didn't really have much to look to.

And so, it was just a lark.

Like one of my roommates came to me and was like, hey, do you know any websites you can sell textbooks on?

Because we have all these old textbooks and our roommates had left and they've gone to their consulting jobs if they still had them and their banking jobs and they'd left all these good textbooks.

And so I was like, yeah, heft.com, but I don't know if anybody actually goes there to shop. You should try it out.

And so he diligently went off more diligently than me and plugged in all the ISBN numbers and came back the next day and was like, dude, I just got \$300 of orders for these random textbooks that the bookstore wasn't buying.

And so we were like, whoa, that's something.

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And so then the scramble was on between the two of us to like, hustle all our friends for textbooks.

Like, hey, I'll give you a say, see, you're not using that over there.

I'll give you a six pack of beer for that pile of textbooks there.

Right.

And we were going to the library and buying their extra books.

You're just selling them online for cash right now.

Just for cash.

You're not even thinking about a separate business.

No, it wasn't even.

We didn't know that there was going to be a business in this because we didn't have any money to buy textbooks.

And even if we did, we wouldn't have known what to buy or how we would have competed against the bookstore to buy textbooks.

And so it was just one of these things that was turning over and over in my mind for like six months.

Like, okay, books sell on the internet for a lot of money, but I don't have any money and I don't know which ones to buy.

Right.

So how do I get textbooks?

And the aha was like, I wonder if people would just give their books.

Like I wonder if we just ran a book drive, if people would just give their books.

You know, this kind of made sense.

And so, but I talked to my friend about it who was the fellow textbook hustler and he thought it made sense.

And then even then we sat on it for a month and I remember him being like, dude, we got to do this before the school year's over because we were out of college by that point, but we were still hanging around the college town.

So it was really easy for us to have access.

And so I'm glad you brought that point up, which is that sometimes you sit on the idea something like Zuck actually did this with Facebook where started Facebook and then planned to really like kind of do another project, wire hog and, you know, he had other plans.

It wasn't clear that this was like the magic idea to go all in on.

I remember my first startup, we started the company, we started getting some momentum.

I got a really good job offer.

I kind of went and did that for a month and then I came back.

And so it's not always a right away thing.

So if you're out there and you've got an idea that you're kind of sitting on, that's a very normal place to be in very natural thing to happen early with ideas as you sort of stew on it for a little bit.

You take some action and then you commit at some given time.

That's so true, Sean.

I mean, if you had asked me even after my buddy had said, yeah, we really got to do this,

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what the biggest this business could possibly be, what the absolute maximum might be like, if this thing could do 500,000 in revenue, like that would be shocking to me.

Right.

And what did it get to?

It got to 70 million, right?

And so it was like, it was absolutely crazy.

And so even then, that would have been a stretch.

I would have said, at best, this is a lifestyle business that like, we do this once a year, we collect some books, we sell them for \$50,000 and then we go surf or something.

And did you have the sort of social impact angle at the beginning or did that come a little bit later?

Because explain the mechanics, how it works.

So you guys collect books, you sell them online, and then how do you distribute sort of the profits and where does the social impact part come in?

So the original book drive was kind of the thing that formed our model of doing this.

So our original book drive, we went to a nonprofit that was local in South Bend, Indiana.

We knew him.

We said, hey, we want to do this thing.

We think it'll raise some money for you.

So run a book drive with us and then we will essentially sell the books online and then after expenses, we'll share what's left.

Right.

So that was kind of the very first simple version of that.

And then that was the model that more or less worked to about a thousand college campuses.

I have a dumb question.

Why do that versus just sell the books and pocket the cash and go, sir, why did you even want to have this partner?

You can't run a book drive without a credible nonprofit as a partner because people will say, well, aren't you just going to take the books and sell them for cash and go, sir, right?

People aren't dumb.

And if anything, they're more skeptical when they're asked for something for free.

So we got a fair amount of flak in the early days, even with our super credible partners.

And so it was really important to us to be genuine.

Like we didn't want this to be a hustle.

We wanted this to be something that worked.

And so one of the first things we did after the very first book drive worked was we went out and found three or four national literacy nonprofits and who we thought were cool and were super credible and we could verify we're doing good work.

We teamed up with them and they became what we call our literacy partners.

Gotcha.

And so you build this business, when did it start to scale?

When did the momentum start to pick up?

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I think it really picked up.

It was one of those businesses that actually just worked on a unit level, if you want to say that, right?

So every college campus we would go to, as long as we did a somewhat decent job, we would collect books valued somewhere between \$10,000 and \$50,000 that we could sell online.

And our total cost into that was like a tank of gas and like 50 cardboard boxes.

And then the great thing about this business was Amazon was providing the demand, right?

Even from the time when we had sold our first books on half.com, Amazon had become the bigger place to sell textbooks.

So we were one of the first pro merchants on Amazon.

This was long before fulfillment by Amazon.

We were basically one of the first kind of programmatic sellers on Amazon.

That alone as they grew.

We grew as they grew and they brought the customers for so long that it was really hard to even build a culture in the company of marketing our own brand because we just didn't need to.

We had our first customer five minutes after we uploaded our inventory list.

And so there's some pretty remarkable things you guys have done with Better World, right?

So first, I just love that it's this kind of like, although you sell on Amazon, you're sort of a competitor to Amazon as well, right?

Because you can buy the book off of one of many providers of Amazon or a lot of people buy direct from you guys.

So that was interesting to see somebody competing with Amazon at the thing Amazon started, which is selling books online.

And then the other part that was interesting was as you scaled this up, it wasn't just college book drives, right?

You're getting books from libraries that had surpluses and you built a scanner and you did all kinds of stuff.

You built a pretty interesting business.

What are some of the highlights that stand out for somebody who's never heard of Better World?

What are some of those highlights of really interesting things about the business?

The first thing really interesting about Better World, I would say from an entrepreneur's perspective is that you could actually compete against Amazon with a book selling website.

And that the way Better World Books.com competes is it doesn't have to take 100% of the book market.

The book market is actually pretty huge.

It can be very happy with between 0.1 and 1% of the book market around the world.

And so it can target people, in our case, it's value conscious shoppers.

So if you want to get, let's say, I buy books for my daughter a lot, she makes me read about three books a night.

So that's a pretty good clip that I need to acquire books.

And so I buy those from Better World because I know I can get, let's call it 20 books for

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about \$50 was shipping included that if I bought those same books used on Amazon, I'd pay 150.

So just the pure value argument.

But then that's actually more profitable for Better World than the 150 would be for Amazon.

Because we do it end to end.

So because we have the proprietary sources of all these used books all over the world, then we can list them and we can sell them and then whatever margin is left, we can share that in some proportions.

So it's not always 50-50.

I think we've had to get a lot more sophisticated with the economics and kind of recognize the true costs of various partnerships and various ways of getting books.

But we've still raised almost \$25 million for literacy and libraries over the years.

So we really have made a real impact that's measurable.

Yeah, you're delivering the good.

So \$25 million delivered to those literacy nonprofit partners.

And you're also just ingesting a lot of these books that would otherwise go to landfills, right?

Absolutely.

These are books that are, they're sort of doomed and you're sort of, it's like Toy Story, you're saving the toys that are going in the garbage there.

And so how many books a year or a day or give me a sense of the, how many books you guys are collecting?

So Better World takes in about 35 million books a year, sells about 10 million roughly and does this.

And you know, that's about a Barnes and Noble worth of books every day.

So every 24 hours there, we intake those.

And you know, in a lot of businesses, when you receive inventory, you know what you're receiving.

In our business, it's random.

So you just get a random box of books and then you have to work your way through that.

And a lot of books are barcoded, but not all the barcodes are accurate.

There's a lot of nuance to that.

Sometimes they're obscured.

Sometimes books too old have a barcode.

We have an antiquarian division that's gotten books from the 1500s.

I mean, we have, we get some crazy stuff.

Amazing.

And so somehow Better World books led you to starting Zola Electric, which on the surface team completely unrelated.

One is a used bookseller.

And then the other one is providing, you know, solar energy to a million people a day in Africa.

So how does that happen?

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What is the, like, I literally don't even know this link.

Our biggest literacy partner for Better World books was Books for Africa.

It's a Minnesota based nonprofit.

Basically there's one thing, ships, high quality books that people actually need and demand to African schools and universities.

So ship about 20 million books a year.

I got very involved in that and became, got on the board for a while.

And so some of the other board members really took me to Africa and showed me like the real Africa.

So we rode on bus, public buses and, you know, went to rural villages and had this experience of staying in an off-grid village in Malawi after going hitchhiking in Malawi ended up at this cool village where you can go scuba diving in Lake Malawi and you can see the chick lids.

As one does.

As one does.

And so I had gone scuba diving and my instructor had invited me over for dinner at his house and so came to pick me up from this little hostel I was staying at and all of a sudden I realized, oh, there's no electricity in this entire town of like 20,000 people.

And so he's leading me by kerosene lantern down these like, lately dark back streets of an African village and just like no one will ever know, even know where I am if something bad happens.

If I survived this, maybe I should fix this.

Yeah, maybe I should.

Exactly.

Maybe I should work on this.

And we sat with his family.

We had dinner by kerosene lantern and it was this very cool thing, like very, very memorable.

I mean, this sounds amazing, but were you like a fish out of water in this?

Did you feel comfortable?

I can't even imagine just being in a village in Malawi that there's no electricity, eating dinner with a family that I don't know by kerosene lamp.

What were you feeling at that moment?

I think it was this sense of adventure for sure.

I think I'd always been really restless like I grew up in a small town in Northern Minnesota.

It was very isolated.

You know, I had saved up money to travel even when I was 14, I was doing something saving up money and going to travel.

And so by that time I had opened our UK business, you know, just showing up in the UK and starting to make things happen.

And so I had a little more of a global taste, but Africa was definitely like a whole nother level up.

And that was, I think that's part of when what was for dinner?

Well, we had, it was good because they really treated it as well.

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So it's, you know, one thing you see when you travel a lot, the poor people are the more hospitality is important.

So they had had some eggs from their chicken and they made us this kind of omelet and this kind of, you know, some rice and like a little stew and it was really, really nice.

And yeah, and they just generally wanted to hear about what life was like in the US.

And the guy was, he worked in tourism, so he spoke good English and it was nice to do that.

If you had asked me at that point again, would you, would you move to Africa like, no, I wouldn't do that.

Would you start a business in Africa?

No, I wouldn't do that.

But it kind of planted the seed of adventure, I guess that stuck with me a little bit.

And so what did sort of cause that to bloom and become, you know, Zolo electric?

How did that come about then?

So this was the experience.

Yeah.

Where did that become the business sort of lightning at a bottom moment?

So I met a guy on a train as I was going to a conference in Oxford and he was telling me, but he got the scholarship through the Skoll Foundation.

It was a scholarship for social entrepreneurs where you get an MBA at Oxford, completely paid for, and you become part of this network.

And I was like, well, that kind of sounds like me.

I wonder if they'd take me and do that.

I hadn't really been thinking I was going to lead a better world full time, but you know, it could kind of become a one-trick pony.

Like it did one thing really well, which was sell you books on the internet.

And anytime it tried to play a riff on that, we just waste money and we waste time and we'd go back to doing what we're good at.

And so I was feeling like I wanted to work on something new, even though I think the probably most safe and conservative thing for me to do certainly would have been just to keep my head down on better world and keep pushing that business forward.

And so I took a year and did the program at Oxford.

I got into it and I spent about half that year trying to figure out whether I was going to go back to better world or whether I was going to go do something new and had a lot of conversations around that topic.

And then eventually it just was kind of, I don't know, at least when I start working on something new, I start talking about it and then I talk to enough people about it and I get more and more information.

And then I also measure my own excitement level and I see what am I feeling like I can give energy to?

And can I run after this?

And so what was feeling more exciting to me was working on this problem of I'd been obsessed with it ever since I went to that village, like why doesn't this guy have a solar panel?

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I thought solar was going to change the world.

I really wanted to move into renewable energy, but I didn't have an electrical background.

I didn't know people in the renewable energy industry.

So it was really a kind of diving in head first and trying to read as much as I could about this problem and what people were doing about it and who had started companies in that space and that sort of thing.

So we have mutual friend, Sully, and I don't know if you know Ramon, but he's another great friend.

So we were at Ramon's house and we were talking and we had this young entrepreneur come join us.

This guy, Farza, if you're listening Farza, he likes the podcast, I think.

So I don't know how old he is, I think he's like 22, 23 years old, something like that.

So he joined us and we were talking about potential ideas Farza was going to go start.

And one of the things he kept counting himself out on was he was like, you know, I would love to do this, but I'm not an expert of that.

I don't know anything about this.

And Sully, whose brother started Native Deodorant was like giving him the example.

He's like, oh, I don't think about that at all when it comes to business.

He's like, when I start a business, of course, I don't know anything about it.

That's sort of just the starting point.

But as long as I understand the problem and like the basics of what a solution might look like, I don't need to be a master of the solution.

And so he's like, six months in, my brother knew everything about Deodorant, but he started saying, I know nothing about Deodorant, but watch in six months, I will know everything about Deodorant that really stuck with me because it reminds me of what you're saying right now, which was going in.

You didn't know anything about solar panels, solar electricity, but it didn't deter you.

You were like, okay, I don't know if you had the confidence back then, but what I would have told you now is saying, don't worry, in six months, you'll know everything you need to know about solar to do this business because you will dive in and become an expert over time.

Yeah, I think that's so true.

I think that's so true.

And I think that the only kind of brackets I would put around that are like, it's the better you can understand the technical underpinnings.

So the one thing I wish I had done in those first three months was actually just give myself a crash course on electrical engineering.

I kind of gave myself a crash course about five years later, right?

It was just overdue.

The second I got into that, I was like, oh, okay.

Now at all like...

So knowing that would have helped what in this case, knowing what's feasible, the cost.

That's exactly it.

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So in the specifics with Zola, it was about solving someone's problem at a price point. You can solve any electricity problem with an unlimited budget.

The question is, how do you solve that at the budget of somebody who's buying little satchels of kerosene and burning them in their house at night?

And so understanding the solution to that actually does mean understanding, well, what are the engineering trade-offs and what are the production trade-offs and how's that all like?

Right, right, right.

Yeah, exact.

Takeaway lesson from the I Will Know Everything About Deodorant is don't let it deter you up front, but also don't think you can do this without becoming an expert.

You need to give yourself that crash course.

And so go for it.

You're starting to get excited about this idea.

Let's give people a sense of what exactly is the product, how does it work?

So it's a solar panel that is going into villages like the one that you visited, which were places that are today off the grid completely.

Is that the customer?

Yeah.

And it's funny how we've evolved.

I think the other thing, this happened with Better World and it happened with Zola is your original idea gets you in the game, but it doesn't get you to the finish line.

Unless you're, sometimes your original idea is so good, you just keep riffing on that.

But I don't think that's most of it.

So in Better World, we had to start working with libraries, which was actually a very different business than running college book drives for textbooks, or we would have been a tenth of the size today.

And at Zola, what was the sort of before and after?

So for Zola, the before essentially was only serving people who are completely off grid and the after is using solar and batteries to be better than an unreliable grid.

Right.

And talk about unreliable grid.

Cause when you told me about what, you know, what the, we take for granted, like I'm, we're sitting in the studio, there's eight lights right above us that are on.

I have no fear that they're going to go out.

I have no fear that this podcast studio is going to lose its electricity during this recording, but that's not the case in certain places of the world, correct?

And apparently PG&E is going to shut off the power of two million people.

So we, we maybe get a taste of it here.

Maybe I should be more wary.

But yeah, if you go to a place like Nigeria, so Nigeria is Africa's largest economy.

It's larger than South Africa.

It's 200 million people there.

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It's kind of the United States of Africa in a sense, like it's vibrant, dynamic economy. So there's more diesel generators there than people, the average power situations powers on eight hours off 16 hours per day, per day, per day.

So every day you just have no idea and you have no idea when that's going to happen.

And that's just normal.

That's just, that's not a temporary situation that is the state of the union right now.

That is the state of the union.

And basically what happens is, is electrical demand grows about double GDP roughly.

And so a lot of African countries are growing at six or 7% GDP, which means electrical demands growing double digits.

You've got to basically replace all your infrastructure every five years or so to grow an electrical system at that rate.

Because everything that you set up gets too small and gets over capacity.

And so every transformer and every substation, they all basically need to be torn out and replaced at a certain point because you had a few little homes in the neighborhood and now you have a cement factory.

Okay.

That's completely different.

Right.

Right.

And so you started off providing to those who had no electricity and now you're saying to those who have that eight hours a day of electricity, for example, this can be a supplemental thing that is more reliable, gives you more consistent electricity throughout your day.

Well, even more so that the solar and battery becomes your primary power source and the grid becomes a non-reliable backup since that's what it is.

So when it's available, we might use it to charge up the battery depending on the time of day, but we're not going to count on that.

And so a customer that's using your battery solution, what does their daily electricity look like?

It used to be at eight hours on, 16 hour off.

What is it with you?

24 hours.

So that's what we market.

So we just market 24 hour power.

In fact, 26 hours a day.

Yeah, 26 hours a day.

Exactly.

We give you two.

We give you a tip.

We give you two for free.

That's actually a good marketing tip.

And I remember you told me, because when we first met, I was like, so how do you sell?

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This was back when you were doing, I think, a little more of the completely off-grid customer. I remember just being like, how do you sell to someone who doesn't have electricity?

Like where do you reach them?

How are you even, you know, how do you take payments from that?

What is this?

I remember just being mind blown.

And so walk through like a sample customer who is one of the, let's say off-the-grid customers.

What are they buying the solar for?

What is their main use case?

Are they doing TVs, refrigerators?

What do they want?

Yeah.

What does it cost them?

And how do you guys make money off that?

Great question.

And I would say our average customer today is buying, it's really a complete solar system.

So it's important to understand that.

So the basic components of the system are a solar panel, of course.

Smart battery, which is really the essence of what we do.

So we build a very intelligent battery that has, for example, a mobile phone modem in it, so we can talk back and forth to it.

But then we even include the lighting.

So we even built our own light switches because we wanted the whole thing to be plug and play and we wanted to not require electrical wiring.

Because once you have high-voltage wiring, you have electrical codes, so you would have both a skill requirement and a cost requirement that already is going to blow many customers out of the water.

So the smartest thing we ever did, just stepping back a little to how we actually got started.

So once we decided we were going to do this, my co-founder Erica, who's a real hard-ass, and she was like, okay, you guys might think this is cool, but you know you're moving to Tanzania, right?

Myself and Josh are.

My co-founder, we're like, but we like California, and she's like, we aren't going to achieve anything unless we all go and we all move and we live next to our customers.

And that was a really powerful, yeah, that was a really key moment where we were like, because she'd worked in Africa for 10 years before this, and I'd met her at Oxford.

And she knew that all the nuances that you had to figure out that there's just no way you were going to figure out sitting in California.

And so we dived in and we moved to Tanzania, and then the smartest thing we ever did was just sit in as many living rooms as possible.

We had a few local guys we hired early on on the team, and we would just say, hey, just find us people who are willing to take us in for 15 minutes and have a conversation about their electricity situation, what they're doing right now, why they're not on the grid,

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what they're spending.

And I remember the first customer that I sat down with, it was one of the early ones, where I was really like, okay, I can solve her problems so easily.

So she was a mom and so new mom, and she burned a kerosene lamp all night as like a nightlight.

So it was really, you know, it was important to have a nightlight when you're a baby.

She was spending probably \$30 a month on kerosene, which is jet fuel, just to fuel this little oil lamp.

And like with a five watt solar panel, five watts is so tiny.

It's like the size of a hardcover book.

You can generate enough power to light that house 10 times brighter than what she was getting from that, from that oil lamp.

And so I was like, can I deliver that for 30 bucks a month?

Absolutely.

Like there's no question.

And so, so then we dived in more and more and said, okay, what are people spending on substitutes for electricity right now?

So there's their buying kerosene for lighting, okay, but they're also buying diesel batteries to plug into radios, right?

Because it's just like anybody's been to Burning Man or camping.

What do you do?

You have some batteries, you plug those in, okay, you got to charge your phone.

So what people in Africa do is they pay other people to charge their phones for them.

There's a lot of households will have a \$10 a month phone charging budget of, you know, 15 cents, 25 cents at a time, paying for phone charges.

So we'd kind of total up these three things and then that'd be the pitch we'd make to the average person is say, look, well, you're already spending this much.

What if we gave you something way better that cost you less every month?

And that works and that worked.

And so the other thing that we did is we didn't build any hardware until we had that.

So until we knew what the price was, what we were going to offer.

And then we worked backwards first to find off the shelf hardware so that we could put that into people's homes, even though it didn't make economic sense for us to buy something at retail, put it in their home and, you know, kind of wire it together.

But it gave the experience that they were willing to pay for or they thought they were paying for at the price that they wanted.

And then that was what allowed us to essentially raise money beyond our friends and family was demonstrating that.

You a move to Tanzania.

You started talking to customers, you figured out what is the sales pitch that will work and also what is the price point that will work for these customers and what do they need to get out of that price point.

And then you work back, that became your technical spec to say, we need to deliver this much power at this cost, this reliability.

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And you were able to do that initially with off the shelf stuff, even though the economics are not great and it's not what you want to do in the long run.

But in the short run, it helped you prove that this is something that you can do and that customers do want and let you raise money.

And now you guys raised a lot of money.

So how much money has been raised into the company to date?

So we've raised over a hundred million dollars of equity and probably another 50 of debt or financing facilities.

Right.

I mean, this is a major, major company that you've helped build and co-founded.

And so that's a pretty remarkable achievement.

So where do you sit today?

You're not active with either company.

Is that correct?

No, I'm still active with Zola.

Oh, you're still active with Zola.

Yeah.

Better World Books give people sort of the end of the story arc for those two businesses now.

Wear that today.

Yeah.

So Better World Books, it's funny about that.

I was chairman for a while after I started in Zola and then I stepped back and was a board member.

And at a certain point, it was actually taking more of my energy and time and then it was really given back.

And so I can't share where Better World has landed, but it's actually landed in very, very good homes.

Yes.

So with a very socially conscious owner.

So I'm now completely out of that as a shareholder and everything, which is great.

Great.

And what's next for Zola Electric?

Where does it go from here?

So we've just launched this product called Infinity, which is really my baby.

So this is...

This is the one I saw.

Yeah.

This one's the one where I got to live my job's fantasy of I want to build a big shiny box that does something magical.

And if you see this thing, it literally looks like this came from Cupertino from Apple headquarters.

You would never think this is some big, ugly battery pack that's going to be on someone's wall.

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This thing is slick.

It is beautiful.

It is well-designed.

You could tell a lot of love has gone into this box.

Thank you.

And the amazing thing about it is it just works and that's really hard with electricity.

It's really, really hard.

If you go to someone's home today in Nigeria, even who's got all the money for any solution they want, there's these giant lead acid batteries, usually with the terminals exposed.

They look like big car batteries and there's just wires running between them.

And if your kid touched those connectors, they would get an electric shock that could kill them.

So they're unsafe.

They're ugly.

And lithium batteries give us this opportunity to build beautiful batteries and in some ways even a MacBook is a beautiful battery with it, with a bunch of stuff around it.

And so we wanted to build this battery system that would just work.

You'd plug the absolute minimum possible.

You run one wire to the electrical grid so you could get power if you needed it and you could export power if you needed it.

And then one wire out, that's your 24-hour reliable power.

And then you run that to whatever.

If you want to power your whole home on it, that's great.

If you can't afford that yet, then you power some of the plugs in your home or the lights in your home and et cetera.

And you build up to ultimately what you want, which is just to generate your own power, use your own power.

And if you need to buy a little from the grid sometimes, that's fine.

Sometimes it's cloudy, but not counting on it.

And you can disconnect completely if you want to.

So it's a huge step forward for us technically.

It really pushed the limits of a very, very good engineering team to build.

And yeah, I'm just proud it's shipping and there's been interest all over the world.

So we're literally shipping our first units this month.

That's just a thrill.

Yeah.

Cheers, man.

I'm excited for that.

I remember, I don't know, your plus ago when you were talking through how to do this.

Oh my God.

You touched me through the deal that led to that happening and everything.

I mean, I can't talk too much about it, but there was a very, very intricate and innovative partnership with a public company that led to this product shipping because we couldn't

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build all of it by ourselves.

And it's funny when you find some technology out there, even if it's owned by another company, there's always a way to solve for that and get it deployed for you.

And so we should also tell people, we interact in part of this little group.

I don't know what we call it, the Junto group.

For those who don't know, so Junto, the reason we got this name was such a good name.

It's a good name.

And the origin is back in the day, I think it's Ben Franklin.

Yes, it's a Ben Franklinism.

Ben Franklin had a group.

I'm going to kind of butcher the definition.

I think you might actually know more about it.

Maybe I should let you do it, but I'll give you my version.

You correct me.

Ben Franklin used to have this group that he would meet with on some, either every Friday,

I think it was every Friday, something like that, where he would go.

And it was a group of like-minded individuals who were coming together for what he called mutual improvement.

It was a club of mutual improvement.

And so they would get together.

In their case, they would talk about politics and philosophy and social issues, and it was just a discussion club.

And the idea was, if you get all these great people together every Friday to have a discussion, it will raise everybody's game.

We kind of do the same thing, me, you and a group of friends, and we get together.

Not as often as we want to, but it used to be monthly, and now we lost a little bit of our momentum.

But we get together, we eat dinner, and we talk, and we talk about, hey, here's where I'm at.

Here's where I'm at with my business.

Here's the big challenge on my plate.

So when you were negotiating this deal, you said, hey, I'm negotiating this really tricky deal.

Help me think through this.

Let's get together.

And this has been one of the most useful things for me as an entrepreneur.

And one of the most fun things for me as an entrepreneur is to have this group.

Talk a little bit about what your experience is there, because I want people listening to this.

If even 5% of the people listening to this start a club like this, I think it will be one of the best things in their life.

So tell me what your experience has been with this.

Mutual improvement society, you said it.

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I just recommend this so highly to everybody now, because it's what a difference it's made for me.

I think when you're an entrepreneur and when you're a creative, sometimes you're the only person like that in your company, because you're going to surround yourself with executors. You need people, especially people who are in, let's say, non-competitive or adjacent, but somewhat related practices.

The amount of value you added for me, despite being in video game streaming, I'm an African solar electrification, and you've given me tips that have transformed the culture in my company.

You've given me tips that made me more productive.

But more than that, I think it's sometimes even just talking through something with really smart people who ask really good questions.

That alone just gets you 90% of the way there.

Yeah.

I always say it's like 30% therapy and 70% strategy, but in reality, the numbers might be the opposite.

Yeah.

It totally is.

It totally is.

And I think what's worked really well for us too is we've kept the level really high, so we will only bring one new person in at a time and see if they gel and see if they add value to the group, but I can count on that the core group is just so smart and just it really does feel like a mutual.

It feels like in some ways, I'm just always getting more than I give to it, and that's the right feeling.

And you just hosted everybody in Utah for a trip.

So once a year, we actually get together for a weekend, and Xavier has this amazing house in Utah.

We go there.

I missed it this year because I have a new baby, so I wasn't able to join.

What did I miss?

Anything great?

Oh, man.

Well, you missed a lot of things.

I think Zach had one of the best ideas for a new app ever, so I'm not going to say it on this podcast because I don't want anybody to steal it, but it's a really good idea.

Cava and I, another member of the group, we're working on some projects together, so that's

I think one of the exciting things about seeing this now is we're seeing each other through exits and cycles and new startups and collaborating with each other on new stuff, which is really fun and just to see that cycle of rebirth.

Yeah.

They do, in science, they do these things called longitudinal studies, where they measure a population for 20 years, and they observe them, they check in with them half a year,

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every year, something like that.

So they give this amazing long-term view of how something of the long-term effects of X, Y, and Z.

And I'm doing the same, essentially, with other people in their companies, so we've been doing this for a couple of years, and now you see people, like you said, we sold our company, somebody else did theirs, somebody else's company has to fold, and then they get reborn.

And so you see, oh, I remember when we were thinking about that decision, then they made that decision, these are the effects of that decision, and here's what's next.

So you get to learn in this way that you don't usually get, because normally if I read a book or I read TechCrunch or something like that, I'm just seeing that after the fact, here's what happened, moment in time type of thing.

I didn't get to see how the decision was made, what were the effects, what were the results, what came after that.

And that deep context is so powerful, isn't it?

And I do think in entrepreneurship, it's like Schumpeter's creative destruction.

It plays out on an individual level, probably even more.

I've seen this with my entrepreneurial friends when they get into, they're incredibly talented, but they're working on either a mediocre idea or something whose time has passed in the market, and just by force of will and creativity, they're still making the thing grow and they're still making the things thrive, but they're kind of tiring themselves out.

And then I see one way or another, they transition out of it and they have this rebirth moment and it's like, oh my God, now they're taking everything they learned and they're going after this next thing.

And so, and it's nice, I have some space now.

So I went from being CEO of Zola to, it was really a three or four year project to remove myself as CEO because I knew I didn't want to be that forever.

I knew my job with that company.

The most important thing I did was just to start it, but not only to start it, but really start an industry.

And so I had lunch with a friend of mine who's been an entrepreneur both for-profit and non-profit and he's like, I don't care what happens to Zola, what I'm going to give you credit for is that you showed everybody that you can bring solar to the mass market in Africa.

And that has spurred a boom in an investment, I mean, we've raised 150, but there's probably five times as much investment at least that's gone into the sector around that and all sorts of different models that we've learned from, big corporates getting into it, all sorts of things and it literally all sprung out of like us sitting around in Russia, Tanzania, go into the living rooms and saying, okay, we think this can work.

Yeah.

What you just said, I think is not something most people would say.

So most entrepreneurs when they hear, I started this thing, I was the kind of, I ran through the walls to like get started in this space and now there's all these competitors, there's all this funding going into all these different companies.

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A lot of entrepreneurs view that as a negative, right?

Because it feels like, I have this pie and it's being now competed on with all these other people.

But when you're doing a social impact business, you're doing a mission-driven business. It is actually net positive.

Hey, the more of us that are attacking this problem, the more likely it gets solved and more likely like all of our missions actually come true.

I think that is one of the beautiful things about doing a social impact business.

And so I wanted to ask you, if somebody's listening to this and they have that aspiration which says, yes, I got this business brain, yes, I have this execution ability, but I want to apply it in a way that's going to do a lot of good in the world.

I want to build for-profit or even non-profit, but impact businesses.

What would you advise them?

What should they be reading?

What was really impactful for you?

Give some advice to that person.

I mean, number one, you're barking up the right tree.

I think some of the best people I've ever met in my life, some of even my closest friends have come through the mission-aligned work because you find that there's an automatic filtering mechanism that happens for your employees or your partners or your investors. There's usually easier ways to make money that don't have any mission involved in it. But you find past a certain point, at least for a lot of people, that you have enough as far as money goes.

You know you'll always be able to get a normal job if you need to make some more money.

What matters?

You see a lot of people coming to this much later in life, previous generation, where they were 60 and they made a bunch of money in roofing or God knows what.

They're like, oh my God, I got to give back.

Then they form a big foundation and they try to give as much as they can.

I think that's still a valid model, but I think you look at a lot of people now and they're saying, no, not only do I want to give back sooner because the problems are pressing today.

Climate change is not a problem I can donate to 50 years from now.

Climate change is a problem I need to work on today.

But if you do have resources, if you have sold a business, people are giving it away today.

I have a friend in Australia who has made over a billion dollars over his career in mainly accounting software of all things.

He is giving it all away in the next 10 years.

In the next 10 years, he's given it away and he's basically going to be left with,

I think he's keeping about what?

Think about 1% of his wealth, so he's giving away 99, it's going to be gone in 10 years.

Not leaving a foundation with his name on it, just funding as much good work as possible

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over the next 10 years.

As soon as possible, basically.

Yeah.

Yeah.

I think that the one thing I would say about impact businesses, you get a lot of goodwill from customers and you have to communicate that to them what you're doing, but you really get rabid fans.

There's a lot of investors who really want to get behind it.

I would say every one of our investors has gotten in permission first, even though they've gotten in commercial terms, but I think you do have to make the economics work.

I've seen some people do something where they're not really clear on what are the economics.

It has to work as a business and then in a perfect world, I think Better World did this better than most, actually, where it was so baked into the business model, the mission, you couldn't take it out.

You would actually lose, in that case of that business, you lose all the partnerships that generate all the inventory that the business sells.

So it's not a nice to have, if it's what makes the engine work.

In fact, it makes the engine even better because we have all this trust with these partners, so in Better World's case, everybody's paid on consignment.

Well, that requires a tremendous amount of trust that we will actually do what we say we do, which is sell the books and pay them their share.

And that trust only gets built up over time, so we actually get a lower cost of inventory and we get an indifferentiated brand, in that case, from that model.

And that I think is really kind of the ideal thing you can run after.

And if you were 21 years old again today and you couldn't work on Zola, you couldn't work on Better World, what would you want to start today?

Oh man, so many good things out there.

So I think the things that I see, because I'm in the energy world, I'll speak to that first, but then I'll speak more broadly.

So we are in this giant transformation of how we do a lot of things.

When it comes to energy, we've gone from a world where essentially energy was abundant and cheap because you could burn coal to one where it pays to be thoughtful about energy and it also now energy is cheap in the form of solar, but unreliable.

So solar is insanely cheap.

You can deploy it anywhere, but it's completely unreliable as a source of power.

And so one of my views is that batteries are going to eat the world just of all sizes.

That if you look 20 years in the future, almost every home, almost every business in the developed and developing world will have batteries in it.

And that battery might be an electric vehicle, but it might also be a stationary battery in your home.

And that's for both economic reasons because they're actually very useful to the power grid.

So it saves the power grid a lot of money if there's energy storage way down the line at the household level.

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But they're useful to the household because if the power cuts, your power doesn't go off. And so I think people in the US are really unprepared for this because we've been used to reliable power and now PG&E's just turned everybody off.

So I think that's one thing that people can watch and can get involved in and it's something that's highly distributed.

The value proposition for commercial energy storage in New Jersey is going to be completely different than in Florida.

And in Florida, maybe the need is more air conditioning.

So maybe you do something where you cool block of ice overnight when the electricity's cheap, then you release the coolness from that during the day when you need air conditioning.

So there's all these innovative approaches and technologies to how do we use resources more efficiently that are totally profitable, but require local deployment and require innovative thinking, require software often to manage that.

So I think that's one big thing.

I also think that university education has just become this thing that drives people into crippling debt.

And we're starting to see interesting solutions to that.

I think we're still in like any one of that nine inning game of truly disrupting and decentralizing education in a way where you get better education that's more credible at a way lower cost and you get it on the time you need it, where you need it.

There's so many opportunities in that.

It's kind of mind blowing.

I like it.

Okay.

I've been listening to this and I'm like, this guy's amazing, which I think a lot of people are going to say, and they want to follow you more.

They want to hear more thoughts from you, get in touch with you, whatever shout out, how people should kind of connect with you beyond this.

Well, I'm terrible at Twitter, but maybe this will be the thing that actually gets me to tweet.

So luckily I'm the only Xavier Helgeson out there, X-A-V-I-E-R-H-E-L-G-E-S-E-N.

So you can, as a bunch of people who follow me on LinkedIn, there's, let's see, my Instagram is private, but definitely follow me on Twitter and I will promise to tweet.

Okay, great.

Love it.

If you're in the Junto group, tweet at me, I'm at SeanVP on Twitter, or you know how to get to me, email me, LinkedIn, whatever you want.

And I will give you my playbook of how we did it, how we set it up, how we run the meeting, that sort of thing.

You could do whatever you want with it, but if that helps you get started with your group of Society of Mutual Improvement.

Oh, you're writing the playbook.

I will be downloader number one and I will be an editor and a contributor or whatever

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I can be to that playbook because I think that will make society better is more Junto.

Great.

All right.

Thanks for coming in, man.

Thank you.

Thank you.