

[Transcript] My First Million / #44 - New e-mail clients, Sharing the craigslist office & How to keep your star players

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.

Sweet gold shoes, dude.

Thank you.

They are...

They're women's.

I got women's footlocker.

Thank you.

They're women's.

Size...

I think they're size 14.

Do you have to convince them to give them to you?

Well, they're like...

You know those are women's.

I was like, yeah, I don't care.

Right.

Who cares?

It's like when we were buying these chairs, we were like, give us the reddest, brightest chair you've got, and they're like, well, you sure you don't want this good-looking chair?

Like, no, no, no.

We want the brightest, reddest chair in the store.

We want two of them, and we want them now.

Yeah.

That's what happened with these shoes.

Okay.

So we're going to try...

We're doing this...

This is a reminder.

We have 100,000 listens per episode.

We're doing good.

The last 30 days have been the most listened ever.

So here's what I want to do.

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If you like this podcast, or if you don't like it, just do this anyway, please go to iTunes and give us a five-star review.

Take a screenshot of you doing that, and DM one of us, and we'll give you a surprise.

I'll take a four-star even.

I'll take a four.

Yeah, a four will be five.

Give us an honest review.

That's all I care about.

We have 250 or 300 reviews.

Let's say we can get to 1,000.

So leave us a review.

And we...

Tweet it at us, and we will do something.

We got to figure out something cool.

And follow the hustle, and Sean and me on socials, and we're taking all these videos and turning them into clips, and we'll be sharing them and all that shit.

And all the links for this are going to be in the notes of the podcast, so you don't have to remember our handles or whatever.

All right.

So leave us a review, send a screenshot, and we will mail you back a special surprise.

So let's give the people what they want.

Let's give them some good stuff.

I see up here, Craigslist story.

Yeah.

So we ended this yesterday, and I thought this would be a cool story to start things off.

So when we started our company, when I started this company, the first office that I had, did you ever go to that one?

I've been to it.

Well, is it the Craigslist?

Craigslist.

Yes, I've been there.

So the first office I had, we didn't have a lot of money.

And I moved, I started me and C.A.va, my friend.

We co-leased an office in the inner sunset, which is a non-popular neighborhood in San Francisco, but it's lovely.

And it just looked like an apartment.

It was a house that they, that was zoned mixed use.

And when we went to visit it, there was a sign that said Craigslist 1996 to 2000, whenever we moved in, 15 or 16 or 17, I forget.

My portion of the rent was \$500, which was a lot of money at the time.

And because we had just started the business, we only were making 30 grand a month.

And we moved in and there was a desk still in one of the rooms.

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And this was like a, it wasn't a shitty apartment, but it kind of was a shitty apartment. It was a three bedroom apartment, less than a thousand square feet. And I moved in and Craig from Craigslist, Craig Newark, he actually left his desk there and his desk was a kitchen table. That was his desk, but it was too heavy to move. And so he just kept it there. So that's what I use. And the landlord, I came in, his name was Emmanuel, I believe he came in and I was like, Hey, so Craigslist was here. He's like, yeah, Craig, uh, started the, he lived down the street in Cole Valley. He started the company here from 96 up until recently I go, Oh, what was that like? He's like, yeah, they're kind of like little celebrities in the neighborhood. Everyone knew about them. And at the time when they moved out, they were making something like five or \$600 million a year in revenue. And this whole apartment, my half of the rent was \$500. And it could only see at most 12 people probably tiny, that was the Craigslist team. And I go, well, what were they like? And he's like, well, they were cool. Craig told everyone, if you, if he introduced, like, if I talked to me and I'd be like, what's your job here? He wouldn't say he owns it or that he's the founder. He would say, I do customer service for Craigslist. Nice. And they were so, he said they were so cheap and frugal that in the lease it said something like Emmanuel had to give them toilet paper each month. And every once in a while he would forget or not bring it on time and they wouldn't pay the rent until they got the toilet paper. Yeah. If you just close your eyes and imagine the Craigslist website and then start to imagine an apartment or a house, it looked like that. It looked like the UI of the site. Yeah. And if you Google Craigslist office, you'll see photos of it. They had a big sign on it. It was great. And did you ever meet him? Yeah. So I called the email them Craig and we talked back and forth, we talked on the phone a little bit and I was like, hey, can you come and take a picture with me at the office? And he never made it over, but we did talk and we correspond every once in a while. It was awesome. And a lot of people don't know how Craigslist makes money.

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They make money only from jobs, apartments, and cars, all in certain markets.

Yeah.

And they make everything else free.

They make like five or six hundred million dollars a year that way.

And they've never bought a company.

They only employ at this point probably 30 people.

So it must be one of the most profitable companies in the world.

And if you've never seen this, there's a diagram floating around.

If you just Google Craigslist Unbundling, there's a diagram that basically takes the homepage of Craigslist when you're in one of the cities and there's all the different categories and it just draws a line from, let's say, shared housing and it'll draw a line to Airbnb and it'll be like temporary shared housing, couch surfing.

And it basically goes through every category of apartment rentals that goes Zillow and Trulia.

Exactly.

And so you can just see how many different businesses just realized that, hey, if there was demand for it on Craigslist, maybe we could build a specialized version of just that one feature.

We could build a whole site of just that one service that it's offering.

And there are like hundreds that are in this.

And this has actually happened to \$1 billion in enterprise value.

Yeah, exactly.

And so huge, huge number of successful companies that literally did that.

And companies like Airbnb bootstrapped off of Craigslist.

So I don't know.

I tell you, when I started my first company, me and John, because you were doing a roommate thing.

A roommate thing.

We would get thousands of users.

So what did you do?

Break it down?

How did you leverage Craigslist?

John started it and then I joined him.

The premise was in major cities like San Francisco and New York, there's a lot of young people who are moving there who don't know anyone and getting a one bedroom or two bedroom apartment is prohibitively expensive.

And so what we would do is we would holler at people, apartments and landlords who had two, three, four, five bedroom apartments, and we would throw massive parties for people who were interested in it.

And what we would do is we would take the five bedroom apartment that was five grand and post it on room shares for a \$1,000 per bedroom.

And yeah.

And then we would throw these parties with 50 people who all had similar interests and

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we'd pair them up in groups, groups of twos, threes and four, and they would move into a place.

Okay.

Cool idea, but it didn't work well.

And then what happened with Craigslist?

How did you guys sort of leverage Craigslist the most?

What we would do is we would create, John was good at Photoshop and at the time Craigslist stopped doing this because so many people like us did this.

Yeah.

And we would, the ad was just an HTML file and it looked like this big image and it said, click here at this big button to sign up and you would click there and it goes straight to our website.

I'm saying we would get thousands of people a day.

And then what we did was once they banned that we would just post it without the image and people would email the Craigslist address and we had an auto responder that said, great, apply here.

Right.

Yeah.

There's a story about the Airbnb guys, how they got started, right?

Because every marketplace, you have this chicken and egg problem.

You have no supply because you don't have supply.

You don't get demand and they just sort of, it's a chicken and egg problem.

And so one thing that came out that Airbnb did, they're not very public about this.

They've actually, I think, denied in some cases this, but you can go out there and you could find this.

They found the whole description of it in one black hat forum, black hat marketing forum. But basically they did two things.

So what people know about is that they scraped Craigslist listings.

So they said, okay, if you listed your apartment for rent on Craigslist, they would scrape Craigslist every day.

They would take all those listings, make a listing for it on Airbnb with those same photos.

So they basically say it's like, they would just share the supply, right?

And then if somebody came to Craigslist, to Airbnb and tried to book that, it would email the person via Craigslist and say, Hey, you got an inquiry, come check it out on Airbnb.

And so that's like how they started.

That part is generally seen as like, okay, the part that they got a little bit of heat for was they went one step further.

They started creating fake personas, Linda or Cindy or whoever it was, and they would go and they would email every listing that was up for, for rent on Craigslist.

And they would say, Hey, I'm super interested in this.

And they're like, Oh, great, you know, here's the details.

And they would say, Oh, do you guys have an Airbnb?

I really only want to rent through Airbnb.

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It's much more trustworthy than this.

And then they'd be like, no, what's Airbnb?

And they're just like, here's the link.

It's pretty awesome.

I'd really be interested if you guys would use, do this via Airbnb, otherwise I'm not interested.

And they would just send this to thousands of people every single day.

And so all these people were like, shit, seems like if I use this Airbnb thing, this customer would have bought from me.

And that's how they grew a lot of their awareness.

I love that.

I'm totally in favor of that.

A few other services have done similar things and they got sued and put out of business.

Airbnb pulled it off.

Yeah.

They escaped.

When we, when I was at that office, the police would show up a couple of times a month because they would get subpoenaed.

Like someone would be murdered or stolen car was sold on Craigslist.

And the police would come to our office like a sheriff thinking you're the Craigslist office.

Yeah.

I was like, like, you know, they're not here anymore.

And we would get mailed cease and desist letters or we would get mailed subpoenas.

We would get mailed letters from people who bought, who are email messaging Craig.

It was cool.

It was wild.

It's a sorry they're not here anymore.

But do you guys like news?

Do you guys like email?

Yeah.

We got a newsletter.

It was awesome.

And there on the sign it said Zappos was started there as well on the second floor.

It was a two story.

There was a one apartment up top, one apartment at bottom now nugs.net, which is a trading marketplace for mixed tapes for grateful dead mixed tapes.

No way.

Yeah, that's real famous, too, for people who are into that shit.

That's hilarious.

All right.

What else we got?

So your buddy has an interesting company.

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So Andrew Wilkinson, who you've talked about a couple of times on the podcast, owns a bunch of different companies, Dribble, MetaLab, blah, blah, blah.

One of the companies he has now is podcast related, actually has two podcast related ones.

One is Castro.

You use Castro, right?

Yeah.

Big fan of Castro.

I've been using it to listen to I like true crime podcast.

I use it for that.

I like they have this feature that allows you to clip and trim some of the clips and share that on your social feed and with friends.

And so you were using what before Castro to listen to podcasts, just a podcast app, which is horrible for searching.

And so with Castro, from what I understand, they have two things that are good.

One is, you know, when you have the podcast app and you're like, oh, I'm interested in this show.

And just by being like, I'm interested, I subscribe.

It downloads like every episode of theirs, whether you're listening to it or not.

And then like your phone's out of space the next time you go take a photo.

So what Castro does is like the podcast you listen to a lot of they download.

They have them right there at your fingertips and the ones you're just kind of dabbling in picking and choosing, they don't clutter up your whole phone with all the episodes from those podcasts.

Yeah, actually, I had to help with my mom the other day.

Everyone has to do this when they go home for Christmas.

She was going to go buy a thousand dollar new phone and I was like, let me see your phone.

And I looked at it and she had eight, it was a 16 gig phone, she had eight gigs of podcasts. Right.

And then they have this other thing which we're going to use now, which is they have this like promote program.

So promoted podcasts.

So we're trying to go this podcast, as we said, as we said many times, podcasts has already grown, you know, six months, we got to a million downloads, but we're looking to, you know, 510X that even more.

And so what they have is they have a bunch of people who use their app.

So as a podcaster, we can submit it to be promoted.

And if you pay, you can actually get your podcast in front of a bunch of the right audience.

And so we're going to try this out, see if this helps us grow.

If you want to promote your podcast, go to Castro.fm slash promote.

Castro.fm slash promote.

Let's go with the, okay.

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So something that interests me two years ago, I would have thought this would have been a horrible idea, totally bought into it now.

New email clients.

Okay.

So they're super human, super human is the base here in San Francisco, the guy who started it, his name is Rahul.

Is that his name?

Yep.

He's previously started Reportive, which is now table stakes, but at the time was groundbreaking.

Right.

So for the first time I used that shit, I was like, this is magic.

Yeah, it is magic.

What it does is you could type in anyone's email and it could tell you if it's the right email and it could tell you all their social links.

Yeah.

Like in the sidebar of your Gmail, it like took over the webpage and then the sidebar pop up a photo of the person's face, their Twitter, their last few tweets, their job on LinkedIn.

It was like, it was like having a great memory or like being a great sort of networker without having to do anything.

I used to call it my stock and talk method.

It would help me stock them.

I would, and if you needed to guess somebody's email, you would just type it in and if Reportive had nothing, it's not their email.

Right.

You try a different variation of like, well, you could, you could put a hundred emails in there and then highlight each one.

Right.

It was great.

Well, got bought by LinkedIn or something.

15 million bucks.

I think a great outcome for him.

I'm friends with him on Facebook, so he bought himself fancy Lamborghinis and shit.

Okay.

So email apps.

He launched this thing called superhuman.

I think they have about 20,000 paying subscribers at \$300.

\$30 a month, \$30 a month.

I bought it.

It's cool.

Yeah.

I use it as well now.

There's a new one coming out.

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Hey.com.

Right.

So two, two quick things on superhuman.

So if you don't know, if you already know, just skip forward 30 seconds.

If you don't know what it's good at, it's trying to make you really fast at email.

So the idea is most business people spend a lot of freaking time in email and so they just made it really fast.

Lots of hot keys, little smart little details.

It's hard to use.

You have to literally learn it so they will not let you use the product.

You cannot sign up for it.

You cannot give them money unless you go through their onboarding where they call you, they video call you and they teach you step by step for 30 or 40 minutes, all the different tricks, all the different little tips that make it faster for you.

And then every day, the founder emails you one more tip of a thing that makes it slightly better than normal email.

And I would say it is better than normal email, but I'm not a big email guy.

So I'm not really giving the value out of it, but you know,

Do you know how many?

It's like having a Louis Vuitton bag in Silicon Valley is to have a superhuman email account.

The numbers work out to where there are more email addresses per person in America.

So everyone has a roughly two emails.

So that's just in America, let alone everywhere else.

It seems very plausible that you can get a million people to pay you \$30 a month, right?

A million pro pro users of email.

So that's a superhuman.

On the other side, you have Hey.

So yesterday, Jason Fried, who's the founder of 37 Signals, that's a company based in Chicago.

They make stuff like Basecamp.

What are some of the other big products?

So they have campfire, that's campfire.

They shut it down.

They kind of double down on Basecamp really, but they built stuff.

They've been around for a long time.

Only okay, I think they've been around for 15 years.

They actually kind of punch above their weight because they're very, very smart.

So first, they released a bunch of books on the way they work rework is a phenomenal book.

I fucking love that book.

And so rework is one of their books that they launched and that's made a lot of money and got grown awareness of their brand.

They also just love to pick fights with Silicon Valley, which I don't agree with all the time.

It's a brilliant marketing tactic.

Even if you don't agree with the opinion, it's like such a smart thing to do for them.

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So they're like, oh, Silicon Valley will say you got to work 80, 90 hours a week.

That's crazy.

40 hours more than enough.

And they just take the week in the summertime, they do four-day work weeks in the summertime.

They don't have ambitions to take over the world.

They're like, we're not interested in conquering, disrupting.

We just want a really good business for our customers, make our customers happy.

And they just really try to be the anti-Silicon Valley, they're a tech company, but they're an anti-Silicon Valley tech company.

And because of that, they get a lot of flak, but really just get a lot of attention.

So it's brilliant marketing.

And they may believe exactly what they're saying.

So yesterday, Jason, yeah, so he announced his new project, hey, hey.com, like baller domain.

I bet that domain, if they had, they probably already owned it.

They probably owned it for a while.

That could probably cost a quarter of a million to half a million dollars.

Easily.

Yeah.

So they came out and they basically said, hey, just go to the website.

They kind of explained in the letter what they're trying to do.

It's a little bit vague because the product's not out yet.

But basically they're trying to make email.

They're like, look, email is great.

It's awesome when you get an email from a friend.

It's awesome when you get a newsletter that you really wanted to get.

But that's like 1%, 2% of all the email most people get.

Most people just get a slew of automated shit.

And it's just made email really unpleasant experience.

We're going to try to make it pleasant again the old 37 signals way.

I'm interested.

What do you think?

Yeah.

Very interested.

So I signed up for the beta.

We'll find out if I got it.

Very interested.

I think that there's a lot of cool stuff going in the email space.

Another one is a front app.

Yeah.

Is it called front?

Front.

The woman who started it released a lot of their details like their deck and you can

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kind of reverse it.

Yeah.

You can see their series.

Fundraising deck to search front series A and you can read the whole thing.

It's great.

Yeah.

And what other email apps are there?

And what front does a little different.

Front is like for teams.

So let's say we for this podcast want to have an email address where listeners can email us.

Front says, okay, you don't need to like make one account and share all the credentials and then everyone's logging in from different devices and you don't know who's read what.

So front is email designed for a team.

So it's good for customer service.

It's good for marketing.

It's good for any like shared inbox that five people in your company all need to use.

Pretty smart because that's actually a common thing.

Yeah.

And then there this actually was shut down recently or a few years ago actually this guy named Gentry Underwood started this thing called Mailbox.

Yep.

They were trying to reinvent email.

It was acquired before they even launched hundred million hundred million dollars.

Good deal for very nice UI.

So they were kind of the first ones to do it.

I think that this is a massive, massive, massive opportunity.

Yeah.

I think that there is not even close to enough competitors in the space.

There's room for everyone to win.

Right.

There's room for people to win.

And the key, the reason it works is email is interoperable.

The protocol is not owned by anybody.

So you can make a new client and unlike a messaging app, if I make a new good messaging app, I have to convince you to switch off of iMessage or Facebook Messenger to come message me over here.

But email doesn't work that way.

I can use Superhuman.

You can use Gmail.

He can use Hotmail.

And all of our email works.

We don't need to convince each other to move.

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Yeah.

That's why email clients can work as a business.

So can I tell you what I think is the biggest opportunity here?

Go for it.

I would actually make it a free email client.

But what I would do is make it so you can purchase products inside the email.

So the way email works now, let's say you send an email to 100,000 people.

You got to click out.

If you're lucky, you'll get a 30% open rate.

So you have 30,000 people of those 30,000 people, then maybe 5%.

So what's 5% of 30,000?

Henry.

What is that?

6,000?

Is that 6,000?

So is that right?

No, less 600.

600.

The 600?

I think it's 600.

100 clicks on 100,000 cents.

That's just the way the math works.

If you can make it to where you can purchase products quickly in email, that would be great.

The reason why you can't now is the way Gmail is set up, like JavaScript and things like that.

It doesn't work.

I'm not technical, but our team explains this as it just physically is impossible.

So the only way that you can make email like this work is through building it from scratch.

Do you think somebody would want to, oh, I'm going to use this new email client so that I can buy things through email?

That makes sense if you're the sender.

No, but I think that that's an interesting way to monetize though.

I think it's an interesting way.

So this is not like a weekend project.

This is a massive project.

But I think that if I was super human, I'd be like, man, I wanted instead of charging, could I somehow take a cut of merchants and get mass adoption?

I think it's incredibly interesting.

One thing with email is I've been hacking with this in my brain and we've thought about doing it here is it's a few interesting things you can do with email.

The first thing is you can't put movies and sounds in email, right?

But you can put GIFs, which are basically movies without sound.

And another thing that you can do is if you tell us, if you can put a GIF in there and

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say, Hey, refresh this and you can refresh it and you could upload a new image on the back end.

So it shows like part two.

So I've been hacking around with this.

I think it'd be cool if you could have actual movies and images, uh, audio that are long in email.

It's quite interesting.

I think the, what's the, I think the size limit for email is, man, I'm going to sound like an idiot.

It's at 150 megapixels.

I forget what it is.

I know, I think it's smaller than that because Gmail makes you zip stuff when it's over 25.

So maybe 15.

Sorry.

Is it 15?

I don't even want to sound, I mean, I don't know what I'm talking about here.

We are, I know that there's a limit though and our tech team knows what it is.

Anyway, very interesting stuff with the email.

Right.

Yeah.

I like a lot.

A huge project and very hard, but very valuable if you can crack it because everybody, everybody uses it.

So I'm pretty, I'm pretty into that.

I'll give you another idea that I really liked that didn't work, which is probably a stupid thing to talk about on the podcast, but idea I think is dope that got tested that didn't work.

Um, it was this company that got sold.

It was called earn.

It's sold to coinbase.

It's sold basically because the main guy is, uh, like very high profile.

Yeah.

Biology.

Um, we should get him on.

He apparently, Mark Andreessen calls apologies the most, uh, the highest ideas per minute that he's ever seen and anybody has ever met.

He said this guy has the highest velocity of ideas.

Is this like a good looking Indian dude?

Uh, not that you're looking, but he's an Indian dude.

He looks like a celebrity.

I wouldn't say so, but maybe to you.

Um, so I know he's got like, he's on Twitter.

He's got like an image.

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Yes.

Okay.

He's got an image cartoon.

So this guy, he's really interesting guy, big time into crypto.

So he tried this crypto project, which was big, pretty cool concept.

It was look, uh, we all get too much email and a lot of businesses are always trying to send people email, um, but the incentives are not aligned cause emails free to send.

So it's free.

It's free for me to bother you, uh, but you don't want to get bothered and you don't get any value when you respond.

So he, he set up a different premise, which was, what if you could just set a price?

We said, if you pay 10 bucks, I guarantee I'll reply to your thing.

Yeah.

So there's another one.

And the reason I know this is when we send a million emails, we have a reply address.

I look at it at all time and it says, you've got to pay a dollar to reach this person.

Interesting.

What are they, what do you know what they're using?

It's such as the D. I don't, I can't remember off the top of my head, like discord or discourse or is, is a word similar to that.

Okay.

I don't remember up right at the top of my head.

Um, Facebook Messenger, uh, tested this as well where if you wanted to cold message someone, you'd have to pay a dollar and I used to do it all the time.

And would they receive the dollar or Facebook gets the dollar?

Facebook.

Right.

Yeah.

I will get five.

I will get, if it's 10 bucks, I get nine, the service gets one and the person gets a guaranteed reply.

And I think that's pretty cool for, you know, high profile people or important people, you know, recruiters who want to reach people, it's pay per reply.

I think that's interesting.

It didn't work, but maybe there's a V2 that will work eventually because the premise makes a lot of sense to me.

I'm into it.

Cool.

What else we got?

Uh, let's do the, uh, what's the streaming thing?

Stream of payroll.

Okay.

So this is an idea by buddy Furcon gave me.

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So he was basically like, Hey, there's an interesting crypto project.

And I was like, what is it?

And I forgot the name of it now, but he basically was describing it.

He's like, you know, you know, we get payroll, like we get paid every two weeks or one, you

know, whatever bi-weekly, um, why don't you just get paid per minute, like that you work?

Why aren't you just like we stream video and it just, you know, bit by bit just comes to

us instead of having to download a full thing and then watch, you know, the way video turned into streaming money should become streaming.

And uh, I should just get paid all every hour I'm working, not once every two weeks.

And uh, so the crypto project trying to do this, I think this would be awesome if the world could make it work.

Why does it have to be crypto crypto to make this work?

It doesn't have to be crypto to make it work.

Oh my God.

I don't want to talk.

It doesn't have to be crypto to make it work, but you're building basically on new financial rails to do this.

So there's a reason we don't do this in the traditional financial system, but in this case, you know, there's another company that's very successful that doesn't use crypto for something very similar, it's called earnin.

So what earnin does, earnin's a company they've raised now \$190 million.

And um, what earnin does, you'll see their ads on Tik Tok.

This is how you know, uh, they're doing something interesting.

Um, so they basically say, if you're a retail worker, most, most people, three fourths of Americans are paycheck to paycheck.

So if there was a two day delay in getting their paycheck, they would have problems making rent, paying their bills, et cetera, et cetera.

And so what earnin does is that's a shame.

You work at this job, you've worked there for two years, we know you're going to get paid.

So why don't we front you the paycheck?

So this has existed like payday loans, which were really predatory before, but what earnin does is pretty cool.

So you just connect your bank account, it scans your bank account and it'll just see, oh, every two weeks it gets a deposit from the same company every two weeks.

Okay.

We understand that's your paycheck.

And what they do is they say, Hey, if you want to access your paycheck now, um, just click this button and it's actually free to do that.

So they're not taking some aggressive payday loan.

The way they do it is once you get your thing, you can tip.

So it's whatever you, however happy you were with the service you tip.

So it's all pay it forward.

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And your tip becomes the front for somebody else's paycheck, payday loan, but basically I hate that.

And so it's doing really, really well.

That's shocked me.

I hate companies that are based off of I'll tell you another, I'll tell you another story about donations.

Are you sure?

This is good.

It's doing really well.

Just pay for it.

Why don't you just pay five dollars for that?

So you do, you do pay two, five dollars for it, but you just do it voluntarily.

I hate that.

You can hate it.

It works.

And so, uh, I have another example of this crazy to me when I was in the restaurant industry, there was a restaurant.

Uh, I can't remember what, which one I think it was Panera bread, Panera bread ran an experiment somewhere.

I think Missouri, maybe actually, oh, you know why that's where I'm from.

That's cause it started.

We call it St. Louis.

Right.

Exactly.

So they went and they did a thing there.

They were like, look, there's a low income area.

We want to make this restaurant.

It's pay, pay what you want.

And they did a pay what you want experiment.

And I was talking to the guy who ran the experiment and he said, we've done it for over a year now.

He's like, the data is crazy.

He goes, I don't know if it's just cause it's a novelty thing, but we've gone a year now.

And what they found was that if the average checkout at the time, I think it was like nine dollars, uh, at Panera at the pay what you want thing, it was \$12.

And they were making, they were making more money per customer on the paycheck.

Cause he could said majority of people will do the recommended and some people are generous and some people are sort of free loaders, um, but on average, they were making more money per customer in this.

Now that might have been a novelty thing.

I don't know because like maybe the people who go there, you know, sort of self-select Everlane, they do what, you know, Everlane, cool t-shirts and shit like that.

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It's all tipping.

No, when they have, instead of putting, so they for sure have it, I think it's instead of sales, but they have a selection of items that are pay what you want.

And what they do is there's a baseline, like \$40 and you could easily figure that out just by lowering the thing, but it's like, what do you want to pay?

Just pay it.

And if it's below that threshold, they don't accept it.

And so what I do is I just lower it to, I just find out where that baseline is and that's what I pay.

Right.

But, um, yeah, I, uh, I hear what you're saying.

Another example.

I think it's really stupid.

Another example for you.

So I'm at Twitch right now, Twitch has two, two ways to pay, two main ways.

One is, uh, you subscribe, pay five bucks to Twitch, which gives a cut, you know, half to the, to the streamer roughly, and you get these benefits in the chat.

You get to use these special emojis, blah, blah, blah.

The other thing is you can just donate straight to the streamer.

You get no perks, but a hundred percent of the money goes to the streamer stream labs, which is a company that runs that tipping service.

They put out a quarterly report every, every, every, uh, every quarter and it's public.

So you can go read this, uh, but there are hundreds of millions of dollars flowing through the tipping service where you get no benefit me.

It's crazy to you, but I'm telling you, there's something to this, I have enough data points to believe.

Yes.

You know, PBS, uh, they've been doing this, NPR has been doing this and I don't know what their numbers are.

Uh, I'm sure they're public, right, but, uh, shocking to me, shocking to me.

I don't, I don't understand.

It may not be optimal, but it is above the bar of not working, right?

I would not want to run my business that way.

Sure.

That's great.

So there are, uh, what's the phrase, uh, rule, not exceptions to the rule, exceptions to the rule.

Maybe I think these are the exceptions, uh, could totally be the case.

That's mind boggling to me.

I would not want to be in that position where I have to ask for donations.

Um, we talked about Ted Turner yesterday, that's what they did when they first started though, they would do, um, how much does Wikipedia raise when they do their donations based thing?

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Do you know, can you, can you Google how much does Wikipedia raise in their donations? I'm curious because, uh, they're probably the biggest example of a donation based global service.

Web archive, I think does it too.

Right.

Um, but Wikipedia is one of the most popular websites on earth, right?

So that one's going to be, how much do you think Wikipedia costs to run 20 or \$30 million a year?

I have no idea.

I mean, it's a lot of bandwidth, right?

They're static pages.

What's that?

You think they get that for free?

Maybe, maybe they, maybe they get, uh, donations there too.

Uh, okay.

You know, you want to talk about Wikipedia real quick?

Have you got gold.com?

Is it gold.com or golden golden golden golden dot com?

Some of our friends invested in it, um, they're trying to compete with Wikipedia.

Uh, Andres and Horowitz invested in it.

Rumor has it there's another big around, big round that will be discussed soon.

Right.

Um, like I think a pretty large round.

So golden.com, what they're trying to do is very hard for me to actually figure out what they're trying to do.

I've been watching them for a while.

I don't get it.

It's very confusing.

Um, I like the guy behind it.

Jude, I like him a lot.

I think he's really smart, but golden is almost too smart for me.

So it's basically like Wikipedia, but they'll explain topics that sometimes Wikipedia doesn't do a great job of explaining.

So like science topics or things about companies, stuff that Wikipedia doesn't do a great job of.

Um, it seems like a long, slow, hard road, uh, to build something like that.

Yeah.

I don't quite understand what they're doing.

I mean, I know what they're trying to do, but I don't get the angle.

Um, another person who's trying to do the same thing is mock booted from, um, he's rap genius.

I think he's a crazy person.

I've hung out with him a little bit.

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I think he's nuts.

He started rap genius, which was like Wikipedia for rap lyrics.

Yeah.

Now he has this thing and he's been doing it for a while called every, is it every pedia or every pedia here?

I think it's stupid.

Yeah.

I think it's stupid too.

But then again, I thought rap genius was pretty stupid initially, but it's not a good business.

And then I switched, I switched because when they, they said the stat, which was that 2% of all Google searches were for lyrics.

Yeah.

Like AZ lyrics.

It's just insane.

Uh, and then they grew that thing and then it sort of like crashed because the founders are crazy and it wasn't a great business.

Yeah.

It's hard to monetize that stuff, but they went the media route.

I don't think that was the right route.

Did they sell to Spotify yet?

It seems like they're just trying to sell to Spotify.

They like look like Spotify.

Yeah.

But I think they raised it like a billion dollar valuation.

Like it's like a hundred.

Oh, that ship sailed now.

Like, yeah.

I think it's no recovering.

I think it was north of a hundred million dollars.

I mean, it was a lot of money.

Right.

Um, yeah.

I don't get that.

Wait.

What about Wikipedia?

What's the answer?

Let's say.

\$82 million in one year.

Yeah.

Wow.

Yeah.

See, and that's the biggest website in the world.

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What up?

I don't, I don't, I don't think it's great.

I'm not a fan.

Um, what's this period?

So more money than that gets donated to Twitch streamers every year, which is something wrong in the world.

Wikipedia is great.

Let's do a period apps and then number eight and nine.

You have here.

Okay.

Uh, period apps.

So I don't have a, I don't have a ton to share here.

It's a very surface level, but, um, I saw, I, I've been tracking this for a while.

So there's two types of apps that didn't work very well early on when the app store first came out, that now there's a bunch of successes for.

And so the lesson here for an entrepreneur is, um, just because it didn't work then something might have changed now.

And I think people just got more used to using apps to run their life.

Is this period like time or period?

Like administration?

Yeah.

So basically there's two types of apps.

So, you know, we just had a baby, uh, there's these apps that are about what I think one's called what to expect.

And these apps do phenomenally well.

Oh my God.

Like the, the downloads, the usage, the monetization, it's all on point.

And that one's a little bit tough.

Cause when you get out of the, you know, after nine months, you sort of churn because you've moved on.

That's okay.

But during that nine months, you'll buy anything during that nine months, you have to buy a lot of shit.

Um, so like you, their sponsorships are crazy.

Like dove is going all out.

And so is Huggies and all these other guys crazy sponsorships, the forums are crazy.

So what they do is they batch you, they say September mommies, you know, October, 2019 mommies, whatever.

And so they batch you by, by birth month.

And the forums in this thing are like, I've never seen this level of engagement because the moms want to know what's going on.

They want to share ideas.

They want to ask questions.

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And this is like the safe place to do it.

So that's what to expect.

Then there's the ones that are about generally tracking, uh, you know, menstruation cycles, fertility and that sort of thing.

These companies are crushing it.

So I saw some numbers for a company.

They're, uh, one of the, one of the companies has a tracking app going to do 30 million this year annually.

First year they turned on monetization.

What's money?

It's insane subscription.

And in the subscription you get, I think probably either access to either more information.

So there's some like mini courses inside or, um, it's, uh, like sort of just unlocking more data, uh, about yourself, so better, better tracking around certain things.

So between fertility, menstruation, tracking, uh, you know, the birth cycle process, these apps, I would literally remember when the app store first came out, people tried to do these things and they got no traction.

Uh, they did not pick out me, my girlfriend would do it.

And so now they, these have become like very mainstream in the same way that calm sort of took many, many years and now boom, meditation apps are making, you know, hundreds of millions of dollars.

Now, uh, the same thing has happened with these niche apps.

If I wanted to make money right off the bat with this, how would I make it a newsletter where I would say, tell us where you are in your pregnancy or like, are you, uh, just, you just got pregnant?

Are you, uh, how, you know, whatever, or if, you know, are you a week, you just gave your birth a week ago, where are you at?

And then you can send daily or weekly emails on what to expect.

I think that's a very smart approach.

And you make that shit one time.

And I think it would work better than the app, um, because I think an app has a whole different problem of like people remembering to check it, whereas email just goes to their inbox.

And so if, if somebody's doing this or you're interested in doing this, uh, talk to me because I want to partner with you, uh, on the, on the, specifically around, uh, babies, either you know, pre pre, uh, pre birth or after birth, uh, very interested in that space.

Yeah.

I think I would do it in email, you know, what the cool thing about email is you can make this stuff one time and you'd have to write a lot, but you could do it as you go.

It's like a lesson plan.

You could do it as you go, but then you could continually reuse it and you may get a drip sequence.

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So you can download the convert kit, mail, champ, whatever.

Love it.

It's week one of pregnancy.

Here's what you need to know.

This is exactly how, what, what to expect.

That's how it works.

You start with that basis as you're in week one, here's everything week two, it changes, that sort of thing.

And then you can have a basic ass Facebook group where it's \$30 a month to be part of and it's just as here's the top posts from this week of related to people who are in your category.

Right.

And I have a half baked idea around this.

So last night, uh, we went to a class cause our baby's five months old and that's when you start introducing solid foods.

And so my wife was like, Oh, we need to go to this class.

They teach us how to do this.

Like we don't know how to prepare the foods.

We don't know what, how many times to do it.

We don't know how to blah, blah, blah.

So I was like, okay, so we went to our class.

Nice lady teaches us and there's just like a bunch of families there, all of us with our crying babies crying during the class.

And I was just sitting there thinking, I was like, man, information like this is actually super critical.

Like I've never paid attention in a class more than I was for like figuring out how to feed my baby.

And um, why, and like, why isn't this like just an online thing?

Why isn't there life school that just teaches you real life shit that you need to know are one of our, I want to start that.

I want to start real life.

Our engineer West goes to one for buying a home.

So he bought a home and he went to a, I think it was a couple of weeks where there's a maintenance class and he learned how to fix a freezer, an air conditioner, all this crap fixing shit learning.

I have friends that just came into a little bit of money and they're like, Hey, I know I'm supposed to be investing, but like I got no clue.

And everywhere I look, I just feel like they're just trying to rip me off.

So I'm just like, I left it in my checking account for four years and this is like life school.

Here's how that works.

Here's how a mortgage works.

Life school.

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Here's how, you know, going through the divorce.

Here's what divorce looks like, you know, like people just need, people just need information that's not selling you the service.

When I got married, we were thinking that we're looking at the annulment stuff or not the annulment prenup stuff.

Right.

I had no idea where I had knew nothing about that.

And that was hard to figure out.

But so how did you end up figuring it out?

I paid a lawyer.

Yeah.

But I didn't know what to yell.

Right.

But I was overwhelmed.

So you did a prenup.

We didn't end up doing it.

Didn't end up doing it.

Why not?

Because we both were coming to the table with equal things with some things.

Yeah.

And who, who was trying to do it?

Were you trying to do it?

Was she trying to do it?

Because I've always thought like, man, that's a awkward conversation to have.

It wasn't, it wasn't, it wasn't awkward at all.

And why was that?

Because we're both, we have the same values.

Who brought it up?

You brought it up?

I brought it up because me and Sarah, my wife is a very successful, comes from a very successful family.

And we were just like, we have the same values when we got married was, so it starts with love.

We love each other.

And the second thing was like, this is like, it sounds weird.

It's almost like an arrangement.

Like it's a team.

Like we are, we're joining forces and it is about love, but also like a partnership.

Here's the rules that we're going to, you know, I mean, that's really what it was.

It was like, all right, do you want to raise your kids like this?

Cause if that doesn't fit how I, my values and this partnership doesn't work, it was very much a partnership.

It was like, all right.

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So what, what can we expect for the next five or 10 years?

Right.

The operating agreement.

Yeah.

We had an opera.

Basically what it was.

How I feel.

Do you agree or not?

We need to hash this out.

Otherwise we're not going to get married.

And so let, let me ask you a different question.

If one of you, let's say you or her, let's just say, let's just say for, for a hypothetical, let's say she wasn't coming to the table with, let's say equal financial means at the time.

Would you have still brought it up?

And do you think it still would have worked?

So the logical side of me says, yes, you have to do it.

The emotional side of me, there's a funny quote from Ari Gold, a non-terrage.

And they say, like, Ari's telling all his actor friends to get, uh, pre-nups.

And they go, what about you?

He goes, I'd kill my wife before we got divorced.

Yeah.

That's how I felt.

I'm like, look, if I'm going to commit, like, I've been this forever and, and, and, you know, we both said that we're like, even if we hate each other, like, because we're both Catholic and like, this is, this is, we're committing.

You're fucking Indian.

It's like the Indians are like that too.

Indians don't get divorced, but for different reasons, it's like, what will society say if we got divorced?

That's how I felt.

Like if I commit, I'm committing forever.

Right.

And no matter how bad, unless it's like physical abuse, like it's forever.

That's how I felt.

Why did you even explore the prenup if you feel so strongly?

Because every smart person, like all the lawyers that I have, got in your head a little bit.

Yeah.

They're like, you should do that.

And, uh, who the fuck knows, it might come out and bite me in the ass.

Right.

We had a handshake agreement.

I think there's also some laws around California that whatever you come into it is already separate.

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I think there should be the thing you were talking about, the operating agreement.

I think there should be like a little quid, a questionnaire quiz that couples take before they get married.

I think this would be an online service that says, how do you feel about this?

How do you feel about this?

And then it compares your answers and it tells you, here's where you guys are super overlapped and here's where you guys are most different.

And maybe you guys have a conversation and here's some tools that might help you guys succeed.

So there is this thing.

Is it in the New York times, this guy like came up with this list of 23 questions and they're like, how to like get to know someone, how to fall in love with someone in five minutes.

Have you heard of this thing?

Nobody in college.

We made up a similar thing called the get to know you game.

And they're like, if you asked these five questions and this is like when I was single,

I was like, shit, I'm going to do this in the first day.

What are some examples of the questions?

I don't fucking remember.

It was something like, if your parents were dying, like what would you tell them?

Like just like it starts off as like high level, like simple shit, beach or mountains.

Look at Henry.

Look this up.

Look up 23 love questions.

There's some bullshit like that.

Yeah.

Look up that.

Yeah.

New York times.

23 love.

Yeah.

New York times covered it.

36 questions.

36.

What is it?

What's it called?

36 questions that lead to love.

36 questions that lead to love.

Can you give me some examples of the questions?

It starts easy and gets harder.

So we did that early on.

Nice.

And yeah, we were like an operating agreement would be great.

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You didn't do this.

I think everybody does it in some informal way and ad hoc way and incomplete way.

No, we sat down and hashed out.

Ours was incomplete.

I feel Sarah.

I'm lucky.

You know, Sarah, she's very, um, she's pretty business minded, like very rational, very rational.

And that's why I love her.

And one of the reasons and when we got married, we had to go to the church and you got to talk to the priest and I was raised Catholic, but I don't do any of that shit anymore.

And, um, he was like, so why do you want to get married?

And we're like, well, we have similar values.

We want the same things in life.

We're both really driven.

We're both ambitious.

And we said all this shit like that.

And he goes, what about love?

And we're like, oh, yeah, yeah, yeah.

That's true.

And while we were beating this priest, I remember he was like, so, uh, you guys are Catholic.

He's like, and I was like, yeah, Catholic is shit.

Super Catholic.

And I remember I was so nervous cause I didn't want him to turn us down, which we're not really Catholic.

I remember my phone ring and then I go, oh, fuck.

And I go, I was like, oh, shit.

Sorry.

I didn't mean to cuss.

Like I was trying to like not get banned so hard, but anyway, that's, we went the whole process.

What are some questions?

Um, when did you last sing to yourself or someone else?

So when did you last sing to yourself?

That's an easy question.

But then one of the questions like 30 and 25, when did you last cry and from another person?

When did you last cry?

People in your family?

Who's death?

Would you find most disturbing?

Who's of all the people in your family?

Who's death?

Would you find most disturbing?

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Yeah.

These are good questions.

Yeah.

So if you're single, I think these are good things to ask in the first couple of days.

Yeah.

I think it's great.

Icebreakers and you can get intimate fast.

Love it.

Good stuff.

Okay.

Cool.

What else we got?

Number four.

Number nine.

Okay.

Yeah.

Let's do either of those.

I'm going to do number nine.

So this is just something I'd notice.

All right.

So this one that I have up here, it's called three reasons versus one reason.

So I noticed this because in the last 24 hours, I did three different like deals or negotiations and what they are.

One I definitely cannot say.

One was at work business business related.

One was at work where a guy on my team wanted to leave and go do this other team and he's like one of our star guys and we were like, I was like, no, you can't leave.

Why do you want to leave?

And he was giving me his reasons and I was trying to convince him, essentially, don't leave.

You know, we need you.

You're great.

It's great.

Whatever's wrong, we can fix it.

And another was a business transaction where I was buying something and negotiating a price.

And in all cases, I noticed this thing, which is there's two types of, I'll start at a high level.

There's two types of disagreements.

There's a disagreement you can actually fix and a disagreement you can't because you're fundamentally misaligned.

So let's focus on the ones where, how do you figure out which one you're in?

So anytime somebody puts up resistance, there's the stated reason and the real reason.

And I think because I played poker a lot growing up, I just now assume that the stated

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reason is never the real reason.

It sometimes is, but I just always assume it's not.

And I've noticed a lot of people that I hire after teach them this, which is whatever they told you, that's the stated reason and they're not necessarily lying to your face.

It's just what they feel is polite or it's what they think is true, but they haven't really assessed it themselves.

But there's the stated reason, there's the real reason.

And if you find the real reason you want to figure out, is it three reasons or is it one?

When it's three reasons or it's a bunch of different things and they, you start to ask why and they're like, well, there's this and then this and this, what you're getting is an emotional reaction.

They are just emotionally hurt and they want to, they want change.

If you get one reason, that's the, that's an actual reason that if you just solved it, they'll change their mind.

And so I found this where I'm talking to somebody, I'm trying to convince them of something or we're trying to find some common ground.

And when they give me three reasons and I start to use logic to address those reasons, it never works.

They'll just pop up a fourth reason and a fifth reason and a sixth reason.

It's cause it wasn't a logical problem to begin with, it was an emotional problem.

They weren't feeling the love and I just got to show them the love and then we'll see what happens.

And when it's one reason, if I start to show them the love, it doesn't do anything because I got to actually problem solve the one reason.

It's actually a rational decision that they're making.

So it's just an observation.

If you're talking to somebody and they give you resistance, first figure out this is the stated reason.

What's the real reason?

You do that by probing, asking questions.

And then when they give you the real reason, is it one or three?

If it's one, you could probably solve it.

If it's three, it's an emotional problem and you need to show them the love.

That's cool.

And that book, High Output Management, Discussing Something Similar, which is when you meet with people, employees, there's really only one or two, actually three or four reasons why meetings exist.

The first one is just to exchange information.

The second one is they say they have a problem and you solve it.

And the third one is you just got to listen.

Someone just wants to complain and don't like, you know, a lot of complaining you don't want to put up with.

And every once in a while, people just have, they just want to vent.

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Right.

They just got to talk about shit.

And you just got to sit there and listen and you don't try to solve the problem.

You just got to listen to it.

And that's usually the hardest.

And that's the hardest.

But it's, you can overcome that shit.

It's just, I think men in particular, you hear, they go, I got a problem.

You go, okay, we're going to solve by doing this.

We're going to do this.

Right.

A lot of times, they'll be like, well, no, look, you're not hearing me.

Well, even worse.

It's not actually a problem.

I'm just trying to get it off my chest.

Even worse, you'll say, that's not a big deal.

Look, let's just do this and this, so not only have you minimized the problem, you basically told them they're stupid for thinking it's a problem and you try to fix it when they didn't want either of those two things.

Yeah.

No, I've, I've had a lot of, you have an executive coach.

I had one that basically taught me a phrase that she said, are you listening to learn or you're listening to fix, are you listening to learn or are you listening to fix two different modes?

Yeah.

And people typically will actually just want you to listen to learn.

You're actually listening to understand how they feel and what's, what's wrong.

Not listening to fix.

We share the same executive coach company torch.

We got to talk about them next week.

They just signed up to sponsor with us.

Yeah.

I was going to say, we, this is free sponsorship for them that they're getting.

Yeah.

No, we, they, and they just signed up.

We just signed a deal with them.

So we'll actually have, maybe they'll actually be like a proper advertiser, but we'll talk about them regardless.

Maybe next week.

Cool.

Because it's kind of cool.

I really dig that they're, they're good.

Like it.

[Transcript] My First Million / #44 - New e-mail clients, Sharing the craigslist office & How to keep your star players

Okay.

That's all I had today.

All right.

So comment and give us a rating on this.

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And we thought about charging for this podcast and we are not charging for it because we're hoping to make money promoting other things, our own products, which means the only way that you can help us right now is by clicking five stars.

There you go.

Thank you.