

[Transcript] My First Million / #73 - On-Demand Appliance Technicians, Credible Authority Businesses & Homesick Food Delivery

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 that you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

All right.

We got a friend of the show here, Jordan Harbinger.

He's one of the guys who's been advising us on how to build this podcast because his podcast is way more successful than ours and has been around.

He's been doing podcasting for like 12 and a half years, which Jordan, that's got to be as long as podcasting has existed, right?

Yeah.

I think podcasts have been around for like 14 years or 15 and I've been around for 13 of those.

So yeah, when I started, there were no iPhones, so you couldn't get podcasts on your phone. You had to use an iPod to play them.

Yeah.

Straight to cassette.

That's how long this guy's been doing it.

So Jordan, I like your show.

I've been binging it while in quarantine because what else am I going to do besides try to learn something new or improve myself in some way?

And I got to say, I like it because you do the interview style show where you go deep with a guest.

I was listening to the one with Tony Hawk, which was pretty awesome.

And I got to say, I like that you don't do the kind of surface level, just pity patting around with the questions or trying to do inspirational fluff where you're just saying, go, you can do this.

So with that episode with Tony Hawk, what was that like?

Because Tony Hawk's an icon.

How was it interviewing Tony Hawk?

It was great.

He's a really interesting guy, really open and fun and he told some pretty funny stories. One which was very apropos of what's going on right now is one day he walked into his agent or some sort of marketing team that he'd hired.

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He walked into their office.

This is like at the height of video games where he's making, I don't know, 50 million bucks off these skating games and these brands.

And he goes in and he says, look, I got this backpack that was made pretty shoddily and it's got my name and face on it.

I don't want any more stuff like that.

And as the agent, marketer, whatever is sort of nodding his head and understanding, Tony goes, wait, what's that on your shelf?

And it was a roll of toilet paper with Tony Hawk's name, face, and logo on it.

And he goes, what the hell is that?

And the guy goes, oh yeah, anything we put your name and face on does so well.

We were joking that we could put your face on toilet paper and we'd still be able to sell it.

And he fired them on the spot because it was clear that they didn't value his brand, which I thought was a funny story.

He's got a ton of stuff like that that he talked about on the show.

That is epic.

You know, I actually met Tony Hawk.

We went on a trip to Africa, a charity trip together.

And believe it or not, we were halfway up a mountain in Ethiopia where, you know, it's like this is a mountain village.

And somebody saw him there and they were like, Tony Hawk, you know, that's probably the only English word they said to us all day.

They identified Tony Hawk on a mountain in Ethiopia.

That's how famous that guy is.

So that's an amazing guest to have on the show.

Even being that famous that you get recognized in the middle of countries where like, nobody speaks your language and they maybe don't even have skateboards yet.

We were there trying to give people clean water.

They didn't even have water, but they knew Tony Hawk.

That's how that's how famous I got.

Amazing.

Awesome.

Well, if you want to hear more from Jordan, we're going to be having him on more and more.

He's a friend of the friend of the house and you should listen to the show.

It's one of the podcasts that I would recommend if you like Tim Ferriss's stuff, if you like our stuff, you're going to like his stuff.

And so go check out the Jordan Harbor and Gear show on iTunes, Spotify, wherever you get your podcasts, you'll find them there.

Layoffs happened yesterday at Airbnb.

My wife works there.

She was not laid off.

Still suck.

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What did she say about it?

I mean, I'll say this because it's not like she's like showing me this stuff, but we live in a small house.

So when she talks, when her company talks to her, I definitely hear some of it even though they're different rooms and I think Brian handled it wonderfully.

I read the letter he put out and it was great.

And I think a couple of weeks ago we kind of capped on somebody who had done an announcement that we didn't think was great.

And I thought this was an example of one that was pretty great.

I also liked it.

In a previous meeting, Brian referenced that letter.

Oh, did he?

Okay.

Nice.

What did he say?

I don't remember exactly, but he was like, yeah, you know, it's good that he was able to do that.

I don't remember.

I don't even want to be quoted because I don't remember exactly, but I think that he complimented it, but he handled things, Brian handled things differently.

I think he did great, you know, he was crying.

The other day we interviewed Sophia Amarosa.

I think that I will speak for both of us because I think it's true that we both really liked her.

Yeah.

I tweeted this today.

I usually actually hate having guests.

I prefer if it's just me and you shooting the shit.

I think a guest kind of changes the dynamic, the flow a lot, but guests are good for growth.

So we book them.

And also I actually like the conversation with the guest.

It's just, I don't think the podcast is very, it has the same zip to it.

Exactly.

But she was great and she was great for like this, what sounds like the stupidest reason, which was she was just really honest and just like said what it is and didn't try to make it sound better than it is and didn't make it on worse than it is, didn't make it more dramatic was just like, here's what happened.

Here's how much money, you know, we got offered.

We turned it down for this reason.

I kind of regret it.

I guess I kind of learned from it, but you know, she even said an urban retailer tried to buy them.

Right.

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Yeah, exactly.

Urban outfitters.

Is there any other?

I don't know if that's like, if I have my brains too literal or what, but I just thought she was really candid and we've had guests, we've run, I would say two or three episodes with people that we literally just didn't publish because we were like, this person came on.

They weren't real.

They didn't share real stories, real numbers.

They kind of stayed on the surface and it was kind of a, not an infomercial, but like it definitely was too guarded.

And so we just didn't run the episode.

We just have it in the vault.

And this was the opposite of that.

Yeah.

I really liked her.

I followed up with her and just said, thank you.

And I don't do that a lot.

I should do that with guests, but I don't.

Yeah.

We should do it all the time, but we didn't.

I have it.

I have it written down.

I'm sending one out today.

Also thank America's.

Yeah.

It was good.

Anyways, let's talk about a bunch of ideas.

I have some cool ideas to bring up.

Can I tell you something that I've done though since Saturday?

And I didn't mean to do this, but I was like a day in and I was like, let's just try this.

Since Saturday, the only calories I've consumed other than a little bit of almond milk in my coffee has been meat.

You're going carnivore?

No.

I've not like going carnivore.

I was just like, you know, you happen to do it.

I just like, it worked out that way and I was like, let's just pursue this thread and

I've already lost weight, but what are you doing?

What's breakfast?

I don't, I don't typically eat breakfast.

My first meal is typically at noon today.

I had hot wings.

So just baked chicken wings with Frank's red hot, which I guess that is a calorie, but I thought Frank's maybe it was, but it was just chicken wings less yesterday.

I ate a lot of ribeye and I ate ground beef and chicken.

And then are you planning to keep this up or what?

I don't know.

So like I'm eating healthy because I challenged this guy to a race.

So I got to lose weight in order to get fit and I have a planned cheat day on May 17th and I've already ordered all my food that I'm going to eat on that cheat day.

And so I won't keep it up until then.

I ordered from Gold Belly, which was is the coolest thing I've found in a long time.

Have you heard of Gold Belly?

I never heard of that.

Tell you, you talked about it, you tweeted about it or something and I was like, that's a good name.

And then it's like pies.

What the hell is it?

Yeah.

So this is business talk.

So I'll bring this up.

So what Gold Belly does is it's goldbelly.com.

I think they is Gold Belly with one L, which I think is stupid.

But what they do is, so let's say Sean, you're from, well, you're not really from anywhere because you've been all over the place, but let's say you grew up in, like I grew up in Texas.

I spent a lot of time in Texas.

You grew up in, let's say Dallas and there was this one bakery that you love there and they sell, I don't know what a Texas dessert is, but let's say it's a bundle cake or I don't know, some Texas-y thing and you can only get it in Texas, which is the case, which a lot of mom and pop places.

And you want it, you call them and you're like, Hey, can I order like this one thing you guys have?

It's like a pain in the ass.

Well, they're just a store that helps facilitate that.

So Lou Malonades is a famous place in Chicago for pizza.

I ordered a pizza from there.

There's a bunch of pie and doughnut and cake places in New York and there's bagel places that I ordered from.

And then there's some places in St. Louis where I'm from that is just, you don't see anywhere else.

And so it's just like a, it gives these places a, so they mail it in some way that kind of like preserves it.

And it's a, it's in like, oh, if you ordered a pizza from Chicago, the restaurant mails it.

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What happens when you get a pizza from Chicago?

It's in a gold belly box.

It's in a gold belly box and it has ice in it.

That's all it is.

Which ships really well typically.

So they just freeze it ahead of time.

So I ordered a deep dish pizza from Lou Malonades.

It's a, it was pre-frozen and then they threw ice, an ice pack on top of it and I'll probably get here in a three or four days.

That's amazing.

Okay.

I actually like the guy who is doing, is it a small thing?

Yeah.

So, um, the guy who started his name is Jason, uh, I forget his name, but he, um, they went through Y Combinator.

Previously he was the CEO of Deliver.com.

So he has a history in the restaurant business.

They raised close to \$30 million.

And Joe, uh, Joe Ariel is his name.

He, uh, their office was up the street from my house.

I live in a residential neighborhood and they had a house and they lived out of, and they went to Y Combinator and, uh, I have to imagine they're booming right now.

Uh, they're booming so much so that the pizzas, uh, all, all have delayed delivery due to high demand.

And so, and the delivery charges, the delivery charges very hefty.

It wasn't cheap.

Uh, ordering two pizzas was like \$80.

Right.

But they know they're playing on the sort of nostalgia, the like special moment type of thing.

Like if I gave somebody, if I gave my wife like her favorite thing from her hometown, it's like an amazing gift.

It's so thoughtful and food is like, uh, you know, the universal gift.

So first, so a couple of things.

So yes, they raised 33 million.

It's gold belly with two L's.

So normal belly, normal belly.

It was gold belly with one L's before.

Ah, okay.

Got the second L.

Good.

Um, okay.

So this is kind of cool.

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So this could be a thing.

So like I grew up, you set it all over the place.

One of the things that happened was in high school, I moved to Beijing, right?

So I finished high school in China and then I hopped around and lived in Indonesia.

I lived in Australia.

And one thing that happens is you, if you're kind of an American living over there, you're called an expat, an expatriate.

And so expats, like you start to have these expat cravings for just like simple things that you just can't find in Beijing.

It's like, oh dude, what I would give to have a box of Reese's Puff cereal right now and you'll pay like \$22 for that box of Reese's Puff cereal and there are stores there that just do this.

They just import the like your favorite snacks from America and they just sell them at like a five X upcharge.

And then other people, they, they're sort of this sort of like a drug, you know, can't drug, drug donkey or whatever thing where it's like, okay, you fill up a suitcase with this one rare item that people want and you bring it back when you go for a trip.

And so I could see this, you know, this gold billy thing.

It sounds kind of when you first started describing it, it's not kind of stupid.

And now I'm pretty convinced.

No, it's not stupid.

One of the reasons why it's not stupid is if you go to the website, they've done a wonderful job of creating the brand.

So they make it seem fun, but also they have so many photos and they tell the story of the brand and they do a really good job.

And two other examples of people who do this wonderfully that of telling the stories of the products.

The first is Huckberry.

So the, the business of Huckberry, it's basically a huge email list of one to two million guys.

And what they do is they find really cool clothes and they tell the story behind it.

So for example, they had a duffel bag that was made from a, the founder was an army guy who used to skydive and the duffel bags were made out of old parachutes because apparently that's like a interesting material.

And they told the story about this and they just blasted out in the email and they just take a cut of the revenue and it's a like a bootstrap company that does probably \$20 or \$30 million a year in sales.

And so the telling the story behind of what you're selling is really important.

And the second people who do it is Airbnb.

They do a really good job of telling, of helping craft the story.

Okay.

I like this.

So I've never seen Huckberry either.

So, okay.

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So here's what I would do if I'm listening to this and I'm an entrepreneur and I got some time on my hands right now.

You know, there, there's a version of this that is, you know, like Tim Ferriss and these other guys, they are kind of like connoisseurs of products like, you know, Kevin Rose. It's like, oh, you know, what, you know, what coffee mug do you, what coffee blender do you use?

I use this one.

It's made of matcha wood and it does this other thing and it's so special and you can only get this in Puerto Rico or whatever.

And so there's all these products where people care about sort of the best of the most well made is how you define best here.

And so, you know, whether it's wallets, headphones, it's this type of stuff you find on like mass drop or whatever.

But if I was somebody, I would build a brand, I would build an email list around what is the absolute best of X product and maybe it's something that you can only find in a local geography.

Like, you know, that's what kind of gold bellies do and it's like the best pizzas.

Oh, you want Shake Shack, but you live in, you know, Arizona and Shake Shack is not in Arizona here.

It literally, I can see it on the website.

It's \$49 to get Shake Shack delivered to you in Arizona.

And so if you can tell the story of how crazy good this thing is, how people go nuts for this thing and how it's the most well made, well crafted pocket knife or whatever those items are.

I think you could get a lot of people to impulse buy and like, yeah, I want one.

If you could just, your email list is telling the story.

I do that constantly.

I buy stuff.

I go to Wirecutter on a daily basis and I'll buy interesting things like I love gadgets.

So I bought a power washer from Wirecutter.

I don't really need one, but I bought one because it just looks like a nifty cool gadget.

Wirecutter has a long article on the best aluminum foil, so I bought it just to try it.

And so there's a few other, but I think it's called, I bet you Abreu knows, but all the YouTubers, they get asked the same question, which is what equipment and microphone and camera you're using.

And so at the bottom, they have a link to like my kit and you click it and you go to like Casey Neistat's kit, equipment kit and if people buy that stuff, they get an affiliate fee.

And so I think that those business bottles are fantastic.

Yeah.

There's something cool here.

I like this.

And I think Gold Belly is one of those sneaky good ideas, I'm going to say.

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It's sort of Airbnb-esque in a way where it's like tapping into this thing that people want that sounds a little unusual.

It's like, how many people really want to do that?

How many people really want to stay in a stranger's home rather than a hotel?

And it's sort of like that.

It's like, how many people really want to order the best bagel from New York?

And it's like, you'd be surprised is the answer.

Yeah.

I think that it's a pretty good idea with amazing execution.

I'm very into Gold Belly.

I just discovered them in the past month and I think that had I discovered them prior,

I would have loved to have invested.

Right.

Okay.

Cool.

What are some other ideas you got?

You want one or you want me to throw one at you?

I want that one.

Okay.

So here's a company that I am interested in investing in.

I've been talking to the founder of a company called Nanna.

Maybe I shouldn't even say this because I kind of want to invest before I say it, but whatever.

Let's put it out there.

So the company called Nanna, I discovered it because my dryer broke at home and I got in that shitty, shitty state where you run the dryer three times to dry one load and it's like, what's happening?

This is not how it's supposed to be, but I don't know how to fix a dryer and my wife's looking at me like, are you a man or not?

And it's like, no, no, we already know I'm not.

I can't fix this dryer.

And so then I'm like, okay, cool, where am I going to look in the manual?

God damn it.

That's going to suck.

And so what Nanna does is they solve this problem of appliance repair, but the way they're doing it is very interesting.

So there's this extreme shortage of technicians who can repair appliances, there's more appliances that need repairing than there are technicians available.

Technicians tend to be older.

They're aging out of the workforce and young people are not really going into that profession, even though you can make a lot of money.

So the backstory here is the founder of this company, he's kind of like a small time hustler entrepreneur.

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He like had a cloth, like a jeans store in Israel in a mall.

And then he had this other little thing that he was doing there and he's kind of hustling and making it work.

So he built a couple of small businesses.

When he was in America, he needed to pay off his student loans.

So he was like, all right, how do I pay off like 200 grand in the next like 18 months?

And what he did was he saw his friend was repairing appliances and was making like 20k a month.

And he's like, whoa, okay, how do I learn how to do that?

And so he started repair, he started learning how to repair appliances and he started doing it.

And he was doing a little like a one man service company that he hired up a couple other technicians under him.

And he was doing like 2 million a year in revenue, he paid off all his loans and he built a company overall over the kind of two, three years, it did about 5 million in revenue on his apparent company.

Wow.

So then he was like, all right, I'm going to build and what he's built is basically Lambda school for technicians.

So you can say, okay, I want to make this much money.

I want to, you know, you pick your own hours, but you can make good money if you're a technician.

And but you don't know anything.

And so he's like, cool, I can train you in one month to repair one appliance.

And then in the next month, I can teach you a second appliance and you know, within a few months you'll have all the appliances, but the whole time you could actually start working after one month, you could pretty much start working and start making money repairing, let's say dishwashers or fridges or whatever.

And so on one hand, he's training up a technician workforce.

So it's a trade school for technicians.

And on the other side, he's partnering with the manufacturers of these appliances who get the customer complaint that says, Hey, my thing's broken.

And these companies are looking to dispatch a local repair man to go fix it.

They don't want to run that local repair, you know, fleet themselves.

So they used to use Sears headlight, I don't know, tens of thousands or hundreds of thousands of technicians in their workforce, but Sears has kind of gone downhill.

So he's trying to be the like best option for getting every lead when somebody needs a repair.

It's like, cool, we're like Uber.

You tell us where the repair is, our guys do a good job.

You push a button, they get dispatched.

And so I really like this company I'm trying to invest and I just love the concept in general.

Okay.

Yeah.

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I don't know the economics out of it, but I do know iCRACK, you know, iCRACK, it was a little bit similar where what they so explain what they did from so what iCRACK does is if you broke your iPhone eight, it's you take it to the store and it's typically pretty expensive \$350 to fix the screen for some phone.

And what iCRACK did was, well, regardless of which phone you break, an ITech will come to your home and fix it for you.

Now, these businesses are actually a little bit sneaky.

And now I want to, maybe you could tell me about Nana is typically the way they work is they're a little bit more of a Ecom or marketplace than you think.

So they're the name of the secret to their business and the ones like it is getting loads and loads of ITechs.

And then on the other side, getting loads and loads of leads.

So they just have to go out and buy advertising rank on Google for repair my iPhone.

And then someone comes into their system, they go, all right, I need an iPhone and then their technology dispatch or I need an iPhone fix dispatches that lead to any ITech in the neighborhood or in the area.

And they also have to make sure that this ITech is like clean and nice and reliable and things like that and trained.

And the way they make money typically is they take a small cut of the fee, which is pretty small, small enough that it's almost like they're, it's like Legion.

And then they sell the ITechs all of their screens repair tool and tool.

And so is Nana kind of like that?

No.

So basically they, so it's similar in some ways, but I think the economics a little different.

I think they'll end up with like a 20 to 25% margin per job.

So like average job will be like, I don't know, 200 bucks.

The technician will make about half of that.

There's a parts cost and then there's what they take, right?

So like, let's call it round numbers just, just to sort of, I can't give away exacts, but let's say a job is about 200 bucks, half of that will go to the technician, 25% will go to the parts cost and then 25% is left over for them to take at the end, 20, 25%.

And so they don't charge the technicians.

They're not trying to make money there.

In fact, they're going the other way, which is they're trying to hand technicians sort of a career in a box.

It's like, Hey, do you want to be making 80 grand a year, 150 grand a year, whatever it is, repairing these things like watch, you download this app and it's like Uber.

It's like a job will get dispatched to you.

You can choose to take it or not.

And you wear this brand and this brand means that you are a trusted technician and it's like a franchise model basically for, for these like freelance technicians.

So I like that.

I think it's awesome.

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Let, let's talk about reasons why this would suck.

Yes.

The first reason why it would suck is so the reason why I think home joy and cleaning services are really hard.

And a lot of them went out of business and a lot of them are only okay businesses is because for two reasons, the, well, yeah, two reasons.

The first is when you have a cleaner who comes in and out, often they're just shit.

Like a cleaner is good after you get to know them for a handful of tries and they understand the difference between each person's clothes or they understand where the everything goes.

And so it's the second reason it's also a matter of trust.

You really want to trust them and you can't always trust that with home joy.

I mean, you get a little bit of like, well, they represent the brand.

I know the brand will reimburse me.

And then the third reason is if I find someone who's really good, I say, Hey, fuck this platform.

Just come to my house every two weeks.

I'll just pay you.

Yes.

And so that's, those are the three reasons why I think this would not work.

But this is different, right?

Because this is not repeat.

You don't have a broken appliance every two weeks where you're going to like disintermediate the platform and say, Hey, let's just do this direct, right?

So this is a very important thing you do.

The other thing is that they're not acquiring customers directly.

So they're not like home joy or cherry, which was a car washing company, which is basically spending a ton of money trying to get a customer and then, and then try to make back the money.

What these guys are doing is they're getting free customer leads because they are solving a problem for the B2B vendor, their B2B partners, which is like, you know, the maker of the washing machine, the maker of the washing machine has the lead.

They're just going to decide who do we dispatch this lead to.

And if these guys can prove that we are faster and we do the job and your customers will stop calling you saying the thing is broken, then they will become the preferred partner.

And so they're proving right now where they're getting, they're becoming the preferred partner for a whole bunch of these different vendors.

And that's like the unproven part, but it's much better than if they were trying to just generically market on Facebook or Google and say, Hey, Sam, if you ever have an appliance, you better use Nan.

I like, hopefully I'm, hopefully I'm putting my ad here while you have this problem, which would be really, really hard to do.

And so it's, no, I don't think that, no, I actually disagree.

I don't think that would be hard to do at all.

And I think that's actually a great thing to do because when you search, uh, locksmith or, um, broken, search is different, right?

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Search, search makes sense.

I'm talking about just Facebook ads or whatever works.

Oh, no, no, no.

You need, um, what's the difference in advertising contextual and, and, uh, I forget.

But you, you, you need search, you need search where there's intent.

I needed my, I need my fridge fixed, right?

That's different than just, I'm scrolling on Facebook and somebody says, we fixed fridges.

How did they raise money?

A business like that could be profitable, like profitable pretty fast.

So the reason why this is, I think the real challenge, which is they have to get all these different, it's a, it's a local type of business.

So you have to build up supply density of technicians and demand in every single city for this to work.

And so that's why they're going to need money because they're going to have to bridge this gap where there's a, you know, the vendors aren't going to give them leads if they don't have technicians.

The technicians aren't going to come on board if there's no jobs to do.

And so they have to figure out how they're going to bootstrap Atlanta and then peach tree, Georgia.

And then this other suburb of Georgia, right?

Like city by city, they're going to have to build up supply and demand like Uber did basically.

And, um, and so I think that's the main challenge and that's why they're going to need money to be able to do it.

But that, if I was going to say, why did it fail?

It's because damn solving that local supply demand thing is not easy.

It's like dating apps have this problem too.

If I downloaded a dating app and I have nobody nearby to match with, I delete this dating app and I move on.

And, um, the dating apps that win aren't ones that make you a better dater.

They're ones that figure out how to get a bunch of guys and girls in one city on the app at the same time.

I like this though.

I like people who are hustlers like this guy that good, uh, fine.

The best part is that he did it himself as a, as a repair guy for two years or whatever.

That's like where you're like, okay, you're not just the typical sort of like opportunist who's like, Oh, I researched this market and I saw there's lots of appliances in the world.

Did you say he, and did you say he's Israeli?

I believe he's Israeli.

Yeah.

I could be wrong.

I have a whole bunch of Israeli where in Tennessee, I was friends with, I ran around.

I dated a girl who was friends with all these Israelis.

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So all my friends ended up becoming like a bunch of Israeli guys and they, they all were locksmiths.

Like they all had like side hustles as locksmiths.

And I was like, uh, this guy's name was Ram.

I was like, Ram, what is this locksmith shit?

He goes, dude, I make like half a million dollars a year as a locksmith because I like, I learned how to rank on Google and any time I get a lead, I just sent it to my friends and a lot of my friends came here from Israel and I just said, Hey, come, I'll give you like a \$25 a dollar job and they come here and like, you know, they rely on me.

So they all work hard and, um, anyway, this whole, this, this, this is part, I, and he told me he was like, this is part of Israeli cultures, this, this industry and, uh, it's super interesting.

I love that.

I think I've told this before, but I'll say it again because I, I love this thing.

I read this thing once, which was like, if you, uh, I want to look up if I, if so, there's a tool for tooltip for hiring.

It's like, let's say you wanted to hire a locksmith.

You don't want to hire the best locksmith, the guy who's best at fixing your lock.

You want to hire the guy who's named his company triple a locksmith.

Why?

Because he's thinking about in the yellow pages, how do I be the first listing for locksmith?

It's like a, a, a, a locksmith.

It's like, that's the person you want to hire, which is somebody who's good enough at unlocking the doors, but is actually thinking through how to grow and how to get business and customers and not just a locksmith who's spending all their time getting better at repairing locks and not thinking about how they're going to get customers.

So I always say, I'm trying to hire triple a locksmith and nobody knows what the fuck I'm talking about.

I'm going to name all my businesses.

All right.

What else you got?

Just fucking right.

Okay.

Um, a few weeks ago, we talked about JD power.

Do you remember that?

Um, briefly, not really actually.

That's okay.

I said briefly as if I did, but I totally didn't.

Okay.

I'm going to talk about a similar business.

Okay.

And I've, and I've talked to you about them.

Do you know what Gartner is?

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You know, I've heard the name, but I couldn't explain their business to me, to you.

Okay.

So I just subscribed to this guy's subscription.

It's really good. I'm going to give him a shout out, it's called scuttle blurb.

And he's just this dork like I am.

And he just talks about interesting companies, but he does incredible, uh, breakdowns.

And he had this one on Gartner.

And I've known a lot about Gartner because I think our company can almost become something a little bit similar, but not quite, but it's in the, it's in the similar ballpark.

So Gartner before the Corona, it was worth about \$40 billion, I think, or \$20 billion.

Uh, whatever it's worth now, it was worth double that.

Uh, and so it's a big company, like \$3 billion a year in sales.

It was, I read the biography of the guy who started it.

He's interesting.

Another is, hold on.

What are they doing?

What does Gartner do?

What are they selling?

Yeah, I'm going to explain.

And so, okay.

And so the way in which people explain it, it's not, it does not make sense, but when let's dive in, it will make sense.

So what they do is they research a variety of IT tools.

So like, what's the best, um, tool for HR stuff?

What's the best marketing tool?

What's the best sales CRM?

What's the best finance tool?

And if you're a big company, you pay them a subscription fee ranging from \$20,000 a year to \$200,000 a year and in exchange, you get access to a database of research that examines this as well as a consultant who you can call and they can answer your questions.

Now that sounds like a stupid thing, right?

Like why would you need that?

Like why can't you just pick and, and that's weird and in a way it is weird, but the reason why they're so successful is for three reasons.

Okay.

The first reason is that people say they want, like if you, so there's a hundred thousand companies in America that have a IT budget north of 10 million a year.

And so they have to research in order to make sure they're like spending their money effectively.

And so they want Gartner's research and apparently their researchers are really good, but they're not that good.

Now the second reason why it works now, this is what's interesting and this is the, the angle I want to get at in a second, which is they buy it because any executive or IT person who's making a decision on their, like, which like they're going to buy like, you

know, 5,000 laptops, they, they say, well, Gartner said we should use this one just so they don't get fired because the execs trust Gartner.

And so they only do it, they put, not only, but one of the biggest reasons they do it is so just to cover their ass.

So like, well, I don't, don't blame me Gartner.

And then the third reason why, and this is where it's also really interesting.

It's because their sales force, they have this training where they, where you get hired and they take you away for like a few weeks, they throw you in a hotel and they indoctrinate you on how to sell and you sell through their process.

And then at the bottom, they find like the 20% of people who they just don't think you're going to make it and they just fire them right away.

And so they create like a fraternity or sorority of like a hazing process of sales people.

And a lot of analysts think the reason this company is any good is because their sales culture is so phenomenal.

And I find that to be incredibly interesting because that is not what most people would think, but having like a pretty good research department, but it's not significantly better than all the other competitors, but a super good sales team is what made this company work out well.

And that is interesting.

And so when you hear this and you're like, okay, you said, I think we could do something like this.

Do you actually think about that?

Like, okay, what is the modern day version of this or how do we, what would be our version of this?

Well, yeah.

So here's a few examples, which is Harvard Business Review.

Do you know Harvard Business Review?

Yeah.

I'm pretty familiar with them.

Harvard Business Review makes \$300 million a year in sales and it's like half profit.

Harvard Business Review, like the publisher makes more revenue than Harvard Business School tuition.

Yeah.

If you want to, all the annual reports are online, so it's great to go look at Harvard's Business School reports and the business review as well, HBR.

And they make money through subscriptions and then they also sell like millions of case studies a year.

And why do you buy a Harvard Business Review case study?

Well, just because it says the name Harvard on it.

So it's real.

That's the moat is building a brand that people like just trust and know.

And so that's kind of hard, but that's definitely doable if you have the right skillset.

But the second thing is once you get entrenched into your sales force because entrenched,

which a lot of people who are building stuff, they don't know this because they think to themselves, if I just have the best product, I'm going to win.

That's not true.

And so when I think about this, I'm like, well, I want to have the best product, but also like, how do I just like build this massive sales culture?

And so what I want to know to you, Sean, is first of all, what are other things in which people need to cite someone else so they don't get fired?

Because that's where like the app, that's like an interesting human cycle.

Like that's like an interesting psychological trick to exploit.

But then how do you feel about this whole sales thing?

Because you read about people like, I have no idea if this is true, but let's just say like Elon Musk, he's like, no, fuck salespeople, which I think might be true.

They don't hire salespeople.

And that's like sexy and like romantic.

But do you think...

So let's talk about the first one.

So the first thing is the learning as an entrepreneur, which is a lot of people buy your shit, not because you have the best product.

They buy the shit.

Like what is the job to be done of Gartner, like you're saying it is to inform, yes, for sure.

We're going to get some information from this, but really it's because when I present my proposal that we're going to spend \$8 million this year on XYZ.

I need that to not be me, Sean, saying that we should spend \$8 million.

I need that to be saying, Sean thinks that we should take the Gartner recommended path and do this.

So it is CYA, cover your ass.

So I do think there's that.

Now, this is just a general...

And I see this with a whole bunch of different research things, right?

So like there's a whole bunch of market research things that right now at my company, when somebody

says, hey, we want to go after this opportunity and they present their research and the source cited is super important.

Now we pay a lot for these research reports, thousands of dollars.

Who?

So it'll be like, for example, in the eSports world, NewZoo is a niche one that really talks about gaming and they talk about eSports a lot.

And so you see NewZoo all the time, forget about the fact that NewZoo, if you just go back and read the report from four years ago, they're like, oh, eSports will be at X billions of dollars.

And then this year, now four years later, it's a smaller number than they predicted like, the prediction now for four years from now is smaller than it was four years ago

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about today.

So like, they're wrong a lot that we should not take their word as like, you know, any good here, but you know, because they're predicting and humans are shitting at predicting. But I see that I see it on the like, kind of like market, market data.

So we need data about like, smartphone penetration in a country, the wireless, you know, what is the wireless speeds?

What is the disposable income in this country?

Should we go into this country or not?

All these things, but there's not us like Googling, like we have to get to some like a Deloitte paper that we pay \$3,000 for or some, some subscription we have that gives us this data that we can say, look, I'm not the one estimating these numbers.

That's them.

And they're a big brand.

And so I think that McKinsey is another brand like Harvard.

I think if Google or Amazon wanted to get into this business and say, hey, these are Google case studies, they could compete with Harvard.

But I think as an individual person, I've looked at this because I was like, dude, I could make it, I could write better case studies for business schools than Harvard Business Review.

I know it.

I've bought their case studies and I know what I could do, but I'm like, it doesn't matter because they're not trying to buy the best case studies.

They're trying to buy Harvard's case studies because that is better for their business school brand.

So I hear you on that.

I hear you on that.

And that you say in a way to persuade people not to do this or you persuade myself to do that.

I totally get it.

Yeah.

I come from the other end, which is, wow, that's like their moat.

So it might take me a little while to do it.

But once I do it, man, I'll make money for a hundred years.

Yeah.

I think that's true.

You want to be in a defensible business and unfortunately defensible businesses are pretty hard to overtake, so it's like the barrier to entry is the same reason you want to enter in the first place.

Now I do think if you can find an angle, you go after a niche that they're not aware of, that's cool.

I've thought about doing this, which is instead of doing case studies on existing legacy industries and businesses, I know that these incumbents are really shit at the cutting edge.

And so I'm like, I could make the school of the future.

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And we talk about cryptocurrency and we talk about a whole bunch of stuff that Harvard Business Review is not going to talk about for four years.

And so you could become the thought leader or the stamp, the sort of credible authority in that new space, like you guys could do it with D2C or Trends or whatever, right?

Like that 2pm guy, right?

Well, that's what we're doing with Trends.

Yeah.

This is what we're doing with Trends.

So this is why it interests me, but what space would you do?

I think I would do, so like you went on Pomp's podcast and I think he's been trying to do this with cryptocurrency, now he's trying to do it towards consumers.

But I think you could sell knowledge about this to existing financial institutions at a very, very high price.

I think you could just be scraping data about the current, you know, the 2020 cryptocurrency Bitcoin landscape.

And I think you could sell that for thousands of dollars to all the consulting firms, all the financial institutions, and you could get to single digit millions in revenue pretty quickly there.

Then you add a conference and then you kind of go from there.

And so I think that's one where I would go towards a niche that the existing big brands don't cover because it's not their area of expertise.

And also it's small today.

And so they're still covering all the big spaces like agriculture or whatever else.

Okay.

And what do you think about having a...

I personally, when I started my company, I was like, I don't want this to be a sales organization.

I hate salespeople.

I want to only be around like nerds, not like alpha, loud, obnoxious people.

And now you're 180.

No.

You love having a sales team is what I mean.

I like the results and our salespeople are, our salespeople are in fact the most fun.

Like they're just like gregarious fun to be around.

That's like their job is to be likable.

But I think if you have a sales driven organization, it isn't always good.

Yeah.

I don't think so either.

I also think you got to be...

So my take on that sales thing is every business is selling.

It's just a question of, are you selling with salesmen?

Are you selling with digital ads?

Are you selling with like Elon is clearly one of the greatest salesmen of all time.

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And then he talks about how they don't employ salespeople, blah, blah.
That's part of his sales pitch is that our product is so good, we don't need salespeople.
And he does his sales through Twitter and through video presentations, like on stage and all different types of things where they, you always got to sell.
It's just a question of what's the vehicle.
I think you should just choose the tool that fits your product, right?
So like, if you have a high priced enterprise product, then you should have a fleet of enterprise salespeople.
That's not always the case.
So Atlassian claims they have no salespeople.
You can try to be the outlier, but I'm saying like, if you're trying, and all these companies do switch, right?
So like Slack and whatnot, I believe now as they're trying to go get multimillion dollar contracts with companies, most of their revenue comes from, right?
It comes from direct sales, human salespeople going out and doing things.
And this is a fact, by the way, this is in their filing, which is most of the revenue is driven by a handful of accounts.
And so I think like, you know, depending on what your product is and the price point of it, that dictates it.
If you have such a low price point item, you just can't afford salespeople.
And so you got to get creative and be like, okay, I'm going to sell through content marketing. I'm going to sell through, you know, digital ads.
I'm going to sell through these other methods, but you're always selling one way or another.
So we were this podcast is going to be relatively short.
You want to talk about, oh, well, okay.
So last week we were talking about YouTube channels.
Do we bring this on the podcast?
So this was on Twitter, somebody was talking about it.
I don't remember.
It all is one world to me, but you, someone brought up is buying a YouTube channel, a good idea.
And I think in most cases it is a absolutely horrible idea and you should never do it.
Now I was part of a friend bought a, a, a website that was a content site that got a fair bit of traffic and he, it came with a YouTube channel that had maybe 2 million subscribers.
And so I went and get, took a screenshot of the revenue.
And so the revenue starting in January of 2019 to December 31st, 2019, your estimated revenue is \$242,000.
And that is with 80 million views.
And so 80 million views translated into 240 grand.
Yes.
So to me, the answer is that sucks.
And I would not want to do that.
And it, it, it's definitely what the person was saying was, Hey, you guys had Andrew Wilkinson

on.

He rolls up internet companies.

Hey, why don't you roll up YouTube channels that monetize well, you could buy a whole bunch of them, niche ones and, and own them.

And that's fantastic.

And I was like, this is a horrible idea.

YouTube videos are often very dependent on talent, like a personality.

And when you buy them out, you sort of take them out of the game.

The second thing is YouTube videos are very dependent on the platform, the algorithm and the search, the way that the YouTube search works.

And that can change on a dime.

And when it does, you're thinking, go and our friend actually has a YouTube channel that's like this, that it was doing X and now it's doing, you know, X divided by five overnight because the algo changed and there's nothing you could do about it.

Now it is valuable in the case of like your Nick bear and you are like a mid or your Sophia, which she doesn't have a YouTube channel, but like her Instagram page is probably the same thing where I bet she could just pocket a quarter of a million dollars a year just off the, the occasional ad on her Instagram.

But the real value is her saying, I am the CEO of whatever company I'm the CEO of here's my product.

Check it out.

Buy it.

Yeah.

I'm saying buying other people's YouTube channels, I think is a poor way to buy your way into cash flow.

If you're going to buy your way into cash flow, buy a, you know, an apartment building that's, that's spinning off cash or buy a business that's not dependent on a personality.

It's a, you know, a piece of software that just runs.

That's what I would do if I wanted to buy cash flow.

Now I'm going to make a, I'm going to make a point that disregards everything we just said, which is the company group nine media, which owns Thrillist, Ben Lear's the CEO.

He bought Seeker and Seeker, I became friends with the guys who run it.

It was ran by five to 10 guys in the dog patch here in San Francisco and they would make educational videos on a variety of things and they bought it and they bought it for a couple of million bucks.

So that is an example of a YouTube channel that is not.

So I was going to bring up a similar one, which is, those people I think are stupid.

They still shouldn't have bought it.

So, so I had a friend, unless the price was, unless the price.

So we've talked about my friend on the podcast before Steve Bartlett.

So Steve was a young guy.

He came in, I think it's kind of like an intern basically, but he was, you know, I've hired him when he was 20 years old.

He wanted to come work with us.

I worked with him for a bit.

Honestly, he was kind of a shit employee, but he's turned out to be a great entrepreneur and built a company that's now, you know, sort of semi-gone public in Europe or something weird.

But he's built, you know, he's built a fortune of tens of millions of dollars for himself.

And what the way he got started was by buying Twitter and Instagram accounts that were not owned by a personality influencer, but by a theme account like I love food or whatever they have, I think love food and it's got like 6 million or 7 million Instagram followers and they bought that account.

And he was figuring, he figured out pretty early, wow, the people who run these accounts with a million million followers, it's an 18 year old kid and I can offer him 1000 bucks and I can get the account and he's just, you know, doing affiliate links for protein powder. But if I aggregate all these, I can go sell this to Spotify as a great way to reach the masses.

And I can control these.

They're not based off of a person's face and a personality.

They're based off of, you know, Harry Potter memes or whatever.

And I can just, I can just hire, you know, a whole bunch of fungible people to keep posting on those accounts.

That was a smart business plan that it did have some platform risk, but the cost was so low and the personality risk was also zero.

And that was a pretty genius way of going about it.

I'm definitely a little bit allergic to schemes like that because I don't want to hate on him for doing that because if it seems like it works to him, I personally think I would never tell someone to do that though, because I think that is short term money that can go away in a heartbeat.

Now some people definitely pull it off, but I'm allergic to that shit where I'd rather not have stress about like,

But I think you're wrong about that in that he was spending so little on it.

He was making his, if you're making your money back in one month, then there's no risk.

It can go away and you still like, you still will end up ahead.

So it's all about what's the, what's the payback period on the thing?

Is it a high priced item?

These were so low priced that he was making his money back so quickly, he's just free rolling from there.

And so that

I'm not agreeing with the result.

It worked out wonderfully for him, or I don't know, it seems like it did, but I just personally would not want to do that because I'm like, dude, if you're going to spend like 10 years of your life doing something, like make it, make it something kind of cool.

Like it just, it just would be hard for me to like love that and I don't think a lot of people would love it.

Really?

That's crazy to me.

I think if I'm 21 years old right now and I was running the sort of, you know, he could push a button and make things trend on the internet all over the place, right?

And so I think that's an awesome thing to do for somebody who's, you know, you don't have capital, you don't have investors, you don't have like any real hard skills, can't code, can't design, can't do any of those things.

I thought this was a great sort of entrepreneurial thing to do from age 20 to, I don't know how old he is now, 27 or something like that.

And he's

I'm not hating the player here.

I'm not hating the player here.

I think the game is stupid, but if you got, he got results.

I just think that it's kind of like a soulless.

But isn't the same thing as a media company, right?

Also like all he was doing was saying, great, I'm going to buy these media properties.

This is a brand with an audience that cares about food or fitness or whatever it is.

And I'm going to create content that they love.

And occasionally I'm going to run sponsorships.

How is that different than the hustle?

On paper, it's not so you own an email list.

So the hustle is better that way, right?

Cause you, you instigate like what happened was a lot of their Twitter accounts.

Yeah.

I don't care about that.

You can't really get shut down.

I think I can't get shut down.

It is a little different though.

From my perspective, it's on paper, it is the exact same thing.

It's a little bit different because I actually give a shit, which maybe he does give a shit about his people, his audience, but, um,

Gotcha.

So you love the topic more and the audience as well, the community of people.

That would be the difference.

Yeah.

Like I love the idea of building a brand that people know and love and trust.

So like, um, which maybe some people do love these brands, but like, let's say like, let's say let's go with news.

So let's go with CNN, which is on the left and Fox is on the right.

Like to their audience, they're like a source of truth, which people can debate all day if that's true or not.

They are.

Um, now compare that to like fringe, like far left, uh, like news things that are just

like clickbait and far right.

That's clickbait.

It's like, that's the difference.

It's like, well, what's the difference between porn and a, uh, a documentary where there's nudity, like, you know, when you see it.

And so this is like one of those things where it's like, well, it's both nudity, like, it's a little different.

I also think that like, you know, the way BuzzFeed kind of started with the stupidest of the stupid list of goals and quizzes and now does like a bunch of investigative journalism and create a tasty and all these other things.

I think you can evolve that.

Like they did this with, with their stuff too.

They used to buy a little meme accounts and post stuff all the time to go viral and over time they built then, uh, a woman's fashion, like an athleisure brand where they're selling products into that community.

They built a news channel that's sort of like a ESPN, um, that's focused on sport, but in a, in a millennial kind of way.

And so they ended up upgrading the like, I'll say level of quality around their things, but it's because they had this asset that could make any of their pages big.

Um, and they, that was like their renewal blast.

I agree with that.

I think that's, I think that's possible.

I think that's possible.

I just personally don't find it to be incredibly exciting, but I buy it.

I understand it.

Okay.

Cool.

I like when we disagree.

It makes for good, good conversation.

All right.

Let's try to squeeze one more and I got two minutes left.

Um, what's one more thing we could talk quickly about?

Do you have something in mind?

Um, okay.

Let's do this one.

So why did, what were you going to say?

I'll bring you, you have some stuff, Elon, weird tweets and, uh, okay, let's do this one real quick.

So I tweeted this thing out.

I said, Hey, um, uh, you know, give me a book recommendation.

Uh, what's a book that you read that changed the way you see the world?

Um, and I tweeted this out and I got like 500 replies, which was probably like the most uh, replied to tweet I've ever had.

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Everybody gave me like 10 books, which was way too much, right?

I can't read that in one lifetime.

Um, but ironically, so I ended up with a good book recommendation out of this.

So I got, I got a list, bought all the books.

I start, I started reading one of the books, um, as a book called story worthy and I fucking love this book and nobody, and there was only one person who recommended this book out of the whole list of 500 replies, and so story worthy is a book by this guy, Matthew Dix.

Who's Matthew Dix?

He is a teacher.

I think I'm Connecticut.

He, um, you know how people do like slam poetry at these like open mic nights or whatever.

So there's a version of that for storytelling called like the moth storytelling competition.

You just go to this little bar or whatever on, yeah, I love the moth.

I listen to it all the time.

And so he is the like 20 time moth champion storytelling.

He's, he's the, he is the Michael Jordan of the moth.

The problem is the moth is so small that nobody knows about it.

But anyways, this guy is just a, dude, the moth is not small.

The moth is big.

If we're polling our audience, I bet less than 1% know the moth or something.

It's like NPR where it's like, uh, it has a, uh, a large audience, but maybe they're not like 19 year olds who wear it.

Right.

And so, so I listened to one of this guy's stories and I was like, oh, that's a pretty good story.

Um, but I read this book and this book is awesome because this book breaks down the art of storytelling

and you will like, I already feel like a better storyteller just from reading.

I've read three fourths of the book so far.

And I'm like, wow, this is one of the most useful books I've read in a long time because

I walked away being like, oh, that's why the stories I love.

That's why I love them.

And for the stories that I go to, I have my two or three go to stories that I'm like, these stories kill.

I know, I now know why they kill and I know why my other stories don't kill.

And so I'm like, this is,

And you know how to like take advantage and capture people's attention and commit them to do stuff now.

Yeah.

It could be used for persuasion, but I don't think that's really, that's definitely not his intent because he's like a, you know, sixth grade teacher or whatever.

I know, but that's the, that's the intent of all stories is capture attention.

It's to, it's to move somebody, you know, emotionally, right?

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So it's like, it's to get somebody to feel something.

Now you can use that to get them to feel excited about your product or you can get that to make them feel like they'd like you and they want to just hang out with you more or whatever it is.

Right.

And so I think storytelling is a superpower.

This book storyworthy is fucking legit.

You should read it.

And next time I'm going to do an example of like good story versus bad story, but I ran out of time today.

Awesome.

Um, give us a review, please.

Yeah.

I re I, we both try and I, um, look at the feedback every single day and, uh, iterate based on your guys's feedback.

So leave us a review.

Awesome.

Cool.

We're out.