

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

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.

Alex, thanks for joining us on the podcast days.

We have a special guest.

I'll let you do your intro because I really am terrible at introductions, but for those who don't know what was LearnVest, give us kind of like your maybe two, three minute background so that people know who you are.

Sure.

I think so.

I'll start from the beginning.

I grew up in Florida, and when I'd always been an entrepreneur, love entrepreneurs, love building companies, went to Harvard undergrad and studied happiness, which I always mention because I actually think somehow it's been very helpful to life.

Ended up going back to business school there, dropped out, bottom of the workforce recession, originally 81 years, now I feel like this maybe our own COVID moment is becoming obviously something that's worrisome, but I built a financial planning software company called LearnVest with a really simple mission, which was, so LearnVest became TurboTax for financial planning.

So literally every American family for an affordable price could get access to a financial plan and an advisor.

And on our fifth birthday on March 25th of 2015, sold the business to Northwestern Retro for about \$375 million, and then spent the next few years as part of that business at Northwestern Retro.

And through it all of that wrote some books, bestselling book called Financially Fearless and then Financially Forward about the future of your wallet, and I'm just a diehard entrepreneur. I love entrepreneurs and I love to build businesses.

And so now I'm the managing partner, I run a \$200 million venture fund called Inspired Capital, which is headquartered in New York City, and we pay it forward and we invest in Seed and Series A entrepreneurs of tomorrow building big ideas.

So it's really fun to get to have it done both and now I'm on the investing side.

And that's me and I'm married.

I live in New York City.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

I have three beautiful little babies, a five-year-old, a two-year-old, and a one-year-old, which means I'm completely crazy, but that's who I am.

Wow.

Impressive.

You're not in New York City right now.

Are you?

I see greenery.

No, I'm not.

I wish.

No.

So I've been in Florida.

I'm actually sitting in my like high school bedroom, which is bringing it all back full circle where we came.

We came down here for spring break and just haven't gone back.

Do you have like a Justin Timberlake poster on the wall or something or what's in the high school room?

No, but you know, it's amazing.

Look at this.

Sam has literally kept like all of the things and some days I'm like, mom, why didn't you throw some of this stuff away?

But she kept all my pictures and all of my artwork and all of my silly stuff.

So I'll start because Sam's probably still blown away.

He loves Harvard.

You had him at Harvard.

Then you sold a company for \$375 million and then financial planning.

He's a total financial planning nerd, personal finance nerd.

So Sam, do you need a moment to just sort of gather your thoughts or are you ready to go?

No.

He's joking a little.

I did not go to Harvard, I wish, but I do have an odd fascination with it.

People say, I have a Harvard sweatshirt, people always say, oh, you went to Harvard?

I was like, yeah, I went there.

I paid money and took a tour and they showed me around.

Well, I will just say, while Harvard was a great education, I think there's lots of things in life that are much cooler than Harvard.

So excited to be here.

Did you say you dropped out?

So I graduated and undergrad and then I dropped out of Harvard Business School.

OK, got you.

And you said you studied happiness, was that like one class?

Like I took a class called Getting Rich, but that wasn't like my major, it was just one class.

So I actually, I studied psychology.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

I started in a track called Mind-Brain Behavior and then ended up in psychology. And specifically, there was a happiness lab that Dan Gilbert was running where we focused on how people make decisions, what makes us happy. And basically, the headline of my whole experience was, we're really bad about making decisions that make us happy.

We do things that we think will make us happy, but in fact, getting the fancy car doesn't make you happy because then you have to clean the car. Or getting a bigger home out of the city doesn't necessarily make you happy because then you commute farther to your work.

So it was just really, really, I think, a good perspective of, it's the little things that really make us happy.

I love that.

This is very on topic.

So I remember back in the day, there's a guy who was, I think, a professor at Harvard named Sean Aker.

Is that somebody who was?

Yes, that was, he was one of my teachers, Sean Aker.

Aker, yeah.

Yeah, he's wonderful.

And actually, his core professor, Tal Ben-Shahar and Philip Stone were my thesis advisors. So he gave this TED Talk.

That's pretty great.

I still remember it.

And I watched this thing like 10 years ago.

That's kind of, you know, some talks just stick with you.

And it was called, I think, the Happiness Advantage or the sort of something like that.

And if I remember correctly, the thesis was being happy is actually an advantage to getting great results.

Some people think about it the other way.

Like, if a great thing happens, then I'll be happy.

And his advice, what I remember from 10 years ago was, if I am happy, I'll have better results.

Is that a good, am I accurate or am I just totally misremembering?

So the short term is that in under extreme duress and extreme stress, you can outperform in the short term.

If you're actually very happy and relaxed and fulfilled, you outperform in the long call.

So when you're building teams for long-term success, so, you know, I'm inspired capital. It's a venture fund.

We have a really unique group of people that have come together to build this firm.

And we're trying to build a long-term fund.

And so I'm very focused on, let's make sure we have long-term happiness because you outperform in the long run.

And so, and the other thing is, I think one of the things I learned from Sean and Tal,

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

my professors, is positive energy and attitude are actually an undervalued resource. People are very naturally drawn to people that are positive. If you're super negative over and over, people don't want to be around you. They don't want to work with you. They don't want to show up for you. And so I think, again, you know, one thing people always ask me is, what would I tell high schoolers? And I'm like, have a good attitude. It goes really far. And it's part of that point of happiness is an advantage. So is positivity. Yeah, I always talk about this. Enthusiasm is sort of in complete under supply amongst successful people. So, you know, when you're trying to compete and you're trying to be successful. You're talking to the wrong person. I'm like the stupidest, most enthusiastic person. Well, obviously, you bought in on this. What I'm saying is that for most people, or most of the environments I've been around, whether it's like, you know, entrepreneurs, investors, right now I'm at a bigger company because my company got acquired. It's like the execs at this company. In some ways, enthusiasm, I think people see it as like a low status thing to do. It's like, oh, you know, sort of being reserved is somehow more prestigious or powerful in some way. And I've gone the complete opposite direction where I'm overly enthusiastic. And I'm like, dude, I have one-tenth of the skills of all the people that have been around me. But I've been able to go so far because I think enthusiasm is such a superpower that most people could tap into and totally don't for whatever reason. I mean, I totally agree with you. And beyond, not only do I totally agree with you, I also think it's worth saying that it is a skill that we can all adopt, right? Like just trying to have a positive outlook is something, you know, I can't grow taller or I can't get better at, you know, a certain trait that I just don't have. But trying to be positive and trying to be joyful, I think actually it's something we can all put on. It may not be easy for everybody to do it, but it is possible. Sam, are you an enthusiastic guy? I think I am. I think that's why people like this podcast. So we have a very loyal audience. And I think it's because people feel as though Sean and I have a little bit of a contagious energy.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And yeah, it is positivity or it's very positive.

But I think some of my co-workers will say that I'm kind of grumpy because I've got to be the bad guy, unfortunately, a lot of times that I'm pretty blunt.

I think you have like an angry enthusiasm.

Your switch flips from extreme enthusiasm and it's super infectious to like quickly very angry or grumpy about something and then you switch back sort of effortlessly.

But for the people around you, they're probably just getting rocked by it.

Yeah, maybe you were like this, but I will fight with my executives at my company.

But then we can just hug it.

We're good.

We're good.

But I definitely like that.

Can we talk about LearnVest a little bit?

So I use you guys when you first came out.

What was the premise behind the business?

Because I think it kind of pivoted a fair once or twice, right?

So we started, the business plan was always the same.

It was content, tools and advice.

And I started out of my own savings.

So we started with content because back in 2008 in New York City, I actually founded the company in 2007.

You could do a free newsletter and just kind of get going.

And so we started creating a brand.

We started trying to talk to our users and just have a really authentic voice to say, for me, it was pretty stupefying that I could graduate from a great school.

I worked on Wall Street.

I was really good at math, really good at economics.

But when it came to just the basic questions on my wallet, how many credit cards should I have?

What's a credit score exactly and how do I make sure I keep it safe?

What are the activities I need to do?

And to make sure my wallet is strong, how much can I afford and rent?

Really basic questions.

The fact that there were not very clear answers was kind of wild.

So we started with content and then we always said it would be content, tools and advice.

And so once we finally raised enough money to build a proper tech team, we started with a budgeting app, which was a place for you to see all your finances in one place.

And then what we quickly realized was people wanted advice and I had no idea what advice looked like, chat, what it looked like, phone calls, call center open 24 hours a day.

I had no idea.

And we just said, we'll follow the customers.

And we originally started, when you build content, you want to focus on an audience, a specific one.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

So we started with female millennials.

And then what we quickly, by the time we got to advice, we just served households.

So it was never a pivot.

It was very much just like an extension of what we were doing.

And by the time we get to advice, we actually built financial planning software that could take any family and ingest 60 data points, what we call GPS for your money.

So literally a living and breathing financial plan.

And then we connected you to, I'm a certified financial planner and we connect people to trusted advisors that worked full time for us.

And so that's what we did.

And it was a subscription service.

And then by the end, we had companies buying Learn Best software for all of their employees as a benefit akin to your health benefits and your 401k benefits.

And so that's what Learn Best became.

We became the largest fastest growing online financial planning company.

So I don't know if you know about my business.

We were hosting this podcast, it's called The Hustle, it's content as well.

We're also building tools.

So I'm very familiar with the content game and the strategy.

I think it's great.

But most people fail at it, I think it's quite hard.

How long did it take to go from content to creating your products?

So we started content in May of 2007 is when I founded the company.

My then boyfriend, now he's my husband.

His dad was our lawyer.

So shout out to him.

He was the best.

And my mom was the secretary, literally like signed the formal paperwork.

I'll never forget it.

And then I'd written a 75 page business plan and then by the time that I dropped out of HBS, it was December 18th of 2008, moved to New York and started, I remember I gave myself Christmas.

I said, you get basically a week and then it's go time.

And so started building January 1st of 2009.

And then by the time we launched the company, like truly launched to our first 10,000 users was the following January, we launched, we launched these things called Boot Camp, which were 10 day programs that people could go through to learn about their wallet and they were free.

And we quickly one day realized, holy smokes, 10,000 people have signed up in a week to go through one of these programs.

And from there, we just kept building and we kept talking to our customers and saying, what kind of tools do you want?

What do you want advice to look like?

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And one day I started noticing every night, people would write in and say, I really want to talk to a customer or sorry to, I really want to talk to somebody I have questions, I have questions.

And so we then, keep in mind, it's a regulated business to become a financial advisor.

And so we had to go get regulated and became a registered investment advisor.

And we then opened it up that you could pay to talk to an advisor.

And we said, let's make it super honest, really transparent.

No hidden cost just on the site, exactly what it costs.

And while like you step back, it seems really logical.

Like what we were doing was never the logical, but it actually flipped the whole industry on its head.

The industry used to pretend to give advice away for free, but then charge you deeply on all the products that they would give you.

And all those fees would actually be pretty material.

So if you had \$100,000, we're paying \$2,000 a year for advice.

And that didn't always feel good.

People were very distrustful.

And so we just said, flip it over, make it \$500 for the year to get access to unlimited advice and we'll sell no products.

And so that's what LearnBest did.

And again, it seemed, at the time, it was actually pretty groundbreaking to build financial planning software for everybody and for the masses.

And so we also said, we'll take you a few \$30,000 in income or \$30 million.

Again, not that wild, right?

It just let's be a good business that takes care of people.

But what we realized is that alone, that brand positioning was pretty powerful.

How many employees did you have like in the first two years or so to build all that?

So we were small in the beginning.

We got to about 50 employees by, I call it, the first real like two to three years up and running.

And by the time we got acquired, we were about 150 people, which we were a real business.

And so that, for me, meant just like so much personal growth, so much, being a young entrepreneur, you don't know what you don't know.

And so it seemed really big to me at times.

So how big was the audience before you started launching the products and the advice?

So how, because you're what I'll call an audience-first company, which is first build it through content, loyalty.

And then when you have a service to offer or product or tool to offer, you've got your customers sitting there.

You just need to convert X percent of them.

So how big was the audience?

By the time that we got acquired, we were about two and a half million users.

What's a user?

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

It was somebody who had signed up for to make an account.

Wow, that's a ton.

Yeah.

It's noise.

So it's funny, we're really old school.

We actually didn't, we didn't ever spend on advertising.

We, I think by the year we got acquired, we hadn't even spent a million dollars on advertising.

It was really old school.

We were very focused on like, let's go and find customers through business partnerships and relationships and creating content.

And we wrote books and we did all these other things to really build a following.

And then we kept converting them into that.

So for the tools where people would link all their finances and we would see their full wallets, we had about half a million of those.

And then on the paying customer side, when we got acquired, we had about, depending on how you cut it, we had about a hundred thousand customers on the paid side.

And this was before Facebook too.

So Mark Zuckerberg, I went to college undergrad with me.

I was his same classmate.

And so Facebook definitely existed before I was starting where I'm best.

But I, you know, 2007, 2008, when I was starting the idea, Facebook, I think was founded in like 2004.

So it existed, but it was very much, you know, you weren't building your business on Facebook at that time.

Right.

That's what I meant.

So hold on.

You were at Harvard when he launched Facebook at Harvard?

Yeah.

I was just like same classmates.

Well, what was that like?

Do you remember when you heard about Facebook?

Do we remember?

Are you kidding?

You like could never have forgotten.

You know, I remember at actually at the end of your username, what would be the number of Facebook user you were, and I was like in the hundreds.

So I was like roughly around 150.

And you knew it because it was just the most helpful thing on the planet.

It'd be like, oh, what's that person's name again?

I can look them up.

And I was joking with my husband when my husband asked me out, I like couldn't look up who he was yet.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

He'd asked me out before Facebook existed.

And I remember being like, oh, I can't remember who he is.

Like, is it this guy or that guy?

And it just like, my kids will never know a world where you like can't look somebody up.

I mean, it's just it's really powerful.

So did you think at that time it's going to be this is going to be a big deal or were you like this is useful for Harvard and I mean, like, could you foresee that it was going to be like a \$75 billion company?

You know, I can't take credit for having like something that that was that kind of crystal ballish, but you knew it was a big deal.

Really quickly, you could just tell it was like the amount of time you were spending on it, how quickly was spreading when it went to other colleges and you could look up your friends at those schools, when you could poke people, I mean, it was, you know, to the credit of market was an incredibly infectious platform.

And did you know him personally or not?

So I didn't know when we were in undergrad, I met him a handful of times and I know his family and his siblings pretty well, but no, when he was starting an undergrad, I did not know him.

And did you think about joining when it was it's like, Hey, this thing is kind of taken off.

I'm a student at Harvard.

You were thinking about drop, you know, you dropped out of business school anyways to start a business.

I actually was thinking at that time of dropping out of Harvard to start learn bass, basically.

So my mom convinced me to graduate.

I said to her, I want to go start a company.

I know I need to and my mom was like, Can you just graduate pretty please?

I'd gotten into Harvard Business School.

My mom was like, Can you at least graduate from college?

And to my mom's credit, I did, I'm glad I did, but I that that itched to go start something was like pretty alive.

And I, you know, to the credit of like a Mark Zuckerberg, when you are so close to seeing businesses get built, you know, I think they called it the Facebook effect, which is when you can see how powerful the internet can be.

And if you're a hardworking person who has skills, you're like, huh, maybe I should go do something.

But I so yes, and I will definitely say, I think Facebook spawned an entire set of entrepreneurs.

And then you got you said you got acquired when you guys had I forgot how many, but I've read a blog post where which was like, Hey, learn this gets acquired for whatever hundreds of millions of dollars.

And it seemed to me when I was doing my kind of back at the envelope math, I was like, so they were doing sort of like, there's my my math showed me, you guys are doing like

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

less than 10 million in revenue and got acquired for you said 375 million.

That's a huge multiple.

So first, am I did I just did I lose a zero somewhere?

And then secondly, why did you get such a big outcome?

So we're definitely doing a lot more in revenue than that.

But you know, I think what we developed was a pretty powerful software.

So we had about eight patents on our software.

We built cash flow based financial planning software, which didn't exist, which is really silly if you think about it.

Most of the financial planning software out there was focused on helping, you know, people who are quite wealthy think about how to build more wealth, but it didn't have to ever net can you pay your bills.

But for 95% of the country, you know, right now 78% of the country was paycheck to paycheck. So actually, that software that existed would never have worked for the majority of the entire country.

And so we built cash flow based financial planning software, which actually would say how much cash do you have and can you pay your bills?

And if you have something left, then where do we go put it?

And so it was a pretty profound technology platform.

And in fact, I even chat with somebody else the other day was trying to build like a similar company to learn best because there's still demand for these software platforms by these big financial institutions and they're really hard and they're very tedious to build.

So no, and then Northwestern Mutual also is just an incredible business.

And they have, you know, 5 million plus families across the country that they serve.

And for them to be able to take our software and deliver, you know, plans to everybody was a very powerful concept that the CEO had.

So so yeah.

So I want to come back to you were saying that you're talking to people who are building similar tools.

I want to come back to that in a second, but I have two questions for you.

Were you profitable when you guys sold?

We were like within profitability, meaning like we, depending on how we were spending, we were near profitable and we could have been profitable.

So one thing that's worth saying, we were incredibly lean in how we had run.

We had just raised \$35 million.

So my mandate was to continue growing and build out business units at that time.

But again, I'm a recession entrepreneur in my DNA.

We always lived as though we didn't have extra money.

And it was just, you know, I think we went through a moment at post 2010, where it was all about growth and get as big as you can with no mindset to profitability.

My roots first of all are like, I'm naturally, you know, very, very frugal, very scrappy.

Every dollar, every dollar we started spending was my own money in the early days that ties to the company app.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And so that was, and I had read a few different founders saying that that's the best way to be a founder.

And I lived it because I felt like it was the right way to run the business.

And so even when we were spending, like there were no dollars that were not going somewhere.

I'm going to get this number.

This number will be roughly right.

But we had something like \$45 million of cash when we got acquired on the balance sheet and meaning that we just, we were never spending that much money.

So why raise so much, if you had just raised \$30 million, you had \$45 million in the bank, that means you had some like \$10 or \$15 million when you raised your last round.

And if you're making good revenue, why raise in the first place and also why sell?

So great question.

So I think first of all, so we'd literally just raised when we got acquired.

And North Carson Mutual actually had just invested.

And then they came and said, actually, we'd like to acquire you guys.

So that's that.

And then why sell?

So what we were building, to be able to go get it to our direct to consumer business was growing.

But I remember every day we were signing up 40 families a day, 40 households a day to get financial plans or some days we'd do 200.

But it was, and I remember thinking, we built this incredibly valuable asset and we built it because we really believe that it should be something that should go as quickly as we can across the country.

But getting people to financially plan is really hard.

It's not like anybody walks down the street and says, oh, I can't wait to go get a financial plan today.

That concept didn't exist.

And I always joked.

I actually was telling an entrepreneur today, I was like, God, I really did run a hard business to build, which in retrospect, I think me and like an even scrappier entrepreneur than I thought, if that makes sense, like, if I was selling shoes online, like holy smokes, how much fun would that be?

And I feel like that's an easy business to build.

But I was selling something that was hard, right?

Because we were productizing a financial plan that nobody ever was super excited about.

And there was some part of the population that loved it, but, you know, we were telling people, hey, financial plan is going to make you better.

And then once they tasted it, they loved it.

So our customers were super sticky.

But I remember thinking to myself, oh, my goodness, Northwestern Mutual has 8,000 financial advisors that passionately care about the mission in the same way I do, that can actually go and use this platform to get to more families faster.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And if I really believe in our mission, that's probably the right thing to do actually for this business is if you could tell me that I could go from 100,000 to 5 million in a short period of time and like, guarantee that that would happen, like that actually is a better use of what I built.

So then it does make sense.

And so did the company Northwestern Mutual, did they acquire you based off of what they thought was the frame or the valuation based off of how many customers you currently had? Or did they just say, ah, that's a, we don't really, you know, this is the payment of the company.

We don't really care about your users.

But what we want to do is just take what you built and plug it in on our back end.

Yeah.

I mean, I think, and again, I can't speak for how they value the company exactly.

It wasn't part of those conversations on the back end.

But I think that what they viewed it as was they'll say that there were three really powerful things.

The first was an incredible software that they could plug in, that could go to their customers.

The second was our entire platform.

And if you go in NorthwesternMutual.com, you know, today, it's effectively learned best.

We just moved over the tech stack, made it so you could log in, see your finances, use a lot of the tools.

We launched their mobile apps, everything, leveraging all of that.

When they offered, were you just like, hell yeah, in or because you had just raised,

I mean, and if you said yourself, it sounds like you had a, it was a slog a little bit.

If I'm kind of reading between the lines, like, you're like, oh my God, it's 40 users a day.

Like this is really freaking hard.

And they offered you that where you're like, yup, and or, what was that like?

No, it wasn't that simple.

We had a handful of other acquirers at the table.

And I actually took my job very seriously, which was my, your job as CEO in those moments, if you take your job seriously, and maybe this is just how I'm wired.

My job was actually to go get all of the opportunities and unemotionally bring them to the board and to say, here are all the different paths that we can take forward.

And then the board came together and made a decision of what we thought was best for us.

And I actually waited until that day, which was the morning that we signed to make my decision, because my job was gathering all the different opportunities to bring them to the board and say, here's what we have in front of us.

We can do this path, this path, or this path.

And to be crystal clear, it was never like a stressful decision in that staying private

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

also was a really good decision.

Like we had, as I said, about \$50 million of cash, I actually think it was \$52 million, if I remember correctly, of cash on the balance sheet.

We were growing.

It was starting to get easier and easier because we had launched one invest at work, which was growing rapidly.

And we were selling the software subscription in tens of thousands.

That's way more fun than 100 a day.

Way more fun.

You're like, great.

I can do this.

And that business was really taking off.

And I just started to see the oxygen of it.

I think the point that I'm making is every minute to getting there was a lot of work.

It was never one of these businesses that just like overnight, 7,000 people show up to Chipotle and can't wait to eat our salads.

Like it was not anything like that.

But so I didn't make the decision until that morning and it was really, I took it so seriously because I had, as I said, about 150 employees, I had hundreds of plus shareholders of people had been part of the company at some point left and then all of our investors.

And so I had to think on behalf of hundreds of people, and I felt like your CEO job is actually a really serious one, which is to bring it to the table and then make the best decision on everyone's behalf.

Knowing that some people would be thrilled about an acquisition.

Some people would be like, why are you selling?

This is such a good business.

It's going well.

And I just also knew it was going to be a big decision.

What do you regret about that journey?

I mean, would you take back selling or are you happy with that?

Would you take back raising all that money?

Are you happy with that?

Is there anything that you're like, I really?

I don't regret a single thing.

I have to say, personally, I got to grow a lot through it.

Times when a startup CEO gets acquired, they like sneak out the back door as quickly as they can.

And I cared deeply that by the end of it, that I wanted to make sure they felt great and I wanted to feel like I had done what I said I was going to do.

And so I ended up staying four years because I had such a good time.

And I think that that speaks volumes to Northwestern Mutual, which again, I was chatting with a few friends who sold their business in the last week and they were like, how did you stay four years?

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And I'm like, I loved it.

And that doesn't mean there weren't hard days.

There were brutal days.

There were really hard days.

We shut down the Learn Best brand at one point because it really made more sense for it to live on the parent company because a parent had been a wrap for 163 years and Learn Best was a tiny little brand.

And I was proud of that decision also because it was the right one for what we promised that we were going to do.

So what are you looking at now?

So you invest now, you got a fund, Inspired Capital.

What spaces are interesting to you nowadays?

So Inspired Capital, we're an early stage fund.

So Seed Series A, we're totally generalist.

We're literally looking right now at everything from restaurant tech, so food tech, which is really interesting.

It's a mix of FinTech and sourcing of any type of food that we will all eat from straight to agriculture, you know, farms to your coffee shops that we're pretty excited about.

We're really focused on the future of money movement and there's some really cool things we're working on there.

We just invested in the company and the trucking logistics space, which we think and hope can put lots of people to work.

And so, you know, really focusing on what is the next decade going to look like.

We actually published today, a Future of Work study, and I heard this great quote.

We basically started the year in 2020 and we're ending this year 2030, just in how much we have just advanced the ball on who, how and who we all are and how we will think.

And, you know, being a working mom, how amazing is it that I can actually excel at my job, truly excel and actually see my kids probably an hour and a half to two per day more.

I mean, it's, I will say, I think we're living through one of the biggest seismic shifts on our planet right now, ever, maybe the probably biggest in my lifetime.

The global health world is collaborating in ways that you've never seen because we are all focused on a common enemy of COVID and I just think the world is incredibly exciting.

And I will say when you see asymmetric dislocation, like we see right now, because the world is on its tilt, that's when innovators go nuts.

And this is like my favorite thing.

I've talked to 10 entrepreneurs a day and as you can tell, I'm honestly just a junkie for founders.

I love building businesses, my brain loves nothing more than hard problem solving.

And I was just saying to a founder before this, you know, companies have seasons, right?

You have spring, summer, fall and winter.

Winter sucks, right?

And as I just said, I had plenty of winters that learned best summers when it's fun and things are exciting.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And I like to say that, you know, the inspired capital team, we are our best when it's winter and for a lot of businesses right now, this is a winter.

It's a scary time.

And so this is when we want to be the best teammates.

You talked about future of work and you think there's a huge shift going on.

I think a lot of people right now are talking about this remote work.

What does that mean?

Is this sort of permanent?

Is this temporary?

What are the secondary effects?

I'm curious, what's something, you know, the Peter Teal question, what's something that you believe about the future of work that is not sort of consensus right now?

It's not something that everybody is saying.

Do you have any sort of original views or contrary views around the future of work?

I mean, we will go back to offices.

So let's be clear.

But I think a lot of the fat will be cut.

And what I mean by that is we use, I don't know about you guys, but I used to like being calves and running and Ubers and subways and sprinting and planes and trains and like the frenzy of what I used to do because there are so many social norms.

Like if I'm going to see you in the city, I wouldn't be like, hey, let me just zoom you, right?

You'd be like, that's rude.

Come visit me.

Why?

Like, so just I think the amount of what I'm going to call like useless friction that we used to apply to our lives that now looks calmer.

So that's great.

I think, you know, I'm really bullish on just equalizing households.

I actually think that this is, this is a great equalizer.

These partaking in so many parts of running a household these days because we were locked in our homes and that's going to create some permanent habits that I think are going to be better.

And, you know, I, I'm really fortunate to have a phenomenal partner and my husband and we really do both a lot of everything around our home.

And I think that that's going to be hopefully more normalized going forward as I think a lot of parents are going to realize it's not a choice, stay home or work.

Like there's this very powerful middle path and so, you know, I think the gig economy going into this intermittent work economy is just exploding right now.

Like you can work 20 hours a week if you want to, you can work 70 hours a week if you want to.

And I think that we're going to, so the only other thing I'll say that's not consensus, I am deeply worried about how 40 million Americans are going to get back to work.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And I don't think, you know, the markets right now, Main Street and Wall Street are completely disconnected, I honestly wake up at three o'clock in the morning wondering how are 15 million households going to be absorbed when those jobs don't come back. And I'm worried about that a lot.

So that's one thing I'll say, I don't, I sometimes wonder why more people aren't talking about what we're going to do with the jobs that do not come back and that worries me a lot.

What type of, what's your background, what part of Florida are you from?

So I grew up in Jacksonville, Florida, I was born in Kentucky.

I grew up in Jacksonville, Florida.

My mom's side of the family is from South Bend, Indiana.

My grandfather was a welder who, it's whole life, my grandmother worked at AT&T as like a, I'm doing the spinning motion.

She was literally operating, she was operating, she was operating.

And then my dad's side of the family, Vontobel, is Swiss Belgian.

And so, and then both my parents were in the army as doctors and nurses.

And so my brother was born in Germany and I was born in Kentucky.

And then,

So I'm from Missouri, and then I lived in Tennessee.

So I'm from a normal family, like not a Silicon Valley, not a Manhattan family.

I live in San Francisco now.

I'm definitely on like the inside of like a lot of the, you know, the San Francisco nerds and it sounds like you are on the inside of the Manhattan relatively elite circle.

I mean, the partner for your capital, for your firm is like a pretty big deal.

The Pritzner family.

Does it feel ever like you're an outsider?

You said Main Street and Wall Street.

Does it feel more like you're connected to your roots where you grew up or do you identify more at this?

I mean, and I say this because I'm in this crew too a little bit like in this relatively tight circle.

I mean, where are you an outsider, do you think?

So glad you asked this question.

So glad for a bunch of reasons.

And I think what's really obvious to me is I think it is an incredible competitive advantage.

I think right now we are in a world where the country is very disconnected.

I'm actually hoping that COVID is something that like does unify us a bit more at those days where I worry it's moving in the wrong direction to those days where I feel hopeful.

I think the fact that I came from a really, again, like my dad was in the army as a doctor.

My mom went to boot camp, was a nurse.

My mom was a nurse practitioner.

My dad passed away when I was younger.

So I was actually raised by a single mom with three older, sorry, three kids.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

I've told her brothers who are also both doctors.

But like it reminds me every day that the bubble that we live in is completely ridiculous. And in fact, you know, I am a certified financial planner who stared at America's wallets for a decade.

And the headline is people can't afford anything and everyone's stressed.

And if you don't have dignity to be able to put food on a table for your family, guess what?

That's a pretty stressful thing.

If you're not sure how you're going to forget like saving for retirement, if you don't know how you can actually feed people right now, holy smokes.

And now that I've become a parent, like that's so much more visceral.

And I actually think it's a real competitive advantage to remember that there's 300 plus million households in this country, and that not everybody is on the same page in technologies and always moving everybody forward.

And so I think it's a major advantage to not forget that.

And again, I'm literally in Jacksonville, Florida right now in Chattavidra in like my childhood bedroom.

And I'm so proud of my roots and I'm so proud of my family and what they've helped me accomplish.

And goodness gracious, do I feel like we need to do more bridging the country together?

So, and this is a good segue because earlier you said that people are actually still trying to solve the problem that you were trying to solve for.

What opportunities exist in this financial planning, personal finance space?

I'm a huge nerd in this.

I use wealth front, I use personal capital, I've used mitt, I use spreadsheets.

I love this stuff.

You know, I think a few things at one, the problem of our wallets for America is bigger than just like great software.

There's a lot of what I'm going to call infrastructure problems that like tech can't solve.

What's the minimum wage?

How do we handle, you know, working mothers when 25% of the country's moms are single moms?

And how do we handle daycare, blah, blah, blah?

There's a lot of other big problems around the wallet in America that like a cool technology app doesn't solve.

That said, I don't feel like LearnBest solved everything.

And in fact, I have this itch that we've wanted to scratch for a long time around, you know, I was a part of the population where I wanted to talk to a financial planner.

That for me, there's a certain user type about 22% of the country from our data that wanted to talk to an advisor in the country.

But about 78% of the country doesn't want to talk to anybody.

They just want the problems of the wallet to be solved for them.

And so I get really excited about the future of self-driving wallets because I actually think every hour that you have an extra dollar, penny, \$10, \$100, \$1,000, it should go to the exact right pocket instantly.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

And so I believe more innovation will happen.

And I think that's one of the things that, you know, we get pretty excited to talk about is, you know, I wrote a book called Financially Forward, literally just to force myself to think about what the future of our wallets could look like.

So what's that product look like?

Self-driving wallet.

You put rules and controls around it that say, my checking account always needs at least \$400 in it, but every dollar above that, please go put it in the exact right place and take care of it.

So what would you do?

Would you, would you, so like I use simple, I like simple.com, I've been toying around with that.

But what I learned was that it's a checking and savings account.

It's actually, they use, I forget, whatever the biggest bank in like the world.

It's like, be, I forget what it's called.

Anyway, they put their software on top of another bank's checking account.

And because it's opening up a bank is really hard.

Is that what you would do?

I mean, how would you go about solving this?

So I, if I remember correctly, simple got acquired by BBVA.

I think actually right before LearnBest, if I remember correctly.

So the, and again, I don't want to totally bore you, but basically underneath it, the problem with autonomous wallets is money movement, which is money doesn't move quickly. From one bank to another, it moves across ACA trails from 1971, and they typically take about five days to move the money.

And so if you want wallets to actually be able to self-drive, you actually have to fix money movement.

So we've written thesis upon thesis papers.

I call it actually a liquefied money is the thesis, which is also, and I'll give you another example.

Why do we get paid every two weeks?

How does that make any sense?

We work every day.

Guess what?

For a normal American family getting paid every day, materially helpful.

That's a pretty radical idea.

That's kind of cool.

Why do we get paid every two weeks?

Is this like something that I don't, I have no idea.

It's a legacy concept.

Some people get paid weekly, but most of us get paid twice a month.

And if you think about that, people have liquidity crunches in between those two days, but you work every day.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

So why don't you get paid every hour?

Yeah.

What do you think of the company?

It's called Earn-In, I believe that solves that problem, that tries to solve that problem.

Well, they're solving a portion of that problem.

So, but no, I think that there's a few of them.

There's Earn-In, there's Dave, there's a bunch of other.

There's a company called Even, which is, but they are solving elements of it.

Have you seen the sort of crypto projects that are doing streaming money, which is basically like the way we, you know, we don't download movie files anymore and play them.

We stream it bit by bit as we watch, but basically getting paid like that.

So why don't I get paid by the second that I'm working?

And it's just streaming into my bank account, fractions, basically of value.

And there's crypto companies doing it.

Even more valuable.

Okay.

It's not just the streaming in.

It's then what happens.

Your credit card debt actually charges you interest every single night.

Okay.

So actually you paying your credit card bill nightly would materially help save and keep mind the average family in America has between \$9,000 and \$16,000 of credit card debt based on how you cut it.

The average savings account is 400 bucks.

But if every hour you got paid and then you could pay your bills and live your life, but it would actually stream into your 401k and get the matching dollar that same hour and then auto invest.

Think about the, like that is what is the difference between, and I always, I feel like COVID exposed the precariousness of our economy, but it also exposed the precariousness of the American wallet.

And I think that we're going to be in a groundbreaking moment of how do we go fix it?

So any entrepreneur listening, I want to talk to you, Alexa at Inspired Capital.

I want to hear your ideas, but these are the big monumental challenges we want to solve.

What would prevent that?

That's a, that's a crazy idea.

And I think that's a, that's a cool idea for someone who wants to, like it's kind of like a go big or go home.

That's a pretty cool idea.

I like that.

What would prevent that from working?

What are the barriers?

It's the infrastructure layer that I was just saying.

It's the money movement.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

Because that, I mean, is it money movement or is it a cultural thing?

Because I'm a business owner, like I, like the two weeks buffer for a small business when you're just getting started, like businesses are, we take advantage of that, right? Like you're like, like, oh great, I've got like five days.

I got to go collect this, this client's money and then I can make payroll.

Yeah.

It's, no, that I think is solvable.

I mean, you have two leading edge companies.

You know, I think in just the last week, we saw a few companies say, I'm worked from home forever, but you take a few more that then say, we're going to pair our employees daily.

And in fact, Uber started paying its drivers every ride.

That's an example of you've worked.

You should get paid.

Why do we withhold from you?

It's a free loan to your employer.

And at some point that will break down, but that's not the thing I think is harder.

It's actually the money movement piece of, because our wallets have been unbundled.

We used to have wallets at one place, let's say Chase and used to have your credit card there, your savings account there, your checking account, your 401k, et cetera.

You now just, both of you have named while you've been on this call, seven places that you have financial accounts.

So it's money movement across those accounts, moves across an ACA trail.

And that ACA trail takes about five days or mimics it and it'll look like same day.

And sometimes that same day is really more of like a magic trick.

It's not really there.

So then to be able to pay it out to some other place is very hard.

There's a European company I think who was doing something similar helping, what was it called?

Transfer?

There's a company called Transferwise, but then to actually Europe is miles ahead of us.

They're on real-time payment rails and you can actually, they're like a full decade ahead of us in terms of, you don't even need Venmo because you can just pop money into each other's bank accounts.

Bank to bank, yeah.

India just also came out and they announced a whole monetary API, basically a mandatory payments infrastructure.

Right?

I forgot what it's called, UPI.

I love how much you guys know about FinTech and infrastructure.

I love it guys.

I can geek out with you.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

Well, I don't know if you've heard this podcast, but what we do is we brainstorm ideas. We just shoot the shit and we brainstorm ideas or we see something interesting and we say, hey, this is cool.

These guys are doing streaming money.

What would you do with that?

Hey, why do we get, I think we literally had this conversation, which was why do you get paid every two weeks?

That's crazy.

It's a free loan to your employer.

That's what we do on this podcast twice a week.

We like to nerd out about this stuff.

We know a medium amount about a lot of topics.

A little bit.

Only a little bit.

We know a little about a little bit.

One of my favorite ways to brainstorm is I like to look at companies in other countries and just be like, do that in America.

Guilt group, Kevin Ryan was like, oh, I see this French company is doing this.

Let's just do that in America and we'll put a little spin on it.

What's a European company or an Indian company that is doing this quite well that I can go and learn about in order to see how this is done?

Because this is pretty hard to conceptualize, right?

Because we're like, it's been done this way for who knows, decades, hundreds of years.

Yeah.

To be honest, for the standard of what I want to see built, I don't believe that there's a company that is close.

There's a company in the United States that's starting to think about this and doing a good job also called Tali, where the Jason, the founder, is wonderful.

He was helping people.

He started with credit card debt, pay off their credit card debt faster, which was the core pain point and starting automation around it.

I want to fast forward the decade ahead where we actually get to instant streaming money.

I call it liquefied money.

You're calling it streaming money.

Where your money can always be optimizing to the right place, and that gets pretty powerful when that begins to happen, but most importantly, not only is it powerful, it meaningfully changes the life of American families, meaningfully changes the lives.

I'll challenge one thing, which is, so I've heard this idea before about basically, what's the category of what you built, it's like PFM, personal finance manager, and the theory is basically you have things like clarity money and LearnVast and others that were basically all like, hey, we can suggest some things, we can show you some charts and analysis, but fundamentally, you, the user, make the decision.

What you're talking about is the software makes the decision, self-driving basically.

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

It's not you're sitting in your car and your car suggests to you how you should turn or change lanes.

The car changes lanes because it knows where you're trying to get as your destination. I've heard before that, hey, what we need is for to get the AI basically to the point where it can actually make the decisions and optimize the money for you so that the user doesn't have to make decisions.

User says, I have these financial goals for myself, this is my income coming in, here's my bills, and it basically does it.

What you added on was the reason that can't happen right now is because the transfer is too slow, but it seems like there's a middle step, which is just right now the software doesn't decide, the user decides, and most users don't want to think about that or make those decisions, that most people are not active with their money management, much to your chagrin, I'm sure.

Is it more about software deciding versus user deciding, or is it more about liquefied money?

So liquefied money matters, but then to your point, I want to answer that with a visual question.

When we imagine money right now, we imagine money by saying, okay, I'm going to log into my eTrade account, and I'm going to stare at all my graphs, and look at things, and I'm going to talk to an advisor and tell them my goals, and then a lot of things are going to be executed.

I almost think that we are thinking about the limits and the bounds of what technology offers today, as opposed to what the customer really wants.

If you ask the customer what they really want, they want enough money to do what they need to do, and they want everything else to be taken care of.

For most people, thinking about money all day long is actually not fun or exciting, and in fact, it's quite stressful.

I almost think we visualize money based on what exists, but imagine, I thought exercise and I'll use an Amazon Alexa, since literally there's like 17 in my brother's house, and he just likes to yell at me all day and he thinks it's so funny, but basically let's use an Amazon Alexa, and imagine you could walk in your kitchen every morning and just say, you have surveillance, so you have rules that you've set around your wallet, so has anyone broken my identity, has anyone done anything bad or untoward?

Restrictions that you put on, so like my kids' credit cards can each only spend \$50 a month and whatever it may be, and then you've already clearly laid out goals, and it just does it for you, and so you walk in like, why do I even need to look at my money?

All I care about is, are there any crises, no, are the rules I've set up in place, so any extra money, I need \$400 in my savings account for checking for, if I need cash, we're gonna obviously go away from cash permanently at some point, and then everything else just optimized for me, and that's math, the thing I love, I am a math geek, I've always liked math growing up, I always loved it, math is really beautiful because this isn't, we're not trying to cure something, a disease that we don't, this isn't a COVID situation where we don't know what to do yet, we are looking for a vaccine to use that as an analogy, this

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

is math, for every American wallet, I can mathematically tell you where their next dollar should go to save them money, make their life better, and outside of them telling us what their goals are, then the math can do it, and it can do it every hour or every minute, and at some point when you get there, that is better for the American wallet, and so that's the vision, that's literally the picture in the back of my head, is like when do we get to a place where my money is just doing what it should do at all times, and right now there's wild amounts of friction, move it from here, put it in the savings account, sweep it into this, do this with this, pay off the credit card, to pay off your student loans you have to make two payments and tell them please pay the principal not just the interest, friction everywhere, and at some point it will go away and I want it to go away as fast as we can and it will be some of my life's work to help that happen.

I don't think you should be a VC, I think you should go and start this, you are very persuasive, I feel like I'm ready to like get behind you and say let's go to war, you're very, you've got a very good pitch, I had one last question, are you a fan of Ramit Sethi's teachings in his book?

His book, I can teach him, he's a great guy, and I will say like every financial planner out there that's doing good work to help people between now and when this beautiful future software can exist, I'm excited about it.

I feel a lot of your pain and I understand what you're coming from because I'm not poor anymore but I remember being poor and like so afraid to look at my log into my bank account and then I eventually created all these systems so it's like a little bit of paycheck goes here, a little bit of interest, this thing goes there, and I'm like I like Jerry rigged this thing together and even to this day, I'm still like I hate logging into my bank account just because for me it's like PTSD, right, you're like so like I just don't even automate some stuff because I'm like I don't even want to, I hate it, I don't like that.

And this is a perfect example of where you know I really do think you know I grew up a really normal life, I grew up in Jacksonville Florida which is a wonderful place to grow up and I just think you know I'm interested in technologies that can impact tens of millions of families and like really make our life better and one last thing you know at Inspired Capital we literally invest across all sectors, I just told you everything from trucking logistics to consumer software to fintech but one thing I particularly like about fintech is in fintech any innovation is actually helping the customer, right, like you're not innovating in fintech in a way that like gouges the customer, it's like they're constantly making their life better and cheaper and less expensive and the pressure it puts on the big incumbents to drive their prices down is really powerful and I think that's pretty awesome so I think it's a great place for me to use my brain.

This is awesome.

Love it.

We should wrap up.

Alexa is there any, you already gave your sort of email address out, where should people find you, who should find you, how do people connect with you?

So on Instagram I'm just Alexa Von Tobel, our fund is Inspired Capital but you can message me on Instagram and it's the one place I actively try to respond to as many that come through

[Transcript] My First Million / #79 with Alexa von Tobel - From Dropping Out of Business School to a \$375M Exit

Alexa Von Tobel on Instagram and thank you guys for having me, this is so fun, you guys are so wonderful and again really honored you reached out.

Great, thanks for coming.

Thank you very much.