

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

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.

Okay.

Quick break to talk about our sponsor for today.

That's right.

A few weeks ago, I did a fake ad read where I said this episode is brought to you by nobody, and ever since then, people just email reaching out to advertise on the podcast, which is great.

And this is a really cool company.

The sponsor for this week's podcast is Supercast.

So if you want to cash in on your podcast, Supercast can help you unlock predictable recurring revenue from your audience.

How is that?

By cutting out the middleman and turning listeners into paying subscribers.

In fact, podcasters using a subscription model can make twice as much versus advertising alone.

I like that.

Visit [supercast.com slash hustle](https://supercast.com/slash/hustle) to learn and earn more.

All right.

I will have to check that out after this.

I do love me some subscriptions.

So me and Sam met, actually, we met in a really random way.

So we met because Sam was hosting HustleCon, and he was, I get an email from Sam Parr that says, Hey, Sean, heard great things about you.

Heard great things about your space monkey inferno.

Office is so dope.

Hey, you know what?

I have HustleCon coming up like in a week from now, and I need a space to host my speaker dinner.

It's going to have badass speakers.

This guy, this guy, this guy, this guy, you know, all these people are coming.

You know, would you be down to host it?

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

And I read it.

And I was like, I don't know this guy.

There's nothing about like, you know, like, I was like, this is, he's full of shit.

Like he hasn't heard anything about me.

And but he probably saw our space because our space was really cool.

And for the record, I had it wasn't I assumed it was bullshit, but I was like, still, this is real.

This is high class bullshit.

And so I was, I was like, yeah, this sounds great.

And he was bringing some value to the table.

He was like, you can attend the dinner.

You'll meet all these people.

So I tried to negotiate back.

I was like, cool, as long as I could speak at HustleCon, I'll do it.

And he was like, no, there's no spots left.

And I was like, all right, fair play, you can still do it.

And so that's that's actually how we met that night at the speaker dinner.

And I met a few of my best friends there, which is like testament to the idea of like just show up has become like a motto of mine, which is showing up like it's just 80%.

And like for you guys who came here, you could have done anything.

You could have stayed home, Netflix, gone on dates, you know, you could have done whatever you guys do, you know, you could have done tonight, but you showed up.

And so good things can happen when you show up.

And so we used to do a weekly, weekly or monthly where it was Sean and three of our friends and we would meet up every single week and then eventually every single month for years.

It felt like it was like seven PM once a week or once every two weeks, we would get together.

And it was it's what we call a Junto now, which is basically like a meeting of the minds.

And Sam was in it and you invited a couple of friends that were really good.

And the idea was like, Hey, you spend most of your time where you have to sell if you know, if you're doing a business, you got to sell to investors, you sell to your customers, you sell to your teammates that, Hey, things are going great.

But in reality, things are usually not going great default by most, most of the time things are not going great.

And so we wanted a group of people that you could talk to.

And it's like, you know, 30% therapy or it's probably like 70% therapy, 30% strategy.

But we like told ourselves it's all about the strategy, which was that, Hey, if I say I'm having trouble with this thing, turns out Sam's really good at marketing and he could be like, dude, why don't you just do this, this and this, go read this blog post.

It's awesome.

It'll help you out.

And we have like insider knowledge because of, because I host conferences, you, you're just very personal, you know, everyone, and then we have an investor friends and like we had this network of we were like, I felt like one step away from anyone we ever wanted

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

to speak with.

And so we would also like hear rumors and we'd bring up those rumors like, I heard this person was doing this.

Right.

And that's kind of what the podcast one, this part of the podcast turned into.

Yeah, exactly.

So that's how we got to know each other.

And that's why I knew Sam would be good to do these brainstorms with.

So I'm curious for people who are, uh, did anybody come from out of town?

You came from out of town, right?

So you came from San Diego, Livermore, Malibu, love it, Sacramento.

Who came the furthest?

Who thinks they came furthest Los Angeles?

Okay.

Very good.

San Diego is the furthest.

All right.

Round of applause for the guy who came from San Diego on like 10 days notice, I think.

Yeah.

Whenever I hear that, I'm like, why, yeah, we don't say that part out loud.

What is the answer?

Why?

Okay.

Should we start with that?

What's the question?

I feel like you came from San Diego.

I owe it to you.

Yeah.

And before we actually get the question, I do want to preface this by saying, I feel like because of the, we've created that you created this podcast, I created the hustle.

I think that like we have answers and that's definitely not the truth.

But what is the truth is though that I like because of the opinions, very opinionated because of the business that I've created in you as well.

I've met so many freaking people and seen so many patterns and I've heard of all these stories.

And so I would say if four questions, that's where the answer is coming from.

Yeah.

What I always tell people is if you know, there's a lot, a lot of people out there are smarter and wiser than me, but you probably don't know them.

So I'm the best you got.

So go ahead.

Yeah.

So I wanted to ask you about your startup with Blab.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

Yeah.

I know that started in what 2014.

Yeah.

And so I was reading your podcast or sorry, your, your media post about why it failed and how it failed.

And I know you mentioned that churn rate was one of the main issues, but what other issues did you see coming and like what other reasons besides the churn rate did you have that came to the failure of Blab?

So, okay.

So we had built an app called Blab.

Jake's here.

Blab.

Jason was a Blab.

I think he joined right when we closed Blab down.

I think somebody else said they were a user of Blab here.

Basically Blab was like a way you could push a button and start a talk show.

So basically what we're doing now, but like online.

And so you could have two, up to four people talking on screen and unlimited people watching.

And so now like Periscope, Facebook Live, now a lot of things are out there that try to do stuff like this.

We tried.

Your question was why did it fail?

It failed for really two reasons.

One was when most people make content, if you look at YouTube, podcasts, blogs, 99% of content is really bad.

And not bad by my judgment, but bad by the market's judgment.

It doesn't get in any views.

It doesn't get a following.

And the problem with Live is that you can get away with that if you're a YouTube or you're a blog post because the good stuff sticks around.

It's still there.

So the 1% that's good, you can find it and enjoy it and you can create a successful service.

With Live, you have this really hard problem where the good stuff is only good while it's on and then as soon as they go offline, it's gone.

So it's like exponentially harder to have good entertainment on all the time.

And we felt that pain.

And so ultimately that's why it failed.

The other weird thing was, do you guys know who Martin Shkreli is?

So if you don't know, I didn't know who this guy was, but he came on.

I was like, wow, who's this guy Martin?

He's the biggest user we have.

This guy's got thousands of people watching him and we were this tiny service at the time.

And it turns out I Googled him and the first thing that comes up is Martin Shkreli, most

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

hated man in America.

And I was like, uh-oh, it's not a good thing.

And basically he was the guy who had bought some drug and jacked up the price, which is like...

Is this his pharma bro?

Pharma bro.

And then he did all kinds of other stuff.

He's now in jail.

So that's where the story ends.

But he was on our service and he would blab every night.

He was actually our star user.

He used it perfectly.

We had other celebrities try to use it, but it was very inauthentic.

This guy, he would use it all the time.

And he would use it every single night and he was driving hundreds of thousands of people to us.

So we were growing, but if you guys know about 4chan or some of these other internet troll groups or hacking groups, actually, I shouldn't say anything, don't attack me anymore.

I'm scarred.

But there was a group called Lizard Squad at the time who did not like Martin Shkreli and they did not like that.

We were letting him broadcast on our platform.

And so they started DDoSing us, basically, like you wouldn't believe.

Every day for, I don't know, Jake, how many months straight did we fight this?

As long as Martin was on, they would do this.

And it was unbelievable.

So the other reason it failed was that we had one of the most prolific internet hacking groups attacking us with their full force while we were like this new startup.

And I'll say this.

Maybe a third reason, and as one of my best friends, I saw like this whole thing is that his setup as an entrepreneur was like way different than most people.

They basically-

Too nice?

Yeah.

The monkey inferno was, so there's this billionaire named Michael Birch, or he's close to a billionaire.

And most people, when they get a little bit of money, maybe they'll buy a nice car or a nice watch.

This billionaire had probably a five, I don't know what your budget was, but let's say \$5 million a year incubator where Sean was the boss and got to spend this money on launching cool stuff.

And I think it created a little distraction because like you had the freedom to every three months try something new.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

We had a private chef every day, and we have like, you know, a bar in our office. Now, these weren't, in my opinion, I don't think they're the reason we failed, but they do create a sense of security and comfort that like, you know, who's running a business that's like, your office is embarrassing.

Like you are, your daily conditions are like, nobody raised their hand, like, yeah, thank you.

Like, just be honest here.

What I mean is, like your back was against the wall.

I used to take dates to my office to impress them.

I don't think it's, I don't think most entrepreneurs would take their dates to their garage to try to impress them.

When a lot of people start companies, their backs against the wall, they're like, I gotta make this work.

You never really had your back up against the wall, which I thought was awesome.

And maybe it is awesome.

It could be awesome.

Yeah, that might have been a factor for sure, but it's hard to say, right?

When you fail, it's hard to say why exactly you failed.

You try to pinpoint reasons, but it's usually a multitude of things.

Same thing with success.

If you ask successful people how'd you do it, usually they don't even remember the hard times.

They sort of blacked out and forgot about all those things they used to do when, pre-success.

And so, in general, I try not to take, put too much weight in, you know, why did you fail or why did you succeed?

Because it's so nuanced and, sorry, that's not a great answer.

No, thank you.

Yeah.

Cool.

Yeah, what's up?

Question for you.

So, you run startups, you built great companies, and now you're an employee and running a startup.

Yeah, don't remind me.

So, how does that balance?

Like, how do you make sure that you're a good employee when you have a startup?

I asked them that the other day.

So, the question, if you didn't hear on the podcast, was you've done startups, now you're an employee at a company, how do you, what was it, how do you balance?

Make sure you're a good employee.

How do you make sure you're a good employee?

Well, how about even, first of all, what was it?

What was almost the difference of running versus not having to?

Major difference, right?

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

So, like, so right now I have a baby, a two and a half month old baby, and, like, you got to keep the baby alive.

That's like the only job.

The job is keep the baby alive, and you got to do stuff.

You can't, the baby's not just going to stay alive.

You got to actively do things all times of the day, like, my wife wakes up panicked just every hour, just to be like, I don't know what I'm supposed to be panicked about, but I got to keep this baby alive.

That's how a startup felt to me, which was like, by default, we were failing every single week.

You know, today, I'm at Twitch, and we have a, you know, you would consider like a high pressure job.

Like, I'm basically running international growth for them.

But Twitch is not going to fail tomorrow or the next week, you know, pretty much regardless of what I do.

If I do something great, it's going to be additive, but if I do an OK or mediocre job, the company doesn't fail.

And so there's just a different level of pressure when literally the whole thing's going to fail.

You're going to owe people money who you raise money from.

Your employees who took a bet on you and came to work for you, they're going to be out of a job.

That's just a different level of pressure.

And if you can see, I have like sort of gray hairs on the side here, even though I'm 31 years old, because I think that was the pressure then.

So to me, that's the difference.

I don't know if you've tasted the difference.

And she wants to know how you balance it, but I would say that our company is a good business.

I don't like running a company.

I really like starting a company.

And they're way different.

Yeah.

They do two different skills to do it, and you either have both or you don't.

The other thing, which was how do you make sure you're a good employee?

I don't know.

I don't know if I'm necessarily a great employee, to be honest with you.

In fact, when we got acquired to do one thing within the company, and then within two months, I'm like, no, we should do this other thing that's really important, and I pivoted, which I thought my days of pivoting were over when I left my startup.

So I think in some ways, I was a bad employee, I didn't do the job I was meant to do.

But maybe there's a trade-off, which was the project we're working on now is a startup type project, it's more of an entrepreneurial type of project within a big company.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

I think it's possible to balance that, because that's how I started this, was when I had another business and we sold it and started this.

The things that are built between like 6 p.m. and 1 a.m. are pretty amazing.

And to be honest, now those hours are for my family, they're for working out, they're for the podcast, they used to be for the business, those same hours.

And so I don't give those hours to my job.

That's why I said, I'm not sure if I am a great employee.

And we can keep doing questions or go through some of the stuff we had here.

Yeah, do you guys want to hear, I guess, show of hands, who wants ideas and then we'll do who wants questions, more questions.

So if you want to hear brainstormed ideas, hands up now, okay, and if you want Q&A now, I'll just ask you.

Justy, do you want to just ask a question?

I wonder what other questions people have.

The meta question.

All right, we'll do some ideas.

And then, and you guys can tell us, because when we do these ideas, we literally just like throughout the week, take notes of interesting stuff I'm hearing that other people are doing or trends I'm noticing or stuff I read in the trends group.

I'm curious also, who here is a subscriber to Trends?

That's pretty good.

Yeah, to Trends.

I know.

Yeah, pretty good.

You want to?

Yeah, who's going to Hustlecon?

I'm going.

All right.

Okay.

We're just going to do polls all night.

That's the whole thing.

You know how to talk to.

So yeah, we do these ideas and I've actually found that there's this great practice.

So I actually encourage you, even if you're not doing a podcast about new ideas, act like you are.

Because now that I write down new ideas, because I know, oh shit, we're going to brainstorm on Thursday or Friday, it's got my brain constantly looking.

And if I wasn't doing this podcast, I wouldn't be writing these notes down.

My brain would kind of just start to ignore those interesting things.

It would just think, oh, that's for other people to do.

And I noticed this a lot in our company too.

There's a lot of smart people and I actually asked someone today, I said, so have you thought of any business ideas while you've been working here?

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

And they were confused.

I even asked the question and it's because their brain wasn't thinking about that.

And I encourage you to train your brain to look at this stuff.

It's forever.

I just love.

I do this.

I do it all the time.

Yeah.

You have a backlog.

Okay.

So what do we got?

I got a couple ideas.

I'm going to tell you about one that I'm pretty bullish on.

So have you ever heard of amazing grass?

It's okay.

So I want to eat healthy.

And eating healthy is basically, it's actually really fucking simple.

You eat real food, not processed food, mostly vegetables and just like don't eat too much.

That's the whole, that's the diet book.

But eating vegetables is like pretty tough.

So I started taking this powder called amazing grass.

And basically it's the equivalent of like, like I was too lazy to cook vegetables.

So I started doing green smoothies.

And now this is like, Hey, you know what?

Don't even do the smoothie.

Just put this powder in water and chug.

And I'm like, great.

You know, sign me up.

Like if you could just inject it in my veins, I'll take that too.

And so, so I don't know what you think of this, but I want to know why you're bringing it up now.

I feel like this, this is already a pretty popular thing, right?

It's new to me.

I've never.

I mean, when I've tried, when I tried to call it like the green juice or.

So I thought it was a similar, that's what I said to him too.

So I thought it was, I think it's similar, but it's a, it's a green powder.

And so I don't know if I thought it was a green powder.

I think it is.

It is.

But I, I view this as, to me, this, when I saw this, I was like the same way that the protein powder industry has just sort of like gone up and up and up.

And it's really, you know, if you're trying to bulk up, that's just becomes a part of

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

your staple like routine.

I think that this is sort of the, it's the vegan version of it, right?

It's basically, instead of trying to bulk up, it's about hacking your way into health.

So it's about getting sort of everything you want from your greens faster.

And the thing I like best about it is that it tastes like shit.

So I believe that it actually works.

Like if this thing tasted good, I would be like, oh no, this is, this is garbage.

This is just sugary, something, something athletic greens.

I thought Adam brought you something right now.

It's really expensive.

Is that stuff expensive?

So this little tub is like...

So this is a \$100 million a year company and they're, they are required?

No, they got a private equity investment.

So they're worth more than that.

Which means they're very profitable.

Yeah.

Yeah, private equity...

If you eat less and you get very profitable, typically.

Exactly.

So the idea that's here is not to invent something that's already invented, but to do it in a new way.

So we have a lot of friends that do D2C companies, direct to consumer brands.

And this to me was like screaming for direct to consumer, right?

I bought it because I was in Whole Foods and I just saw it and I grabbed it.

But this is something that would be...

If you were thinking about D2C products, it's like a checklist in your head, right?

So you want a price point that's high enough.

So you don't want to sell a \$2 product because the Facebook ads are too expensive.

You want something that's recurring and that basically people consume, not something they buy once and they keep forever.

So this is consumable.

It's a high price point.

It appeals to the health and fitness market, which is a very big market and is very shipping friendly and you could private label it pretty easily.

So the idea here is to go D2C with like a competitor to Athletic Greens through Facebook and stream.

I hate D2C.

Why would you hate D2C?

This is like a lot of these direct to consumer companies, which D2C like...

But you know how well our friends are doing with it.

So how could you hate that?

I think that this whole D2C, first of all, like everything's D2C.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

So we're just talking about like basically it's like in my mind, it's shitty products that are white labeled, that are either pink, turquoise, or yellow, use a lowercase font as a logo and they triple the or quadruple the price of the normal. That's like saying a tech company, you remove the vowels and you, you know, dot L-Y and you know, like dot I-O, right?

It's similar.

And I would never, I think I'm stupid too, but my take on the direct to consumer thing, which like I said, it's not even like direct to consumer, it's whatever this like category is, all most like, like a way travel, I think their suitcases suck.

You don't like the products.

I think most of these products are horrible because I have friends that own these companies and they print money.

But they just like find something shitty in Alibaba or whatever.

And they, it's just all market.

It's a market.

It's, I think it's a, it's a soulless marketing machine that will make you rich.

But once, when Facebook gets more expensive, which it is, we pay four times more, five times more than what we did two years ago, it's going to close.

Okay.

Fine.

What ideas you got?

Do you guys see Honey got acquired?

Yeah.

Yeah.

So I've been bullish on Chrome plugins for a while.

And I think I've been bullish on them is if I don't, I've actually posted in the group, if anyone's seen it before this acquisition.

So I'm treating my own horn, but I love Chrome plugins because people dismiss them as silly dumb ideas.

So Shopify apps are dismisses dumb ideas, WordPress plugins are dismisses dumb ideas, newsletters, my company's dismisses small dumb ideas and Chrome plugins as well.

And they think that it's like this small, silly thing, like it's a Chrome plugin.

And it's like, no, it's not.

It's just like, if you're PayPal, are you an app?

Are you a website?

It's like, you're a service.

And then you just happen to deliver through a particular mechanism.

And so to me, Chrome plugins are just services and they just so happens to use a Chrome plugin and I'll tell you firsthand, we own a Chrome plugin and I was showing Sean the stats before this.

The Chrome plugin is the stickiest delivery mechanism of a service or product that I've ever seen in my life.

Yeah.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

We were looking at the stats and you guys launched it like three years ago.

Yeah.

And 50 or 60% of those users, we literally launched it on day one and never touched it ever again.

And most of the users are still using it every single day.

Yeah.

And so this is the thing we launched called snippets.

Does anyone actually have snippets?

Oh, you have it?

Or you did?

Someone did have it?

Yeah.

Okay.

It was just a silly widget.

There was like no thought in it and it's neat, but it doesn't like provide like a ton of value and it's still, people don't know.

I think the reason people uninstall it is they have a new computer.

But like with 2,500 users will drive 100,000 page use uses of that thing a day.

And it's a Chrome plugin.

So another example is Grammarly.

You guys know Grammarly?

Yeah.

So the founder spoke at HustleCon and I was shooting the shit with them and this was 2,000 and 16.

So this was three years ago and I was like, Max, what is this thing about?

He's like, I'll tell you this, we just raised \$100 million in funding and I took, and that money meant most to me and they only bought 10% of the company.

I was like, holy shit.

And he was like, tell me a little bit of the numbers.

And I was like, it's a plugin.

He's like, yeah, it's going to be huge.

And I think they actually just raised more money recently at some huge valuation.

It's a stupid little bit, yeah.

But the stickiness of plugins are crazy.

So in my head, I'm thinking with the Hustle, we're just a news service or an information service and we just picked the mechanism of email because it's incredibly sticky.

Chrome plugins way stickier than anything I've seen and in my head, I'm constantly thinking of value that can be driven on it.

Something that you need that each and every day because a Chrome plugin is perfect for that.

Right.

And you...

Gmail plugins too.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

You were saying for snippets, you were saying that you guys promoted it just once. And so like the graph basically looked like launch day, there's a spike of users, then no new users, no new users coming in, but the active users is just like steady for three years straight.

That's like a very interesting graph to me.

Yeah, but I actually...

What we could have done is it was an ad-based thing.

I don't really like advertising as a business, but we very easily could have seen how much revenue we earned per pay view and actually paid to promote it.

We probably should have done it.

We would have made probably millions of dollars because it's gotten like a hundred or 150 million paid views already.

But if you look at Honey, I studied how they were growing and they were growing through to Google and Albrain.

Those little images, thumbnails at the bottom of like cnn.com because they calculated the LTV that we're just spending like crazy to acquire users.

I also think Google lets you pay to app installs.

Yeah.

I like how you think because you like to work backwards from distribution.

I think distribution first.

So you'll just think of a distribution channel, okay Chrome extensions, and then work backwards until a product makes sense.

You do that basically with email for the hustle.

Yeah, you know who taught me that was this guy, we guys heard of NerdWallet.

It's like a \$200 million dollar year business.

They bootstrapped it for a long time and they raised all this money.

He taught me that.

How did they do that?

They basically work backwards from what?

Google searches?

I told one of the founders, we had not raised any VC, but we raised a little angel money.

I told one of the founders, I was like, we have this conference and I think, I could build this huge email list.

I learned how to do it.

I know how to do that really well.

And he goes, he's like, dude, raise this money and go big.

And I was like, I don't know what I want to sell.

And he goes, you'll figure it out.

Getting the audience is the hard part.

And I was like, that sounds reckless.

I don't know what you're talking about.

He was right.

So I learned that once getting the audience and baking distribution into your cost to

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

acquire a customer, so basically getting the audience means acquiring a customer. Acquiring a customer is way harder because if you think about it, think about how many shitty products are on the world that are huge businesses. Go to that convenience store across the street and you'll see really bad, that's subjective, but you'll see candy or something that you're like, man, this is not that high quality. But they're in every fucking store in the world. For the record, Sandmate, like 20 pieces of candy right before this, it was an incredible experience. I sat there and he just like a small child's Halloween loot, just downed it while we were talking. And then he had to like with two hands, get all the wrappers and throw it away. I was like, that was phenomenal. But I think a business is just distribution and then the product. And there's loads of examples of amazing products that completely die and become horrible companies because no one wants to go and buy it. But if an inferior product has great distribution, like what you see at the gas station, you're like, well, fuck, I just need this thing. I don't care if it sucks. Right. Obviously, if you have great distribution and great product, that's where magic comes in. It multiplies. Yeah. I'm curious, does anybody here have an idea for the brainstorm? Like, have you, are you all just idealists? All right, here we go. What's your name? Karen. Karen, great. What's your idea, Karen? The idea is to create. You want to come up here and say it into the mic? You want to get on the podcast? Yeah. It's container-ly. Oh, container-ly. You remember container-ly? No. I don't know much. Yeah. Are you pitching your own business? Yes.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

You're pitching your own actual business?

Actual business.

Okay, this is actually an ad.

It's still an idea.

The idea is that we need to live more connected to nature, have places to co-work and co-live, live an itinerant, crazy, you know, mobile-first lifestyle, you know, and that we can do that together by living in shipping containers in poorly-performing RV parks that we purchase and then move everyone in, have a great co-working space, and we're out there in nature, going for a walk, breathing fresh air, eating food that we grow.

So, I'll thumb it down.

It's, it's, without being disrespectful, container ships or container units that people live vacation in.

I think it's vacation.

They vacation or live.

Well, it's for short, medium term, short to medium term living.

Okay.

Yeah.

Okay.

Yeah.

Thank you.

Thank you.

Thank you.

Thank you.

That was way too hard.

No, that's okay.

And Karen, what do you think of...

That's how I would tell my friends.

Yeah, yeah.

Have you heard of AutoCamp?

I sure have.

What do you think of AutoCamp?

Actually, I stayed there, and it is absolutely gorgeous, but it doesn't allow any of you guys to buy into it.

And we're giving the opportunity to co-own something.

Oh, okay.

All right?

So it's a great way to spend a lot of money on a glamping unit, right?

But they're all stacked next to each other.

So it's all about the re-layout of the space so that there is actual nature involved.

How much does it cost to buy one of your things?

110,000.

Do you have to buy the land?

No.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

So it's like an RV.
It's like a trailer park.
But you rented out.
You make money the whole time.
It's like a fancy trailer.
Yeah, that's okay.
I'm not being disrespectful.
Fancy.
Got it.
So we rented out, we get a company off-sides and yoga retreats.
Can you put 20,000 down, like 20% down?
Sure.
All right.
Looks like you got a sale.
And then we rented out for you, so we shouldn't be at any about it.
How many square feet are they?
They're 320 square feet.
But plus the deck, plus the deck with a garage door that opens up.
A small one-bedroom apartment, 650, right?
Or no, a studio is 450 probably, right?
Mm-hmm.
Okay.
So it's a studio apartment.
It's a studio apartment?
Got it.
Yeah.
In nature.
Yeah, I actually like this general idea.
First, I like that you pitch your business.
That's hustling.
I like it.
And then I actually like this idea.
And the reason I asked about auto-camp is because I'm fascinated by...
Say what auto-camp is.
So auto-camp is basically glamping, which is like a glamorous camping experience.
It's Airbnb if you want to go out in nature, but you're like me and you don't want to do any of the work that's involved with going camping.
And that's how I think about it, Elise.
I'm sure they would pitch it slightly more like with more flowery words.
But does this company raise money from private equity?
So they raised about \$110 million recently.
And they only have about five locations, which means these guys must be printing money.
And does anyone know the difference between PE and VC?

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

Yeah.

Okay, so if you raise from PE, you're a good fit as far as the VC is more aspirational.

VC is...

Your business is going to suck for 10 years and then might become humongous.

PE is...

Your business is awesome now and they'll drain it.

That's the short hand for you.

So if they raised from PE in my head, I'm like...

Yeah.

Your short hand for that means they already have earnings.

There's no place with about 80 units and they range from \$430 to \$200.

So I remember...

You can sit back down.

I don't want you to have to stand the whole time.

I remember reading...

Let me remember when Sony got their emails hacked.

So I read all of them and I was trying to figure out is there any good stuff in here?

An email hack, you would think.

There's some good stuff.

The one thing I remember that stuck out was...

Well, there's some cool emails early on when Snapchat was on the rise.

And I think the guy who was CEO of Sony or whatever at the time, he was on the board of Snapchat.

So he had some good, raw thoughts.

He didn't know these were going to be public, so he was telling the truth about what he thought about the business.

And the other thing that I thought was interesting was some guy wrote an email to the top guy at Sony.

He was like a trend spotter type of guy.

I don't know if you know about this, but like record labels and fashion brands, they have people who are trend spotters.

They go all around the world and just try to look for what the trends are.

And this guy was like...

He's like three things.

He said, EDM is the rock and roll of this generation.

You need to know that.

Two...

That was right.

That was right.

That was totally spot on.

Related, this generation loves festivals.

He's like, in general, turnkey outdoor experiences.

So zero effort, but I get to be out in nature, away from my computer.

It's sort of a response to the fact that we're always sort of indoors, out of desk, connected at all

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

times.

He's like, those are big.

And number three was bonus points if it's Instagrammable.

And I've actually seen this play out.

So like when we talked about the Ice Cream Museum...

Down the street.

And all these ideas, they all actually fit this same like ethos of how do you get turnkey experience with Instagrammable moments?

We did a Spartan race together and it's the same thing.

It's a turnkey, you feel like you're tough.

Or if you're me, you feel like you're out of shape.

And then like Instagrammable experiences along the way.

There's one other idea that we were talking earlier about that's sort of like this, which is studs.

So studs is a new startup that's based in New York.

I thought was pretty interesting.

What they're doing is they looked at what was working in malls.

So I don't know if you ever remember Claire's that are inside malls.

So place you go get your ear pierced.

There's a lot of men here, I don't know.

I saw some nods.

They're either lying or they are they...

It was in the mall, it was like cheap earrings.

Yeah, it's like where you go to get your ears pierced if you're like young, if you're like a tween.

And so Claire's has like 4,000 locations around the world.

They were doing like, they sold it in 2007 for \$3 billion.

So they built a sizable business.

They still had a billion and a half in sales last year.

Yeah, billion and a half in sales last year.

And so it's a big business, but it's like kind of outdated.

Claire's, Hot Topic, these were all like popular mall stores back in the 90s.

And so what studs is doing is just reimaged it.

So it's a cool looking place.

Like every part of the store is like Instagrammable.

You would want to take a photo of yourself there and share it out.

And you're getting your ears pierced, which is something that's like internet resistant.

Like it's not like probably not going to get like directing consumer ear piercing.

So you need a physical location to do this.

And when all of retail is dying, there's a small segment of retail that's thriving.

And these are things that are essentially internet resistant businesses.

And so I'm very interested in those and thinking through what more those might be.

So we should talk about things that we think won't work and I would put that in my category.

Yeah. Why are you betting against?

I think it's too cute.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

And I think that I think there's a problem with people, particularly in San Francisco and New York, who build things only for San Francisco and New York or LA people.

So one of my favorite companies is wish, wish.com.

Has anyone not heard of wish?

Some people not that many though.

Okay, last year it would have been or a few like few years ago.

Yeah.

Okay, but wish.com they have offices nearby.

They've been popular for five years now and not just popular.

I think like 10 billion users a month.

Like one of the most popular websites on earth.

Not 10 billion users, but something else.

10 billion users.

Sorry, not users.

Sorry.

It's more than the human population.

Sorry, I meant like sessions, like web sessions.

I have a tool that I guess web sessions.

So that would potentially be a billion users.

Right.

But it was big enough that I'm friends with the founder on Facebook.

I don't actually know him, but we became Facebook friends somehow.

And he always shares like a screenshot.

He's like, we're, we were downloaded more than Instagram this month.

Right.

So that's how big it is.

Anyway, I love them because they made stuff that teenagers in middle America where I'm from.

Would buy.

Would buy.

And what always angers me about these companies.

So you don't like the soul cycle type of like berries boot camp type of companies.

No, I like them.

I just think that not everything works that way.

Like the whole point of Claire's was that it was like shitty stuff that young people don't have any money.

And that serves a purpose.

Yeah.

But a lot of new companies don't make stuff for that demographic.

And I think that like that's, it doesn't make sense to me.

Yeah.

It's like a high end.

It's like at that millennial pink thing.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

It's like, it's two, it's two.

You're like, get off my lawn.

I just, I just, I just think that there's a gap.

I think that most people start too high end and too coastal when there's, you could just crush.

Like it's like, you know what?

I would, I'd love way more than that.

It's fashion Nova.

There's no fashion Nova.

Okay.

Fashion.

Explain the business model.

Fashion Nova.

Who doesn't know fashion Nova?

Wow.

Okay.

It's the new wish.

Fashion Nova is awesome.

A year.

I mean, it's pretty, it's pretty big now bootstrapped by a Middle Eastern guy, an immigrant, which is another reason why I like it.

And he's in LA, his parents had a mall store like Claire's that sold really, has anyone been to like New York and see these like stores that sell women jeans and women clothing that are all like knockoffs and not really low quality.

That's when his parents ran and he's like, I should sell us online.

And so he went right to Instagram and gave funny looking clothes to young women and they would wear it, but it like became a joke.

It was like world star hip hop where it was like, they were like, you know how like young guys will, you will yell, whatever there's a fight they yell like world star.

Well, they advertise with all these Instagram models that it became a joke that fashion Nova was on everything.

And it turned out that they're actually kind of cool.

And so fashion Nova is, I think it's one of the largest Shopify stores out there.

And it's like a \$600 million a year fashion brand.

And they sell really cheap low quality clothes, but they're kind of like funny and cool.

Right.

Like Cardi B is now their spokesperson.

And they just went crazy on the influencer side.

So like if you go down the right Instagram rabbit hole, you will see fashion Nova everywhere.

That's an example of people selling to relatively normal folks.

It's affordable.

It's kind of funny.

They put themselves in the middle of culture.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

I like that.

Jim Sharks another cool when I did the same thing.

Yeah.

Yeah.

I love the business too.

All right.

I want to turn it over.

Questions.

Do you want to do things that we don't think will work?

Okay.

Let's do it.

What do you got?

So we always talk about things that we think will work.

Let's talk about things we think won't work.

Hater mode.

And I try never to do this because I always respect someone who tries something, even if it is stupid.

Right.

You want to start with yours?

Well, to be clear, they have our respect.

Yeah.

But we think it's stupid.

Yeah.

Okay.

So the way you qualify for this is most people think this is a good business, but we actually think it might be a bad business.

And I agree with you on most things that you've said.

I think you do me.

So we were doing this kind of in the back, just shooting the shit.

Turns out Sam wrote them down and now we're doing it live.

Okay.

So Patreon.

So Patreon is not a cool business to hate on because it's like the nicest business.

Patreon basically lets any indie creator, so you're a blogger, a podcaster, whatever, you can say, Hey, fans, support me directly, give me five bucks a month, that'll help me do my art.

So I could do that with this show, for example.

I think that's a really cool thing.

I think Patreon is going to be a bad business, even though that's a cool thing.

I think it's going to be the worst business.

The reason why is they went, this, you know, bad is always relative, right?

So it's high expectations.

They raised VC money, a lot of VC money, I think, I don't know what they're like.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

I think they raised \$50 million in their last round.

So that means they're trying to track towards like a billion dollar plus exit.

And on the other side, you have the business model, which is to take essentially 5% of the patronage donations.

And so if you just sort of calculate out, you're like, all right, to get to, you know, to be a billion dollar business, you need to be about 100 million in revenue as a business, which means they're going to need to make 20 times that is needs to be flowing through their system.

And I just don't think that's ever going to happen.

And I don't think that, and I also think that's like highly commoditized, like I work at Twitch.

We have a built in way for you to give money to broadcasters.

Do you know how many, can you say how many people, so the reason I think it's bad is I've seen media companies, when they ask for donations, it's a horrible business.

Right.

And you can look like very few people ever, the only reason Wikipedia does it is because it's the most popular website in the world, like, or one of what I don't think that people donate money.

I like Substack, which is a newsletter subscription company because people give you give, it's not please give me money, it's I'll allow you to get my information if you give me money.

Right.

Yeah.

It's different.

It's paying for a product versus like tipping.

Yeah.

I think so.

My question is, so from which I can tell you, people definitely do tip like a lot.

People definitely just voluntarily give money to things that they could also get the content for free.

The whole Twitch business model is off that, based off that premise, the majority of revenue will come through.

Yeah.

So a lot of people do this behavior, but what I would say is that the bad part is when you're taking like a 5% cut of that, you have such a small share.

And so like, for Twitch, I think the default share is 50-50.

50% is way more than the sort of 5%, and I think Patreon tried to up it to like 7% once and everyone revolted.

And so that's show.

They basically have no headroom to take a bigger cut of this.

Yeah.

It's a huge difference because they're like artists.

So like, if we're going to stereotype them, they probably don't have a lot of money in the first place.

And so any percentage more.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

And some guy went and scraped all the top Patreon pages to see who's making the most, and like the top people are not very big.

And so it just, to me, it's like, I don't know, it doesn't add up, it doesn't pass the sniff test.

Let's do one more.

Yeah.

Firefly.

So have you guys seen these Ubers with the, oh, you worked at Uber.

So you maybe know a little bit about Uber.

Ubers with the ad on the top?

It's like, it's like making an Uber look like a taxi.

We talked, I talked to those.

Yeah, yeah.

Okay, so we talked to these guys when they were first raising their seed round.

Yeah.

And we saw the deck and it was promising.

I don't think it's going to work though.

You didn't think so at the time either.

Yeah.

Because you didn't invest.

Yeah.

They have since raised money hundreds of millions of dollars.

Yeah, it looks like they're doing phenomenal and they might be.

I always just thought it was weird because like you used to work at Uber.

I always just thought this is a huge platform risk because Uber, I would say get off.

Yeah.

Because if Uber ever decides, if the bigger this gets, Uber might say, hey, that looks like a good revenue stream.

We should own.

And the learning of this, I think, but I'm wrong still, but I might be right, is I think it's impossible to build a, it's very unsafe, but it's doable.

Zynga did it.

It's very unsafe to build a business on top of one platform and they only have two platforms left and over.

Right.

Yeah.

Yeah, exactly.

I don't love this, don't love this business.

I know a guy who had a company that was about to sell for \$200 million last January.

He changed their algorithm and it went out of business in March.

I know the one you're talking about.

It's a media company, right?

Yep.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

Yep.

Yeah, we won't say it, but it's a true story.

It was in the news, probably, and I think that's exactly what will happen to Firefly and any company that builds on top of a platform.

I remember when you were starting the hustle, I was like, you need to do Facebook, video, Snapchat.

Go to Snapchat.

Snapchat's where it's at because all these things were hot and trendy and you were very adamant, you're like, I'm going to do email because I own my community then, right?

These are people I have a direct relationship with.

I'm not dependent on Facebook.

And it makes Uber stupid.

It makes it look trashy and also, I think it's a Firefly planet.

There you go.

One point for Sam.

They're still up like 100, but like, you know, not even a little bit.

No, I don't want anyone who's taken a risk to fail, but I think they will.

And it sucks because the drivers make, I think they promise \$200 or \$300 a month for drivers.

So of course I want all these guys to win.

I want it to be great.

I also think that when a recession happens in two or three years, brand advertising, which is what that is, it's going to go away, it's going to shrink, and I think that the stock, I think that more people are going to pay money on Facebook and Instagram and whatever is going to exist, TikTok, and that type of advertising is going to go away.

The valuation that they eventually raised that, I bet you was more revenue than all the taxi advertising did as a whole.

Right.

Is there any way they can pivot?

Is there any way they can pivot?

There's always a way you can pivot.

Can you pivot successfully?

What would you do?

I don't.

So let's say you get, they have some assets, right?

Let's say they're going to have, they have money in the bank, they have a network of drivers, let's call it 10,000 drivers that have their unit installed on top.

What does that allow them to do?

How can they leapfrog from that to something else?

Interesting.

Is there anything that comes to mind?

They said they had loads of information on where the cars were going.

You're trying to build a driverless car company.

Maybe there's something there.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

You're still platform dependent, but that's way less obnoxious.

Yeah.

The city's not going to do it.

I think they, you think they look good?

I like them more.

You're like ads, okay?

Would you put that on your car for an extra \$300?

Personally, I would not, but I can imagine people who need an extra \$300 in their community public page.

I could see that too.

Yeah.

The reason it works is they're on the road.

And they install them for free.

Okay.

Quick question.

You're mentioning platforms and staying for not to rely on them, but what about something like Shopify or Amazon?

So there's two types of platforms.

I remember there's a story of Facebook back in the day released their Facebook platform, which was like, hey, you can build games on Facebook.

This is going to be awesome.

And they were being hailed as like the next great platform.

And the story, I don't know if this is true or not, but the story I read was Zuck goes and meets with Bill Gates and it's showing about Facebook platform.

And really Microsoft was the last, the previous like a huge platform, right?

The Microsoft operating system that had all these different apps you can use on it.

And Bill Gates was like, this is horseshit, like this is not, this is not a platform.

He's like, what do you mean?

Like developers can build on this.

He's like, that's not what a platform means.

A platform is where the strategy is for the sum of all the apps that get built on this to be worth more than the platform itself.

So like, although Microsoft was always a huge company, if you added up the value of all the different programs that could run on Microsoft, the total enterprise value of those was greater than the value of Microsoft.

And that was their strategy was like, we will be able to sell more operating systems if we have more apps.

Therefore we need to make sure the apps win on our platform.

Otherwise we can't sell our operating system.

It was very different.

The second is like more like what Facebook did, what Twitter did, which was like, hey, we got a whole bunch of users.

And we got people trying to build stuff because they're all enthusiastic.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

We'll give them some access to try to build some things.

And for the record, huge companies have been built in the second place.

The idea though is you've got to get in while the getting's good and you've got to be really good at diversifying very fast.

So for example, Movement Watch is one of our friends, who spoke at Hustle Gods Bootstrap for the company for \$100 million, they built a brand and young people like that brand, Blue Apron and Play-Did, whatever those also Hustle Gods speakers, I was talking to him and he was like, we couldn't build that thing now because the cost to acquire our customers way too expensive and we didn't get in early enough to build this brand equity.

So the idea is Amazon's a good example, Amazon totally got big because of Google AdWords or whatever the ads platform, AdSense, whatever it is, they got big, they were the biggest customer of Google, but they built a brand.

So it is possible.

I just don't think it's...

You want to escape.

There's a great talk that this guy, Josh Elman, he's a VC here, he ran growth at Twitter, LinkedIn and Facebook.

He's had a good career.

And so he gave a talk called Building a Rocket Ship on the Back of a Rocket Ship or something like that.

And really what he's talking about is like, hey, it's great when these platforms are around, you can go get some easy growth on top of them, but you got to make sure you're building escape velocity to get off them quickly because you will not survive living off them.

And so just as much as you're thinking about all the advantages you're getting, you better be thinking about how you're going to build your escape off those platforms like Zynga did.

We grew a lot from Facebook and when we were doing that, an advisor told me, get paranoid.

And I was paranoid the whole time and we began diversifying and it hurt us, but it worked.

Like Native who was on the podcast when he was talking, he talks about how they use Facebook and that's how they sell the majority of their product, but they're constantly trying to grab customer email addresses and then they remarket via email so they're not relying on the news feed.

They diversify through like now they're in stores.

So now that they're in stores, they're less relying on the Facebook relationship.

So they're always trying to build those different assets and different relationships with customers so that you're not one channel.

If I had to start from scratch, I think one of the platforms that's best right now is Facebook groups.

Is everyone who's a trend, are you guys in our Facebook group?

Does our stuff show up at the top all the time?

Every group on the half says up at the top.

Yeah.

They publicly announced, they were like, our strategy is to promote groups.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

So that means right now, like don't make a page, like make a group.

Because the algorithm is favoring it, but also don't try to live there forever because the day that they decide that, which is not the thing.

I know this works because Zuckerberg said this on an announcement last time.

This was the same announcement.

Like I said, that killed off my friend's company.

They said we're prioritizing group content, among other things, but if you go down a bar and all the other places in the commercials, they're advertising groups.

And so whatever they're spending on their brand advertising, that's the thing they want to succeed most.

So you have at least two years where that is still going to be like the focal point and then who knows after that?

And so that's one of those where you say work backwards from distribution.

It's like, well, if I knew this is going to work great on Facebook through groups, which is not even paying, you're not paying for ads.

You could just work backwards from that.

Like what's a great group I could build.

And then based off that group, what's a great, you know, sort of product or sort of off-platform commerce I could do.

Five or 10 more minutes of questions.

Yeah.

Cool.

So you're thinking back on the Amazon comment about being on a platform, sort of a company, they are a top seller, a couple of people, and have to go out of their protein and have something active.

They're doing like 10 to 12 million dollars a year.

Now at this point, they recognize that Amazon is going to launch a protein cover.

They can buy the actual cover for it because they can't.

And they know it's coming up late.

They know all of their centric products, that the 90 sales on Amazon are completely out of use.

How do you survive now?

And they're PEE on that line.

And one of the products that we were going to come out with for trends, and they actually got shut down, was we worked with a guy who had sold roughly 500 companies as a broker, and we looked at a ton of Amazon companies, and their valuations were horrible because of that same reason.

Quietly.

Quietly, yeah.

And so we sold, or he was selling companies that were selling on Amazon for like one or two times earning.

So if a company made like 10 million in revenue, or let's say 5 million in revenue, 1 million in profit, they would sell for like \$800,000.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

If anyone, and put that in perspective, our company, 4 or 5X got 5, so we spent 5 times more to acquire one customer as we did one year ago.

That's crazy.

Malibu.

What you got?

No, I think that they're going to continue innovating for another many decades.

Scott, is Instagram cheap?

So when I started the company, I don't want to reveal too much, but let's just say that like, I'm going to make up these numbers.

Let's say one subscriber to us is worth \$20, we were able to acquire a customer for \$1.50.

Now it's 5 or 10 times.

And in my opinion, that just means that a company like mine cannot be really expensive to start again now.

That said, there's all these other ad products on Facebook that are really good.

For example, like I said, groups, groups are awesome.

You can advertise on Facebook and get someone to join your group for really cheaply.

And so I think that there's other things.

I spent hours on Oculus this weekend, and I think that's going to have so many ads in it.

So my opinion is that the normal Facebook ad placements are definitely getting more expensive, but it's not.

Definitely, there's still a lot of juice left in there, particularly for you guys at the margins there.

We'll do a couple more questions.

What is it?

No, I don't care about that stuff.

I save my money.

What's up?

So I'm just curious how you guys would think about this.

I've been working on this as well.

She's having a really hard time.

How would you think about that kind of problem as well as how do you take them home?

Our friend had a company that Ramon had a, do you want to tell the story?

What?

Well Ramon had, our friend had a business built on top of that same demographic.

And he had 400,000 people in his groups and he started with one group and made it like sub-interest.

It was mostly soap operas.

Yes. So he basically drove them to a blog.

There he captured their email address and the blog.

He just did advertising because he had enough scale where he could do it that way.

But one of the major, the way that he did it was he got people to a blog, had them to a Facebook group.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

And then from a Facebook group he would post articles in there and then collect emails. And then back to the blog and then back to the group and it's very circular to the point where he sold it.

His traffic was like perfectly broken evenly.

So to me starting with a large Facebook group is the same as starting with a large email list.

You can segment it out pretty good into different interest groups, literally and figuratively.

Anyway, I don't have too many answers.

You got to know the customers really well, like why they're in the group in the first place, what they're interested in, that sort of thing.

But I would say generally people err on the side of being too afraid to charge, too afraid to ask.

They think it's going to offend people and everyone's going to run away and all this stuff.

And it turns out if you're pretty honest about the value you think you're providing and you say, hey, would you guys be interested in this?

That's a very easy way to start.

And I think people overcomplicate it and just do, I would do that.

I would take your best idea.

I would say, hey, we're thinking about doing this.

You know, this is what it would cost.

Would you guys be interested?

And that doesn't mean that necessarily it's going to work, but you'll know the opposite.

If no one even says they're interested, then don't bother with that.

Especially if you knock it out the park by having a premium one that's \$20 a month and you do special stuff with them in the group.

What we learned about our trends thing, which I thought was amazing, is more people have been buying because of the group as opposed to the content.

I didn't realize that.

Jason, what you got?

Can I say one?

Yeah, and we were just talking about this.

I think that there's a huge misconception about this idea of this person who starts something and then grows it to a huge publicly traded company.

I actually think that it's better for most people to find professional managers.

And that is, like, not popular.

Like, Andreessen Horowitz, they say that they want the founders to be the CEO.

I think that most founders would not want to be CEO and would suck at it.

And there's been a lot of companies that have been completely running the ground because someone who starts a company may be a visionary or creative and really bad at operating.

And I think that a lot of people don't acknowledge that.

I used to make a mistake, which is I would listen to somebody and they would say one smart thing, two smart things, three smart things.

I'm like, that's a smart person.

And then I would sort of auto accept all other statements that they make.

And I never did this explicitly, but that's actually what was happening in my head.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

I was just taking it all in.

And so now, and then I went the other way and I was like, I don't want to listen to nobody.

I'm going to figure it all out myself.

And I couldn't even last on that for six months because I was like, well, I want to hear what people think.

I'm actually very curious.

And so now my mindset is very different, which is absorb everything.

I try to take, I try to hear everybody's point of view.

But then I really like have like a wall, like a firewall, which is like, what do I actually believe?

Which of these things resonate with me?

Which of these things?

Like, do I want to actually incorporate into, you know, my own little personal Bible?

And so I would say a lot of stuff that sort of conventional wisdom doesn't pass that test.

I think you said one, which was like starting a business versus running and operating a business to two sort of different things.

And the way I would, I would think about it a little bit differently is I think that there's some really underrated business opportunities.

So I think that buying a business, buying an existing business should be way more common than it is because I think the media investors all glorify starting a new thing.

But there's so much value in buying a business and actually just increasing the value.

It's a much faster path to business success.

Now, if you don't care about business, you just want to make some change happen in the world.

That's different.

The second one that I think is like, like sort of criminally underrated is I've told you this before working, working at a job.

I think is is a flawed way to get to financial freedom.

And I'm not like the first person to say this.

I think most people will sort of agree with this.

But the reality is that the majority of people work as employees.

And if you work as an employee, you sort of have the deck stacked against you.

You might be a great employee.

I agree with you.

Okay, let me tell you why I think it's bad.

So if you're a great employee, you might be two, three, five times more productive or have higher output than the person next to you.

But you'll never really get paid two, three, four, five X somebody who's in your peer group at your company.

Have you ever met salespeople?

Yeah, yeah, salespeople.

But what what they do is they just raise the quota.

It's like, okay, fantastic.

You did it.

Here's your new way to get that same bonus like companies go broke if they do performance.

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If you are paid on performance, then you can knock it out the park.

Maybe I think most jobs are not from my experience sales jobs.

They also basically they just keep raising your quota so that you, you know, you, you can't continue to earn at the same rate.

I would say there's only a few ways to get rich. It's you get lucky, which includes marrying into it, inheritance or lottery.

The best way.

Yeah, the best way you start a business or you become a salesperson.

And salesperson includes anything that is like performance related.

That's typically sales in tech world.

It could be like growth as well.

Right.

Have you guys read the book Rich Dad Poor Dad?

I'm just curious.

So when I read that, that was one of those like, I'm going to write that in my Bible like that one resonated with me.

That makes absolute sense.

And if you haven't read the book, I don't think he's a crook.

Yeah.

I don't know if I do this with a lot of people like Elon Musk.

A lot of some people think he's like a hero and super genius.

Some people think he's a fraud.

Didn't he go to jail?

He's not.

My point is this is like, I don't really care about a person because from what I've encountered here in Silicon Valley,

I've met my heroes and they're just they're people have flaws.

People are weird.

They have strengths and weaknesses and I don't judge their philosophies or wisdom based off of their totality as a person.

And so this guy, his philosophy around in Rich Dad Poor Dad, it resonated with me.

And so that's one that I've let in that I don't think most people here in Silicon Valley talk about.

Do him and then Mike and then we'll talk about.

Okay.

Ideally, yes.

The reality is a lot of people do the opposite too, right?

I'm going to have a second perspective.

You're you're working.

So this is I'm going to I don't want to call you a knot.

How do you pronounce it?

I know.

Okay.

I have a friend who spells the same way.

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We call him a knot.

He's working on a self driving car.

That's that's like a go big or go home.

I think that that's awesome.

I think that you'd be up from Missouri.

So I got a lot of people aren't as smart as you, but my friends are not as smart as you.

But there's people who are rich because they start a small business that makes \$500,000 to a million dollars a year in profit.

And that just goes straight to the pocket.

And I would argue though that I agree with you.

I think I, I will, if you would accept my money, I will bet money on you.

And I think that you will win.

But I think that you can make you just meet this guy.

Yeah.

He's great.

I would, I think that a lot of people are surprised that so we have this database that we surveyed 600 people.

And there's people who own restaurants that are making \$600,000 a year on a two and a half million dollar thing.

Now, who knows what type of life you want.

That's pretty cool for a lot of people.

That's great for most people.

But I do agree with you, but that is probably why you're probably going to be the best.

Yeah.

Yeah, yeah, I feel you.

I feel you.

You won't get rich if you're.

Aside from the lucky tier, you won't get rich unless you're solving somebody's problem, unless you're giving value to other people.

You're just going to capture some percentage of that value back.

Now, the thing you said, which was, and if you're listening to this, you probably didn't hear what he said, which was,

don't go try to start a business to make money.

Go out there, start a business to solve problems and money will come.

I call, you know, that's the top of the pyramid.

And if you're living by that, I think that is amazing.

I also know many people who start businesses because they enjoy the act of starting a business and they try to find different problems to solve.

And they don't necessarily know which problem ahead of time, they just decide that's who I am, I'm a business person, I'm going to make it happen.

And I think that while what you're saying is amazing, I think what it does is it isolates people out who don't feel that true calling of which problem to solve.

And it's okay to know that there's many different styles.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

Yeah, I found a company that sold onions.

He was an onion salesman.

That's what my dad did.

And he knocked it out the park because we were poor and he wanted to send me to private school.

I think that is possible.

That's my point though.

I think that you're thinking is going to make you a home run versus whatever is successful, but not a home run.

I want to leave everyone with one little exercise that I think is an amazing one to do yourself.

I'm going to do it to you.

I wrote down, we're going to play the game real quick.

Sorry, Mike.

One last question.

Hold on.

Show your shirt.

So his shirt says Southern Sam's Wieners as big as a baby's arm.

My first company was a hot dog cart called Southern Sam's Wieners as big as a baby's arm.

This is how famous Sam is that was solving a problem.

You made this shirt.

I wanted to try to get more, you get people to eat hot dogs.

I was doing it because I wanted to get paid and I wanted to work outside.

Wherever the attention is, if you're trying to get people's attention, that's where you got to go and you got to figure out how to play that game.

So now it's on TikTok.

Fantastic.

Now you got to learn how to do music videos and get people's attention.

I think it's freaking awesome.

It is so cool.

I think that the 16 year olds of today are amazing.

I think that their bullshit detector is going to be higher than any other generation's bullshit detector.

I think that the only way you're going to be able to circumvent that is by not bullshitting.

So it's going to be really hard, I think, for Walmart to advertise there

unless they do something hip and cool, which big brands are able to do that, like Nike or something.

But I think that with Facebook, not so much Instagram, but with Facebook,

it was really easy to scam people before I started a legitimate company.

Like most internet people, I did scams.

Facebook was easy to do that.

Right, everyone who has made money on the internet.

They're going to leave you hanging.

Yeah, everyone has thought of some.

I'm not saying like real scams, but like, you know, you would hawk bullshit.

Anyway, it was easy to do on Google.

It was a little less, but still easy to do on Facebook.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

Kind of hard on Instagram.

I think with TikTok, it's going to be very, very, very, very hard.

So that's my opinion.

So I think TikTok is amazingly fun to use.

I also feel like a perv when I'm on it because it's also like a lot of like just 16 year old girls, no matter what I'm trying to watch.

I like basketball, but it's like, no, here's what you like.

I'm like, oh my God, algorithm.

I don't know how I feel about this.

But the other thing is I also don't know how long this lasts, because I know TikTok is pouring so much money into buying users.

And usually apps like TikTok don't have great retention.

So I'm curious in the long haul, apps that don't typically, right, but the sort of the wave and the critical mass of users is really like 18 months old.

And because they're buying so much, you can't tell how much is leaking out.

Is it popular in China?

Like they spent over a billion dollars.

Is it popular in China?

I knew it was a Chinese company, but I wasn't sure if it was a...

Yeah, dude, I'm a bullish on them.

Usually products that, like the Facebook type products that feature your friends, WhatsApp, Instagram.

Products that have people you know in them are like sticky forever.

Products that are entertainment like a vine or, you know, they have a harder time doing it and they can do it.

So I'm just saying it's not like a given that TikTok's just going to be the thing, you know, four or five years from now.

It's totally possible, but it's not a given.

The last thing I'll say is just do what's native to the medium.

So like I know a lot of people, a lot of music artists are trying to use TikTok.

They're designing songs to be TikTok-able.

And so they're like, because on TikTok a lot of the dance groups are like little hand gestures.

So they're designing lyrics that are like pick up the phone, say goodbye, thumbs down, see you later.

And like they're designing a song that can be TikTok really easily.

And so I think that's the type of thinking you have.

I was inspired by like, Dane Cook got really big because he gamed Lime Wire back in the day.

He would, people were searching for Chris Rock comedy.

So he'd like put like five minutes of Chris Rock comedy and 45 minutes of Dane Cook comedy right afterwards.

And that's how he got his followers because he knew how to like game that system because that's where the attention was at that time.

And so, you know, that's how I would think about it.

Okay, the game, the game's real simple.

[Transcript] My First Million / #29 - Powder Diets, Instagrammable Experiences & Distribution First

This is a game you can play with, you can do to yourself, you can play with other people.
It tells you a lot about people.
So I interview and hire a lot of people and I found that this three line test tells me a lot about the way somebody thinks.
So I'm going to play with you.
So all you got to do is just answer first thing that comes to mind when I'm going to say a sentence.
I'm going to leave a blank. That's where you say your thing. Okay.
People are friendly.
Life is adventurous.
I am an animal.
Very good.
Okay, so I've noticed that people have a default reaction and you don't have to be held to it.
But these are like the core beliefs that you carry around in the world.
If you think people are stupid or if you think people are complicated,
I bet you're going to have a lot of problems with people as you go around the world.
If that's kind of like what's what your top of mind thing is.
Mine used to be life is great, just something generally positive.
But I updated it because I heard a better one and I was like, oh, I like that.
I'm going to take that, which was just life is what you make of it.
And I was like, oh, that's a more empowering way to think about things.
Like no matter what's going on in my life, it's going to be about what I make of this situation.
And so I encourage you to ask yourself these three questions.
Say, what do I think people are?
Life is I am.
And then ask yourself, am I happy with those answers?
And also try it on other people.
It'll tell you a lot about them.
So I wanted to leave you guys with that little framework.
Cool.
Thank you for coming.
All right.
Thank you.