

[Transcript] My First Million / #63 with Andrew Wilkinson - Buying cash-flowing internet companies, starting job boards and building no code projects

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.

What's going on, listeners?

We get asked all the time different bits of advice on the stuff that Sean and I talk about, and that's great.

And it's actually something that Sean and I do all the time, which is ask people for different insights, particularly those who are a lot better than us.

And one person who we've been heavily inspired by is Jordan Harbinger.

I've known Jordan now for eight years now, and I've been listening to him for about that long.

And he's had podcasts for years and in fact has been in the top 100 for the last 13 years.

And he has a new show called the Jordan Harbinger Show.

And what he does is he talks about social engineering, in particular for helping men be more charismatic, which is great.

But what I think is even more interesting is that he teaches social engineering to seals, to intelligence agencies, to special operations, and it's incredibly fascinating.

And we actually have Jordan here for a minute to tell us some of his favorite episodes, a particular one that I've listened to recently was how to ask for advice.

Jordan, what's going on?

Hey, thanks for having me on.

I've really appreciated it.

I think the reason I chose the advice topic was because I'm sure you get this too.

You get an email from somebody, maybe even somebody who's younger, saying something like, I want you to mentor me, or how do I succeed in my idea, or how do I come up with a good idea?

And these are the wrong questions.

A lot of people are asking for validation of their idea.

They're asking for permission to do something.

You really can't get a lot of value from that.

You have to be sure if you're actually asking for advice, you're actually asking for permission, you're just asking for encouragement, or if it's specific, intentional, and explicit in detailing what you need.

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The other half, of course, is being able to implement that advice and then show the other person how you've implemented their advice in a very specific way.

So I decided to write an article and do an entire show about this on episode 321 of The Jordan Harbinger Show because it's helpful for people looking for advice, and it's also helpful for people who get asked for advice in the wrong way all of the time because they can just say, hey, listen to this, and then come back to me after you're done.

And I get maybe three or four dozen messages a day of people doing this and breaking the rules that you've just mentioned.

And I've noticed that when people do it right, it can be career changing.

Has any listener come to you and said, thank you for giving this advice here's what I've done effectively and how it's worked?

Oh, it happens all the time, and it's great.

It's really rewarding for me.

Of course, when people write to me and say, my dream is to start a clothing line.

Any tips, all I can do is say, I don't know really what you want or what you're going to do.

And then, of course, any tip I give them that's not go for your dreams, just leaves them feeling angry.

So I don't like to even field those questions anymore.

That's crazy.

I do the same thing.

I give them advice.

I just say, just start.

The question isn't specific enough.

It's impossible.

It's like saying, how do you make art?

So I think this is like an incredibly useful podcast and something that people need to listen to regardless of where they are in their journey of building whatever they're building.

So give this a listen.

I mean, it's a great podcast.

I actually have paid for a handful of your products.

So this isn't just nonsense.

I have really been a customer for a while, and I appreciate you coming on.

And so where should people turn to if they want to listen to this?

Sure.

You can find me at jordanharbinger.com, but honestly, the podcast is anywhere you get your podcasts.

Well, thanks for coming.

And this really means a lot to us.

Thank you.

What's up, everybody?

Hope everybody's doing good.

We're all quarantining, but we're thriving, at least that's what I tell myself.

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So I got Sam here, and then we got special guest, probably the most referred to guest on the podcast, even though he's never been a guest yet, but we speak your name all the time.

So Andrew Wilkinson's here.

Andrew runs something called Tiny Capital, which is cool.

TinyCapital.com.

Is that it?

Just Tiny.

Everyone does that.

We couldn't get Tiny.com, so we got TinyCapital.com.

And so now everybody says Tiny Capital, and I have to correct them.

But we have friends who own or used to own a company called Tiny as well.

No way.

What is it?

Yeah, TinyCapital.

I'll sue them.

Oh, yeah.

Oh, shit.

Maybe you'll sue me then.

And I was looking at the domain and Tiny.co, I think, is not taken by somebody right now.

You might not have to buy it.

Oh, damn.

I'm going to jump on that.

Nevertheless.

All right.

So Andrew, give people the 60-second version of what do you do now?

Not your backstory, but just like, what is Tiny?

So Tiny is basically a long-term holding company for wonderful internet businesses.

So we go out and we find profitable, simple, often boring internet businesses.

And we acquire majority stakes, and we take over ownership.

And we usually buy from founders, often they're bootstrapped.

And usually the businesses have been around for five, 10 years.

These are longer-term things.

And we don't go for sexy stuff.

We're not doing drones and AI and VR and all that kind of stuff.

We look for businesses that are simple and predictable and boring.

So we own a whole bunch of design firms and different services businesses.

We own the largest partner in the Shopify ecosystem doing Shopify apps and themes.

We own a whole bunch of job boards, a bunch of SaaS businesses, a bunch of podcasting businesses, all sorts of stuff.

And I can talk more about the various companies we own.

So what are some names that people have heard of?

Dribbble is one that a lot of people use.

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Yeah.

I mean, the original business I started with was MetaLab, which is one of the now top product design agencies in the world, which I started out of my parents' basement about 15 years ago.

And Dribbble we acquired in 2017.

We own WeWorkRemotely, which is the largest remote job board on the internet, PixelUnion, which is the Shopify business.

We own Mealime, which is the largest meal planning app on the app store.

We own Castro, which is one of the top indie podcast players, just all sorts of different stuff.

Can I even dumb this down further, Andrew, for the listeners, which is basically you had this thing called MetaLab, which was slack or lots of different people who needed products designed, they would come to you and they would say, Andrew, we need you and your team to make our app look great and function well.

Is that right?

Yeah.

That's where we started.

And then that became, hey, you know, if someone has an app can sketch idea, we can actually not only design it, but we can build it as well.

A lot of our work has been designed only, but we've also built a lot of products and shipped a lot of products as well.

And so over 15 years, you've just built that into a great company and you own all of it, or you and one or two people own, I think your brother, own all of it.

And it just made enough profit that you began acquiring or starting other companies.

Is that right?

Yeah.

Like when I started, I knew nothing about business and you nothing about investing, but it was profitable.

And so I did, you know, bank balance accounting, right?

I didn't understand anything, but I knew that there was more money in the bank count at the end of the month than there was at the beginning.

And I went, well, what the hell do I do with this money?

And I always had like a just, I've always had like a million business ideas.

And so I looked around and, you know, I saw the base camp guys making a ton of money with this, you know, SaaS business base camp and I went, I want to do that too.

And so I started building our own software products to help me run the agency and then spun those out.

And I just kept starting companies.

And then I realized starting companies is really fucking hard.

I'm good at starting, but I'm bad at follow through.

And so we started buying businesses in about 2013 and we've been doing that ever since with much more success.

And what's the scale of your empire at this point?

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Can you give numbers for people understand it?

Well, we do double digit millions revenue, you know, very profitable business.

We usually look for businesses that can double digits revenue.

What's that mean?

Sorry.

Double digit millions.

So that's out of better lab or that's the total?

That's the total all the businesses.

So we haven't cracked a hundred million yet, but we're getting close.

And then, you know, we generally are buying businesses that have really nice profit margins.

So we have quite a bit of free cashflow and we just reinvest that free cashflow and buying more businesses.

And I tried to sell you a business.

Do you remember that?

Oh, my God, I had no idea.

Many years ago, five years ago, maybe I was running this company called and making a few million bucks a year of profit.

And and I saw your and I knew that that business wasn't going to grow at this like incredible pace.

And I was trying to convince the I'm not the main owner of it, but I had a piece and

I was trying to convince the main owner, Hey, we should just flip this thing.

We should sell this thing and then work on, you know, bigger kind of moonshot type projects.

And he's like, well, if you could find a buyer, let's do it.

And so I had heard of your guys's thing because you do a good job of getting yourself out there to be like, Hey, we buy, you have this like thing like that is like a 20 minute term sheet or something like that.

Like you basically have you advertise how simple and painless the process is, which I think most founders like.

Yeah, we, I mean, we had been courted by private equity in a variety of different businesses.

And we just found it this horrible, ridiculous experience where, you know, you get on the phone with an associate and the associate spends an hour picking your brain and then you realize there's some idiot kid who just got out of college and they don't have any power to do anything.

And so then you talk to the partner, you do five hours of phone calls and then they fly to you and all, you know, this all takes a month.

They fly, they fly in.

It's a bunch of Wall Street douchebags wearing suits who speak in weird financial terms that we certainly didn't understand at the time.

And you know, then they give you the term sheet and it's been a month or two.

And you go through two or three months of diligence.

And then at the very end, they renegotiate the entire deal and lock you into an earn out.

And we just found that whole process totally absurd and miserable.

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And when we started reading about Warren Buffett, we're like, what the fuck?
Like Buffett makes deals in seven days and he's doing multi-billion dollar deals.
Why can't we just do the same thing?
And the businesses we're buying, they're way less complex than what Buffett's buying.
He's buying factories and stuff.
We're buying like these tiny little internet businesses with, you know, 10 to 20 employees.
And so we started doing it.
And people love that because founders are high-paced.
They want to make a quick decision and get a deal done.
And they don't want to waste a bunch of time on it.
And they don't want to be renegotiated and dragged through the mud.
So we let founders leave and we take over management fully.
Sometimes we leave them with some equity if they want to, or they can stay in the business if they want to.
But it resonates, definitely.
Right.
And ultimately, we didn't do a deal because I wanted like a 10x multiple and you were like, wow, how about three or four?
And I was like, nah.
And then we...
It's funny, I'll have to go through those emails.
Yeah, we ended our email.
Sean, should you have taken that, looking back?
I personally think so, but you know, the reality is that that business like, you know, if you're going to hold, he's held it for a long time.
And if you're going to hold it for four or five more years, you would have, you know, you'd make your money back along the way.
And so I think the reason to sell would be because you want to go do something else.
And in that case, you know, I went and did something else, the main owner of the business, he does other things.
So it's not like a drain on time.
And so he doesn't mind holding it.
But in my opinion, yeah, we should have sold for 4x and I got now.
Yeah.
So what a lot of people don't get is that, you know, these internet businesses can disappear in a year or two years.
And so when we're evaluating something, we're going like, what's the staying power?
What prevents this from, you know, having a bunch of competitors destroy it or Google changing an algorithm and the whole business going away?
So paying 10 times is like, I'll pay that for an amazing business, but depends on the quality, right?
Right.
Not that I remember this business.

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There's a thing called the Lindy effect, right?

Is that the name of it?

Are you familiar with that?

Where it's like, it's basically a principle was an observation, sort of like observing nature and you basically like the black swan guy.

Yeah.

It's basically if something's been around for 10 years, high probability is going to be around for another 10 years.

And so basically the amount of time something has already survived a bit around is a very high predictor of how long it will continue.

So when something's hot and it's been around for two years, it has sort of a sort of lower probability of being around longer than two years and then as something, so this business had been around for 15 years, so it's highly likely would sort of endure and be durable for another few years.

Yeah.

Technology is pretty destructive though.

We see all these people and they come to us and say, Hey, we've been around for two years.

We're growing at 80% year over year.

We're going to keep doing that for the next five years.

Therefore you should pay us, you know, 30 times earnings or whatever.

And I always think like, yeah, maybe you'll do that, but odds are the law of large numbers catches up with you.

This gets more hard, more challenging.

It's a lot easier to grow a business from \$10,000 MRR to 30,000 MRR than it is from 30,000 MRR to a million.

So we're always skeptical and ultimately at the end of the day, we still have to buy something with some sense of how we pay ourselves back.

Right.

Okay.

Cool.

And so, you know, we could do one of two things in this conversation.

We could be like, Hey, Andrew, tell us your life story, which I think is actually pretty interesting and tell us how you run your business, which also is pretty interesting.

But I actually think what would be more fun if you're down for it.

And Sam, you let me know what you think we can sort of decide on air here.

My view is that Andrew is just like one of us.

He's sort of a, you know, a third amigo of the crew.

And what we usually do is we, you know, Sam, it's not like you interview me or I interview you.

We just talk about what's going on in the world.

We give our crappy opinions and people seem to like it.

It seems to be entertaining.

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And so I actually think we should just do that.

I think we should just talk about what's going on, stuff we think is interesting and treat it that way.

And then maybe a different time we can go and say, Hey, give us the full story of how you built tiny.

Yeah.

I'm down to do that.

And I would also, after we get done with that and throughout, I have a few specific questions I want to ask you, Andrew.

So, but we can, I'll, I'll weave those in.

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Again, if you have a mobile app and you want to see a benchmark report of your performance, it's headspin.io slash my first million.

So, maybe the starting point is I feel like you were really early to being cautious and very and highlighting the importance of this COVID-19 crisis.

Like I remember, I don't know if it was January or February, but I remember you talking about this on Twitter and the precautions you were taking to stock up and why you felt that way and you were researching the Spanish flu and stuff like that.

So, when did this come on your radar and why did it immediately be a thing you were worried about?

Well, one of the things that's made me a good investor is I'm a natural pessimist.

And we started in Randall for businesses in the middle of nowhere.

So I'm based in Victoria, Canada.

And we haven't existed in the world you guys exist in where every startup founder has a million dollars thrown at them by VCs and there's unlimited capital.

We've always had to be super, super disciplined, focused on margins, looking at the balance sheet.

And we kind of take the anti-grove approach of only the paranoid survive.

So my time is really spent doing two things, doing new deals and then looking at the existing portfolios and scanning the horizons for some way that we get fucked.

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So I kind of am always on the paranoid side and I'm always, you know, I'm always just looking at different risks and stuff.

And when I started seeing the news pop up out of China, I thought, you know, maybe there's a one in five chance, one in 10 chance, this turns into something global and serious.

But when I look at the cost of protecting myself so directly with my family where, you know, I buy \$5,000 of groceries or whatever, fortunately, I could afford to do that.

So me and my business partner rented a house to use as an office.

We isolated really early.

We stocked up on groceries and hand sanitizer and all that kind of stuff.

I just looked at it as an asymmetrical bet where, you know, I spend a small amount of money to protect us.

And if we're wrong, then we can laugh about it and look like idiots, but it's pretty low cost.

And then on the company side, you know, we were pushing pretty hard all of our CFOs to really pay attention to this dial in costs, start renegotiating any software contracts and cutting any unnecessary expenses, and then making sure all of our credit lines and stuff were set up.

The nice thing has been that so far, our businesses haven't been super affected.

Just given they're kind of like anti-fragile, so, you know, remote work benefits our job board, people cooking at home benefits our meal planning app, you know, dribble.

People are going to be looking for more work and finding clients online if they got laid off and stuff.

So for the most part, we've been okay, but I'm always paranoid by default.

Has MetaLab been okay because I would think that would be hurt?

So far, we've been really lucky.

I've got a couple of friends who run agencies, but they're more on the marketing side.

And the first thing to get cut has been ad spend.

And so I've seen a few friends get hit hard by that because of what MetaLab does, which is like R&D, like deep R&D for big Fortune 500 companies a lot of the time.

It's so core to their product roadmap that so far we haven't seen it get cut.

But I mean, we could be in the eye of the storm.

We have no idea what's going to happen.

So we're just kind of batting down the hatches in general and preparing for whatever could come.

And what was the reaction when you were basically saying, hey, look, even if there's a low chance of becoming something really serious and spreading globally, but I'm going to take these precautions.

You started talking about it on Twitter.

You started taking certain actions.

What was most people's reaction?

Did people, for the most part, understand that you were treated as sort of an overreactor?

What was the reaction?

Well, so at home, my wife literally pulled me aside.

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She's like, I'm worried about your mental health.

You've seen really paranoid, like, are you okay?

And I kept saying to her, look, I hope we can laugh about this in a month.

But it's worth having our house be a shambles and being covered in Amazon boxes just to be prepared.

And then she's very grateful once it all happened that we didn't have to worry about stocking up on all the basics.

On the company side, we have a CEO mailing list.

So basically, if there's something we want to blast out to all the CEOs, we'll send it there.

I think a lot of people were kind of like humoring me and going like, oh, man, another one of Andrew's ridiculous concerns.

But eventually it obviously played out.

And I'm glad that we were aggressive about dialing everything in early.

How many CEOs do you have on that mailing list?

I think there's like 10 or 12 of them, something like that.

I don't know the exact number.

And can I pay money to be on that mailing list?

Yeah, get me on the list, dude.

It's mostly me saying, hey, guys, look, we should save money doing this or that.

There's not much interesting stuff on there.

Get us on the list.

Well, you guys got to come and run a company for me.

That's the bargain.

So Andrew, before we started this podcast, you were saying how you're a control freak.

You said that you have to be, you move quickly and you're really good at starting things.

You're not great at follow through.

I imagine you met once it like becomes something.

Yeah, now you own or co-own 10 companies, including MetaLab.

I imagine you have 500 employees or no, I don't know what 200.

You have a fair bit.

We have about, I think there's 350, 400 employees across about 20 companies.

And the reason we have fewer CEOs than companies is that some of the CEOs oversee platforms.

So like we have a business called Tiny Boards that manages all the job boards we own and that has one CEO.

In order to do that, you aren't operating these things.

I mean, that'd be, I think that would be close to impossible.

How are you delegating out all of your to-dos and how hands on are you with different companies?

So we're very, very hands off.

We literally, what we do is we basically, when we buy a company, we're making a few assumptions.

We have a few ideas for future growth and we'll kind of validate those before we buy the business.

So for example, maybe we could add a new revenue line or new ad inventory or something simple

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like that.

And then we might have a few ideas about where the business could go over the next two to four years.

When we buy a business, we're hiring a CEO who we have high confidence in and we're handing them that playbook and we're saying, we're going to completely leave you alone. All you have to do is send us two things.

Once a month, you're going to send us a financial only update.

So we get no information about the operations of the business, just the numbers, the P and L and the balance sheet.

And then on a quarterly basis, you're going to send us a SWOT analysis.

So strengths, weaknesses, threats, opportunities in the business.

And if there's anything that's really important, you got to call us quickly.

So if one of our CEOs is in crisis or has a big investment they want to make, they want to buy a company or something like that, we'll get a text or a phone call from them.

But there's CEOs that work for us where we won't hear from them for six months.

We'll just get the emails.

So it's even less than a typical private equity firm or something would do.

We don't do formalized board meetings or anything.

We're just getting these updates.

And so that leaves me with a lot of time to focus on the 100,000 foot stuff.

And I don't really get caught up in the day-to-day operations at all.

What was that transition like at MetaLab?

And the reason I'm asking is, I haven't done a transition like this, but I was running everything and then I hired a president and that made my life way better.

And it was highly influenced by you and a couple other books that I'd read.

And people ask me all the time how to do it.

And I can advise how I did it, but you're doing this at a much larger scale.

And I also think that people are shocked when they hear that not everyone is like the Mark Zuckerberg where you are, at least what they think Mark Zuckerberg is, is where you start something and then you're the guy who is like running it while it gets large.

So can you talk about the transition that you use at MetaLab?

Well, I feel like really entrepreneurship is just delegation, right?

So if you think about it, you imagine if you own a software company, it's really hard at first to delegate the support.

You don't trust anyone to do the support.

You don't trust anyone to write the copy on their own page or whatever.

And then over time, you hire a bunch of really shitty people and it's horrible and it makes your life worse.

And so you tell yourself, oh man, you know, I can't hire other people.

I have to do everything myself.

Now I see a lot of businesses that are kept really small because the founder never breaks through that bubble.

And for me, it was, you know, I hired a bunch of the wrong people and then I kept rehiring

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and eventually I'd hire the right person.

And that's when I would see that part of the business explode and start doing really well.

So for example, with MetaLab, I, one of the stories I told myself is that I have to always be involved in sales because I can close the deals, right?

So I would have someone who do the initial phone calls and all that kind of stuff.

But ultimately I was the guy who could get a really big deal over the line.

And when I started delegating it, you know, at first we went through a variety of different people and, you know, eventually we came upon a team where we could just fully delegate that and they would actually close way bigger deals than I would have ever closed.

And the nice thing is you can specify how high to jump and you can incentivize people to do the things you don't want to do.

So an example was, you know, for let's say like five years into running MetaLab, I was making quite a bit of money from the business and I had actually reached my point of like my Maslow's hierarchy of needs was met.

I was like totally content.

I drove a sweet car at a nice house at a nice life.

I bought the clothes I wanted and I ate out whenever I wanted.

And at that point, I was, for me, it was like 100, 150K or something like that a year.

Yeah.

It was like, it was around that, right?

This is in like 2010.

And so I didn't really give a shit about making a lot more money if it meant pain for me.

And one thing I hated was I hated flying to San Francisco.

I'd always get sick and have a bad sleep.

I just didn't enjoy it and that was required to do sales.

And so having me do sales meant that I didn't want to get on the plane.

I wouldn't go do the meetings.

I wouldn't close a deal.

And so when I delegated that and I found people who love getting on planes, love closing deals and only do that.

And then I paid them a fuck ton of money for closing those deals.

Everything in my life got better.

The business grew way faster.

My personal life got better.

And I was really able just to kind of design a system and an operating system for the company that spat out cash and results on the other side.

And I didn't actually have to do any work.

And so to me, investing is just the next level of delegation, right?

Hiring a CEO is just-

What's your best resource for learning about that operating system?

I think one of the books that helped me was Principles by Ray Dalio, which I thought was quite interesting.

He talks a lot about some of those ideas.

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The e-myth was really big, the Michael Gerber book.
It's super freaking cheesy, but it's actually a good read.
And I'm trying to think of what else.
I think those were the key ones.
But to be honest, I'm a profoundly lazy person.
I know that sounds ridiculous given I've run all these companies and stuff, but I hate doing anything I don't enjoy doing.
And I'm never somebody who pushes through something.
I just always want someone else to deal with it.
And so that's actually meant that I've been a good delegator and I've naturally done that.
Whereas a lot of founders, it's like they're precious and they're like golem, right?
They can't let go of their company and all their value comes from that.
I've always had a lot of different stuff I've been doing.
So when I give away one of my precious, I have five others to fuck with and I always have enough stuff going on.
So hasn't phased me.
I like one phrase you just said, which was, when you're talking about, you said, the story I used to tell myself is, and for you it was about having to, I got to be the one who closes the sales.
That's how the clients need me and I can close the big sales and I need to be involved in that.
That's something that I see all the time is like, what story are you telling yourself?
And so I have this with employees that I manage.
I have this with myself where it's like, okay, what story am I telling myself?
For example, before, before we sold Bebo, we were doing this business and I was talking to, I was talking to a buddy and I was like, hey, you know, he was, I was like, hey, can you help me out?
He's somebody I look, look up to sort of like, you know, smarter, wiser than me in terms of business.
So I was like, can you help me out?
I feel like there's something wrong with the business.
I don't think we're going to get where we're trying to go.
On the outside, everything looks good, but on the inside, I'm not sure.
And he was like, all right, talk to him about it.
So we were eating dinner.
I was telling him about it.
And he's like, it sounds like you don't really believe that this is going to work like you used to.
And I was like, yeah, you know, honestly, I don't think, I don't think we're going to get to the size I thought we were going to get to.
I think it's going to be okay.
I think it's going to be mid-sized.
And he was like, so why are you still doing it?

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And I was telling myself the story of like, well, you know, I don't want to let down the investors.

I don't want to let down my team.

I don't feel like we can pivot again, blah, blah, blah.

I was like, I had this story, I was telling myself.

And as I was saying it out loud, I had that moment where I was like, this is just like a story.

Like, I bet if I just talked to my investor, I bet if I just talked to my team, I bet if

I, you know, thought about the other options, I could come up with something.

And then sure enough, we came up with the option of, hey, you know, this might be small for us, but if this is part of a bigger platform, this could actually be kind of valuable if a big company owned this and they had all the distribution.

And then I went and talked to them and we ended up selling the company.

But like, it was literally just recognizing there's a story I'm telling myself that is not true, but is causing me to do, causing me pain, basically.

Totally.

And I think when you have, it's different when you're an employee, but when you have full control over a business like you did, there's no excuse, right?

You create everyone.

I know there's so many of these people that create their own hell, right?

So they're in meetings all day every day.

They fly all over the place.

They're away from their families.

They're not doing things that are intrinsically motivated.

And they've created this hell for themselves because they just haven't examined how they're spending their time or why they do the things they do.

And so often like over and over and over again, we've just proven at tiny that you just don't have to follow the private equity playbook.

So many of the things that they do are just ridiculous and waste people's time.

And again, like we've done that consistently.

Like people would say, you're going to work with like Apple and Google and Facebook.

You have to be in the Bay Area.

You want to be a big agency.

You have to be down here.

You want to run a great company.

It has to be down here.

We just said like, why the fuck can't we just run it from a small town in Victoria or in Canada?

And, you know, it just, it just works.

So I'm a big fan of not limiting growth because you're tired.

It's instead finding other people to run the marathon for you and just incentivizing them in the right way and letting the people that do that love this stuff do it.

If you don't love it, give it to someone else.

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Right.

Andrew, what business do you guys own or you are associated with or have like really close insights into?

So because I know you have that with way more than 20 that you think is like the perfect cash flow company like has the like, what do you think?

Like you said at the beginning, we buy wonderful internet companies and wonderful means X, Y and Z, right?

Right.

Like, you know, it's durable and spits off cash flow.

And I think I know, I think I know which one of yours I like best, but I want to hear your opinion.

So my, my favorite business that we own is Dribble.

Dribble, I always say you want a business to be like New Zealand, right?

So New Zealand is in the middle of fucking nowhere.

Nobody's paying any attention to it.

It's quietly successful.

It's totally food and energy independent.

It could get cut off from the rest of the world and people would eat and be fine.

And it's away from nuclear war, right?

And so when I think about a business, I want a business that there's no intermediary, there's no gateway and you have a fully self-sufficient society.

So Dribble is, you know, one of the top thousand sites on the internet.

It's the largest social network for designers.

Others go there for inspiration, to find jobs, to give each other feedback, to meet up, all sorts of different stuff.

And it's this massive, massive community of super bottom people who literally punch Dribble into the URL bar.

There's no Google risk.

There's no Facebook risk.

People come there organically.

And so it's kind of like if you, if you own a museum and there's thousands of people that congregate in one part of the museum, you could open a gift shop.

You could open a coffee place.

You could open an IMAX theater.

There's just unlimited different ways to monetize this group of people.

And as long as you're respectful of them and you offer them things they want, you can have a wonderful business.

And so for us, I mean, it's, we've barely scratched the surface.

We've grown that business a lot and we have an amazing CEO, an amazing team.

And you know, we've really just started with it.

I think there's just so many other things that we can do with it and we're working on a few things right now that I'll tell you guys about in a couple months that I'm super excited about.

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Is it a profitable, I mean, of course it's profitable, but does it have great revenues and profit now or is this something that you think it's going to be 10 times bigger?

It's going to be 10 times bigger.

I mean, right now, you know, it's nice and healthy and profitable, but we've been really reinvesting in R&D and future opportunity and we think there's just so much more.

We think it's going to be 10 times bigger over the next five years.

And when you say you're investing in R&D, you said earlier that MetaLab was an R&D company.

So I have a business that has an audience.

Sean has a podcast that has an audience.

A lot of people here maybe have audiences.

What does that R&D process mean?

Well, so, you know, with that website like Dribbble, we have to build.

If we want to, let's say that we wanted to do, here's an example.

So all these huge companies wanted to recruit designers like Facebook and Google and stuff and they would come to Dribbble and they'd say, Hey, look, we really need white glove service.

We need help with recruiting.

So the CEO had to build a special service for them where they would be able to screen candidates and we deal with payments and all that kind of stuff.

That would be the sort of thing we're investing R&D in.

Or maybe we have to build a sales team for that.

Yeah, we have some developers building that.

We have a couple of sales people who we need to front for a few months while we get rolling with it, that kind of stuff.

And then just like each quarter, your CEO, Zach, he like makes the decision on which, not moonshot, but like what bet do we like we're going to prioritize our bets every quarter?

Yeah, exactly.

So we generally, you know, if he wants to say, look, like I'm going to go and spend 500K, a million bucks on X or Y or Z, and it's way above what we've budgeted, he might nudge us and say, Hey guys, what do you think of this idea?

Are you down with this?

But yeah, he's really driving all the decision making there.

Do you guys buy with debt or do you do like full equity deals?

We're super conservative.

So we generally want to be able to pay off our debt in like six months if we can.

So we use a little bit of debt, but as a company globally, but it's very, very conservative.

It's like less than Berkshire Hathaway uses.

You're in Canada.

So what debt do you use?

Is that private lending or because I don't think you have like the SBA infrastructure?

We have, it's very similar to SBA.

We have the BDC, which is the Business Development Bank of Canada, which is like a government

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funded bank that will kind of take a little more risk and be a little more friendly to small and medium sized business.

So we use those guys or we'll use Royal RBC or BMO or any of the big national banks.

But we have access to capital globally now at the scale we're at.

We can go to GP Morgan or whoever else.

You can go to Sean Morgan too and I'll lend you money.

So if you, you're a Canadian guy, so are you actually Canadian or you just live in Canada?

Yeah, I'm Canadian.

So perfect.

So you can explain something that's been on my, we have this like one Google doc we use for the podcast that's just like, there's no formatting, we just whatever's at the top, that's like the topics.

So there's been one topic on here that I wanted to talk about which was shred credits.

And unfortunately I only know like 20% of a lot of things.

I don't know 100% of anything or even close.

And so I haven't been explaining it because I'm like, ah, do I really even want to research shred credits?

I don't know.

But I know enough to know how interesting and valuable this could be.

So can you explain shred credits to people?

Yeah.

The government of Canada wants to incentivize R&D projects.

So that could mean a pharmaceutical company taking a risk and going out and trying to build a new drug.

It could be a, you know, health device manufacturer.

It could be someone building novel software or whatever.

They just want to incentivize people to build IP in Canada.

And so what's really cool about that is if you spend, let's say I spend \$100,000 hiring a developer to go do some new interesting novel R&D project, build some cool software that does something innovative, the government will actually give you cash back on that salary.

And I mean, depending on the scale of your business and the level of profit and stuff, it can be like 30, 40%.

For us now it's much lower.

I think it's like 15% or something.

We get it as a tax credit, but it's insane.

Like just for everyone's context, so in Canada we have currency arbitrage, meaning if I get paid a dollar US, I get a buck 42 Canadian, right?

Salaries are generally cheaper than they'd be at least in San Francisco and New York on a dollar basis.

And so there's a huge arbitrage there.

There's significant margin from that.

And then we also get shred credits, and then we also don't have to pay medical benefits.

So the government, the government does public health, right?

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So we don't have to worry about all this crazy health insurance stuff.

Sean, I visited Andrew up there.

I visited Andrew up there and when he's talking, I'm like, why do we not live here?

Yeah, it's insane.

I actually, I have a friend who ran a company in San Francisco.

It was like a super hot, got money from Andre Sin.

It was a white combinator thing.

He's like one of the youngest YC founders ever.

He was like, you know, the golden child.

And of course, you know, sometimes tough times happen.

So the business started to like not just continue to grow to infinity.

And over time he was like, man, hiring in San Francisco is so hard, they needed like a data scientist.

He's like, you know, we're making offers and they're getting offers of \$350,000 a year, \$400,000 a year, \$500,000 a year for applied scientists.

Like, he's like, this is so competitive.

And so they actually made a pretty radical decision.

They just moved their entire company to Canada.

Some people didn't want to move, obviously.

And they were like, okay, no problem, we'll give you a nice severance package.

You can go and find a new job.

And we're going to restart our company like at year seven in Canada, we're going to take advantage of this.

And I think what ended up happening, if you layer on those three arbitrages, the currency arbitrage, the salary slash cost of living arbitrage, and then the shred credits, I think and tell me if I'm exaggerating here, he was effectively paying the same engineer that in San Francisco, he's paying 200, 250 K. Ultimately, it was out of pocket like 30 to 35 K in Canada after everything.

Wow.

I would say that's a crazy level of arbitrage.

We certainly don't see that level.

But what I would say is it's roughly, roughly 60%, 65% the cost, depending on, I mean, you're talking about data science, right?

That's like pretty hefty salary or whatever.

But let's say you hire a dev in San Francisco.

I don't know what a dev is, like a reasonable dev is like 160 to 250.

You would probably see 130 to 200 here, but it would be in Canadian dollars.

So right, which is effectively, let's call it like, let's call it on a good day on a normal day, it's like 30% off.

So let's say that that's about 100.

And then if you do the credit, aren't you able to maybe some people just use them more loosely because I think the R&D thing is like where it's a bit subjective, right?

And some people are a little more loose with their, what they're calling R&D.

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You got to be careful, like you can get audited and it's not like you go to jail.

It's just like a pain in the ass.

So we're pretty conservative with it.

But can't you get up to 80% with the credits or no, that's not the case anymore?

I think if you're really early and small, this is the crazy thing.

You guys had kind of mentioned before, like think through some ideas for people.

One of the big ideas that we've had a lot of success with is taking these bloated companies from San Francisco where they've raised venture or they just have a really bad P&L and just pivoting it to Canada or just hiring remote, just hire a bunch of people in Oklahoma or something.

Right?

It's really not rocket science.

Yeah.

And there's also like one weird thing, you like can't fire the person, right?

There's some restriction around that.

Oh, I don't know about that.

Okay.

Generally the labor laws are very similar to California, I'd say.

I see.

Okay.

Anyways, that's shred credits.

I don't even know if we can call that 101.

Maybe it's the precursor to 101.

Let's talk about, Andrew, I want to talk to you about one business that you have and then let's talk with some ideas.

Cool.

The business that, so I, what's the guy's, Fred Wilson, is that the guy from Union Ventures? Fred Wilson?

Yeah.

He invested in the seed stage of Indeed.com, which eventually sold to a Japanese company for multiple billions, I believe.

And it's probably worth way more than that now.

He said that Indeed.com had the best business model he had ever been part of because all the incentives that were aligned and he just loved that business.

So, since then, I've been obsessed with job boards.

And then when I hung out with you, you told me about Tiny Boards, your job board company.

And to me, that sounded like similar to Indeed, I'm like, this is a perfect business.

The way that you guys have it set up, Andrew, I've told you, I don't know if I, I don't,

I don't love your, the model, but I'll let you tell, explain what it is.

But can you like talk about some of the economics of job boards?

Because I think that that is one of the best businesses out there.

And you guys own a nice size one and it sounds like an awesome company.

Yeah.

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So, if you look historically, one of the best businesses to be in was the newspaper business. And the reason for that was classifieds.

So basically, once you had a captive audience and you're the number one paper in town, everyone buys classifieds and advertises in it.

That obviously got supplanted by Craigslist and, you know, we all know why newspapers died.

So, and then all these job boards sprung up, right?

So there's job boards for all sorts of different niches.

And I mean, in theory, they're wonderful businesses because at the end of the day, just, just as an example, so like we own, we work remotely.com.

That's our largest job board.

It's a remote job board that was founded by Jason Fried and David Hanemeier Hansen from 37 Signals and Basecamp.

And they started it because they wrote a book about remote work.

And in the book, they just wanted a place to send people so that they could all go and hire remote.

And they had like a massive SaaS business.

They're distracted.

And I've known Jason for a while.

He knew I was buying businesses and so he said, look, I'm overwhelmed.

I don't want to deal with the support on this.

Can you just buy it from us?

And we bought it, I don't remember, like four times earnings or something.

And I'd never owned a job board before.

And they are, if you have traffic and if you have a great community and a niche, they're incredible businesses because at the end of the day, you're just selling a link, right?

So these, these websites are very simple.

It's a long list of jobs.

You might be able to filter by category or whatever.

And when you click a job, so it might be like designer for, you know, the hustle, you click the job and it gives a description and it says you should apply here, right?

And so in terms of software, this is like something a developer can whip up in three days.

It's very, very basic.

It's very easy to maintain and it doesn't require a lot of engineering.

So very low cost to operate and you can charge a lot for job posting.

So just like a classified, you know, you can charge anywhere from 100 bucks to 300 bucks.

On some job boards, we own like the Dribbble job board.

It's so in demand that we charge, I don't know, 350, 400 bucks or something for a post because the world's best companies are all competing for talent there.

And so basically, if you have a captive audience, they're incredible, but if you own a job board and you don't have a captive audience, they're horrible businesses.

So what happened?

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So you're using, you're using a job board for Dribbble as the business model, not the product.

The product is Dribbble.

Exactly.

Dribbble is the monetization channel.

Look, I, yeah, I always think the largest network always wins with this stuff, right?

So I don't know how long the job board model continues to exist, right?

Because I think over time, Facebook, LinkedIn, the people, the places where the people are, they can always just add this feature on.

You can see it.

LinkedIn's doing this with LinkedIn jobs and everyone's already on LinkedIn looking for a job.

Why wouldn't they just use that instead of a job board?

So what we did is we bought, we work remotely, we realized it was a really good business and we got excited about job boards.

And so we went out and we bought a whole bunch of other job boards and it turns out that we work remotely as just an exceptional job board in a growing part of the market where remote works going crazy.

And so, you know, the business keeps growing.

We've got a great CEO who's been optimizing it.

But all the other job boards we bought have mostly kind of petered out and they're kind of shitty and they don't make very much money.

So I would say like job boards are the sort of thing where if you have a really incredible audience like you do at the hustle, for instance, Sam, I think it's a no-brainer for you guys not to have.

I don't understand why you don't have a job board at this point.

It's just such a no-brainer.

You could probably add like a million dollars a year of revenue and it's like, you know, 80% profit probably.

What should our niche be, Andrew?

Well, I don't know, startups, I would say startup jobs or just tech businesses or something like that.

But whatever your audience looks like.

There you go.

Thanks.

You want to talk about more ideas?

Sure.

What do you want to talk about?

Yeah, here's the deal.

You bring the ideas.

Sure.

Okay.

So one of the things...

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Basic here.

I'll give you some olives.

Things that you're interested in buying at the moment.

Things that you're on the lookout for in the next six, 12, 24 months.

Things that you would start right now if you had more free time.

So you know, one of the things I'm really, really excited about is no code.

So I started...

I see you post about that constantly.

Yeah.

Like I'm obsessed with it.

So one of the biggest piss-offs for me, like I was originally a designer.

I would come up with a design for a software or a website or whatever.

I would do it in like, you know, one night or two nights.

And then I, you know, I knew how to do HTML, but I didn't know how to build the backend.

And so I would always get super pissed off.

I'd hand it off to a developer and I'd be like, this seems totally easy.

Like let's get this done in three days.

It would always be three weeks, three months, whatever.

It just was such a slow process for simple software and you're dealing with hosting and all these complexities.

And so first of all, like about three, four years ago, I saw Webflow pop up and I was like, holy shit.

This is amazing.

You can basically do HTML and CSS in the browser.

You can build a website in five hours and you can just ship it.

All the hosting is dealt with, you know, it's like magic.

But what NoCode does is it takes that front end and it lets you build a backend into it.

So for example, if you want to start a job board or you wanted to build, you know, Airbnb clone or a marketplace for, I don't know, recording studios or whatever, you can spin that up yourself or you can hire like a NoCode agency or a NoCoder to build it.

And it's crazy, like something that would require a month of dev can get done in like a week or a few days, a few frantic days.

And it's not like you're going to build this super scalable business out of this, right?

Like it'll get you your first million dollars of revenue and prove the model.

And then you can go and build all the deep code.

And you know, maybe it's not as good of an experience on mobile and all that kind of stuff.

But in terms of like proving out MVP ideas, it's absolutely incredible.

So where are other opportunities in this space?

Well, I mean, the cool thing about NoCode is aside from just being able to prototype super quickly and, you know, build real businesses, like it's not just for prototyping, like I literally built a job board for a project I'm working on in a few days in NoCode.

And it has striped billing, like it's a fully functional job board.

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And I don't need to pay an engineer or anything to maintain it.

I can do it all myself.

So that's cool.

But I think what's really interesting about it is looking at businesses that don't need to be as complicated and expensive to run as they currently are.

So an example would be, you know, let's say you find a startup that is starting a, like I said, a marketplace for recording studios for podcasters, right?

So let's say this, some dingus went out and he raised a million bucks from YC and he built this thing.

And it's only doing 700K a year of revenue, but he's got to pay like five developers to maintain it.

If you could duplicate that in NoCode, you buy the business, you strip out all the cost and you structure it in a really simple way with NoCode, you could actually have a sustainable business where previously you never could before.

But so it allows you to build smaller businesses that are actually profitable, whereas right now if a business is doing that much revenue, it's hard to make it profitable.

And didn't you say that you wanted to do a NoCode agency?

We actually did.

We launched one called 8020, run by my friend Max, and it's killing it so far.

It's been awesome.

And when you launched stuff like that that quickly, you tweeted out, you go, I'm going to do this, did you, so did you just hire one CEO to run it?

And was he responsible for getting the first sales?

Or did you go out and close like a \$50,000 deal and then be like, Hey, I got this deal.

You got a week to figure this out.

Yeah.

I'm a big fan of like public statements.

So it forces me to actually do something.

So that's why I'll tweet it out.

And my general way of doing this stuff is if there's a business idea, I have it in my head and it'll only stay in my head.

And I'll only be able to focus on it for one to two weeks at most.

And so within that one to two weeks, I have to identify who's going to operate this business.

I have to hand off like, here's the structure.

Here's what the marketing should be.

You know, here's a really high level and go.

And so someone like me can't function without good operators.

I need follow through people.

So you know, an example of that is I tweeted this out too, but I was playing tennis with a guy like, I don't know, four or five months ago.

He told me he's a furniture designer.

I was in the parking lot.

I looked at his stuff and I was like, this is dope.

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Do you sell this online?

He says no.

And I just started texting Hector who runs one of our agencies and I said, Hey, I've got an e-commerce project for you, you know, go figure out a brand, design all this, build a Shopify store.

And four months later, suddenly we're launching a furniture brand.

And in total, I've probably spent five hours giving feedback on it, rewriting a little bit of copy and helping kind of structure it, but otherwise I've had no involvement.

But in doing the cost, okay, so the e-com thing, the cost was just the agency's time.

So I guess they just had some flex time that they could work on that.

Is that right?

I pay everybody.

So it was like a fully, one thing, one mistake a lot of people make is when they own a whole bunch of companies, they try and synergize them, get them to help each other.

And it just ends up meaning that one of the CEOs feels resentful and they feel annoyed of doing favors.

And so I just fully pay full rack rate.

So with Z1, the agency I used, you know, I spent 30 grand with them or whatever.

Andrew did?

Or tiny?

Yeah, me, tiny, tiny.

My holding company.

And that 30 grand formed my stake in the business.

Okay, so tiny paid 30 grand to get that built?

Yeah.

And then with the no code agency, how did that, how do you do those things?

So that was literally, I tweeted about it.

And then I went to this guy, Max, who had run designer news, one of our other businesses.

He had left the company to go take a job somewhere else, but I knew he was interested in coming back if he could run something.

So I texted him and I just said, Hey, look, dude, I love you.

Would you come back and run this thing?

You'd be perfect for it.

And he said, Yeah.

And we pulled in again, Z1, the agency we, we own in Spain, and we had them do a brand and help them build a site.

And then I tweeted it out.

And you paid those guys like another 30 grand?

Yeah, another 30 grand there.

And so if you look at it, you know, I really just had a high level idea and I know how to run a services business.

And so, you know, it's me saying, Okay, here's the playbook on how we run an agency. Here's the people you're going to need.

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Here's the, here's a few intros to various friends of mine who I know will need work or whatever.

And, and then here, I'll get you guys to build all my dumb ideas.

So I've got 80, 20 doing a bunch of projects for me as well.

But that's usually how I get going.

And then did you pay the CEO a little, like three months salary to get them started?

Yeah.

Go get sales.

It's like a month or two of salary, but he's, he's a super scrappy, incredible guy.

So I just knew he'd be perfect for it.

So I think he closed his first deal within a week.

So then it's safe to assume that a lot of your projects take like 10 to 50 grand to get off the ground, as well as a really competent network of operators.

Well, so, I mean, for years, so the hard part for me was when I was an operator, when I was running all the businesses, I had shiny object syndrome.

So I'd always have a new business idea and I'd always go and start something new.

And when I read about Buffett, I realized that, Hey, this guy doesn't start anything.

He takes things that are already at scale and makes them better.

And so I would say the tiniest primary business is writing large checks and buying majority stakes in businesses, hiring an exceptional CEO and getting them to run it.

And then I have this irresistible urge to dabble in areas I find interesting, like podcasting or no code or, you know, e-commerce or whatever.

And those are just me satisfying my urges and hopefully doing it profitably.

So those businesses are kind of like the sawdust that comes out of the sawmill.

They're not the core business.

And tell us about a business that didn't work.

So one of your kind of your brainchild, you got excited, you spent two weeks on it, you spent four weeks on it, and then you decided to pull the plug because I think it's easy when you hear about like hit after hit or kind of like good idea after good idea.

But what people miss is that there are misses in between.

You just sort of move on from them and you learn from them.

And so tell us about an idea that you were excited about that didn't pan out in the last year or two.

There's so, so many dumb ones.

Probably one of the dumbest ones was in, man, 2010 or whatever shop I started taking off.

And I got really obsessed with this idea of dropshipping, like this idea you could start a front end and you could sell these products.

But then whenever there's an order, it just gets shipped from China or whatever.

And so I started a, and I also own cats and at the time my cats, you know, if you look around at the pet store, cat furniture is fucking ugly.

I have a nice house.

I wanted to have nice furniture and I realized I couldn't get it locally.

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And so I started an e-commerce store in Shopify that was selling designer cat furniture.

And I just, to be honest, I didn't understand how bad e-commerce margins were.

And especially dropshipping.

And so I spent a ton of money on fulfillment and shipping and all that stuff.

And I basically realized it was impossible to make money unless I went out and spent a million dollars on inventory.

And even then I was looking at my other businesses that were asset light and don't have warehouses and didn't ship anything and were just all digital and they had, you know, 50% margins.

And I was like, man, why am I wasting my time with that?

I also owned a restaurant at one point, which was like pure ridiculousness of like your designer.

Yeah, it's super ridiculous, particularly if you're not single.

Oh my God.

Well, I wasn't, I wasn't, when I started, originally it was a nightclub and then I met my wife in a nightclub.

And so then it became, well, no, it was, it was, I was a DJ and I was in a nightclub and I met my wife.

And so I ticked that box off and in the meantime, I'd been negotiating to buy a nightclub because I was single.

And then it became a restaurant as I, once I got married and the restaurant was just a complete fucking disaster cluster and we lost a lot of money.

Oh my God.

Yeah.

Now it's take care.

But you know, I'm like, I'm like a, I walk around sticking my, my, um, like a fork into electrical sockets and learning lessons, right?

And I've done that a lot over the last 15 years and I've realized through trial and error what a good business looks like and what a bad business looks like.

And right now we own a lot of great businesses, um, and we've owned in the past a lot of really shit businesses and we've learned that lesson.

Have you ever been broke?

Like, like it seems like things have been going well, but, uh, in the, in the last five years or so, I mean, your businesses have been eight, eight figures, I imagine in the last five years, at least, uh, last five years.

Has there ever been times where you've almost lost it all and went broke because it sounds like you, uh, well, go ahead.

We, I mean, in 2008, we went through a really rough patch where, um, you know, the business was two years old.

It was mostly just the agency with some software stuff.

And I got to a point where I had at 1.15 hundred bucks left in the bank and I literally went out and I bought potatoes.

Like this is, this is like the depths of 2008 where all my clients suddenly weren't paying their bills and, you know, suddenly everyone wanted their, uh, security or their, uh, deposit

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back and stuff.

So we got really, really tight in 2008, but the business was so small at the time that I was operating it out of my house.

There was really no major risk, but I got really, really low.

Like I literally was down to like, yeah, a thousand bucks or something.

So because of that experience though, I've always been pretty conservative about the way that we, um, you know, keep the balance sheet and finance stuff.

So, um, I haven't lost sleep over the businesses in probably five years or so because we've been so diversified since then.

When I just had the agency, I would lose sleep at night, but now having all the different businesses, any individual business would allow me to have a nice life.

So yeah, I just feel like I'm diversified enough to sleep and we should, we should wrap up in a second.

Um, and I think you got to be a recurring guest.

I said, I told you that the first time we talked, the first time we talked on the phone, I was like, dude, you got to do this.

And at the time you were like, Oh, I don't like to do podcasts and then you said something.

And before I could even counter, you were like, but that's probably stupid.

You're like, you're like, I like to be stealthy and blah, blah, blah, but that's such a silly thing of head to say.

His Twitter is great.

Yeah.

What were you thinking back then?

As you just know me back then or what?

Well, at the first off, I don't really like doing like the generic podcast interview.

This is way more fun, just kind of jamming on ideas and stuff.

But at the time your podcast was kind of like how I built this, right?

And I, I don't know, like I, I just, I did a lot of the, uh, a lot of podcast interviews

like five years ago and I just found at the end of the day, I was like, I'm just repeating the same story.

Um, but no, it's super fun to, to do this.

I'd love to come back.

Okay.

Cool.

So I got a question for you and then I got a thing to plug.

So, uh, my question is your thing is your business is called tiny, uh, but I have this question that I always ask, um, anybody who I find really interesting, especially people who are busy because they have a successful thing that they run.

And my question is, uh, what's the biggest idea in your head right now?

And basically like, what is the big audacious, ambitious, holy shit?

What if you, what if you did that type of idea?

Um, I know that's not your MO, your MO is buying often small, wonderful internet businesses, but I'm just curious, do you have like, what's the biggest idea in your head right now?

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Well, I, I don't know if it's one that I'm actually going to, um, be able to take advantage of, but it's this idea of, um, subscription podcasting.

So I think that everybody's totally missed the mark on the way that they're monetizing podcasts, I think ads are fine, but I think subscription supported podcasting is insanely exciting.

Um, so the backstory on that was, um, I had a friend of mine who ran a large podcast who said, Hey, can you help me, uh, optimize my podcast?

And I started taking a look at it and it, what he had done is basically just said, Hey, look, if you like my podcast, support me on Patreon.

I looked at the numbers and I was like, Holy shit, this looks like a SaaS business.

You've got really low churn.

You're growing at 20, 30% a year and the numbers were all still pretty small, but the margins were crazy because it's just him, a microphone and a part-time audio engineer.

And so I started thinking about it and going, you know, there's a lot of podcasts where if you forced me to pay, I probably wouldn't pay.

But then there's these personality driven podcasts where I just would love more access and I would love to support them in some way.

So an example of that would be like Howard Stern, like there's people who are absolutely obsessed with Howard Stern and they spend 15, 20 bucks a month to be serious subscribers.

And I started going like, well, what would stop Howard Stern from leaving serious and just starting his own subscription podcast and charging 10 bucks a month.

And you start thinking about the scale of something like that where you get Mark Marin or Terry Gross or, you know, Howard Stern or Rogan or whoever.

And you just start doing that where they do one extra episode a month or they cut their podcast off after 30 minutes or, you know, whatever it is, I think the numbers are insane on that.

And I think that's where it's going to go.

Once a few people catch on like Tim Ferriss did this stupid thing where he said, pay me, I'm going to go listener supported, pay me 25 bucks a month and I'll give you nothing in exchange.

And then he said, this didn't work.

And I was like, I was like, dude, that's like going out and saying, hey, I'm selling apples on my Apple cart and all the apples cost \$18 and normally apples cost \$2 and they're no better than any other Apple.

Like of course that didn't work.

But anyway, we launched a company called Supercast again, kind of by accident, which we built to help my friend and we had this software and we're like, fuck it, we should just roll this out as a company.

But essentially what it does is allows people to create private feeds for their premium supporters and give them additional content, extended episodes, AMAs, all that kind of stuff.

And the numbers again, like I can't share any specifics with customers, but it's pretty mental.

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Like people are building SaaS businesses with no employees.

Man, Sean, we need to do this.

Let's just go ahead.

We keep pussyfooting around.

And Andrew, what should we do for this podcast?

What I think you guys should do is do an AMA.

So allow people to submit questions once a month, like 20, 30 questions of, hey, what should I do about my business or what do you guys think of this or this or this or whatever, let them pepper you.

And then also offer maybe extended interviews.

So once in a while you get some huge titan of industry and you get Ted Turner and you make the first half free, the second half only on the paid feed.

And then the other interesting thing I do is when you have someone cool on, ask them five or 10 questions like what's the best book you've read in the last five years?

What's one personal habit that you do every day that nobody knows about or whatever?

And have those insights only appear on the private feed.

Because ultimately what we've realized is people want access to interesting people.

They want to know what they're thinking and they want to know what those people are doing.

What are the cheat codes to life that they can use to be better?

Yeah, we need to do this.

I signed up for Supercast and I poked around.

It's pretty cool.

Yeah.

You've told us this idea like three times.

Every time it's a good idea and we just haven't done it yet.

But the good news is the podcast just keeps growing.

And so the time when we do do it, it's like you need those super fans are sort of the obsessed people who are like, yeah, like you give me five bucks of value per month.

Totally.

They have to build the habit and love you guys and I don't think there's any rush.

The one thing I'll say though is like people get it weird.

They think like it's all or nothing where they're like, oh, well, I like my advertisers.

I don't want to say no to the ads.

You don't have to say no to the ads.

You just say, if you're a premium subscriber, there's a special feed you get.

It has no ads and it has all the extra stuff.

And then on the public feed, you tease all the special stuff.

So the episode shows up with Ted Turner, but it cuts off after 30 minutes and then you got a recording saying to keep listening, you know, pay up and go on this premium feed.

Last question from me.

Is that okay, Sean?

Yeah, go for it.

My last question is, Andrew, at what point, what was the cash flow number that you hit

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from MetaLab that you started pursuing buying or investing in other companies?

I think we were doing about \$7 million a year in profit or something like that when we started buying businesses, something like that.

And what year did you buy your first company?

2013.

We bought designer news.

That was our first buy.

And do you think that that was the right point for you guys or what did you wish that you'd waited or started sooner?

Yeah, you know, it's a tough thing, right?

There's a, Jason Fried says this really well, but like you shouldn't ask people who are so far along in their career for advice because they forget what it was like, right?

There's so many lessons I've learned from operating businesses and there's so many things that like if I went back in time and I talked to myself in 2006 and I started saying you should go and buy businesses, I didn't even know what a good business was.

I thought a dry cleaner was a good business, right?

And so you have to build the scar tissue and come to this stuff.

What I have seen though is that people who read Buffett and Howard Marks and, you know, Monif Pabrai and all these like value investor books, those, the people that really get it, like where it really jives with them, it's almost irresistible.

You like have to do it.

And then there's other people where they're just hardcore operators.

They don't get excited about investing money.

They don't get excited about tweaking businesses unless they're the ones doing it.

And so I think it's a question of like, well, what camp are you in?

Are you a capital allocator and an investor or are you an operator?

Love it.

This is amazing.

So we're going to wrap it up one quick plug.

So I speak in a no code.

So last night, you know, quarantined out, I was like, okay, I want to build something that will help the podcast.

And because podcasts are hard to grow, they just sort of grow organically over time.

They're not easy to, there's not like a, there's not really great growth hacks for it.

But I was like, oh, you know what, one thing that might be cool is we do these podcasts and we brainstorm a bunch of ideas and, you know, a lot of times they're bad, but sometimes they're all right.

There might be some, some diamonds in the rough.

And I was like, what if I just distilled those out?

And I did this first for myself because I was like, you know, what are the best ideas we've come up with?

I want to have my own shortlist out of these, out of the last 30 episodes that we've done.

So I made that list and I was like, okay, I should post this as a blog.

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And instead, what I did was I used ConvertKit, which is like, it's kind of hard to use honestly, but it's a pretty dope tool.

It lets you spin up a landing page really quickly and automate an email sequence.

And I bought the domain terrible, horrible, no good, very bad ideas.com.

And I spun up a page where basically every week you can get an email that has two or three new startup ideas.

So it's for anyone who's like an idea junkie or kind of like, you know, the listeners to this podcast, people who like hearing about new interesting angles, new interesting opportunities.

And we launched our product hunt today.

So any guesses, we're currently the number five product on product hunt.

It's called terrible, horrible, no good, very bad ideas.

And any guesses, Sam Andrew, guess how many email subscribers we've gotten in the first, I don't know, a few hours, six hours.

5,000.

So we got 5,000 from Andrew.

What would you say, Sam?

1,000.

Alright, we're going to check right now live and we're going to see, I think we're under both of those.

That's my guess.

But we're currently number five and we have 600 and 636 email signups for this so far today.

Awesome.

I think we'll cross it.

One of the things I was going to say is I think newsletters are an incredible business.

They're New Zealand businesses, right?

Like I think Sam, you own the modern newspaper, essentially.

And I think that you're going to be able to unlock so many businesses.

This is an example, right?

Like this podcast being affiliated with The Hustle, it's stronger because of that affiliation.

You'll drive more revenue.

I think you have so much cool shit you can do with The Hustle.

Look, Andrew, I'm doing exactly what you've described.

This is my metal lab where we're going to build multiple companies on top of New Zealand or in New Zealand.

And it's funny you said New Zealand.

I told Sean in the last podcast, I even took off my pants and I have this tattoo of a pirate ship on my upper thigh and it says bold fast fun and I got it one day because we hit some revenue number that I didn't think we were going to hit as soon as we did.

The prize was I had to get a tattoo in front of everyone.

But anyway, I always tell people my email list is like my pirate ship and every email subscriber is like a little bit of wind in our sails.

And so it's very similar to that New Zealand.

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What has to happen for you to get a face tattoo?

I would totally do that, by the way.

Like, I don't know.

Maybe like our first like \$3 million.

If we get like \$3 million in monthly sales by like June, I'll get anything tattooed on my cheek.

Okay.

Can you see me right now, Andrew?

Can you see my face?

No, I don't have it.

Oh, yeah.

Now I can see it.

Yeah.

I mean, I look like a crazy man already.

The quarantine has made me insane.

Yeah.

What's the next evolution of that hair, by the way, are you going to do anything else to that little mohawk?

No, I'll shave the whole thing.

I shaved my head like with a razor the other day.

Have you guys ever wanted to feel your scalp?

I'm worried I'd have like a bunch of weird moles or something there.

I don't know.

Yeah, but who cares?

Don't ask.

Don't tell policy for me.

Yeah, totally.

Like I've always wanted to shave my head to feel like my bald scalp and it felt, it felt amazing.

Oh my God.

So I highly recommend you do it.

We got to put this part at the front of the pod, because this is the best thing I've ever done so far.

Yeah.

I mean, but look at me.

I look like a crazy madman.

I look like a nutty person right now.

I'll get a tattoo on my face easy.

Adam Ryan, if you're listening, three million in sales by June, face tattoo, I'll get your face on my face.

I want the Mike Tyson style tribal.

I don't give a fuck.

I'm self-employed.

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I'll do that in a heartbeat.

I'm already married.

I'm self-employed.

What do I have to lose?

Perfect.

My dog loves me.

Yeah.

My favorite podcast, the Bill Simmons podcast, they do this thing at the end of every episode.

It's called Parent Corner.

It's like five minutes and they just talk about like something like just another story that their kids being crazy or dumb or whatever.

We need to come up with our own.

I think you've sort of organically started this, the last two, which was first dropping your pants and showing the pirate chip.

This time showing up at the Mohawk and talking about your face tattoo.

So I think we need one which is like, you know, how quarantine is driving us crazy.

Yeah, I'm going insane, but whatever.

I'm finding, I'm finding it's weird.

Like I'm vacillating between being happier than I've ever been.

And then on days when I'm tired, I just fucking hate it.

Like I'm just so angry.

Do you have a nice car?

Yeah, I do.

So I don't, I only, I have a Land Rover, which is a punny nice car, but it's not like fun to drive.

If I had like a nice car to drive, I think I would be excited because I would at least like have something fun to do at night.

Like a Porsche or something.

Yeah.

I don't, the thing is when you have kids, like for me, I have to be in bed at 9 30.

Otherwise I'm just bagged.

So for me, there's just no, I put the kids down by seven.

I've got an hour.

I read a book or a chill, go on the sauna or something.

And then I'm done.

But maybe just like a 20 minute drive in Victoria would be nice.

Yeah.

Totally.

Totally.

Yeah.

Totally.

Yeah, sure.

Wait, just for the record to wrap this up, you said sauna.

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I have a sauna too.

I live in San Francisco.

I have a 1200 square foot place.

It's not huge, but I have a garage.

I have a sauna that I bought for a thousand dollars or it was given to me from my Ramon for my wedding.

It was my wedding gift.

He paid a grand for it.

Awesome.

It's a game changer.

It's like the, I've been meaning to tweet about this.

It's like the number one thing for my sanity and stress.

It's crazy.

Do you have an infrared one?

No, you need, you need to get the hot rock one.

They've done studies on this and unless you're at 170 degrees or more, you don't get the same effects.

Obviously, the infrared's still nice, but the infrared ones are so much small.

Like I had just like a two person or one person sauna and the, the rock ones, I think are a little bit bigger.

Typically.

Yeah.

I just got a Costco one.

So we had a, we bought the house brand and there was a hot tub in the backyard and my wife doesn't like hot tubs.

So I went to Costco and I grabbed this like \$2,000 or whatever sauna and plopped it down and that's rock.

It's amazing.

Yeah.

Hot rocks.

Yeah.

Wow.

I mean, I feel like I've just got off like a two hour workout after I do it for 20 minutes.

It's amazing.

Isn't it, isn't a sauna like a big thing?

How did you just pick this up and take it out of Costco?

No, no, no, no.

You buy like a kit and then they deliver it.

Yeah.

Everyone's shocked when I say this, Sean.

It's just like, it's like the size of like a big like wardrobe.

I just want to replace my shower.

I don't need a shower.

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Just put a sauna in my bathroom and it's like the size of a shower and it comes in like a box and it's just four walls.

All it is.

But Andrew said that yours ain't shit and now you need the hot rocks one.

Mine.

Well, it's good.

It's good.

It's better than nothing.

But first of all, mine was a gift, Andrew, mine was a gift.

But you just, dude, all you do is lift these four walls up.

It's just like Ikea furniture, practically.

And then it has this like, like microwave size heater that yeah, I mean, it's pretty yeah, Sean, you could literally get one that's like you sit in a lawn chair and you like drape a thing over you and there's these little panels like it's whoever is the biggest shitty DDC sauna company.

You need to sponsor this podcast by getting me and Sam saunas and and so you need to give us a sauna and then we'll you're the sponsor of the show.

I don't know if you guys follow Dr. Rhonda Patrick.

You've ever seen her?

Yeah.

That's the reason why I wanted a sauna.

She's like absolutely amazing.

We love her.

But and we worked with her with Supercast to actually we helped her monetize her podcast.

She says infrared saunas are good.

She says they're okay, but they're not as good as hot rock.

Look up.

Look up the PDF.

You can see the amount of science that shows the benefits of sauna is crazy.

It's absolutely amazing.

And if you're like a week is what yeah, I do it.

I do it seven days a week every single night.

I have my apple home kit, turn it on at seven.

I get in.

I go for 30 minutes.

Listen to a podcast.

Usually you guys actually lately and it's awesome.

So it's like I'm there with you every single day.

We're with naked Andrew.

Yeah.

Are you going to listen to this episode or are you like us and you can't stand your own voice?

I can't.

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I was I was actually interviewed in another podcast today and I listened and it's just pure cringe for me.

Even though I don't disagree with what I'm saying, I just hate hearing my own voice.

So I don't know about that.

We'll see.

All right.

Let's get out of here.

I'm going to go microwave some hot water and throw it on myself because I don't have a sauna yet until our sponsor hooks us up.

All right.

Thank you, Andrew.

This was awesome.

That was fun guys.