

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

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.

The lesson here in a trap room, you will have the coronavirus in twenty-two minutes.

Whenever people ask if I'm sick, I'm like, oh, it's just allergies.

It's so the joke at the office is like, I think I'm going to catch your allergies.

What type of allergies do you have?

I'm like, I have the allergies that make me throw up.

Right.

I'm like, I think I'm like a stomach allergy because I was like, you got to go home.

It's just allergies.

You can catch these allergies, but it's allergies, probably.

Let's just jump right in and call this guy.

So we're going to call this guy Tom.

The backstory here is I posted on our, we made like a Facebook group for the podcast.

If you're on Facebook, just search my first million.

And I posted in there, I was like, man, I really want to talk to somebody who's making over a million dollars a year on a course.

And this guy was like, Hey, I do, I was like, wow, okay, fantastic.

There's only like a hundred members in here.

What are the odds?

And so then he emailed me and he sent me the screenshots of his dashboard and then like a walkthrough of his method.

And I was like, this is fucking great.

So I saw the numbers.

So yeah, legit.

So he's, you know, he's making a lot.

So we'll see how much he wants to share.

Thomas Wang.

Yeah.

So and then, you know, we'll figure it out.

So let me call this guy Tom.

Hey, yes, what's up, man?

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

Turn that up.
I want to hear it.
How are you?
We're doing fantastic.
All right.
So you are on the podcast right now.
I'm here with Sam.
We got a boy Henry on the camera.
So it's all, it's all happening right now.
Everything you dreamed of is happening.
So I wanted to call you because I was telling him, I posted in the group about, Hey, I want to talk to somebody who's making a million dollars a year doing a course and you showed up with the goods.
And so I wanted you to tell whatever you're comfortable telling, tell your story.
We got a couple of questions.
And just so you know, you could share everything and then at the end, we'll bleep out shit.
That's too sensitive.
Okay.
Okay.
Sounds good.
Okay.
Yeah.
So my story, I guess for me, it's always been like a side hustler ever since I was growing up.
I was trying different ways to make money from selling watches at the night market, selling cover boards, all these different things.
Never really had any guidance from anybody else, but when I was selling cover boards, I was trying to just create a website and I knew nothing about e-commerce at the time.
So I thought you can just create a website, get a Facebook page and you can start making money online.
Obviously that's not the case.
And during that time, someone actually approached me and said, Hey, I can actually sell you cover boards for you on Amazon.
And I live in Vancouver, Canada, and Amazon back in 2015, I thought it was just a place where people buy old textbooks from.
I've never bought anything on Amazon before.
So I was pretty skeptical.
I was like, sure.
Okay.
But you know, if you think, he was talking pretty big.
So I was like, all right, just let's see what you can do.
And he ended up selling a bunch of hard boards on Amazon before Amazon actually pulled down all the cover boards because, you know, things were exploding and stuff like that.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

So that's how it's covered Amazon.

And then from there, basically just, you know, thought it was just going to be another site hustle, but it actually turned out to, well, it turned from site hustle into a seven figure business.

And right now we're actually going through an acquisition.

So we're trying to sell the business right now.

Yeah.

A couple of questions.

So first, for everybody listening, he basically started a FBA business, got it to work and FBA means fulfilled by Amazon, so selling on selling a product on Amazon.

And then the course teaches other people how to do the same.

So that's how the course and what you're talking about connect.

So right now you're in the process of selling a seven figure FBA business and you have a seven figure course that teaches people how to do their own FBA business.

So that's the lay of the land.

So are you going to reveal the first one?

Yeah.

What can you talk about about the actual business itself?

Yeah.

So I can reveal like obviously, I mean, based on the, based on the conversation I had with Paul, like we're going through acquisition right now.

So I can't really reveal the name of the business or anything like that, for sensitive reasons. But it's a skincare business.

It's in the beauty niche.

And I started that business with my girlfriend in 2017.

We started with one product, which was a, like a face serum that you put on your face.

And so we had no idea what we were doing, but the first month we did like \$7,000 sales and we're like, whoa, like people are actually buying this product from us on Amazon.

Like what is going on here?

We had no idea what we're doing.

And from there, the first year we finished the year off at like \$123,000 sales.

I was working a nine to five job at that time.

So I really, really wanted to put my next five so I could focus on Amazon.

And then the second year we were able to scale that to \$1.7 million.

And then last year we did \$3 million.

This year, if we don't tell our business what I'm doing about \$6 million, so it's growing pretty rapidly.

But yeah, we do try the label, you know, some of the products that we have are actually custom formulated.

I don't use any of the products myself.

I'm definitely not passionate about skincare or anything like that, my girlfriend is.

So I'm just helping her with like the marketing side of things, branding, you know, optimization on Amazon SEO and all that.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

What would your income be in \$6 million in sales?

Well, this year we're projected to do \$6 million.

But last year our EBITDA was about 30%.

Wow.

That's amazing.

And what could it sell for?

Three or four times income?

Yeah.

So the market value can go anywhere between roughly two to six X, so that's obviously a huge range.

The ones that are on the lower end are just products on Amazon that are just like not branded.

For example, like like real gold balloons or some random things like that, like very commoditized.

With our product that is branded, you can definitely get it on a little bit higher end.

So we're hoping to get at least a forex of EBITDA, but yeah, we'll see what the broker can do.

Nice.

Okay.

Good.

So congrats on the FBA business.

And then tell us about the course.

So why did you switch to that?

Because I'm always skeptical.

Like when somebody's selling a course about how to make money, I'm like, if you knew that secret, you would just be doing it.

And in your case, in fairness, you are actually doing it.

But why did you decide to do the course and then talk about how big that's become?

Yeah.

No, absolutely.

So the reason why I launched the course is because when I first started at Amazon, I was following all the other gurus that I was, it's just free information, right?

Like you go and tell me how to make money on Amazon, you see a guy with a Lamborghini, you're like, oh, this guy probably knows what he's doing.

So you click on his ad and like video and you start watching the videos like, oh, this makes sense.

And then the problem is when I started implementing the strategies that guy was teaching, it didn't work out for me.

I'm like, I did exactly what you told me to do and it's not working out.

Like what is the disconnect here?

And I later found out that a lot of these gurus with the, you know, the Lambos and the whatever, a lot of them don't sell on Amazon.

They are just really good at, you know, copying other people's information and making it to

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

their own and packaging together and sell a course.
So for me, I actually never thought I would launch a course.
I basically just started documenting my journey on YouTube.
I was like, I got a camera.
I'm like, Hey, like this is day 56 of my Amazon journey.
Like things are not going so well, but you know, we'll see what happens.
So I started just documenting my journey.
And then from there, people kind of liked my realness, authenticity and people started following me.
And then as I started, started getting slowly started getting an audience, people were asking me the same questions over and over again.
I'm like, well, what if I just launched a course?
Would you guys be interested in that?
And I remember the first course that I launched, it was \$100 a month for three months.
I got 50 people in it.
And I was like, wow, like people actually gave me \$100 for teaching them Amazon.
So that was kind of cool.
And then from there, I did a couple more of those courses on the price of an apple a little bit.
But so I do a little bit different structure than most other people.
I actually do in-person workshops.
I have a friend who lives in Singapore, who also sells on Amazon.
I started seeing a lot of his posts on Amazon or on Facebook where he's speaking in front of like hundreds of people.
I'm like, hey, what are you doing in Singapore?
He's like, oh, I actually teach people how to sell on Amazon in-person.
I'm like, that's interesting.
And I thought that was gone.
Like I thought the webinars, the way, the funnels, the webinars, all that stuff, yeah, but you know, it's Blue Ocean.
Like I have no competitors.
Somebody that's interesting.
So I ended up making a deal with him where he taught me how to do exactly what he does in Singapore.
So I started doing it in Vancouver.
And I never spoken on stage or anything like that before.
So I was scared shitless as you can probably imagine.
And the first time like 150 people showed up and listened to my, basically my spiel.
And at the end I pitched the webinar and I was just shitting my pants the whole entire time.
So that's how we got started.
I did that for a year.
My point is around \$3,000 Canadian.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

And I taught about 800 people locally here in Vancouver.

And this year it's pretty much as recent repeat.

I'm just doing the same thing here in Vancouver.

Gotcha.

Sam has got a couple of questions for you.

How much, how much did that first one cost?

That was 1997, Canadian.

1997.

Are you saying \$1,000?

Yeah.

Wow.

If I can get about 150 people into the room, I can, on a good day, I can convert about 20% of the room.

On a bad day, it's about 15% of the room.

So the conversion rate kept on going up, going up around 20%.

And now it's really, really scared of like internal fear that I have to bump up the price a little bit more.

I'm like, oh, it's already so expensive for my, my coach is like, hey, bump it up a little more.

So pause for a pause first.

I understand the model.

So ask me some questions.

Okay.

What's your biggest thing?

The 150, 150 people paid a G to show up.

So basically what he does is he does, he does Facebook ads that basically say, hey, come learn this thing.

And it's free.

It's 20 bucks.

Just come.

It's like a meetup.

They come and he gets, you know, 60, 100 people in the room.

There he gives them like two hours of awesome content.

It shows them, look, I actually do this.

And then the next one is a grand.

And then he says, you know, if you want to do the work, weekend workshop, that one's a grand, two grand, two grand, whatever it is.

And then that's where, you know, if you get, if you charge two grand and you're getting 50 people to do it, you know, you're generating, you know, whatever, a hundred K a month.

And that adds up to a million bucks a year.

Did you, Tom, did you feel sleazy?

Did you feel sleazy when you were doing this?

I'm not judging you here.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

I'm just telling you, that's what most people are going to think.

Yeah.

A lot of people who see somebody, you know, teaching a workshop or a class on how to get rich and then upselling the class and saying, Hey, this was the cheap one.

But if you want to go deeper, right, like it doesn't mean it is sleazy, but some people, some people shy away because they're like, Oh, I don't want to, I don't want to be that guy.

You know?

Did you have that fear?

Yeah.

Yeah.

No, totally.

Totally.

So for me, I've always, I feel like my motivation has always been trying to help other people because growing up, I'm like an immigrant from China when I came here and my parents were broke as a joke and I wanted to be rich when I grew up.

So growing up, like no one wanted to help me.

No one saw any potential in me.

So I want to help other people that were kind of in the same position as me.

So when it comes to sleaziness, I think I'm kind of like the anti, the anti-group, like I go up on stage wearing hoodie and shorts because I tell people, I'm like, this is the real me.

I'm not like, this is the real me.

This is what I wear on daily basis.

I don't wear a big suit, a fancy tie, a pocket square, trying to sell you into a weekend workshop.

If you want to come and learn from me, great, if you don't want to come and learn from me, I have tons and tons of free information on YouTube that I'm going to share with you anyway.

Right.

It's a great hashtag for you to actually learn.

So I don't feel sleazy at all because when I get results from my students, it makes me really, really happy.

But a lot of times what I do feel like is, am I worthy enough to actually teach and ask people for \$3,500 or \$3,000, even though, you know, I have a successful Amazon business and so on and so forth.

So sometimes I feel that way, it's like, hey, like, you know, am I worthy?

Like, am I, are you the right person to teach?

And I feel like that's just like a self-confidence thing sometimes.

And Tom, is there anything that we, because we like to keep these guest segments short where you pop in and you help educate the world on, hey, you know, here's something I figured out, because we're like you, we're trying to share interesting pathways, knowledge, so that people can see a variety of options and see that there's a million ways to win.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

And I think your way of winning was pretty dope.

Is there anything else you wanted to share?

You could shout out your course, whatever you want.

We'll link to it.

We'll link to it in the show now.

It's just anything else you want to share, any, any good stories, good tidbits you wanted to share?

I think there's a lot of people that are, I think a lot of listeners are people that maybe they're working at 9 to 5, maybe they're like, you know, already have a successful business, whatever.

But for the people that are listening that have a 9 to 5, I want to start a side hustle that maybe eventually will become a full-time hustle and then so they can quit their job and, you know, do their business.

I just think that selling on Amazon is just such a good opportunity.

And obviously that sounds biased, but trust me, I've done so many other businesses and nothing has worked.

So if I'm someone who's going to figure this out, it's just buying something for cheap from China and selling it for a little bit more.

And Amazon gives you all the customers ready, so I just think it's a really, really good opportunity.

And in terms of the shout out to the course, I don't teach online, I only teach locally.

So if you're in Vancouver, you can come to my workshop, it's called SBA Masterclass.

But if you're online, if you're somewhere, you know, somewhere else, maybe one day I'll have an online course, but right now I don't.

Cool.

Tom, you're the man.

Thanks for calling in, dude.

Thank you.

I think this, what you built is pretty awesome.

Thank you so much, guys.

I appreciate it.

Talk to you later.

You know, I've done those.

Yeah, I attended one of yours, so tell that story a little bit.

Yeah, so I'm a self-taught copywriter, which means I studied it, but I'm only average.

Neville.

You're above average, come on.

I'm pretty good, but I'm not formally educated.

Neville is my best friend, our good friend, and he is same boat, but better, self-taught and very good.

And we just said we're going to go to Sean's office, show up.

I think we said it's \$1,000.

Yep.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

I think maybe 25 people came.

Yeah, it was basically, it was an all day, it was one day, right?

All day.

One day, morning till sort of evening, and it was great.

You and Neville were up there.

We each made about 10 Gs on a Saturday.

Yeah, like 30 people or so, I would say, were in the crowd.

They'd all paid to be there.

Everyone was excited to be there.

And I think it was only 14 days noticed.

People flew in.

Right.

Yeah, you guys did it kind of on a whim.

And I saw that.

I was like, this is awesome.

This guy, you know, just made five grand or 10 grand on a Saturday.

I think we each made 10 grand.

That's amazing.

And you guys were just talking about what you know, it was very intimate group.

Everybody got to like workshop their shit.

So it was like, hey, I'm trying to get better.

You know, I have this landing page.

How would you improve this?

And he would put it up on the big screen and we would just workshop it together.

And I attended because I wanted to learn.

And I have like two pages of notes from that day and I got to go for free because I let you host it.

But I was like, this is actually really valuable.

Why didn't you do more of that?

I don't know.

We should.

We should.

There's no reason.

I should.

We could do it here.

I love Tom's model where, like I said, blue ocean.

So like the conventional wisdom is online course.

But online, yes, you can reach the whole market, but you're competing against the whole market.

Yeah.

So if you're trying to be, hey, here's how you make money selling on Amazon.

There's a lot of other people doing that.

But what he realized was, look, in Vancouver, there's nobody.

And you know, he turned out to be right with that insight, which was that every month he

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

could get another 100 people to show up and that in person experience was like more than worth what they paid.

You know, we should do that.

Actually, you and me and the hustle should do that.

The reason I didn't do it.

Well, first of all, it's for anyone listening, there's an unfair advantage of having an audience.

So like it would be practically no work for us.

So that's great.

Neville, I don't know how many people are on his email list.

I don't know this for a fact.

I would guess 50 to 100,000.

My personal Sampar on my email list, well, not the hustle, probably 5,000.

So I could just send out a thing and it would sell out.

So the reason why I didn't do it, it's pretty exhausting.

If you're not.

I don't.

I get energy from that.

I just love hearing my own voice.

That's why I like the podcast.

You're naturally a teacher, so I would like to I would partner with you.

Novels like that, too.

I went home like when I went home, I needed like two days to recover.

So it ruins your weekend, which is no big deal.

So copywriting is, I think, an interesting niche.

The other one, you know, just a more generic one is we're here in San Francisco, there's a lot of people who want to be in a startup, but they haven't figured out how to sort of transition from that nine to five into starting their own company or how to raise money on any of these topics where I've done it and I've done it multiple times.

I know how to do this.

Just pick a nation.

Let's do it.

We should have that discussion.

I think that like overnight, it would make tens of thousands of dollars in incremental revenue right a month, and most importantly, I love doing it.

Okay.

So this way, let me tell you a story real quick, please, I tweeted out about this and it got a little traction.

So it's a good way to kick off the podcast.

So in 2015, I got this email from this guy, very typical Asian name.

So I wasn't like remember, it wasn't memorable.

I mean, there's 10 million people with the same name and I got an email, Eric, Eric Bond introduced me, I think, and he said, Hey, my name is this, I do this, and it was a mildly interesting pitch, but he said, I would love to speak at Hustle Count and tell

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

the story of X.

Right.

And I don't know if I ignored it, but I could have replied, I don't remember, but I did not take him up on the offer.

He emailed me again in 2017 or 18 and he goes, I'm running for president.

And this is Andrew Yang.

It's Andrew Yang, who it is, I'm running for president.

Do you want to like interview me and read, would you please review my book and talk about it on the hustle?

I didn't reply.

I forgot all about it.

You tweeted this out.

I tweeted it out.

I forgot all about it.

I've been watching the presidential debates and Sarah, my wife, ends up donating money to Andrew Yang.

And I'm like, this Andrew Yang guy, sounds kind of interesting.

I feel like that's a meme.

I remember that name somehow when I looked up my email, he was the guy who was emailing me.

That's crazy that you just remembered it.

So if you want to see the tweet, it's at the Sampar, and so I'm going to go to it right now.

The funny thing is you tweeted back and I'm like, sorry, if you still want to talk, let me know, bro.

I totally missed that one.

I guess his exact thing was, this is in 2018, it was not that long ago.

He emailed me 15 and an 18.

So he goes, do you think the hustle might do a book feature?

I can get the book to the editor, see what he thinks.

If you send an intro, I can take it from there.

I feel like this would move some units.

And Andrew Yang, founder of Venture for America.

Yeah.

And first, I thought Venture for America, I was like, that's some nonprofit.

That's a small thing.

And second, I get a lot of people asking for that.

And I just didn't take it up on him.

I didn't take him up on it and missed that one.

Dude, that's so funny.

You know, the other thing that he did, like I looked into his past because he's got a business background.

Yeah.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

I was like, what's the business?

It was a GMAT.

It was like a GMAT prep thing.

That's how Eric Bond, my buddy and partner, knew him.

Right.

He's an investor in the hustle, right?

He's an investor in the hustle.

Yeah, helped us get started.

And he owned, beat the GMAT, which he sold.

So he knew all the GMAT guys.

And he was like, this Eric guy is going to run for president.

And I was like, Andrew, Andrew guy is going to run for president.

And I was like, Eric, I don't want to talk to this guy.

I'm going to look like an idiot.

This guy has no chance of, like I'm going to look like a stupid fool for like saying, oh, yeah, this tech guy is going to run for president.

I was wrong.

Yeah.

Totally wrong.

All right.

So brainstorm.

What else we got?

What are some other topics?

I got a bunch written down.

I don't know which one I want to start with, but do you have any that you've been wanting to talk about?

Two things.

So not ideas, but things that are good.

The first one is last week we had Brendan from the agency.

I immediately got a text afterwards once you published it from a guy says, I have an agency that does 50 million in sales.

We sell to a lot of the same people, but we're located in a cheaper region.

I'm trying not to give too much information.

We're located in a cheaper region and our margins are 50%.

And apparently during the podcast, I asked, why aren't you located in Missouri where I'm from?

Right.

And the guy was like, he should because we make.

We do that.

We do that.

And on 50 million in sales, we do 25 million in profit.

Right.

So I've been looking at this.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

There's been some stuff written about Utah lately.

The best.

I read the same article probably you were referring to.

So there's this thing which is like sort of the Mormon Valley, you know, the New Silicon Valley.

There's just a bunch of companies that are really big that are based in Utah.

And there's way more shady internet marketing companies that you probably don't know.

So all the MLMs are based in Utah.

And a lot of the call centers.

And then then there's some like totally, you know, like no, no asterisks next to their name like Domo and there's some others that are like enterprise companies.

Skull candy, stance socks, I think Adobe is started by Utah Mormon guy.

Right.

But some are based there and some are started by Mormons.

And the interesting question is why, right?

And so a lot of people will sort of speculate that because Mormons go on their mission and they have to go door to door selling, you know, religion essentially.

And they're, you know, that makes you fucking tough because you're getting rejected all the time.

Well, when your conversion rate is like 0.1% and you're like, oh, this other thing has a 3%.

Right.

That's easy.

And, and then on top of that, you know, there's a sort of network effect of other people you can tap into that have similar sort of sales, persuasion, you know, skills.

And and they're creating hubs.

And they don't drink.

And it's way cheaper.

They don't drink.

They're hardworking.

They tie.

So they give 10% of their income to the church so they're probably like, I need to make a lot of money.

Right.

So I'm interested in Utah for many reasons.

I just want to go out there.

So I want to go look at real estate.

Let's go meet some of these companies.

Let's go.

What's up with these MLMs?

Let's go meet them.

Let's go find out what's, you know, what's what?

Because they obviously have a stigma.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

But I'll go with you.

I think it's very interesting.

Yeah.

Qualtrics, the largest software company to sell.

I think Qualtrics is from there.

ClickFunnels, which some people think is scammy there from there.

But he's a great salesman.

And it's a good product.

I think it's a good product.

I do, too.

If you're listening to this from Utah, host us, take us around, give us a tour.

We're itching to go to Utah.

And then the second thing I want to do, I'm going to do this in our Trends Facebook group.

What I'm going to do is I think a great way to come up.

I love investing in software companies and I like, I would love to start one one day.

And what I've been doing is looking at our expenses.

So we spend a certain amount of money each month.

Yep.

I like to look at our quick books and be like, where are we spending our money?

I'm just going to get rid of some stuff that I don't want to reveal.

I'm going to post our expenses in our Facebook group.

Right.

And I think that's an interesting way to see.

And I'd love to see others, too, because that's where you're going to see some patterns and opportunities.

So I'm going to do that.

I'm going to publish that.

You also need to publish your thing.

Yes.

My import-export list.

Yeah.

I have one idea.

This problem says sometimes I have these ideas that I still think I'm going to do and

I don't share them.

But in reality, I'm not actually going to go do them.

Just delete some of them.

Yeah.

I should do it.

But then I feel weird.

I'm like, here's my ideal list.

I took away the good ones that I would actually do.

No.

I don't think you should feel weird.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

I do that, too.

So I invested in a company that was based off a trends report and someone asked me which one it is.

And I was like, I'm not going to tell you.

Right.

I don't want to reveal it.

Yeah.

Yeah.

Sometimes.

But I think that's part of being real.

It's like, look, when there's actually an edge or there's an actual arbitrage that I'm currently exploiting.

I'm no fool.

I'm not going to tell you about something that I'm currently exploiting that I know is so easy that you're going to exploit it, too.

And if you're listening, I apologize.

But I'm also smart.

That's what the smart person does.

And sometimes if it's like, hey, I noticed this, I'm not going to exploit it, then cool.

Let me give it away for free.

You go exploiting.

Which is most.

Yeah.

Because I don't have the time to do most things.

Yes.

There's just a couple of things that I'm going to do.

So anyway, I just want to talk about that.

A couple of random companies I want to talk about.

So tell me if you have an opinion.

Rapidfire.

Byte, which is the new vine, the founder of Vine, Reelon Vine, what do you think?

I signed up and got the handles that I wanted.

Squad on it and then move on.

Yeah.

Right when I signed up, a lot of the handles were already gone.

And I'm like, it's weird.

I'm not an old person yet, but I looked at it like an old person.

I saw much of young, cool people on it.

So I automatically thought it was going to be a hit.

It's like TikTok.

Yeah.

What I think is interesting there is the product actually is worse than TikTok.

TikTok's a much better product than Vine ever was and then Byte started as.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

But the cool thing is that TikTok has a because it's from that Chinese company and there's like there's some fear around like how much do we want to trust the Chinese company that controls this algorithm that's that they're trying to move their headquarters.

So I think one interesting thing is it might be the first time foreign policy or sort of the like fear of the enemy in the East might get somebody to switch social networks.

I don't know.

That's what Daniel Gross was also speculating.

I agree.

Was that that's a potential thing.

Free idea.

I deleted TikTok the other day because of the whole Chinese thing.

Oh, really?

Yeah.

Nice.

And I love TikTok.

Free idea.

I don't know if it's a good idea, but I like it.

So there's this curve that shows AirPods sales and we talked about this before when we talked about selling AirPods accessories on trends.

We did AirPods accessories.

And so the AirPods sales curve looks like insane.

This is a hockey stick over a hundred million units sold and I saw this tweet that got my attention which was that kids in school are basically swapping one AirPods.

Yeah.

Yeah.

Scott Belsky shared it.

Exactly.

So Scott Belsky shared this.

Shout out to Scott.

And it's interesting because then you could play something and your friend can hear it.

It's this like silent communication network that's like secretive from the teachers, which is actually the backstory of how Snapchat grew, too, was if Snapchat's first growth was they put it on iPads and classrooms so you could send self-destructing messages to other kids in other classrooms and the teacher could never catch it because the message goes away once you see it.

And so similar sort of thing where kids are swapping AirPods, which lets them silently secretly communicate with each other, sort of Harry's Potter style.

And I think it's interesting once everybody gets AirPods or as so many people get AirPods, can you create a social network on top?

I know a couple of people are trying to do that.

I've seen a couple startups trying to do this, but imagine being able to, I just say a message quietly where only my sort of airbud can pick it up.

And I say your name and it sends it to you and you hear it in your ear, nobody else even

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

knew that message got transmitted.

Or I text you something, but it plays in your ears in the text speech.

So it's just going to revolutionize cheating.

Oh, for sure.

I'm into it.

If you're allowed to have headphones in when you're doing stuff.

Let me give you another one.

Yeah, go for it.

Okay.

So I met up with Chris Radlitz.

He's one of my investors.

He is a history of doing a lot of amazing stuff.

He has a charity or a nonprofit called The Last Mile.

Have you heard of this?

I've heard it.

It's like the prison.

Yeah.

So what they do is they created software classes for prisoners so they can get them a job when they get out.

I went to San Quentin and volunteered and we just walked around the yard in San Quentin.

It was amazing.

Anyway, what he's doing is it's a nonprofit, but he's going to potentially launch a private business on top of it.

And what he is, what he's lobbying the government to do is allow prisoners to have iPhones and it will be in a closed network.

And the iPhones will allow you because at San Quentin, they don't even have name badges.

They literally have to count the inmates manually for eight times a day, something like that.

And he's trying to do that and he's trying to get the phones for free because he's going to be like, hey, AT&T, look, there's a million prisoners a year when they, if someone does something good for them or a million people a year get out of prison, if they do something, if you do something good for them while they're in prison, they know your network, you could sell them.

So what are they going to be able to do with the phone?

You said closed network.

So what can they do?

What can't they do?

Well, call home.

Back in to, it'll help the guards track and so they can help like make sure everyone's where they need to be.

And what he's considering doing is building a network for them, which is kind of interesting.

Communication network.

Yeah.

I don't know the logistics of it because there has to be a ton when you're dealing with criminals.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

But it's kind of similar to what you're describing.

Yeah.

These like sort of niche communication or new communication networks.

Really cool business.

You can build a communication product.

You win.

Like that's the basis of all human interaction.

But his niche is prisoners.

And when he was explaining the idea, it sounds wild.

Like this is wrong.

And then you start getting into it, you're like, huh, okay, that kind of makes sense.

I started using this product called ChangePaste, you heard of this?

So I read this, I was looking, you know, I'm scrolling on Instagram and this DTC company got me.

And we're like, look, look how many toothpaste bottles get thrown away every year, right?

It's like insane, right?

We all go through so many of these and, and it's, you know, it's killing the environment.

And also like it's kind of a pain in the ass to use a normal toothpaste bottle because you're sort of, by the end of it, you're sort of squeezing out the last bit, it gets all crusty on top, you lose the lid, blah, blah.

So what these guys do is a simple tablet and it's a version of dry toothpaste, which is this niche thing today that I think could get bigger.

So it's a tablet, you put it in your mouth, you start to bite on it.

You chew it and then you just put a wet toothbrush in your mouth and it becomes toothpaste.

So it's essentially zero waste because it comes in this like compostable little pouch.

The dry toothpaste is like the dry tablet doesn't use all the chemicals that like Crest and others do.

So this reminded me of like a native deodorant style business.

I don't know how well they're doing.

I've been trying to reach out to the founders because I really like this product.

Do you know how much traffic it has on similar web?

I haven't checked.

I haven't looked into the sales or the traffic yet, but it really caught my attention because

I think it's a win-win.

It's doing good for the world.

Great for traveling.

I think it's yeah, I think it's more convenient.

It's actually a better experience and it's just different and I think that a lot of people like to do something different.

I'm one of them.

I'll try anything.

And and this one caught my eye where I'm like this good and it has all those characteristics where you're going to consume it in a month.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

So they sell you 65 tablets, which is toothbrush teeth twice a day for 30 days.

How much does it cost?

I can't remember how much I paid.

I think it was like nine bucks or something.

It's like more than toothpaste, but it wasn't like \$9.

Yeah.

I don't know the exact price.

Maybe they could charge more.

I don't remember what it was, but I'm going to repeat purchase, right?

Because once I adopt this, this is going to be my thing.

And so I'm pretty bullish on this and I'm curious if this is going to be a thing.

That's cool.

I'll tell you another one.

Someone Nick Sharma, who is an associate of ours, yeah.

He helped.

Do you see what the thing that they launched?

The emergency pack.

Lucy.

Yeah.

Lucy, is it called or?

No, Lucy.

Something like that.

Judy.

I hate a lot of these new D2C things.

I don't hate that one.

So explain what it is.

So Judy is what?

I'll buy it.

So it's a container that has supplies for an emergency.

I live in California.

Maybe there'll be an earthquake.

Right.

It's supposed to have the supplies for that.

I think flashlight or some type of radio that's crank.

So the cool thing they do is based on where you live, they kind of know what disaster you're likely to have, and so they create the to-go bag, your emergency go bag based off of, okay, California, it's earthquakes, this is what you would need and how much you would need.

And I have a feeling the way that you can discover this product or one like it is Costco Public.

A public company?

Yeah.

No, I don't think so.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

I might be wrong.

I might be wrong.

So Costco has one.

Yeah.

It's probably pretty good.

Anything Costco sells is.

They have an emergency bag?

Yeah.

The way that I would have came up with this is I would have, if they're public, I think they're public, if they're public, you can read Costco's annual report and you could see, and they'll probably mention products that are doing shockingly well.

And I bet you emergency kits are one of them.

That's cool.

I like that idea.

It caught my eye too.

You didn't even tell me about that one.

I separately saw it and I was like, ooh, this is interesting.

Yeah.

I think that Nick launches a lot of interesting things.

He launched.

I don't know, but I think he's the kind of help launch.

Yeah, he helped.

Costco is public.

You're right.

They are.

So you could read Costco's annual report and I guarantee they'll say interesting things.

And so everyone talks about Kirkland jeans.

It's like, well, why do they talk about Kirkland jeans?

You just go there and you figure out why and you make that.

Right.

Nick launched this thing called House.

It's like basically what they did.

And I think this is stupid.

I want them to win because I like when people win.

I think this is a horrible idea, but I think I'll be proven wrong and likely, but you can't ship liquor.

You can ship wine or you can ship, but it's there's rules.

You can ship wine.

It's a lot easier to ship wine.

So hard.

So what they did was they made like a liquor that has low percentage of alcohol and they branded it as don't get too fucked up.

Just get a little fucked up.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

Right.

Chipsy.

Yeah.

And it's kind of interesting, we'll see.

Make up for it in volume.

Yeah.

Well, that's what I think will happen, right?

But it's kind of funny.

I don't, I don't get it.

I'm a non-drinker though.

I thought it was non-alcoholic whiskey and I was like, that's really dumb.

Right.

But I drink non-alcoholic beer a lot.

Yeah.

That could be interesting.

I got a different one for you.

Have you heard of Mystery Science?

The company?

Not the old show?

Yeah.

So I'll explain it.

Yeah.

You maybe you'll catch up.

This is one of those companies where I saw it and I got jealous I didn't create it, which is like, because it's in my niche of like, I love education, but they did a novel way of doing it.

So what they did was these guys were ex-Google, I think, I don't know exactly.

One guy's a teacher, one guy was ex-Google or Facebook and they created this company called Mystery Science.

And what they do is they're like, look, kids always start out curious, right?

If you meet a kid, like when they're young, they're like, why does this happen?

What is this?

Why is it okay?

Why is lava red?

You know, how does a volcano work?

And they're always asking questions and they're like, over time, our curiosity sort of wanes to the point where by the time you're an adult for most people, you're like, I don't want more.

Yeah.

Resist learning.

And so what they were like is, look, kids are naturally curious.

How do we keep that curiosity, but how do we build it around STEM education?

And they noticed that like elementary school teachers can teach math, reading, social studies

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

pretty well, but science is hard.

It takes time to like set up experiments.

Also you have to actually know the million questions why this happens and often you're out of your depth.

And so they're like, look, we're going to be science education as a service to elementary schools.

Raised a little bit of money, like maybe three million, six million, something like that.

Profitable company, they're doing millions, I believe over 10 million, \$10 million a year in business.

50% of elementary schools, they say use them.

So they have like massive penetration just with elementary school science education.

So they give the teacher a video that plays and it's like the video pauses five minutes in.

So it'll present a question.

It starts with a question.

Like what happens if you kept, like if you drilled into the earth, what would happen if you kept going?

This is like an interesting question.

And then they start to explore it and they take you to what, you know.

What's the answer?

I don't know, but like that's what, you know, that's what they teach.

Great question.

I haven't taken the courses, but it'll be like, why is Mars red?

Well, the other planets aren't red.

Why is Mars red?

And so they just evoke this curiosity and then they teach you through this video lesson and teachers don't have to do the work of preparing curriculum, which is always hard.

It takes time.

So they get this best in class curriculum.

They make the video once and it just gets distributed to all schools.

Awesome business.

Awesome for students.

Awesome for teachers.

Awesome.

Money maker.

Love this business.

Amazing.

What I would love to learn, I don't know anything about this is how hard is it to sell into a school?

So if you ever sell in a public school, I bet it's like the hardest thing around.

So I want to get the founder on this because I want to talk to him about it, but I read some interviews and they were like, yeah.

So here's the thing about schools.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

They go, all of our investors told us this and it was true.
It's probably just bullshit.
It's an enterprise sale cycle without the enterprise price tag.
So you got to go through the slow bureaucracy, but you don't get to charge a hundred grand or a million dollars a year.
But once you're in, you're in.
Once you're in, you're embedded.
But what they did say is the world is changing a little bit and teachers are more empowered to get stuff adopted just themselves.
And if you like design it that way, it's kind of like how Slack got adopted just by a department rather than the CIO making a decision for the company.
That's cool.
So that's what they say.
More than ever, teachers just individually pick it up.
I don't believe that.
If that's, I believe maybe that is changing, right?
But if I know anything about schools, public public school system, which is not a lot, by the way, but the little I do know, it seems just bureaucratic, right?
Very, very, very hard to sell into.
I believe that to be true.
I do that shift and understand that as well.
You remember Blackboard?
Yeah.
Like I imagine those things are quite huge, but horrible to sell to.
There's another company that's like this, that I saw called Kahoot, have you ever heard of these guys?
No.
So they're, if you just type Kahoot annual report, it's all online so you can see this.
I don't remember the numbers off top of my head, but what they do is they get, it's like a learning based game.
So it's kind of like you put a, it's like a trivia thing that teachers can do in class.
So it's like question and then the students all buzz in their answer, like multiple choice and then from a phone or device and then it like, it like tells you if you got it right or wrong and like somebody wins in the end.
It's like these little short mini games.
Companies are using this for like their all hands and stuff like that.
It sounds like Quizlet.
And they're doing, I want to say 200 million plus in revenue.
It's insane how big this business is, Kahoot.
And check out their annual report.
It's like shock.
Do you know Quizlet?
I've heard of Quizlet through.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

Bootstrapped.

Another office was down the street from my office a long time ago, bootstrapped.

Are they flashcards?

Flashcards.

Digital flashcards.

Bootstrapped.

I don't remember.

I looked it up a while ago.

If they were in the 50 to 100 million revenue range, I wouldn't be surprised.

Pretty amazing.

Crazy shit.

Another school kind of related thing.

Have you seen the documentary cheer?

I haven't heard about it.

I saw it on Netflix.

It's a cheerleading documentary on Netflix.

And they only mentioned this for about two minutes about this thing called varsity cheer.

And they barely mentioned it.

And it's who hosts the national championship.

And you have to pay money.

They mentioned it because varsity cheer didn't allow Netflix's cameras to be inside the championship.

So I just got curious and looked it up.

It's a company that recently sold to Bank Capital, I think for \$4 billion.

Varsity cheer?

Yeah.

Wow.

Yeah.

Varsity cheerleading league, essentially, a league for the same amount that UFC sold for.

Yeah.

It could have been \$2 billion, but I'm almost positive it was \$4.

And if it wasn't \$4, I bet you it would be with earnouts.

Right.

Bane, though.

Bane bought it along with KKR, I think.

So I looked it up.

I did research.

They're based in the outskirts of Dallas, Texas.

They just monopolized cheerleading.

And so they do a lot of, it sounds like people don't like them.

Because they own the largest cheer competition.

Right.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

Okay.

So they make money off that.

You have to use their uniforms in order to participate.

And no cameras are allowed, and you have to pay money to view it.

Direct.

It's crazy.

They just monopolize this whole fucking thing.

I have to look into this.

Varsity cheer.

And they own a, the company is called Varsity Brands.

They monopolize cheerleading.

And now they're trying to do other niche sports like volleyball, I think, or something like that.

Obviously.

This is good news for Play Versus, who's doing high school e-sports, and they're trying to do basically a similar model.

I'm curious if...

It's crazy.

It worked well.

And it kind of actually, this actually isn't related, but have you heard about the scrubs business?

Scrubs?

Like medical scrubs?

Okay.

Tell me about it.

I've looked into this because I was thinking about creating this.

Yeah, man.

This, these guys, these, it's the same fucking playbook of cute millennial shit.

Right.

And they just...

They're just in your voice.

Well, I just, it just, it works.

It works so good.

But I, for some reason I've hatred towards it, they did it for medical scrubs.

They hit a hundred million in sales this year.

Yeah.

And so it has a cute name.

I forget the name, but people are buying...

I didn't know this.

Nurses buy their own scrubs a lot of times and people are gifting scrubs to nurses and they're like cool-looking.

Right.

They're like a little more fitted and the patterns are different, but it's like the

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same...

Yeah.

Yeah, yeah, yeah, yeah, yeah.

There's the same thing for the shoes because people who work in restaurants and doctors and nurses are on their feet so much that they have these like special clogs.

And I bet you if, I bet you that clogs brand, it's a high quality product, but like...

Well, you know...

Not modernized.

It still does a billion dollars a year in sales.

Right.

So I bet you, you know, within that niche, because there's, it's just such a large profession, right?

Like we had, what's your name?

I'm on on from Incredible Health and they're talking about nursing and there's just so many, there's so many goddamn nurses and there's actually a shortage.

We need more.

And so if you can sell essentially the uniform, either shoes or scrubs, you have a basic captive market.

I agree.

Cool.

Barstool got acquired.

Were they already part of churn in or something?

Yeah.

So basically the history, and I know this because I'm in the same game, they, the story is Dave had the thing, Dave Portnoy had this business for a long time and he just milked the profit out of it, which decreased the valuation, which is a lot of people don't realize that's how it works.

But that's how it did work.

He's, I believe he's sold 50% of it at only a \$15 million valuation.

Years ago.

Four years ago.

Four years ago.

Then they hired Erica CEO.

She operated, operationalized it and professionalized it and Dave still was able to be kind of crazy and wacky.

When she joined, she said that they're doing 1.2 million a quarter in sales and they only had 2 million in cash, not a lot.

This past year, they got, they scared 100 million in sales sold for \$450 million, right?

They sold a portion of the business for \$450 million with an option to the company to buy the rest.

But Penn National, I looked it up today.

Their market cap last week was 2.8 billion today, 3.6 billion.

So it doesn't exactly work like this, but ultimately they bought a 450 million dollar

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

company and made 150 million sales or made 150 million in market cap, additional market cap.

Crazy, right?

Yeah.

That's amazing.

I think Barstool is kind of an amazing model and somebody tweeted at us today, hey, let's get the president day on this podcast.

Do you know the guy?

Have you met the guy?

Nope.

He seems legit.

Maybe Erica, I think would be better.

I don't know.

That guy's pretty fucking entertaining.

Let's see what we can do.

Erica is, I think, a genius and a true operator.

Dave is, I think, brilliant, but at different things.

And how copyable is that model?

Not.

It's not.

Because what?

Loads of companies have.

We've had, okay, so the hustle, we have two investors.

One is the founder of The Chive and the other is Bleacher Report.

They haven't been able to do it.

What do you think makes it hard?

What was there?

What was special about their situation?

It's like how hard is it to copy Saturday Night Live?

Really hard.

So it's on the whole, the content, the culture, the fan base, the magic of that was different from the other.

Yeah, 100%.

And so when you look at that, what do you think, we can do that?

Do you think, no, we should go a different path?

When you read that.

Well, first of all, I think that in order to build a business like that, there's loads of paths.

And I actually think that they actually probably could have sold for way more, but they are inappropriate.

A lot of people think they are, at least.

Right.

And a lot of big companies are like, no, we're not touching that.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

ESPN wouldn't buy them, even though it makes sense.

Because the politics, they're just soft, I think.

ESPN is a Disney company.

Right.

Right.

Most media companies out there, I think, are built horribly there.

They have shit audiences, shit content, and they're shit operators.

They're losing money.

Like, you want to name names or, well, just like the big, like, all the big, the big companies that have raised lots of money and are unprofitable now.

What makes their audience, you saying shit audience?

What is it about?

They're, they don't.

So you're not talking demographics.

You're talking about like the loyalty.

Yeah.

One thing that was great was they have an equal amount of people who hate them but love them.

Right.

That's what you need.

They're not in the middle zone of like or apathy.

It's exactly why Donald Trump won versus Hillary.

A lot of people were like, yeah, I'll vote for her, I guess.

What's the big right-wing thing?

Breitbart?

Yeah, Breitbart.

So what I do every morning is I like to go to far left and far right news sites.

And I look at the comments section, Breitbart, which is far right, has the most comments of any news site I've ever been to.

And that is one of the highest signals of.

So regardless of your politics, from a business perspective, that's what you want.

Yes.

Extremely highly engaged.

Yeah.

And that's what Barstool has done.

And so it's really hard to replicate.

And a lot of people, particularly committees, like corporate, large businesses that try to like look at this shit in a Petrie district and be like, well, how do we replicate those?

Well, it's really fucking hard because you've got to be a maverick a little bit.

And so that's why I think a lot of these media companies cannot replicate it.

So our podcast stuff.

I think let's do, starting next week, I think we should just try for 30 days, two or three times a week.

Okay.

[Transcript] My First Million / #40 - Paid Courses with Tom Wang, Barstool Acquisition & New Startup Hubs

And we'll work out the details after this, but two or three times a week.

Yeah.

More of this.

Yeah.

We asked last time, we kind of fished for some compliments, we were like, hey, if you want to see us do more, let us know.

So we got a bunch.

And here's what I think.

My honest opinion is it might be there, it might not be there.

Yeah.

But the experiment is worth doing.

It is.

The answer for me for sure is, it is not not there.

What does that mean?

Explain what you're talking about.

My Twitter, the amount of replies I get on Twitter proves that it might be there.

So not for sure, but not not.

And I think, I don't know what our, I know we don't have to say how many listens it's gotten, but it's probably gotten close to a million downloads so far.

Yeah.

Getting close, which is cool because like six months of effort, getting to a million is a great milestone.

Yeah.

I know for sure what the listens are, but I don't know, I forget what downloads are.

The downloads are a little harder track than the listens, but if you use like what I would call like a conservative rule of thumb, we're either at a million or we're plus or minus 10%.

Yeah.

So it's about there.

Right.

So we'll, we'll talk about that after this, but we'll start doing that.

Yeah.

Sweet.

All right.