

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.

All right.

We're live.

We're good.

Yo.

You're in Utah.

Yeah.

I am.

I'm in Salt...

What's the other place?

Park City.

I'm in Park City.

Nice.

How's it been so far?

Your great adventure has begun.

It's okay.

I definitely want to just be in my home, but it's okay.

Dude, you're like two days in.

It's okay.

Yeah, it's good.

It hasn't hurt productivity, but I could see how it could.

Meaning what?

Why would it hurt productivity?

Because you're trying to dunk?

We should talk about that in a second.

Okay.

So I don't want to make this too much about me, but I'm going to because that was kind of cool.

This place I'm staying at had a basketball court and I posted on Twitter, dunking shockingly close.

Right?

Very close.

If you had told me, hey, can Sam almost dunk?

I don't know.

What are you talking about?

No.

No, Sam can't almost dunk.

But you can almost dunk.

You're like very, very close, which was extremely surprising to me.

I don't think it's a matter of jumping height that's preventing me anymore.

I think it's a matter of, but maybe I think I'm a little chubby.

I could lose, if I lost 10 pounds, I'd get it, but it's a, just a strict, like I'm not coordinated enough.

Like the way that I'm doing it, like, right?

All the limbs have to move in sequence.

Like I, like I'm like running and just stopping and using two feet and just like, right?

Yeah.

No, it's cool.

You should go to Sam's Twitter and watch him almost dunk.

I was, I was really shocked.

I've gotten that close to dunking when I was, I think 19.

I was super close to dunking and then I like blew out my knee the next like two months later.

And then I've never been even remotely close since then.

And it's not because of the knee.

It's just, I never like got fit again in that same way to be able to potentially do it.

If you did it at 19, work a little hard.

I mean, work hard and try to do it.

Like when I was 20 and 19, I could like, I couldn't like put it between my legs, but

I could like go up and like do all types of weird shit.

So you could dunk before.

Yeah.

I didn't believe me.

Like no one who knows me now, believe me.

And so I'm like, fuck, I'm going to, I'm going to do it just to show you guys.

Amazing.

Okay.

So, so that's going good.

So yesterday, what happened?

You had a little emergency.

You had a bail last minute.

Kind of.

Yeah.

So that wasn't yesterday.

That was two days ago.

Yeah.

I got a whole bunch of crazy stuff going on in the, in the work world.
And then like Sonia, yesterday was having like crazy ass cramps and then I'm like, oh shit.
Okay.
I'm like, maybe, because right now we have like a, you know, a two-party system.
It's like, I know how to do my role.
She knows how to do her role.
And I'm definitely like the Steve Kerr and she's like the Michael Jordan of baby care.
And so when Michael Jordan gets the flu, you're like, oh shit, now I got a score and I don't know how to score.
I haven't, I haven't done this all year.
And so there's some moments like that that just pop up throughout the week and it's always during like, you know, some other work thing that I'm like, okay, work's not important.
I got to learn how to be a dad.
Hold on.
That's all right.
Well, we're happy to have you back.
I did a little bit of the heavy lifting without you.
And I didn't like it.
I missed you for sure.
We heard it was good though.
The editor was like, this is an A episode and I was like, wait, A's are possible without me?
Oh shit.
Okay.
Well, it didn't feel like an A when I was recording it.
It was not as fun, but I will tell you want to do a recap on him?
Well, I didn't get to listen to it yet.
So I have it queued up.
Okay.
Yeah.
Give it to me.
Okay.
So check this out.
So I met this guy either in trends or on Twitter.
I met him somehow only two weeks ago and we just would shoot the shit on the phone.
It was like online dating and like calls.
You started calling each other.
Yeah.
So this guy, but I had kind of known of him a little bit, but he started this.
His name's Ryan Ryan Beagleman.
He started biz now media, which is a newsletter business and I definitely was inspired.
I knew a lot about him and a lot about their company.
And so I kind of knew him.

I didn't know him.

I knew of him and he called me and we became buddies and I was like, yeah, you know, I started my company inspired by you guys and he's whatever.

And so he also started summit series and summit series.

He got mad at me a little bit because I kind of describe it in a disrespectful way, but it's an event, but these guys are wild and they would rent a cruise ship and it's like a lot of young tech folks.

And then they eventually were like, you know, what if we like, let's not, I don't want the party to end.

Let's buy a location to do this.

Right.

And these guys were like, it was like four of them were the main guys or maybe five, I think four and they go, what if we convinced a whole bunch at this point, they probably had 5,000 attendees across all their events, like over the lifetime over four years.

And they go, what if we convinced like 50 of these people to help us buy a mountain because someone had come to them, we're a friend of a friend and be like, Hey, there's this mountain in Utah and they're like going bankrupt or they, it's like a, they won out.

And they go, okay, well, let's each, let's convince 50 people to give us a million dollars each.

And well, it was just like a plot of land that was like dirt, like there was nothing there.

And what if we like convince them somehow to like buy into this?

And they did and they got like, successful people like Reed Hastings and like all these like tycoon folks and they didn't know anything.

They were 28, 29, I think 26, something like that.

They knew nothing.

It was very impulsive.

It sounded like, and they go, let's convince these people to give us money so people wired them money and they bought this mountain and then they've over the past eight years have been selling plots of land, but it's still not complete yet.

There's, it sounds like there's a long ways to go, but they built roads.

They built fire hydrants, like things you don't think about.

It was literally a plot of dirt.

They didn't even know like, I don't think they fully understood zoning laws.

I don't think they fully understood like, I don't think they frankly understood anything, but they had a dream.

What's cool is they took the, okay, rich people kind of want a vacation home in Utah.

Like that, that kind of makes sense.

Like, okay, it's a kind of up, up in the mountains.

I could have a vacation home out there, but in this case, they merged two things.

It's like, what if there was also this kind of entrepreneurial village and it was your vacation home?

Would you be willing to pay kind of upfront for that dream?

And like, yes, they were, they were willing to do that.

And I think that they like, they had to do, so like it sounds like they had a lot of,

like, they're these rich guys and I mean, I imagine they're rich now, but at the time he was like, you know, we didn't have a lot, like, we didn't have anything really. And so it was really cool to hear how he bootstrapped this like resort, I guess, I don't, or a town. I don't know what you want to call it. And it was great. And they would tell stories about like, are you there? Is that where you are? So he, this guy, he's married, Ryan's married, but his wife was gone and he had the 6,000 square foot home that he was renting. And he goes, you know, if you and Sarah want to stay here, I have two levels so we could still like be safe, come and stay here. So I stayed there for three nights and he took, and we drove around and did a driving tour of the mountain. And then I have already had a Airbnb booked. And so I just went to my Airbnb on Monday or Tuesday. And so is the, the place that they bought all that land, is that now like kind of developed? Has it happened? Is it happening or is it still like, no, nobody lives here yet? Some people live there. There's a lot of work to go. They have roads. They rented out for like races and 5Ks and they have events there still. I don't know if you've ever been to events, but there, but some of our friends have like they have buildings. I think they have like 40 homes that are completed and you can live in. Our friend Xavier did the boss move. He saw what they were doing and he was like, okay, this is a genius of them at B, I don't want to pay the premium to like buy this plot on powder mountain. So he just bought his own little vacation house, like a little further down the mountain, like right below where they were cause he's like, dude, these guys are going to put in like \$50 million to like making this whole area amazing. So he just bought his own little house at like, you know, half the price or whatever right next to their plot of land. It's pretty amazing. And Sean, let me show you why it's amazing. The listeners can't see this. Look at what I'm looking at my window right now. Hurry up. Hurry up. I hope I can get it. There's just like a, there's a straight up a deer just eating plants like four feet away from Sam outside the window. Yeah, that's incredible. You see that deer?

Yeah.

The deer was amazing.

Sounds like Utah's dope.

I really liked the story.

So, so I know you did the whole podcast with him.

So we shouldn't talk too much about it, but I just got to say my two senses.

This is one of the like, you know, on my respect meter, what those guys did at Summit Series is super high up because they had no name, no background, no nothing.

And then they created Summit Series, which was great, bringing people together.

And then they elevated the vision like 20 X, where most people would have been extremely satisfied and it's kind of stopped at like, Hey, this is cool.

Like whatever, you know, Bill Clinton comes to our, you know, summit series events and chills on the hot tub on this, you know, at our, at our event.

But then they were like, no, let's buy the mountain, create a village, raise \$50 million.

Let's build roads.

Like that's kind of, it's ballsy in a way that I really respect.

And I'm sure there's people who are much smarter and much more accomplished.

But you know, you are what you admire and I really admire what they're doing.

I agree.

And frankly, the verdicts still allow, I think, if this is going to work, like totally flop.

And I would still respect it just as much because I respect the attempt.

The attempt is so unique that, you know, I got to say that that's kind of amazing.

Most people would not have done that.

Yeah.

Like, but with COVID and just the powers that be like, it seems like it's going to work.

But just, they didn't say this, but from my understanding, I'm like, this definitely could still fail, but it's pretty, it's pretty baller.

Right.

So it's amazing.

And how did Pomp go?

So Sean was on Pomp, at Pomp on Twitter.

I don't know what his real name is even.

Anthony Pompiliano, I think is his name.

Is that good?

Yeah.

It was a lot of fun.

So I, I prepped, so I normally don't do any prep for pretty much anything in life.

And I like, okay, that's a good way to get good at winging it.

But I was like, every morning when I wake up, I, you know, ask myself, I'm like, okay, what's the one thing I'm going to do today that if I just crushed that one thing, then today was a success.

And like, if, even if I fuck up everything else or I have to do everything else is it won't matter.

This one will carry my whole day to be a success.

So I look at my calendar, usually I'm like, okay, I have this meeting or I got to make this pitch or whatever.

And I usually decide my thing.

And so when I woke up, I was like, the podcast, I'm going to crush the podcast.

And so I was like, all right, well, what do I do?

I got, I got like two hours here.

And so I did something kind of unusual.

I basically sent him an email beforehand because I was like, this guy doesn't really know me. Like he's heard the podcast a few times, seeing each other on Twitter, but like, he doesn't know me.

He's just booking people for his podcast that he think will help is, you know, that his listeners want to listen to.

And just like we do many times.

And so I sent him the letter that I wish I got from a guest, which I was like, hey, I'm pumped.

You know, here we go.

Here's some things that will help you, you know, make this a good show.

And I was like, you know, first, like my name, here's how you pronounce it, because that's always the thing.

It's like, here's what your listeners need to know about me kind of in a nutshell.

It's like, I'm the guy who blank.

And I liked it.

My blankety blank and filled it in.

And I was like, here's like five kind of controversial things that I believe and I'm happy to talk about any of these.

Here's, you know, three or four kind of amazing stories that I've, you know, crazy things that I've done in my life.

And if you want to talk about any of those, I can kind of go, go into any of those.

And you know, here's my kind of mission on, you know, why I'm even going on your podcast is because I like to spread the word about X and, you know, cool, let's do this.

And so the podcast was awesome.

I think because of that, that prep.

And I would say the reason I share this is because a, in general, I think you can do that for whatever your version of whatever's, whatever's your thing you're trying to crush in your life.

But when I was doing it, I was like, well, what am I going to say?

Like if it's like, if you think about yourself as like a product and you need to like quickly explain yourself to the customer and they're going to be like, okay, I get it.

I get what this is.

And I either decide if I like it or don't.

I was like, how am I going to, what's my angle?

And like, you know, as I kind of went through this little exercise, that's in some ways pretty fucking cheesy, which is like kind of like a personal branding exercise where it's like, okay, well, what's the one thing that people should know about me?

What's the core?

What do I stand for?

What makes me different than anybody else?

Why should you listen to me on this podcast?

And so I went through this exercise and I came up with kind of what I thought mine was.

And so I'm curious, like, do you ever think about that?

Or do you feel like you have kind of a personal brand and do you like, I don't know, do you like work on it?

Like, what's your angle, you know, if somebody should be like, all right, who's Sam?

Sam's the guy who does, Sam's the guy who is X.

No.

And that's why you should listen.

I don't think I work on it, but I think I probably should, but no, I don't.

I think, I don't know.

I think maybe my reputation is like people kind of consider me like a Southern person and I'm like, that's not really true, but whatever, I won't correct you.

And, and maybe they consider me a loose cannon, which may or may not be true.

But besides that, I don't know if I think about it at all.

So like you, you did an appearance on Jason Callaghan's podcast, which I think is a bigger, it's a bigger podcast than ours.

It's been around for 10 years or something like that.

And I thought you crushed it.

You came out the gate hot.

You had a whole bunch of interesting stories, information.

You kind of were a straight talker and I thought that was really good.

And I would say that's kind of like part of the, part of the appeal.

But when he, you know, I think for you, your thing is like, I'm the owner of the hustle.

The hustle is a, you know, a media company that, you know, we tell the news and we do this thing called trends and we're, we have, you know, million plus subscribers and we make, you know, tens of millions of dollars or whatever.

I think that's kind of like your, that's who I am.

And then the reason people like you is probably the like straight talker has interesting stories to tell and no bullshit kind of guy.

So you know, that's, that's kind of, I think that works for you, but when I did it the other day, I sort of was, it became very obvious to me, man, if I really sharpened this up, it could be a lot better.

Like my story could be a lot better.

And I think I'd meet more interesting people.

I think you're an inevitable, you're, you're at a slight turning point with your, who you are, right?

Like you're, you had a thing, you don't have that thing anymore and you're somewhere else.

And without, I mean, I'm not actually, it's not like I'm breaking news, but chances are you're probably going to move on and do more things one day, right?

Which I don't, by the way, to the listeners, I have no idea if that's true.

I'm just making this up.

No inside info.

Just, just.

Yeah.

Yeah.

And I also think that you've valued yourself as like a start-up or go big guy, but now you're obsessed with these like smaller things and that's a transition for you.

But one thing that's remained constant is you're this framework.

You're like this wisdom, this doesn't, this is a good thing.

You're like this wisdom guru and this framework guru that inspires people and that has remained consistent.

So I would kind of lean into that if I were you.

Right.

Yeah.

So I, the two angles that I came up with were, I was like, I think, I was like either

I should, I should kind of explain myself as kind of like a, an idea machine.

Because, you know, I ran an idea lab for five years, built like 20 different products ideas out of that raised \$15 million plus.

So that's like, you know, I ran an idea lab and then we have this podcast, which is all about shooting the shit and brainstorming ideas.

And then I invested in like other people's ideas and that, you know, so that's just like who I am is what I'm interested in is what I talk about.

That's one angle.

And then the other one was, I was like, okay, you know, like I'm also super into frameworks more than anybody else.

I know.

Yeah.

It's the way I think.

You know, there's, I said this on the podcast, I was kind of like, you know, I would try to like want to be, you know, my goal could be like, to be like the framework done, but you know, frameworks are so nerdy, you can't be a Don if you're into frameworks.

And so, you know, it's one of those two, I think is the most like true.

And I've done a bunch of shit that that sometimes fits into that sometimes it doesn't.

But anyways, I thought it was a fun experience to like go through that process of like, cool, if I was going to distill myself down in the way that you got to like, you know, be simple and understandable and like interesting to a whole new audience of people, how would I do it?

And that was a fun experience.

All right.

Today's episode is brought to you by tempo tempo dot fit is the website.

I actually use this.

I've used this for a few months now and it's this machine that has a touchscreen in this 3D sensor.

And what it does is they give you weights at like 115 pounds and weights and it's for

strength training.

So what it is is it measures your body and it sees how much weight you're lifting.

It sees how many reps you're doing and how much effort you're putting in, what your heart rate is.

It's pretty amazing.

And then you have a coach on screen walking you through what to lift, how many to lift, what workout to do, whether you want to do a 20 minute, 10 minute, 50 minute workout.

It's pretty amazing, but the best part is the leaderboard.

The other stuff, all the features that they have, that's cool, but I'm obsessed with the leaderboard because it measures how many reps you're doing and how much volume you're doing and you can compete with other people who have taken the same class.

So it's made me want to work harder, lift more weight or have more endurance.

It's just pretty freaking fun.

And the whole point of working hard is to have money so you can spend it on stuff that will make you live longer and this product Tempo, it checks that box for me.

So they're our sponsor today.

If you use the code Tempo Hustle, you'll get \$100 off.

So Tempo.bit is the URL and Tempo Hustle, one word, you'll get \$100 off.

So check it out.

I use it.

You'll see, I'm always filming videos where I'm talking to that company, saying I'm trying to crush their employees on the leaderboard because I actually love this thing and I use it all the time.

So check it out.

Let's go through some ideas.

So I saw this idea on Twitter that I thought was pretty interesting.

We work for warehouses.

So this guy Jay tweeted about this and I would say his last name, but it's like a crazy Indian last name that I actually don't know how to pronounce.

But he's a good follow on Twitter, I'll pull his thing up.

But basically he was saying like, look, in e-commerce you sort of have this, you have two kind of options as your main options.

Option one is you own your own warehouse.

You basically lease a space or buy a space.

You put in all the equipment.

You have to hire staff to run it.

You have to figure out, you buy the software to run your warehouse, all that stuff.

And what most people do is not that.

Most people do a 3PL, which is a third party logistics company.

And basically you just send them your inventory and then they charge you per order that they pick, pack, and ship.

And so that's how most people do it.

But like the problem with the 3PL is that it's their staff, not yours.

So they don't actually really care about your customer experience.

They don't really know your product very well.

They make mistakes.

They go slow.

They charge quite a bit per order.

That can like really hurt your margins.

And so Jay was basically saying like, why isn't there a, we work for warehouses where it's like you, they have the space.

They have the building.

And then they have, let's say they're like kind of, and we work, it would be like the desks and chairs and meeting rooms and conference tables and whiteboards in a warehouse that'd be like, you know, the shelves and the forklift and whatever else, but you actually rent your subsection of it and you, you run it, you operate it with your own staff.

And so they, and so you don't get charged per, per order that you're doing stuff.

And this is not like the newest concept.

Like obviously there, you can go rent parts of warehouses, but nobody's built like a brand and a bunch of different real estate where you can go do this and make it, made it really turnkey.

So I thought that was a dope idea.

And then I saw some people who were trying to do it.

This thing called salt box seems like the closest bet, but they have like one location in, I don't know, Pittsburgh or Florida or something like that.

And so it just seems like there's more opportunity to, to do this.

I'm, I'm doing research as you're speaking.

So nothing's salt, salt box.

Okay.

So on that thread, they say that salt box, space, bill and dark store.

Right.

Do something similar.

And I'm trying to look them up and there is such little information about them.

So it's really hard to understand anything.

But there is.

Okay.

So what you were describing earlier is called the chipmunk.

Do you know what they, I mean, they, they are a company in that, they're a 3PL.

Yeah.

And I don't know if this is crazy profitable, but I do know it's very expensive for a customer.

And according to a quick Google search, they do something like \$84 million in revenue.

And I don't know how that revenue, if that's like, I don't know anything about that.

So that's not like GMV.

That's like, that's, that's like their revenue.

And then they have their, they have their people cost and then they have their leases.

And so like, I wouldn't be surprised if, you know, they're doing 15 million a year or anything or something like that.

Wow.

Okay.

So it seems like a good business Forbes, which they, they quoted the founder in Forbes 3030.

So I think that would be reputable chipmunk made 4 million in sales in 2016 expects to do 10 million in 17.

So yeah, I don't know where they're at.

I don't, I don't know how big they are, but I know that they, like they, I talked to them yesterday actually, and they said that they invested \$10 million into automation for their warehouses this year.

So if they're investing \$10 million, they're, they're, they're not at 4 million in sales anymore.

So definitely way above that.

So it's an, that's an interesting idea.

One of our friends bought or is renting a warehouse in Vegas, do some of these warehouses are so cheap that you have to imagine that there is significant margin there.

Like it's something, is it, is it, I think it's as cheap or cheaper than a dollar per square foot.

Yeah.

So you can get a 20,000 square foot warehouse in Vegas, like near the strip or kind of near for 20 grand.

And so I imagine if you, you could get like a hundred thousand square feet, I bet for like \$60,000 or less.

And I don't, and I've been into one of these 20,000 square foot warehouses, they are so big.

Yeah.

Like I went to, I'm like, there is so much opportunity here just off that arbitrage.

That's, that's an interesting idea.

So what would you do?

I don't know if I would do anything here, cause I think it's not the, it's not the most attractive opportunity, but I think if you're an e-commerce shop, I could definitely see the appeal of why you would want to have more control and lower cost than a three PL, but less headache than like building and leasing your own thing and being on the hook for the whole thing.

Like flexibility, like a we work, we work shoved in in between office space, you know, like renting your own office space and like having no office space that came in somewhere in between.

So I could definitely see that there should be something like this for, from a customer's point of view, I don't know how great of a business it would be, but I think you could do this.

And I think you could layer on a three PL service on top of it.

So you could, you know, you have the space and then you just offer somebody either we can fulfill for you, or you can fulfill yourself if you want to do it this way.

But I just think there's a lot of opportunity in this, this whole, the whole e-commerce logistics space is just insanely big, returns is insanely big, warehousing and fulfillment is insanely big.

And because just a huge portion of retail has moved to e-commerce, like there's this like hockey stick curve of how much, how much retail spending is now happening, you know, over the internet and it's the, whoever, if you're an infrastructure company, you're going to get a piece of that pie.

And it's not going to be one company dominates because there's like a physical component to the whole thing.

So it's not like a Facebook or something where the software just scales instantly and one company takes all, it's going to be, you know, market by market, building by building.

What, what do you think it would take to make it so every e-com site could have Amazon Prime?

Yeah.

That's what they're trying to do, right?

That's what, that's what 3PLs try to do.

And so if you break it down, what does Amazon Prime really offer?

It offers free two day shipping and then offers kind of the hassle free sort of return policy, right?

And, you know, if you talk to Shipmunk, they're like, we ship within 24 hours.

Now it doesn't mean it arrives within, you know, 24, 48 hours because you're still depending on USPS or UPS or, you know, DHL or something to deliver it.

But Amazon does the same, they, they, they deliver some of their own, they have some of their own trucks and then they like have hijacked the entire US Postal Service to be like an Amazon fulfillment warehouse.

So I don't, I don't think there's that big of a difference between e-commerce today and Amazon on the, on the fulfillment side and on the return side, you know, that takes capital because you got to be willing to eat losses and deal with fraud.

There's this guy and I'm trying to find it.

He emailed me and he said, he goes, I'm a VC, I listened to your guys' podcast and I like trends and all whatever, and I only invest in trucking, like, like logistics specifically trucking.

And I'm trying to find his email and he's like, I just invested in this company that is trying to give every small mom and pop place a, a two day shipping that he was, that's my goal.

And it's pretty interesting.

And I mean, obviously that's interesting, that makes total sense.

I have no idea what it would take to pull off, but it's pretty cool.

And I, like, I, what you're suggesting is almost a logistics space in the logistics space and shipping space.

I think that, like, if I was starting from scratch, I think I would for sure go into the trucking or logistics space because I do think that that is probably the biggest market in America.

And I don't think it's going to go away.

Yeah.

I don't know about that part.

I don't think it's going to go away because that's whatever that could be many things,

but it is definitely big enough.

It's definitely humongous.

And yeah, there's a lot that can be done there.

And there's also, you know, what's the angle, right?

Like there's a whole bunch of people trying to do driverless trucks and they're all kind of failing and it'll take time for that to ever come to fruition.

And then there's people trying to, like I just invested in this drone company that just does, you know, drone deliveries, not for consumers.

It's not, not like, you know, you buy something on Amazon, a drone brings it to you.

This is like somebody in remote Africa, you know, on a oil well, they need a replacement part.

So then they use these high speed drones that can carry 100, 100 pound part to that location and those people will pay like, you know, thousands of dollars for that delivery because it's so remote and they need it for their, they need it for their operations.

They're losing money every day that they're, that the machine is down.

And so, and this company's, you know, phenomenal, they're, you know, doing tons of revenue and big opportunity.

And that's just in like one kind of niche space where they're doing medical supplies and, and mechanical supply deliveries in like, you know, Africa right now.

That's interesting.

Was it a high valuation?

Yeah.

It's a, it's a more proven company.

So I just got in because my friend, my friend did the seed round and participated in the A and now they're raising their B and it's like at a \$250 million plus valuation, but it's like way more de-risked.

Like the drone works, they have customers, they have big contracts.

So, you know, it's just a question of how big will it be?

So I, I want to talk about this so related.

I, I will preference this by saying, I really don't know anything about venture capital.

I have a lot of friends who are investors.

I do some small deals.

I'm pretty much a noob when it comes to VC, so I might sound like a moron, but you seem like you kind of know what you're talking about whenever we discuss it.

There was this funny thing floating around where people, and I don't know if this is just circle jerk Twitter, but where people were like, the next big thing is going to be like these young people with big followings who have venture capital firms.

You know what I'm talking about?

Yeah.

I think I know what you're talking about.

So it's not young people with big followings exact.

They're basically talking about solo, solo capitalists.

Is this what you're talking about?

Yeah.

Yeah.

I know what you're talking about.

Yes.

And a guy who I like, and maybe I'll tease him because he's funny, but I actually really like him a lot.

I don't know him well, but what he stands for is cool is Sahil.

The guy.

Yeah.

So he started this company called Gumroad.

I started using it in 2012 or like right when it came out.

It's pretty amazing.

It's like the easiest way to sell a PDF and he raised a bunch of money and I don't know what happened, but he's just said, oh, fuck this, like you investor suck and he fired all of his employees and he's still running the company like alone.

And he talked about it.

He basically, they couldn't live up to the growth expectations of it.

I was like, okay, this company's either going to die because we have all these people and we're not growing fast enough to raise more money or I get rid of all these people and I don't raise money, but I get it to like profitability and I kind of run this like a business instead of like a venture, a venture backed company.

And then for the last several years, he kind of, so he was like humiliated, laid people off, you know, went back to investors, kind of told them what the deal was, went down to like, I think just him working on it and now there's a small team working on it and like kind of rebooted the business while it was still mid-flight.

And so today he announced that he has a \$5 million VC fund.

And this is totally a circle jerk bubble.

I love that you're saying this by the way, because I'm going to raise one of these exact same funds next week.

Well, I was going to say, we are in that circle jerk.

So I can hate on it because I am in it.

And honestly, it might work.

Yeah.

So, okay, the idea, so what's actually happening?

So what they're saying is, so you've had, you know, angel investors or people investing their own money, kind of 25K checks at a time, and then you had VC funds, which are like using other people's money, they can raise, you know, somewhere between 10 million bucks to billion dollars in their fund, and they're like professional investors.

And the in between those two is being filled out more and more and more every year.

So there were small VC funds, like kind of seed funds, micro funds, micro VCs, there's all these different terms people use.

Anyways, the more like interesting part of this is just that there are now individuals like we had Daniel Gross on the podcast, there are now individuals who have a good reputation, founders love them, founders talk to them so they see a bunch of deals.

And now they're like, you know what, like, instead of just making the intro to the VC,

why don't I just be the VC, like, instead of investing 25K of my own money, why don't I invest two or 50K every time, and I'll raise my own little fund and I'm not going to operate it like a, I'm not going to be a professional investor full time where this is, you know, I have like an assistant and we have an office and all this stuff, like I'm going to keep doing whatever I do that's getting my name out there, right, building my company or building my community or running my podcast or whatever it is.

But now I'm going to get, you know, four or five million bucks behind me and I'm going to deploy that across 20 companies and like, let's see what happens.

And so there's a handful of people doing this and it's real hit or miss, like I know almost all these people doing it, I wouldn't invest in half of them.

And then I did invest in two other ones.

So I invested in like Ryan Hoover does this.

So Ryan Hoover has the weekend fund, which is, you know, he has a full time gig at Product Hunt, but obviously he sees a shit ton of deals because he's super well known and he built Product Hunt and he's that angel list, all that good stuff.

And so I know this guy, I know he's smart.

I know he sees a bunch of deals earlier than most people.

And so I became an LP in his fund because for me, I wanted to do it just to learn.

So I realized pretty early on that I can learn a lot about investing.

If I can see the deals and I can see the thought process.

So the first way I did that was I went on angel list and I joined every smart person syndicate I could find because I realized with a syndicate, you don't commit anybody.

You say, I'm, I could invest 50 K, but I might not.

And you got every single deal memo.

So for years, you know, like five years, I've just been reading all the deal memos of these guys and I invested in a couple of the companies, but most of them, I'm just, oh, this is how they think about things.

This is the quality of the deals, this is how much traction these companies have.

It was just amazing insights as an entrepreneur or a potential investor.

But for the funds, so that's for syndicates, but the more, you know, the better the investor, the less you'll do syndicates.

So Ryan's is not a syndicate, it's a fund.

So if I wanted to see those deals and I wanted to be a part of kind of his portfolio, then I needed to put some money in.

And so have you seen any returns?

No, because it's like a year old or two years old or something like that.

So, you know, it takes like seven years to return.

So that was the thing.

I was like, should I put a lot of money into this a little?

And so I went and asked my friends who are LPs in funds like entries and Horowitz or, you know, you know, a whole bunch of different famous, you know, like SV Angel Founders Fund, whatever.

And I asked them, I said, is this a good way to make money?

And they go, basically the answer I got was, you know, if it's just purely for returns,

I wouldn't do either angel investing or being an LP in these funds.

You know, you can make money, you would expect to make good money, but if you take that capital and you deploy it into a business you own or into, you know, the stock market and you keep it liquid or real estate and you have, you know, a different sort of return profile, you can do better.

But they said, you know, the reason I said, so why the hell do you do this?

And they go, oh, I do it because, A, I like innovation, B, by being an LP, I get to see all their stuff.

So it's a huge learning advantage, which in the end makes a lot more money for me at the end.

Yeah, I make some money on the returns itself, but then I also get to learn throughout the whole process because I'm on the inside of these deals.

And so that's why I was like, okay, so I took that strategy.

So I went lightweight, so I became an LP and three or four different funds.

But I lowered my, my dollar amount in each because I wanted to start by saying, okay, let me see, let me see what this is like.

Do I get a bunch of information by being on the inside?

Did you, and are you actually going to raise your own thing?

Yeah.

So next week, hopefully.

So I talked to the angelist guys because they, they, I thought about this for a while and I never did it because the problem with raising a fund is raising a fund.

You have to go and solicit and go and be like, Hey, I need to go raise \$5 million.

I always thought like, okay, cool.

I can do that if I ever have a spare, you know, three to six months, but I never had that three to six month gap where I could just focus on going and raising \$5 to \$10 million.

And so I didn't do it.

And along the way, I've just been investing my own money as an angel investor, basically 25 to 50 K checks at a time.

And I've been enjoying it, but what they, what angelists came out was this thing called the rolling fund.

And the key with the rolling fund is you don't have to raise all the money up front.

So I can open up so that my, my idea is next week, I'm talking to the angelist guys who run this because it's kind of like invite only at the moment, but let's say, let's just pretend a week from now, they, they green light my account and I can open it up.

So at that point, I can basically say, Hey, anybody who wants to, basically invest in deals that I see, you can give me a check.

That check can be as little as five K per quarter, or it can be as much as you want.

You can give me a million bucks.

It doesn't matter.

And you can either come in today and you'll, I'm going to start investing in companies I see, but like, I don't have to go raise five, 10 million bucks upfront.

I can raise it over time.

So, so it's more, it's more as you go thing.

And for the investor, it's also easier because you don't have to give me, you know, a hundred thousand or \$250,000 all up front, it could be like, cool, this is great.
I'll invest, you know, 10 K per quarter, I'll commit, you know, whatever 40 K a year.
And it's a less, less, less heavy commitment on their side too.
So I really liked this thing they innovated with.
So that's why I'm going to do it now.
And how do you, how will you earn from that?
Well, I earn money when the investments are make money, right?
So you can take like a management fee or whatever, like whatever, 2% or something like that.
But that's not really going to amount too much.
But it's basically, Hey, I'm going to go invest in a bunch of great companies.
I'm going to be able to buy bigger stakes now.
So today, when I go invest 25 K into a company, like I invested in this one company that I love, it's a background checks company, and they're doing awesome.
Like ever since I invested there, they're doing better and better.
And I'm really excited about them, but I own so little because I invested 25 K into it.
I wish I had invested 250 K into it, but for me financially, that would have been too risky to be deploying 250 K per random startup investment I want to do.
So, so I make money basically when the, when these deals exit.
So like as these companies get acquired or go public, then I earn my carry on the deal.
So first the investors get their money back and then we split the return and the typical carry is I would get 20% of the profits after they get their money back and they get 80% of the profits.
And how do you think, and you explained this to me one time, so let's say that you do have a \$50 million fund.
How does that, I don't even know how you make money off that.
As the investor.
Yeah.
So you take 2% a year as your management fee.
So 2% of 50 million is what million bucks.
So you're going to take a million bucks per year for like eight years, you're going to take off the table if you raised a \$50 million fund.
Now that's going to you, it's going to the fund administration, legal cost, as well as any partners or associates you have to do diligence, right?
So like that ends up being like, let's call it 500 K in salary for the, for the investor.
I don't know, that's rough math.
But so like, I just, I understand that, but I'm like, that seems too good to be true.
Yeah.
It's a rigged game for sure.
But you know, the reason they're able to do that is because, you know, people are willing to give them the money.
Why are people willing to give them their money?
Because most people today don't have access into technology companies.
And it's pretty clear that technology companies dominate the landscape.

[Transcript] My First Million / #99 - Creating the WeWork for Warehouses

Like you just go look at the most valuable companies in the world, they're all technology companies now.

If you want high growth, right?

If you want to invest your money, you want to invest it into high growth, ideally, high growth typically is coming now, nowadays from technology.

And so you have people that like, they own their own house, they have their 401k, they have some stocks, maybe they have a rental property, but they have zero exposure to tech. And what they, the worst thing they could do is be like, cool, I'm going to become an angel investor.

I don't know the first thing about how to structure these deals.

I'm not seeing the best deals.

I'm only seeing kind of like whatever comes to me and I have no name brand, I have no access, I have no personal network.

And so they're playing, you know, basically against the house.

And that would be a bad thing.

So what ends up happening is you have people who have made money in either their own business or their job as a doctor or lawyer or whatever it is, and they can now invest personally in funds like these.

So I think that's the way, you know, they're going to invest some small percentage of their total network, like five to 10% of their money or something like that into a fund that they believe in.

And they say, okay, I believe in this person's judgment and their network.

And I want to learn about high growth, high tech investing, and I'm going to be getting these deal memos, I'm going to be getting smarter due to it.

That's why I would do it if I was them.

Well, maybe maybe one day I'll join in, that's not today.

For bigger funds, they are getting the money from like pension funds, you know, like, you know, the firefighter pension in New York or teachers, you know, the teachers pension or whatever this like institutional capital, that's how the guys who raised like billion dollar funds or hundreds of billion dollar funds, it's not like their uncle who's a doctor who gives them, you know, 250k, it's these huge institutions that are mostly invested in the public markets.

And then as a hedge, they take a small percentage of the total, like kind of value that they have and they put it into risky kind of VC investing.

Let's talk about female as a differentiator.

I have thoughts on that.

So you want to, you, I think you wrote that you want to talk about what it says.

Yeah, I just wrote that because I was like, dude, there's so many products that if you just said it's that, but really geared towards women, I think you can make a whole new product just off of that.

And so it was inspired actually by something I read in trends.

There was a woman in the group who I think had a Facebook group called the solo female traveler network.

And I was kind of amazed.

Like, I forgot the numbers, you know, off top of my head, I don't know if you have it in front of you, but like, I think she was doing like a million dollars plus a year. Basically she built up this big group of females who love to travel. But when females travel, like they have to think about safety, they have to think about, you know, what are the different activities I'm going to enjoy. And so I think she had the group and then layered on top of that, like kind of a tourist business where it's like, cool, when you go to the city, you can pay and go do this awesome kind of female oriented trip or tour. I was my understanding of it at least. And I was like, man, that's a fucking awesome business. Like good for her. That's great. What else could be done this way? And I started thinking, I said, oh, there's just bumble, which is a dating app geared towards where women get to kind of do the outreach versus men. And that was like the core differentiator. Because the wing, which is a co-working space for women, there's, I think it's called circle or something like that. It's like a mastermind group. It's a YPO for women. And I just thought, this is an interesting thread to pull on. What do you think about this? Yeah. So I'm pulling up circle. I don't know if it's the circles, circles, something like that. They're not out. Again, this is a deal. I saw the pitch deck for, I don't even know if they're public. Oh, yeah. I think this one, she was into, yeah, yeah, okay. So I think about this all the time. And here's what I think it is. It's any time, it's best if you're going to build a, like a attention or attention getting business or like a brand or something that you need people to kind of build a cult. It's far better to make it an us versus them. And the us needs to be like a downtrodden forgotten minority. So in this case, it's women. So women are like, you know, we're sick and tired of being pushed around. We're sick and tired of this and that. And that's like the easiest stick in order to get big. You know, Trump did this with, even though technically, like everyone says that the silent, what do they say? Are we the silent? Silent majority or whatever.

Is that what they say?

We're the silent majority.

It's like, well, you're kind of like the louder majority, but whatever, like, like, or they'll say like, yeah, like we're like, we're the forgotten group.

Like, I mean, you're kind of like, I don't make up the mass population.

Yeah.

Or like Fox News always does this.

They go, you know, we're sick of mainstream media, but it's like silencing us.

Yeah.

It's like, aren't you the biggest news program on earth?

Yeah.

It's like, you have the biggest, it's like you're bragging about that you have the biggest viewership yet.

Right.

You're like, you're calling someone else mainstream.

And so I never thought about that.

That's hilarious that they do that.

That's so funny.

They go like, you know, the big stream media, what's the title?

It's like, dude, you, you are the mainstream.

It's like, people always say like, you know, we got to stick it to the man.

It's like, well, you're the man, bro.

So that's kind of, but in terms of like a shtick, it's like the best.

It works.

It always works.

Um, like in the steps to build a cult, it, like there, there, like, there's like a definitive like steps.

It's like, there has to be a clear leader.

There has to be some type of rituals around the, the experience.

There has to be a bunch of other things.

Right of passage.

There needs to be a right of passage.

That's like what fraternities and sororities do.

And that's what, one of the reasons why they bond for life.

And one of them also has to be an us versus them, like either you are with us or you against us.

And like you guys, many times it's what you can join, but until you join, you're not on our team.

Right.

And women is a great category for that.

You know, they're, they're not representative enough in a variety of, uh, places of business.

And so they say, you know, we're going to help each other, we're going to get through this and we're going to bond.

And so that's a great, I love that move.

Um, I think it is a, I wouldn't, I mean, women, the women differentiator, that is just one of many wonderful examples of what you can do.

Yeah, exactly.

It's a, it's a, I just wrote female as a differentiator and that's kind of all I had there.

Um, what's an example of, of somewhere that you could do this?

Um, you could, you could do lots of different races.

Um, I think that like, no, no, no, I'm saying the female thing, like what's a, what's a product category today that is not differentiated in this way that potentially could be where you could gear it towards females in a, in a stronger way.

So okay.

Well, this is not female, but do you remember how you could do this for anything?

Do you remember how you told me about your friend who was he Muslim or was he Hindu where they like generated loans only?

Yeah.

Yeah.

Halal financing.

Halal is that as Halal Muslim, I don't even remember.

So Muslim people, yeah, they, you know, they eat Halal meat and this is a Halal financing, which means sort of a blessed and approved by the religious community and elders, I guess.

So I think there's a lot of finance you could do that in, you know, we, we, uh, there's

Elvis, so Elvis, they, they're a financial company for women.

Yeah.

What's the, what's the female bank?

Is there a female bank?

If not, there should be a female bank.

You could, you absolutely could do a female bank.

Elvis is taking a stab at that and they've raised tens of millions of dollars that will likely be something.

What are they like a Robin Hood or what, what do they do?

Um, I think they're like, so they become a member and get access to investing, banking and on-demand learning, financial planning and career coaching.

And you know what that sounds like?

What?

We had her on here.

Yeah.

Yeah.

What was it called?

Uh, learn vest.

Learn vest.

Yeah.

Was it learn vest?

And my takeaway was that business didn't completely work out, but I can exit, but business wasn't, you know, it wasn't gangbusters, but yeah.

Yeah.

But I think you could still do that.

So what else could you do?

So the skim did it wonderfully.

Um, they're at least mildly successful.

So they did it.

They did it with news.

Um, what else could you do?

I mean, I think that like there's, if you built like a women's only, um, social club, it'll work.

It'll be a, of some type of mild success at least.

This guy in our either trends group or podcast group, I forget which group, um, created this thing where he's doing, uh, was he, he's doing, um, audio books for women and, and he said that he's already at 5,000 a month in revenue in the first six weeks.

So I think that there's a lot of space for that, uh, it's basically like porn for women.

I think there's a lot of space for that.

What else is interesting, um, banking, uh, I don't know.

Yeah.

A lot of people do it with content.

So the founder of Bleacher Report, his name's Brian, he founded Bleacher Report and he sold it for a whole lot of money and six months or a year after selling that, he launched Bustle and Bustle is a refinery 29 competitor.

He was like, I want to be like the new Vanity Fair and he created a women's public network of publications.

And he did so because, uh, I think it's because he had a, I imagine he had a non-compete or they're like, don't do, don't do men's sports.

This was Bustle or something.

Right.

Right.

BUSTLE.com.

It's probably makes 50 to a hundred million in sales.

And I, I think what happened is, and I don't, I'm just guessing.

I imagine what he saw was that the engagement from women on digital content is significantly better.

So I've been involved, well, I could say soap hub, uh, the, the soap opera website that I was involved in a little bit that my friend owned, uh, the engagement on that was mostly all women and it was adored, uh, most, right.

Like the founder of Bleacher Report, not Brian, but a different one looked at the metrics and he goes, Oh, well, these, this is the best engagement I've ever seen in my life.

And so engagement amongst women consumers is typically much higher than men.

Yeah.

I, I feel like, yeah, you somebody should just map out all the big categories and like, you know, why is there not a credit card that I know of that is like catering itself to women and it's something like, you know, like, for example, there's this product that my wife buys is like these little like dolls and I'm like, uh, it's like these little handmade

things by these women in Peru.

And basically like the dolls are cute, but she loves that the story is basically that like there's this whole community in Peru that was struggling.

Um, these women, they know how to like, like knitting is like part of the culture there and they knit the hand knit these dolls and you know, yeah, the dolls are a little expensive, but you're basically funding this woman's business, uh, as you do so.

And like, why is there not like a credit card that's sort of like that where it's like, okay, cool.

You're an American woman in the U S use this credit card and like part of your cash back or whatever goes as a micro loan to, you know, a woman in Uganda who's trying to, you know, start her own vegetable stand or whatever it's going to be, right?

Like women empowering women, uh, women funding women through financial services.

Like I just think that you could go through a bunch of different categories.

Like obviously the CPG brands did this, right?

Like, or the, you know, shampoo, you know, for women and, you know, each, all the consumer package goods sort of got differentiated pretty early, but it seems like there's still categories like media, like, you know, financial services that are less touched by this.

Yes.

But I think that there's, here's what I have found.

And we had a, we, someone in our trends group, a woman was like, who, you know, we're all the women in here.

I want to speak to more women and hundreds commented in there and they all connected and became friends.

And what they were saying is, and I, I, I agree.

Well, I'm not in the demographic, but from an outsider, I agree, which was, they were, they were saying like, I hate how women only brands pander to them and like be like, well, because you're a woman, you like want me to talk like a millennial and you want me to say like cute shit and they're like, not really like, we're like, we're alphas as well and we don't want to be like patronize patronize and that a lot of brands treat them that way.

And I totally understand that.

And that was my frustration with a lot of female only brands or female focused brands.

They treat them like they're spoke, like,

I saw this in your comments on the hustle about the skim, a whole bunch of people, a whole bunch of women were commenting in the hustle like thread being like, Oh my God, don't get me started on the skim, like, you don't have to talk to me like I don't understand the first thing about business or like, you know, like, don't, don't patronize me.

And yeah, to say that's definitely like, let's say the, the, the, the double-edged sword of going down this path is you have to find the sweet spot where you're doing this authentically and you're not babying, you know, any, any group that you talk that you and I actually think that's where the market is, which is there could be a market like for some reason, and women products oftentimes they like lean into that what I don't know what you call it, but there needs to be an opposite where it is women centric, but like alpha and like they don't call themselves like a girl boss because that is, that is quite patronizing I think, but do you know what I mean?

And I don't know how to put my finger on it, but I think that they actually could.
This reminds me of this one, there was a quote from this woman who worked at Uber and they were like, are you sad Travis is leaving and they're like, yeah, I'm super sad.
Uber was the only place that I could work where I could be me and being me was like being pretty alpha.
And when I worked at this company, that company, if I was, if I would interrupt someone or if I would do something a man would do, they would call me a bitch, but at Uber, like they didn't tell me to be quiet.
They told me to be loud and speak up and say my opinion and no one called me like a bitch.
They just like treated me like I'm like a woman who was assertive.
And anyway, I think that there is actually, there's not enough brands who are leaning into that demographic or psychographic and that is quite interesting to me.
Yeah.
Yeah.
Yeah.
I think we're not the right ones to do this, but I do think it's an interesting like area for somebody to explore.
Cool.
Good catching up dude.
Enjoy.
We'll be back with another episode in a few days.