All right, what's up?
We are back and we got another episode.
We got a guest here today, Maitabh is here.
He's a friend of mine who most people I think probably haven't heard of unless you're in the DDC world or you're on Twitter or you know what's going on in that area.
But I want to introduce you because you're somebody who, A, has helped me a bunch with my DDC brand.
You know a bunch of tips and tricks and hacks and shit like that.
So I'm like, I basically have a little scoreboard in my head and everybody's attributes are there.
And in yours, it was like business hacks was like filled up.
And then the other thing was that you, I don't know if you listen to the show regularly, but you would send me little nuggets of like, oh, you should talk about this, you should talk about this.
And so I kind of got confidence.
I was like, oh, I think he's just got his back pocket full of interesting stories that are off the beaten path.
And so I kind of like that.
Do you listen to the show first?
Let's start there.
Yeah.
All the time, almost religiously.
So might go to shower podcast.
Oh, that's, that's perfect.
We are the number one rated shower podcast in the country actually, millions of men lather to us.
So Sam, I sent him a picture of the Vancouver show where like the stadium or like the other one, the theater was filled up and he goes, wow, that's a lot of virgins.
That's hilarious.
Such a good bird.
My fiancee listens to the show religiously too, and she wouldn't use chat GPT when I told her about it, maybe a month or two ago.
And you guys mentioned it the other day and she was sending me screenshots.
So you guys caught her.
Dude, the Darmash pod.
I think you're referring to the Darmash pod.
I've been using it all weekend after talking to him.
I implemented a lot of the stuff that he was talking about.
And he got me hyped up.
Also what a lot of people don't realize this is Darmash pods.
Always get tons of views on YouTube.
And finally, Sean like texted Darmash in a group chat and was like, Hey, Darmash, what are you, what are you doing?

And he goes, Oh, nothing really.
And I go, really?
And he goes, well, I'm just doing a few things and he like gave this like a very detailed list of like internet marketing, not hacks, but he was like, I'm just like testing like buying ads like $500 here, just to test this.
And then I'm like responding to comments, just like the small stuff that you wouldn't expect someone who runs a $20 billion company to like be doing.
And he's very tactical.
We don't even do it with it.
It's our own podcast.
We don't do any of this stuff.
Like people are like, Oh, the thumbnail, the title, people don't realize we don't see those.
We don't approve those.
We don't know about those.
We're not involved in it.
We don't do a lot of this stuff that we probably should, but uh, you know, can't be bothered to do all that.
But he did.
He did do it.
And they say, they say the devil's in the details and I ain't trying to hang out with him.
Dude, he's the man.
Like he was like, Oh, I'm not doing anything.
And then he had this like, what really long list actually made to have you said this phrase to me the other day, I called you and you said a phrase that I've stole and I've just been saying all around town.
I've just been saying it everywhere, even when it's not really appropriate because I thought it was so funny.
Sam, I was talking to him and I was like, Oh, you lived in like, or like you're living in Utah.
Why Utah?
Aren't you like Canadian and you're like Indian?
Like what's going on here?
And he was like, he's like, Oh yeah, my wife, something, something.
And I go, I asked you something about your wife and he goes, he goes, yeah, you know, he goes, yeah, you know, I look like I got beat with the ugly stick, but somehow I ended up with an awesome looking wife.
It happens.
It happens.
It's funny here.
Beat with the ugly stick was so funny.
I've been using that everywhere.

I use it to refer to my business partner all the time.
So.
Yeah.
Oh, you take him down with you?
Oh, always.
Yeah.
I don't know.
I good with him.
He's pretty handsome.
How old are you?
I'm 29.
Wow.
And you're interesting because he does stuff that like, you say words that most people don't say.
So I pay attention to vocabulary.
So for example, in the tech world, me and Sam used to live in San Francisco, you couldn't go outside.
You couldn't poke your ear out the window.
You wouldn't hear the word Ipita.
Nobody says Ipita in San Francisco.
Nobody knows about it.
Nobody talks about it.
It's not a thing.
But then when you get into like the cash flow business kind of world, that's all you're going to hear a bunch of different people talking about words that have to do with profits.
You say a bunch of other words like dividend recap, distressed buyout.
And he talks about all these things that I frankly don't know what they mean, what they do, how it works.
But I know that you come from a little different world.
So I'm excited because I want to talk about some ideas from your neck of the woods.
You're part of the business world that is less stuff I'm less familiar with personally.
And so I think I'm going to, I'm going to learn a little bit.
All right.
So here's the deal.
Everyone's looking for the best bang for their buck right now.
Companies are reevaluating their software expenses and some are even cutting their old school CRM platform bills significantly.
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HubSpot CRM is literally a one stop shop with all the tools you need to grow your business.
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And best of all, it's easy to use and free to get started.

That's right.
Fill your sales pipeline without blowing your budget.
So get started for free at HubSpot.com.
Where do you want to start?
What, what, what topic should we start on?
You said to dock with some things.
I want to, I want to look at some of these.
Let's start with one that John had.
Yeah.
I need a little bit of background here.
So you, you basically, I like, I read your medium post.
So if I understand this correctly, the name of your holding company, you guys buy into or you buy entirely outright, distressed or only okay performing D to C brands and you make them great.
Is that the summary?
Yeah.
That's the gist of it.
And we're less of a hold cone, more of an independent sponsor, if that makes sense.
And that just means you do everything on a deal by deal basis.
So the equity that you're working with might be very different on a deal by deal basis.
That doesn't make sense.
I don't understand.
What's, what do you mean when you say sponsor?
So it just means that we're the ones making the investment and say on one deal, Sean's a co-investor with us.
And then on the next deal, only Sam's on the cap table with us.
And you run it or you hire CEOs or what?
It depends on the portfolio company.
Right now I am day to day with whatever portfolio.
And how many do you have?
Like seven?
I think.
No, there's three platform companies and then there's another eight to 10 kind of minority equity and debt positions.
And the whole thing is roughly of what size.
So me and listeners understand.
The core platform companies, which is what I would count as part of the revenue because we own the majority of those companies, is one of the eight figures.
It's kind of that, that mid eight figure range.
And is the biggest one the, the flowers company?
No, that one's slightly smaller than the succulent company, but the flower company is the one I'm most bullish on.
That one's SolarWideFlowers.com.

And that's just because there's a lot of room for margin expansion yet.
What's that called?
I mean, that's the one, that's the one you talk about the most.
So let's give, let's give, let's give, you said three platform companies.
So you said a succulent company, SolarWideFlowers.
So it's a, like a wood or fake flower company, correct?
Yep.
Made in our other land, Sean.
That, yeah, be exactly.
So made in India, people buy them for like weddings and things like that, right?
Cause flowers are super, super expensive at weddings.
And so these look really good, but they don't cost as much as fresh flowers or whatever.
What's the third, like majority owned company?
That one's an apparel company.
An apparel company, okay.
And so you own these three.
Let's talk, before we go into the details about each of these, I want to know the origin story cause you've told me, you've told me some interesting things like, I think you met your co-founder on Reddit, like in a subreddit.
And so take us back, go, go all the way to, I see here something about, about, about getting sick at 17s to start there and then tell us the story of how, how you got to this, this spot now when you're 29 years old.
Yeah.
So the quick end dirty version is essentially diagnosed with spinal stenosis and degenerative disc disease when I was 17.
So that meant, you know, obviously doing anything physical for work was kind of out of, out of the picture.
So I decided to learn more about e-commerce and entrepreneurship and just kind of stumbled.
I started a Facebook page called guitar porn.
And this is back when organic reach was awesome, you know, you post something, people would actually see it.
Facebook blasted us with so much free organic reach.
It was the greatest time ever, almost like TikTok is now, right?
And then I transitioned, I started doing basically guitar runs, like semi custom guitar runs with big brands.
And we'd partner with a retailer, a dealer.
This is before brands would work with you directly, right?
And we would sell out these pre-order runs and basically take a cut.
Eventually we cut out the retailer and became the retailer ourselves.
That got to kind of low seven figures.
That was nice because there was no capex.
So we didn't have to have much cash, right?
It's all pre-orders.

After that, I started a mentor product company, which is really ironic, some, I'm sick.
So I don't cut my hair and I have a turban.
And so did that with one of my best friends that also scaled to kind of low seven figures along with a guitar pedal company that scaled to low seven figures.
And then after that, I decided, you know, these are all fairly small, like Tams really small for niche guitar pedals.
So I decided to start investing, realized, hey, you know, no one's going to come to me just given nobody, you weren't even doing guitars.
You were doing guitar pedals specifically.
So the first company was a guitar retailer, like actual full blown guitars.
And then yeah, the one that was really profitable was guitar pedals, just because the margin was insane.
So I started with a guy who had met flipping guitars, like just trading guitars with, and he was a Grammy nominated guitarist, right?
He has placed a band called Puripri for any metal nerds.
And so that went well, like those were both flowing well in terms of cash, but they're just such small.
Were your products any good?
Or were they kind of, you're just good at the marketing?
Because that's my, that's my kind of rub with a lot of DDC companies is they have pretty shitty products, but slick marketing.
What?
No, the products are awesome.
I mean, I have like 30 or 40,000 posts in guitar forums by the time I was 18.
So I really was into guitar.
I used to play six to 10 hours a day.
So I definitely knew what it took to make a good product.
Okay, cool.
Yeah.
I mean, like a lot of these companies, like I'll see, I'm like, dude, these are shit.
Or like, this is some Ali Baba crap that just wrapped up in something a little bit nicer.
But it's pretty crap.
Like there's no R&D, like made it as a superior product, you know what I'm saying, especially with like a lot of the cosmetic stuff, like lotions and stuff.
I'm like, I don't know, man.
This is kind of crappy.
So did you go to college?
Cause it sounds like you were doing these when you were like 18, 19, 20, 21.
Is that right?
Yeah.
So I was in school and then I dropped out.
It just didn't make sense to stay.

What did your Indian parents think about that?
What was the...
Oh, they were not.
They were not big fans of it.
Those.
Yeah.
What was your dropout point?
Was it like I'm making X dollars and X was just like too big or you just didn't have the time to go to school?
Why did you drop out?
It just didn't seem like the value was there relative to who I was, I had the opportunity to interact with on the business end and just seemed like there was more opportunity there.
If that makes sense, then obviously I was doing okay in terms of cash flow.
How old were you when you made this podcast called My First Million?
How old were you when you ended up making your first million?
In cash or...
Cash.
Yeah.
Cash.
I don't know.
Probably put it like mid-20s, early 20s, like 24, 25.
And so you did that through these kind of like smaller, income things.
And then how'd you get into this kind of like private equity style thing where you go and you buy these distressed companies and you turn them around?
So how did that happen?
Yeah.
So in the previous session when I was a kid reading about it, I always thought it was interesting reading about the private equity firms that made money no matter what, like if the company did well or it failed.
And I thought, hey, that sounds great.
I hate being an entrepreneur because obviously if the company doesn't do well, you fail, right?
And that's still the case.
It's not like, you know, it's just not as black and white anymore.
So I started out...
Explain that.
Why would it make...
Why would it work whether the company does well or not does well?
Explain how that works.
Yeah, we can jump into that a little later, but part of our thesis is essentially investing on how much liquidity or cash the company can generate in a short-term basis.
So if you can invest today and pull most of your cash out within two or three months, there's a lot less risk, right?

Versus say you bootstrap something new, you're always putting more and more cash on the working capital side.
You need to fuel growth, right?
If you're doing a traditional consumer brand, that's less of an issue for something asset like SaaS, right?
But that's the case, then you don't actually end up pulling cash out of it for so long.
So where most people focus on equity appreciation, you guys focus on liquidity, you guys focus on how quickly can we pull cash out, whereas most business people just think, how do I make this worth more, which often results in putting more cash in, is that correct?
Right.
And that's just one facet of it.
We're okay with holding for the long-term or being more long-term focused, if it makes sense.
And sometimes we're just more of a short-term partner.
And like it's not uncommon for a software company to sell on the low end for three times revenue on the high end, if it's fast-growing 10 times revenue, what you just said was you're going to buy a company for basically one-six times, because you said you want to get your cash in.
I can't do that math, but you want to get your cash back in two or three months.
So you're buying it at one-six times profit of cash flow, I mean, like nothing, right?
So give us a sample deal economics.
So in a situation where that happened.
Yeah.
So we invested in an adult health and wellness retailer, which is a nice way of saying sex toys.
I'm in Utah.
But why don't you ever say the name of the brand, because you don't want to talk about it?
Well, if they're distressed, it's just kind of, yeah, just culturally kind of mean to them.
So I'm not like that.
And I can send them over, I think I shot them over to Sean.
But yeah, so we invested essentially at a fairly far below market evaluation just because others were unwilling to invest in that kind of company.
And this was 2018 back when it was a little bit more taboo than it is now.
And now there's a few publicly venture funded brands like Dame, et cetera, in that space.
So it's become more socially acceptable.
But we've got it in far below kind of market valuation.
Well, give us a sense.
So revenue was about X. And then what was the distress?
Why was it distressed?
They had too much inventory.
They had a debt problem.

What was the problem?
I would say it was more of a case of really bad margins.
And there was a clear case to improve those margins.
They're just originally a drop shipper.
They're doing like six million a year.
This is one of our first deals.
So they're very small.
They're doing six million a year and I'd say market for that, for valuation, like the growth equity side would have been like 10, 15 million as far as valuation back then.
We got in at like one.
And then the company paid us a royalty until we were paid back in full on that initial cash investment.
And then there's a few other kind of structural things going in, but we got involved and we helped boot up their initial ops.
Why would a company like that sell for $1 million?
I think that's, if I'm listening, that's my question, right?
Yeah.
They're doing six million and normally that's like 10 million of value, but they bought it for one.
And how they found it.
Are you just Mr. Charming or why were you able to buy it for that price?
Yeah.
So that one was a minority equity investment and we got involved like really hands on operationally.
So my co-founder, he jumped in and he helped them boot up their physical operations and transition from a drop shipper to holding their own inventory and booting up ops here in Utah.
He helped them launch that facility, make their first few hires, GMs, et cetera.
And then I helped them raise debt to fuel growth and that kind of took them about six to 12-ish mark.
Gotcha.
Gotcha.
Okay.
And then we sold our equity just via secondaries to a VC firm that invested later.
Once that value had been created.
Okay.
Gotcha.
A quick break to let you know that today's episode is brought to you by the Side Hustle Pro Podcast, a podcast hosted by Nikkeila Mathews Akome, which is also on the HubSpot podcast network.
So the Side Hustle podcast is focused on people bringing their side hustles into making them, their full-time gigs, making them big businesses.
And so she's got a bunch of really interesting episodes.

Her most recent episode is about a woman who was popular on Instagram and created a bunch of products and brought it into Target and got it into retail stores, which is really, really hard.
She has a few other episodes on changing the relationship with money and building a healthy emotional relationship with money, which is something we talk about here, which is definitely challenging, mastering self-talk, and then also how to have a plan for the year and put it into action and much more.
So go check it out, Side Hustle Pro, wherever you get your podcasts.
So continue on.
So you've done some of these, so I want to go back to sort of how did you get this idea?
So you read about this, you're like, all right, private equity has this trait where they can buy stuff at a certain price or on certain terms so that they get their money back quickly, their equity portion is small, they have a lot of debt and they get the money back quickly.
You read about that, but still you've never done that.
So how'd you decide to actually go do it and how'd you figure out how to do it?
Yeah.
So I just started posting on Reddit to try and find initial deal flow and then I met one guy, just the entrepreneurship one.
So I met my co-founder who I still work with now, Alex, through that subreddit.
And then I met a lady who was one of the first few engineering hires at Uber Eats.
And she actually ended up retiring like eight months after we started working together when Uber IPO'd.
And then the other one was someone with a very traditional background in private equity and he's the one who kind of taught me a lot about private equity.
And you're just what, building a relationship through Reddit DMs or like, how are you, like, I don't meet anyone on Reddit.
What is actually happening here?
Something you met some pretty high quality people and actually trusted them enough to partner with them.
Yeah.
It's the same way you meet people through Twitter, I guess, right?
Just posting, getting to know people.
I'd say that the community there is very low quality on Reddit versus Twitter and some other private forums like, you know, YPO, what Sam has going on, right?
So there was a lot of filtering to be done, but we did sorts of deal through that.
That's how the succulent company was found.
Okay, gotcha.
Okay.
So Sam, what do you want to do from here?
You want to talk a little bit about this like flower company thing or you want to talk about other brands that he's got on his list?
I want to talk, you have, you have three, well, shit, you have five categories or four,

three categories.
You have frameworks, you have interesting ideas and opportunities, and then you have under the radar companies.
I would like to start at number one, under the radar companies.
Sure.
I read those.
I read that reverse order.
Number one, under the radar companies.
You have things that I've never heard of and I like, I'm pretty good at finding these unheard of things.
Yeah.
So let's start with a simple one.
So tell us about Josh's frogs and like, what are these types of companies?
This is one of my favorite companies.
There's all the characteristics of a company we'd love to invest in.
And I've been trying to invest in it since 2018, but he, no, it says no.
So it's okay though.
I still love him.
So basically Josh's frogs does exactly what it sounds like.
They, I don't know if you call it farming, breeding, they read their own frogs and their exotics and they also grow the bugs that they eat and they sell the food.
But they do all of that in-house in Michigan and they ship it to customers.
So if Sam wants a frog tomorrow, he could order one from Josh's frogs and they've scaled it really cleanly, totally bootstrapped.
Josh is awesome.
I called him on a Sunday and the guy was catching frogs with his kits.
I couldn't believe it.
I think he's been doing this for 15, 20 years and he's still loves frogs.
And frogs basically.
Sam, do you know the price of a frog?
You know what frogs you're going for?
Dude, I'm looking at it.
I'm looking at it now.
I would have thought like, so you could buy a chicken at a tractor supply for like five bucks, like a chick or frogs are way more expensive.
And they're not the frogs.
Yeah.
I mean, the frogs here range, the most expensive one is $400.
It looks like the average one is like 60 to a hundred bucks for a frog.
They're beautiful, but like, you know, I don't.
These are for pets.
Like people want a pet frog.
So they go buy this $60 black poisonous dart frog.

All right.
It's fair enough.
Later on, you guys should watch the tour of his facilities.
It's really cool.
And so you like this business because what?
So what I really like is the steep ops mode.
So no one else, your typical e-commerce guy is not going to go out and boot up a frog operation.
Right.
It's just too intense for them.
They don't really like physical things.
We have to show up.
A lot of guys just use three PLs and it requires a lot of specialized knowledge.
At the same time, you know that someone overseas is not going to undercut you and it doesn't become a race to the bottom with demonetized products because you can't really ship a live frog from China or directly overseas to the U.S.
It's just not viable.
So with that, there's a very strong operating mode and you're only really competing against other companies in the U.S., right?
You're competing against only people weirder than himself, which is only going to be like three other dudes.
Yeah, your CPA, your cost per acquisition of customers stays consistent, doesn't really spike the way you see it, spike in other spaces.
Josh's frogs, Jack's frogs, Sam's frogs, and Herbert's frogs, that's the big four in the frog industry.
If you're Josh, if you're Josh, if you're Josh from Josh's Frogs, what would you sell this business for?
What would be the threshold of, okay, this is interesting, I'll take the offer, or I'll maybe take the offer?
Yeah, I obviously can't say what his EBITDA is, and if I gave you a multiple, I would kind of tell you what his EBITDA is, but I would say there's probably, let's say your average G2C business, his size might sell, I'll just use a range for 8 to 10X, he would get a premium of a few turns on top of that because of that operations mode, and it's not something anyone can just knock off, right?
Yeah, it's super, super defensible.
Yeah.
Okay, so, and how did you even find this?
You know this guy personally, or you found it?
Yeah, I met him through, I did a podcast on e-commerce fuel, and then he reached out and we just got along, and I was staying in touch with him, we like toured out, we have some of the problems with their businesses, so it's fun to discuss them with him, like implementing lean.
By the way, I just read, I just Googled Josh's Frog Revenue, so it looks like they're on

the Inc.
5,000, so you can find it there, but according to some articles, they're in the range of like $15 million a year in terms of frogs, I don't know if that's accurate, and I haven't actually researched it, but that's like just some top searches that are showing that, that's pretty wild.
Yeah, I think they're bigger than that now.
That's wild.
Yeah, this guy's, there's a picture of him on the About page, and he just looks so happy.
This guy looks like he's in frog heaven right now, I'm so happy for this guy.
Just this one picture, just like, I hope to be as happy as this man right here.
This is a good one, I like this, and I think what's cool when you, so invent in the sort of like tech world, right, all the discussion is always just about like the future dream, like the dream and state, it's like, what could this be if everything goes great?
And what I've learned as I talk to guys like Andrew Wilkinson, or the guys from Enduring Ventures, or you, with people who are buying, who want to buy, you know, solid, stable cash flowing businesses that are profitable, that's not the, you know, it's not the pie in the sky sort of thinking that you get in Silicon Valley, and instead it's basically what could go wrong.
So instead of what could go right, it's what could go wrong if I bought this company.
And that's why people love businesses like this that are, that have this like, you know, defensibility, this moat.
So it's like, no one's going to compete with me, not internationally, because you literally can't ship the frog locally, you know, the average e-commerce bro is not going to want to like take this on.
So who am I competing against, I'm competing against basically nobody, which will let me, which means my business is extremely defensible.
And so it's just a different way of thinking that is less common when it comes to tech, which is sort of like, half asking to grow, you know, can this become huge, can this become a unicorn?
It's a different sort of like mindset altogether.
What's another example of an under the radar business that that's worth talking about?
Talk about this fast growing tree fun.
I think that one's a great example.
So similar, similar operations, but where obviously they're kind of growing the trees.
Again, no one wants to be a tree farmer, right?
It's not sexy.
No one's going to go out and raise capital to become a tree farmer.
That sounds kind of neat to me.
Wait, so, so literally what is it?
They sell seeds or they sell the actual tree?
What's going on?
Both.
And the company, I first stumbled across the same when the company was being sold six

or seven years ago.
And I think it went for between 100 million to 120 million and it looks like they've grown quite a bit since then.
I wouldn't be surprised if they're worth closer to double that now, just with their website rehaul, et cetera.
It's a very like traffic estimate shows it went from it's like at almost three million unique.
So that's pretty crazy for their website says flower.
So here's their H one flowering trees are it.
You'd hate to miss out on the hottest trees of the season, wouldn't you?
Shop now over 1.5 million happy customers.
And so what you see is I don't know what type of tree this is, but it's like a grown tree that's purple.
It does look beautiful.
It's a beautiful tree and I just think it's hilarious.
You'd hate to miss out in the house.
Flowering trees, flowering trees are it.
That's like, you know, like the like Gen Z people like, he is him.
She is her.
If you see this like this trend, flower trees are it.
This is awesome.
Yeah.
I mean, it's a really defensible business.
It's cool.
It kind of no one would really expect something like that to be that large.
So what do you buy?
You buy a tree that's mostly grown already and then they come and plant it.
I think you plant it.
I think it shows up and then you plant it in your property.
So if you want, if you want a tree to like, for more privacy, say privacy, hedges or something similar, or just trees in general, this is what you do to get your fix.
I have no clue now.
Again, I'd be really surprised if it was less than a hundred.
And revenue.
Yeah.
That's a product closer like 1.5.
And what about net margins would this be or net income or EBITDA?
Be really surprised if it was below 20%, probably closer to 20, 25.
This is crazy.
They probably don't, they probably aren't buying too many ads.
They had a couple of Google ads, but like, it seems, I bet you this is a type of company that they, I mean, they call their company fast growing trees for a reason.
I imagine that was a search thing.

Yeah.
Yeah.
It's an older company.
It's been around for a while under a few different owners.
It's like a private equity firm runs it now.
And who would have thought that like, you know, when the internet came out, it's like, yeah, people are going to be able to like buy things online.
It's like, there's some guy out there who's like, they'll buy trees online.
It's like, no, no, no way.
No way.
Why would I buy a tree online?
That sounds like the most far-fetched thing.
And then here we are, $100 million selling fast growing trees online.
You could buy this, by the way.
Look at this Italian Cyprus.
It's like this.
That'd be perfect for the Airbnb.
Yeah.
I am looking at this and I think this is pretty awesome.
Like I, like they have some beautiful hedges.
There's like fruit trees.
I mean, this is pretty amazing.
I understand this.
I'm looking to the age now to where I appreciate a good tree.
Yeah.
This is, this is pretty crazy.
Okay.
I like this one.
Give us another under the radar business.
Yeah.
What seems more appealing to you?
Well, let's do the Betty's one.
And then we've talked about this CSC generation thing and we should, but you have more info on it than we do.
So let's do Betty's and then do the CSC.
Yeah.
So Betty's is really interesting business.
What I love about it is strong IP modes.
So if you go to their website, you can tell what they do.
What do they do?
It's like a bed cover thing for kids.
I actually don't know how to explain it very well, but it may, it's two kids can basically change the bedding really easily, but they have, it's patented and they have proper IP

mode.
And when you go to their website, you can tell it's not very optimized, but they've been crushing it.
Totally bootstrapped, great people, very healthy, EBITDA margin and it's a duvet cover.
It's a duvet cover that's easy to zip, which I have a zip duvet cover as well.
Duvet covers are pain in the butt to do.
It's meant for little boys.
So that makes sense.
So this, they bootstrap this to 40 million.
That's pretty impressive.
Yeah.
I'm pretty sure it's right around there.
Yeah.
That's pretty good.
And you can tell it's all PMF, like killer product market fit, killer product, killer IP mode, and they've done a really good job with that and the business.
What do you think are some of the, like, I don't think this is like a, everything can perfectly do this.
But I think that when you like look at like a software company, you think, all right, so what are the attributes of like a great software company that gets scale?
You think like, well, they have to have good net retention, meaning most people come back constantly.
Ideally, you can, it's a expensive enough product that you could afford to hire a sales team.
Think like things like this, like there's like a handful of checklists and then there's lots of examples of things that don't check the checklist that still succeed.
But what are the handful of, of checkboxes that you have when looking at or building a D to C company, particularly things that people don't think are true.
Like for example, like in the cool kid circle, and when you're 22, you want to create like, you know, cool shit that Gen Z buys, you're none of, nothing that you've mentioned fits in that category.
Right.
For us, what we found is the most consistent mode.
And some people are different, right?
This is just the mode that's worked for us is that operating mode.
So anything that requires physical manufacturing, it has a good reason for the manufacturing to be in the US or Mexico is great.
And we found that like, I'm not sure if you guys are familiar with lean manufacturing.
It's just like a philosophy behind, I guess, running a manufacturing operation.
Toyota thing, right?
Yeah, exactly.
It ports over very cleanly from company to company, but marketing does not, right?
What worked with your paid ads for a company with let's say low AOV, but really fast consideration

period.
So, you know, something like clothing.
I see clothing I buy, it's very simple compared to the marketing side for something with a long consideration period that's very different, different teams, totally different strategy.
Marketing will really carry over cleanly, but on the manufacturing end, it carries over cleanly company to company to company.
So for us, that's our favorite.
So, summarized, you want a low consideration period and you want something that can be made in America because it has some type of manufacturing mode.
Anything else?
Sorry.
We don't actually care about the consideration period.
I think it's just like an actual challenge in any vertical that you get into, right?
If that's there.
But for us, we only really care about the manufacturing end now.
And then obviously the way we enter, the deal is really important too.
And that just, you know, if you pay next to nothing for something, the odds of making it work and making money on it are much, much higher than if you overpay on entry.
I want to talk about this agency stuff because, you know, the interesting thing about, you know, people like you and the DTC world is they're oftentimes really, really good at acquiring customers because it's kind of like, right, like the DTC folks oftentimes are pretty good now before it was the gaming company.
So like if you met someone from a gaming company or from the ad tech world, like that meant that their internet marketing chops are like pretty good.
Now that DTC or now that Facebook is harder to buy ads on the people who are succeeding oftentimes are quite good at that.
And Sean and I have a bunch of friends who are starting recruiting companies and which is really interesting because recruiting companies isn't new, outsourcing isn't new, but people are putting sexy new packaging on it and I guess from what I'm guessing because you have it on here is they're doing a really good job or historically they've done a poor job of acquiring customers and you want to apply that to that space.
Is that right?
Yeah, I just think it's a really interesting space in general, but I think some of these agencies are really heavily focused on say the Philippines or other countries in Southeast Asia.
We've noticed there's a lot higher quality talent in places like Mexico and you don't lose the same negatives associated with hiring the Philippines or not there in Mexico.
So for example, you could build an office out there and fly out and be there in person in a few hours if you live in Texas, right?
And the wage disparity is not as high as you would think for really, really good talent.
You're only paying just a large number, but it's not actually that bad, a 30% more than you would be for someone who's great in the Philippines, maybe 40% more in Mexico.
But again, you can visit them in person, which is really big.

You can have them fly out and again, it's big for us because we do a lot of manufacturing, right?
So they can actually understand the product or interact with the team in person.
So your retention goes up, the quality of work is much higher.
And we found the quality of applicants is much, much higher in Mexico too.
So if I did start an agency, it would be focused on solely talent Mexico.
And just for example, when we're hiring a customer service role, like any manager or director, we're getting people who used to head up ULINE, are you guys familiar with ULINE?
I just use it to buy like boxes.
Yeah.
Yeah.
It's a ton for like when we had our warehouse.
Yeah.
So their customer service is awesome, but we got one of their former directors and his salary ask was really reasonable.
It was like, I think $5,000 a month, but his talent was the equivalent of someone who's $200,000 in the U.S.
Yeah.
You have one agency idea on here that I think is a no-brainer, which is site speed.
So we have this problem with our store, but I think everybody has this problem.
Like basically, if you're selling something on the internet, one of the easiest levers and the biggest levers you have is your site speed because if you have a slow loading thing, you're just going to lose traffic.
You're going to lose customers as you have a slow loading page.
You're also going to suffer in terms of your Google rank because Google takes into account your page speed as well.
And it's really easy in the e-com space to have slow pages because what happens is you start with a Shopify store, you install 15 plugins just to get your Shopify store to do anything because like you can't basically run a Shopify store just out of the box.
You're going to end up installing a bunch of apps and each app injects a bunch of code into your page.
And even if you delete the app, the code stays, you have to manually clean that up, which is kind of insane and probably a business of its own.
But basically, site speed is a problem that we, I think we've hired three different folks to try to fix our site speed and all of them, they claim to do something.
I have no idea really if they're doing a great job or not.
I don't think that they are because the next guy comes in and says, oh man, your site speed sucks, let me fix it.
You know, so I think this is a product that I wish existed and I think could clean up because it's clearly a creative to the person.
But explain your thinking on it.
What did I miss?

Yeah, so it doesn't really require much in terms of dev skill.
It's not like you don't have to be great at the dev end to actually do most of these changes.
And it's almost like a checklist.
It's very portable company to company to company.
It applies very cleanly.
So for example, changing the order in which your pixels fire for Google Analytics, Facebook ads, et cetera, you can delay some of those very slightly and dramatically increase site speed and it won't really hurt the business that much.
That's just an example of one quick fix you could do or certain apps do not compress images properly.
So Judge B, the review app on Shopify for a lot of sites, it does not properly compress images.
So if you just apply more compression to those images, your site speed goes up at the products play page level or wherever those reviews are.
How would you acquire new customers?
I would probably just just go as you guys use built with before.
We love it.
Yeah, just go to built with full list of websites.
Make sure they're doing a certain amount of revenue or at least have meaningful revenue coming in.
Just cross check that against something that shows traffic, right?
Like Alexa or something.
And from there, I think you would just pin them if their site's slow, right?
Yeah, just cold email.
I think it's the way to go with this.
If somebody out there wants to do a site speed shop, just DM me because this is a no-brainer.
I'll be your first customer and I'll help you get the next 10 because I had this.
You could charge purely on contingency too.
It's really cool because you can see a black and white effect if you've done a good job.
And again, it's really easy to do a good job.
It's just nobody specializes in this for some reason.
Yeah, and it's a moving target.
You'll do it and then like six to 12 months later, they'll need it again because they've installed a few more things.
They hired somebody who didn't know how to compress images before putting it up.
They started using this new tracking software for heat maps and then boom, now you need it again because you've gone from an A rank back to a C rank on these site speed graders that are out there.
I'm surprised the site speed graders don't have these agents.
Or maybe they do.
I haven't actually looked.
But like, does GT Matrix or one of these companies that have the site speed score, do they not offer a button that says, by the way, we could fix this for you?

No, they should though, to your point.
Oh my God.
It's really easy, especially if all these e-commerce sites are on Shopify, right?
It's very checklist.
Yeah.
So that's the other move.
You should buy that site.
You should buy the site speed site that checks the speed and then just add this button at the end.
That's the agency service to fix the problem if they don't do that already.
That's kind of crazy.
How are you balancing your time?
It seems like you've got a bunch of stuff going on and ideas are worthless, but it seems like a pretty good idea to me when I'm hearing this, I'm like, oh, that's kind of interesting.
I actually seem like that has legs.
You've got a good network.
You could probably spin something up fairly quickly and scale nicely.
How are you balancing doing everything that you're doing?
About 15% of my time, so I'm the investment manager managing our minority equity and credit positions.
And then the rest of the time, it's just spent on the floral business.
There's a pretty big lever that we're pulling right now with booting up another operating base, like a manufacturing base in Mexico, and that'll get our EBITDA to kind of five or six million.
And then from there, it's a pretty good valuation.
So we just want to get that over the hump and then I'll probably slowly phase out, but my co-founder is solely involved in that company.
And that's called solo wood flowers?
Yeah.
Yeah.
Sam, when I met Mesa, I heard what he was doing, I was like, I told him two things.
I think I go, how do I invest in this?
Because if you're willing to go down and move to Mexico and build your manufacturing facility, you're going to win.
Like, Paul Graham has this essay that he wrote called like Schlepp, and he basically describes the guys from Stripe as being willing to do the Schlepp work.
And he's like, you know, in a lot of businesses, there's basically some amount of Schlepp that you have to do.
And for Stripe, they had to do all this like banking stuff that was kind of like annoying and bureaucratic, but they didn't really view it that way.
And A, they were so young, they didn't really know what all was going to happen.
They didn't really realize how much they would have to do.
And B, they were just willing to do it.

And you know, you are willing to do the Schlepp, like you're like, oh, you're like, I'm looking for operationally intensive things.
That's the opposite of what I'm interested in.
I'm like, I want the least operationally intensive thing, but I get why you would want it because it's super defensible once you have it.
It's very valuable once you do it.
It's very simple once it's fully set up, if that makes sense.
Once you have like the best practices for lean manufacturing running, it's very simple to keep a manufacturer running versus like a D2C brand that's really reliant on the marketing end, right?
Yeah, exactly.
And so I told you, I remember being like, hey, can I invest in your Mexico thing?
Like your facility there?
I think that's a great idea.
And then I also told you, I was like, man, I feel like you play the game on hard mode.
You're super smart and you are like, I'm going to go do distressed turnarounds of D2C businesses.
That's like multiplying three hard things together.
And I was like, why do you do this?
You could just, you know, there's easier options and you were like, no, I like this.
I like, you know, I like playing in the mud once you get a really good deal.
You can't go back.
I'm Indian.
I need to get a good deal.
I need to get a good price.
Yeah.
I think that's actually what it is.
I think it's genetic that you're like, oh, you know, the best deal possible, a company that's burning to the ground.
Exactly.
You can get it for nothing.
You're also, I'm trying to find it, but so your website's really good, but you have this blog post or you have a bunch of blog posts on medium.
So Carta Ventures, Carta with the KKK.
It should be on Substack now.
I killed the medium.
I found it on medium, but, but yeah, it looks like it is also on Substack, but you're really good with language.
So like your thing starts off with like your first sentence is just, it's just good.
This is a guide intended to give distressed e-commerce heavy business, to give distressed e-commerce heavy businesses with 10 to 15 million in revenue, a high level overview of turnaround management, basics, and resources to dive into.
That's a great first sentence.
You're telling me exactly what I'm getting.

And then you do a really good job of explaining kind of your background with Alex, your co-founder.
You say you started up these things in your early twenties.
You took passive roles or you sold them.
And then you like help turn around ice.com, which is now called ice trends.
You met on Reddit.
And then you say, we welcome complex opportunities that others are unable or unwilling to tackle.
As a result, we can invest in non-control opportunities.
We can grow quickly.
You just basically say, oh, here's another good line.
My team and I are responsive, discreet, and avoid pointless formalities.
We understand how critical speed is both in turnaround and high growth environment.
And we can tell you within 24 hours if we're a fit.
And so you just do a really good job of being very crystal clear about what you're offering is.
And you are direct, but you're not rude.
And you have a really good voice.
And you also cite a lot of the books that you've read.
So you talk about turnaround corporate artistry and you have like a quote from the book.
And so anyway, your language is wonderful.
Sean said he pays attention to vocabulary.
So do I.
You have really good words and your rhythm is nice.
What did you read to kind of come up with your perspective and how did you become a good writer?
You're quite good at explaining complex things.
I think we all grew up during the era of hardcore.
I don't know what it was, but for some reason, copywriting and being into copywriting was really popular from 2010 to 2013.
What did you learn from?
Or where did you turn to for that?
One of my friends was just really into it.
So I got dragged into it too.
And just reading random books.
I think there was a compilation of like a hundred of the all-time best sales letters.
That's back when like people used to distribute swipe files and stuff like that.
So you just be on a random group and someone would just distribute it and you just rip through it.
And that's kind of how I picked it up.
It's good.
You're very good.
And what were some of the other books that you read to learn this topic?
Because you learn this at a very young age.
Yeah.

I'd say corporate turnaround artistry is one of the greatest books ever, but it's written by my mentor, Jeff Sands.
And that guy is an absolute beast.
He's turned around a handful of fairly large nine figure industrials, like manufacturing companies, everything from bakeries to I think large restaurants, restaurant groups, etc.
And that guy is in his fifties.
I think I hope he doesn't kill me if I got that wrong, but and he just, he just shows up.
So he's done like lumber mills, etc.
He just shows up and turns the operation around within six to 12 months.
And his book gives you, it's probably the most value in a book that I've read in a really long time.
It's just like tip after tip after tip, and you can just take it and apply it, even if your company is not distressed, you know, you just choose profitability.
If that makes sense.
Really awesome.
Guys, just a complete machine.
I'm convinced you could drop them into anything and he'll just make it more profitable in six months.
And that's because what, what is he like world class at doing?
What does he do when you drop them in?
I'd say he's just very fast at making decisions.
He doesn't hold back in a lot of ways.
Making a turnaround is like running a startup.
You don't really have the benefit of sitting around to make decisions, right?
Like you're not going to hire McKinsey to run a full blown study to see if you should do something.
You're just going to go and do it, right?
And maybe you have some light directional data, but you're not going to wait for a ton of data.
You're not going to run some crazy Qualtrics survey, right?
He's going to go out and get it done.
And that's, that's what he's really good at.
It's just taking action.
He'll show up.
For example, when he turned around that, that Canadian lumber mill, he's American.
So he just, he moved and, you know, keep on his kids, etc.
But he still just moved, showed up to a lumber mill in the middle of nowhere in Canada and turned it around.
He's got it done.
No one else will really do that, right?
And there's a premium for that.
What part of this brings you joy?

Why are you doing this other than that it makes you a lot of money?
I'd just say it's really satisfying and it's fairly repeatable.
So and I think the speed at which you learn is really, really good, right?
And it doesn't require a lot of equity to keep scaling, if that makes sense.
So for example, you can probably buy a relatively distressed brand doing a hundred million for maybe 10 to 15 million in equity.
We had, we're friends with Moise and Suley Ali.
So Moise started native deodorant and I was like, Moise, we're in San Francisco.
Why are you selling deodorant?
Why not like do software and be normal, make more money?
And he goes, I'm a merchant, man.
I'm a retailer.
Like this is just, it's in my DNA.
Like I just, I make products and I figure out how to make up.
I'm a merchant.
That's what he said.
Dude, I've been working on these t-shirts.
I've been working with the t-shirt designer to do things and now I'm just on the lookout for these quotables.
I'm a merchant.
That's what he said.
He goes, I'm a merchant.
What's that say?
It says part of Kong and then this is a banana that says IRF, like internal reader return.
Well, and Moise also said, he goes, my second phrase, or he goes, my first favorite phrase in the English dictionary, distressed asset.
And it was funny, but he goes, he goes, I'm a merchant, man.
Like, and it says, I don't know if it's like a, like an immigrant thing or what it is, but like his, cause I know their, their family also owns homes, like lots of single family homes that they rent out and they own gas stations and a lot of my Indian friends, the Pakistani friends all do that.
They have gas stations and things like that.
And I'm like, I don't know, man, maybe it's just something in the culture where you just like, you're just geared towards small business.
But yeah.
And like for you, is it the product that you like?
Or is it just like, I just like making stuff, something that provides value and I just like optimizing it for profit.
I mean, what do you think is driving you towards this?
Yeah.
I think distressed side is really interesting because it's like a game of chess with the existing creditors, existing cap table and kind of figuring out how to squish it together to make it work.

Right.
So I'm really angry senior lender and just convincing them like, Hey, you know, give me the position at a decent price, I'll come in, I'll turn it around and eventually you'll get right side up, or at least you'll make more than you would just equating these guys.
And then convincing the guys that you're getting the company from, cause they're often really upset, right?
Like say companies during 20 or 30 million, it's still run by the original founders in most cases and they'll be really emotional about it right, rightfully so, right?
So kind of figuring that side out is really, really interesting.
Then obviously the operating end, I don't like it as much as my co-founder.
He really loves the operating end, but that can be a lot of fun too.
Just coming in, getting rid of the bad apples very quickly.
And then building out a team and kind of revodging the culture.
There's a story of what's the, what's the famous, the famous hedge fund guy who's probably in his nineties now, but you guys will know who I'm talking about.
Carla.
Yeah, he tells the story on YouTube and he's like, I bought this company and it was not doing great, but I thought it could do great.
And so we owned like 12 floors in this one particular building and I just went from in one hour from floor to floor to floor and I laid off the entire floor and he tells the story laughing.
He was like, it was the greatest thing ever and the audience was like, why, you know, you're ruining jobs.
And he's like, but I'm making it better.
Like we're going to, we're going to have a better outcome and like I go both ways with that.
I'm like, well, you're kind of just, you know, like these hedge fund guys, I'm like, you're just like an Excel monkey and you're just like squeezing every juicy can, you're not providing a lot of value, but I do understand the satisfaction of just like getting something that's not fulfilling potential and achieving potential.
You know, it's story I'm talking about where you like, yeah, I know what he's saying.
Did I get it wrong?
No, you nailed it.
You nailed it.
Yeah.
He goes through floor by floor and he's like glowing with like, he's like pride.
I'm like, Carl, you're just like ruining these people's lives.
Carl, you're blushing.
Yeah.
He's getting like layoffs.
Yeah.
He's like, I'm getting a semi just letting these people off, but yeah, I guess you're kind of in that position.

A little bit.
I guess it really depends on the company, right?
In a lot of cases, you have a few really good apples, people left who are really passionate about the company.
They want to succeed.
And then the last people left, and then you have all these people who are more or less just leaching off of like the corpse, right?
What do you think about how Elon's done this with Twitter?
I think it's great.
I think a lot of those people are really self-entitled and they have no perspective on anything in a lot of ways.
They're kind of like the modern version of those companies in the 1980s that were really fat and just overpaying executives, et cetera.
I don't really feel bad for someone who's making up 100 grand losing their job, right?
More so people working blue collar jobs where they're making 40, 60 grand and they're working their ass off.
I definitely don't feel bad for any software engineer making 300 grand who's upset they have to work 10 hours instead of six.
I don't disagree with you.
I just wish you would be less of an asshole when he was doing it.
You know?
Yeah.
Yeah.
That was kind of pointless.
I think he made fun of someone who's disabled or something that's obviously horrible.
You mentioned something about being in America and how like, you know, you like things that are in America.
When I, does it ever give you like, do you have any sense of pride around like creating American jobs?
Because I know on your website you said, we've created or saved 200 different jobs in America, let alone overseas.
Are you into like that whole made in America thing for like the sense of pride thing?
Or is it strictly like this, just this, if it makes sense, it makes dollars?
Yeah.
I think it, it's a mix of both.
I think it really does make sense and I'm Canadian, but I'm obviously grateful for the opportunity that exists in the US, you know, Americans just much more gung-ho about entrepreneurship.
They're more willing to write a check and just get involved than Canadians are.
If you go to Vancouver, where I'm from, it's a lot of older real estate families.
They're not really willing to write a check and get into something the way Americans are.
They love taking risk.

And I really appreciate that about the US.
Yeah, man.
So there's a.
There's a thing I've noticed recently about what I call like the North Star formula for a business and so I like when you can boil down a plan into like a very simple equation.
So let me give you an example, like Sam with Hampton, I think I texted you this, but I just said 10,000 times 10,000.
So you just need 10,000 CEOs who are going to pay you $10,000 a year and you have a hundred million dollar business, 10,000 times 10,000.
So it's like, can I provide enough value or if somebody's willing to pay 10 grand a year and then can I get 10,000 people to sign up for that value?
Your whole business comes down to that one equation, 10,000 times 10,000.
When I met, when we were hanging out with Andrew Wilkinson, I was like, how much equity did you put into tiny originally?
And I think it was something like, you know, don't quote me on this, but I think it was something like $6 million.
He's basically turned $6 million into like $600 million just as round numbers and $6 million into $600 million.
If you want to be the next tiny, you can just take that thing.
I've turned six into 600.
Okay.
How are we going to do that?
How are we going to go backwards from that simple formula?
Well, I think I would need to compound at 45% annually.
Okay.
How am I going to do that?
Well, I need to buy businesses on these terms at these prices, right?
So a formula can be very instructive.
We have some friends that just raised $18 million and we're like, what do you do with that 18 million?
And they go, we're just trying to figure out how we could turn or like the goal is take this 18 million of equity and turn it into 10 million a year of free cash flow.
It's like, okay, that's a clarifying equation.
And I'm curious to have for you, like in a best case scenario, how will this have played out?
So like you go to the start, I don't know how much equity did you and your co-founder put in as like your seed capital to get your whole business off the ground?
Well, it's kind of weird for Cardix.
We both had a few exits beforehand.
Like he'd sold a company that he got to kind of low eight figures when he was early 20s.
He'd put a bit of cash, but we put in, I want to say a couple hundred grand, like two, three hundred grand to start making investments.
And so, and maybe you've put in more over time.

I'm not sure.
But like whatever that, we reinvest everything more or less.
Yeah.
But like just the out of pocket, like initial, not reinvestments from the proceeds of what you've been doing, but just have you had to take something out of the checking account or savings account just to, to re, to recapitalize the business in any way or no, it was like two, three hundred grand.
And then anything else we put in was reinvestments from what that two or three hundred grand has made us.
It was reinvestments from what that two, three hundred grand that we put in initially was.
Okay.
Amazing.
So you're going to go from let's say three hundred grand.
And like if this all plays out the way you want, you know, fast forward, I don't know, the 10 years or however long you're, you plan to, to kind of do this, what would be the big win for you?
How much would the portfolio be worth for this to be like a, you know, a home run outcome for you guys?
Yeah.
We are really goal driven.
We're a little bit weird that way, but we both want to tackle increasingly large distress deals.
So that's what we get pleasure from, I guess, just kind of fun doing it and we'll just keep doing it until we don't have fun.
So our goal really is get this floral company thing can easily get to a hundred million in top line.
Like our allowable customer acquisition costs will go up by 30, 40% once we finish with a few manufacturing transitions.
Hold on.
So you don't, you don't have, you're not goal driven.
What does that mean?
I don't even, that's like not English to me.
How do you, how do you function without, without goals?
I just like to do food wrap stuff.
Just whatever.
Dude, he's like a dominant, you're like the dominatrix of PE you just get, you just get pleasure.
You just get, you get, you get pleasure, like, oh yeah, you like that.
Eat it up.
Oh.
Yeah.
That's going on.
That's my new LinkedIn.

You just love the act, man.
You just, you just like the act of, you know, someone, you, you, you whisper, whisper IRR into your ears and you're going to get weak at the knees.
Well, it's just fun because you get to learn from people like, like you two or hang out with other people that are really interesting.
And then that's really exciting.
But don't you, don't you have like a, like a, you know, every, a lot of people who get in business, they've like one day I want to make all this money so I can buy, you know, a thousand acres or I want to create a school that does this or I want to be able to make sure that everyone in my family never has to pay for medical bills.
A dream instead of a goal.
Yeah.
A dream instead of a goal.
My initial dream, my initial dream and my co-founders, this before we met, it just turned out we had like the same target was to make like $5,000 a month.
That's how it starts, man.
That's how it starts.
You realize that and you realize it, you know, you know, what I've noticed, I have all the same goals.
Hold on.
I don't believe this.
Dude, you didn't start like this.
I had the same thing.
The goals always change.
But you said, when you started, you guys have had wins under your belt.
I don't know.
I mean, before that, like...
Oh, okay, okay.
Like early on, like when I did my first thing, I was like, I'm going to be stoked if I make 60 grand a year.
Okay.
Yeah.
Of course.
Of course.
But what about now, you know, like what's like the, what's like the vision, the long-term vision that you, you, that kind of keeps you excited?
Maybe sometimes it's buying shit, giving shit away, helping your family, whatever.
Right.
I think getting this one portfolio company the next level, either selling it or re-leveraging it, taking out cash and then raising a large fund is probably like our immediate short-term goal the next two years.
Dude, that's so...
When I was in college...

That's so not what I thought it was going to be.
Sorry.
Go ahead.
When I was in college, one semester, me and my buddy Trevor and our other friend Dan, we had read the card counting book.
This was before the movie came out, 21, but the book, the book bringing down the house was out and we were like, oh, not only are we going to count cards, we decided to create an underground blackjack club on campus.
And so we started preparing and we were like, and because we had read this card counting book, instead of just doing the obvious thing of being like, cool, let's just invite some, some friends over to play blackjack at low stakes, let's see how it goes and we'll go from there.
All right.
That's how you would do it.
Like at any ounce of IQ in your brain, instead, we were like, okay, let's go buy this like fancy blackjack table.
Okay, cool.
Now we're in the hole and we've got this like fancy thing.
And then let's run all these practice simulations to see how bad we could get beat.
And then what if somebody comes and count cards, what's our security going to be?
We're worried about all this stuff that didn't matter.
And we spent, no joke, we spent like the entire semester at college, which is like, that semester cost each of us probably like 40 grand just to be there.
And instead of focusing on the 40 grand that we put into being there, we were doing this thing.
And I remember one night we were calculating, we were like, oh my God, if we do this, we could make $3,000.
And then we all started giggling like, can you imagine that?
Like we were like, dude, what if we made 3,000 and we just like, that's a thousand each.
And we were so pumped about this and it was like, it just took over our mind like a mind virus for three or four months.
It made no sense.
But it was like, you know, it was the humble beginnings of scheming.
It was like, it was the first of many schemes to come with this same group of people.
We ended up starting a company together and did many more things together.
But like that first taste of the scheme and how hilariously bad your plan and your goals are, like now when I look back, I look back with a lot of fondness on that.
Totally.
Yeah.
It makes sense.
And you're like, you're bought, you bought the safe to keep the cash before you even had the cash and the cash never even came.
And we never, yeah, we never even ran the, ran the club because we like, we were too

worried about getting kicked out of school because we found out how illegal it was.
Well, basically we had one simulation where I was the, again, we were big into these simulations and I walked in and I played, I lost $100.
And then I go, give me all the money or I'm going to tell people about this club.
And then I was like, oh yeah, what are we going to do if somebody does that?
Like at any point in time, somebody could just literally take all the money because there's no recourse.
What are we going to do?
Call the cops and tell them that somebody stole from our illegal gambling club.
Exactly.
And we were like, oh, this won't work.
Before I sold my first company, I was using some type of like mint.com style service.
And there was like a thing where you could manually, you know, you connect all your accounts and it shows you your net worth and whatever.
And they had this option where you could manually add something.
So I manually added this really big number and I would log into this every day, like six months in advance.
And I'm like, sick.
This is awesome.
And I remember like when the money then actually came in, I was like, damn, I kind of like felt most of that joy in that six months leading up.
Just like, I kind of tricked myself into already believing this was real.
The simulation kind of gave me like a lot of the joy.
It's pretty cool.
Like trick yourself into believing these things are true and you get a significant amount of satisfaction from that fake thing compared to the real thing.
Yeah.
Because what people want is the feeling.
You don't want the thing.
If you ever say, oh, I really want X to happen.
Why do you want X?
If you just keep asking, why do you want that?
The obvious answer.
Why do you want anything?
A relationship, money, whatever it is to have a six pack, whatever.
It's some feeling.
It's a sense of accomplishment.
It's a feeling of relief, of less anxiety, less stress, whatever it is.
And then you realize, oh, it's not the thing I want.
It's the feeling.
And then you might be able to get the feeling through literally like faking it.
You might be able to get the feeling through something much simpler.
That's not going to take you, you know, seven years and a bunch of heartache to get there.

And also, if you've never had that feeling before, even when that thing happens, it'll be your first time having that feeling and you'll suck at it, which is why a bunch of people feel after they get success, they get like kind of let down because the feeling wasn't as great as they wanted it to be.
The anticipation was better than the result.
And the reason isn't because the feeling is actually a let down.
It's because it's the first time they've let themselves try that feeling and the muscle is just very, very weak.
And so, yeah, big, big life tip is to realize like what you want is the feeling and then start practice having that on a daily basis through like much smaller things.
Yeah, it works.
Big tip, you, I'm looking at you on Twitter, you have 5,000 followers.
I think that being popular on social media doesn't really matter in most all of business.
In fact, sometimes it's like negatively correlated to how popular you are.
But in your case, at least I know with Andrew, like when he's buying a lot of companies having some like, you know, it's basically being on Twitter is a billboard for him.
So when he reaches out to someone, they're like, Oh, you know, I think I've heard of you.
Fine, let's have a conversation for how good it seems like you're doing and how smart you are, your, your social presence is significantly smaller.
Is there a reason for that?
No, I just don't really like it.
I just look to post content about stuff that I actually care about, but I'm fairly open.
And then I guess too, on the distressed side, when you're buying a business, they're more on a forced seller, right?
And when you're talking to a lot of these senior lenders, if you're working with, it's a lot of guys that are in their fifties or sixties and they're very conservative traditional banker types, right?
They're not, they don't really care about social media or anything like that.
So I'm sure it does help with the deal for all the growth equity side or buying healthy businesses, but I've just never really been into it.
Yeah.
I mean, you have, you have, you do tweet interesting stuff.
It looks like what's a Daniel Roth watch?
It looks like a pretty fancy, fancy watch that you just bought.
I'm just, I'm just a nerd about like Neo vintage and vintage watches and then as well as some newer brands, but mostly smaller ones.
It's just kind of, it's a lot of it's like angel investing.
Like if you buy into an early independent brand, which is just like a watchmaker basically going at it, sometimes they can appreciate value significantly and you get a pretty cool watch for the money.
Plus you support a small business.
They'll build you whatever you want.

So it's like a win-win.
Yeah.
Your, your social media is actually pretty cool.
I'm going to follow you, but you have some interesting stuff, but like compared to some of the stuff you're doing, I know a whole lot of people in the DTC space that are significantly bigger than you and are much more of a little pipsqueak and don't ever walk the walk like you, like you are.
You know what I'm saying?
Yeah.
I know what you mean, people's with this example of this weight watchers thing.
So explain, explain what happened with weight, weight watchers, then we'll wrap it up.
Super high level weight watchers was not doing so well.
And this guy, this tiny firm, not super small, but relatively small.
He convinced Oprah to join them and they absolutely crush it.
That's the very high level overview of what he did.
So this guy, what were the numbers?
So they, what did they buy?
I'd have to go play.
And then what?
I'd have to pull it up.
Okay.
So it says 2015.
So how did this guy know Oprah, by the way?
That sounds like, you know, oh, it's simple.
He got Oprah on board.
Yeah.
2015 Oprah is, was a big deal.
That's peak Oprah.
That's like 2012 Obama, like, you know, that's peak Oprah.
So in 2015, he did a deal with Winfrey to acquire a 10% stake in weight watchers.
Since then, the company stock has soared by almost 600%.
They sold $1 billion of weight watcher stock and Oprah gained at least 400 million so far.
Okay.
That's pretty impressive.
It will go down as one of the best private equity deals ever.
Over the 19 years, they put 226 million in to weight watchers and got 5.37 billion out, 4.7 billion of realized profits.
Yeah.
It's pretty good.
That's pretty good.
Not including the stock that they still hold.
Especially at that scale.
But they only bought 10% of it.

I thought they bought more.
I think they kept buying more over time.
I thought they kept deploying more and more cash into it.
Dude, we have to do a pod on Oprah.
I love her.
I love watching her.
And like, you know, she's 70 now.
I just looked her up or she's 68 or something.
We forget or I forget like how big of a baller she is.
I'm like just Googling.
It's like Oprah buys another 1,000 acres in Hawaii.
And she came from nothing and she bootstrapped.
She basically, you know, got her net worth to be something absolutely insane.
Yeah.
What's her story?
What do we know about the beginning of her story?
Born in a really poor town, abused, growing up, et cetera.
And then absolutely crushes it.
And she should have run for president.
I would totally...
I think she was born in like an abusive family and like, I think there was even like some...
She got like pregnant.
Yeah.
And I think that there was some like sexual assault or some horrible tragic stuff.
And then at age 24, I think she becomes like a weather woman or like a, whatever they call it, you're a news person, but you're not actually in the office.
You're like out on the streets.
She did that.
And then eventually when she's like 32 or 33, she gets a talk show, but it's not like a hit right off the bat, but it slowly starts picking up.
And then eventually she like makes some like groundbreaking deals.
She did like one of these groundbreaking deals, sort of like Michael Jordan did with Nike, what Lucas Films did with Star Wars, where it's like, you know, we'll just take a percentage of the upside.
And then that like turned out to be like one of the most, you know, one of the best deals of all time.
And it's worked out and you know, like I did this all back when people were very, very racist.
It's all like that.
Yeah.
She's from like, I think it was out of Nashville, Tennessee, and that she's doing this.
So in the South and she kind of killed it, Ben, we need a how to take over the world episode on Oprah.

What's, what's going on?
Where is our, where is our definitive Oprah episode?
Why have you not done this already?
It's a real question for you, Ben.
Put it on the list, Sean.
You, you, you, you put on the list, top of the list.
Do this after this, after this episode is done, I'm buying my Oprah.
I'm on Amazon.com buying Oprah biographies right now.
Is there an Oprah biography?
I would totally buy that.
Of course there is.
There has to be.
I mean, she's, she's the best.
I'm a big fan of her.
And she like did this all out of Chicago.
So I think she still owns like the penthouse and the Sears Tower, which is like, you know, one of the largest buildings in the world.
But no, she's the best.
You know, I always forget about this.
So like, I'm in Austin and there's all these nerds talking about crystals.
You know, you go to a therapist and they like recommend like, there's like pretty woo-woo shit out here.
She was pretty woo-woo, but for some reason she made it very, very likable.
Like you guys remember that book, The Secret, where it's just like, it's like, if you think about it enough and like put it in place in your brain, it comes.
The universe.
Yeah.
And like she like would, she was talking about that stuff before any event stuff was even popular.
And for some reason when she does it, it's a very tasteful.
Other times my friends do it, it looks like, you know, they're one of those women wearing like a Coachella brown hat, like, you know, and it's not cool at all.
You know, I'm talking about those widebred hats, but I ever see one of those turquoise jewelry.
I run away.
I'm out.
Good choice.
If you're wearing cowboy boots, turquoise jewelry, if I see turquoise, I'm out.
No widebred hats for me.
I'm out.
If you wear one of those things, I'm not part of this.
But for some reason when she does it, I'm in.
Well that's what I want to know.

Like I think that the story I've heard is like grew up in these terrible conditions, overcame and became super successful.
But I literally want to know like, what was the successful part?
Like meaning how did she get her break and then like what led her, what was she doing?
Was it literally just better content?
Like was she just that damn good and dynamic as a talk show host?
Was it like the Microsoft IBM deal where they like, you know, how did Microsoft take over the world?
They cut this really great deal for the operating system where they could be, you know, with multiple providers at once and then they use IBM to bootstrap and that's how they got bigger.
Like it's like, was there like a growth hack?
Was there a smart, you know, deal that she struck?
Was it the timing?
Because like, you know, those cables started spreading into every home in the country and like she was one of the top three shows and just like she got to surf the cable wave or whatever.
Well, I want to know what actually led her to the mega mega fame, what were the actual those things?
It's not like a simple answer, but that's what I'm actually curious about because you could like in the air, in the topics that I know about, those stories are always the most interesting.
And I feel like when you, when I go into other topics, like I was like, oh, maybe I'm like, what happened?
He was like, oh, started off bad, now the best.
It's like, yeah, but act two, the middle part, that's the part that anybody who actually wants to make shit happen in their life, you want to focus on act two.
Like Hollywood focuses on act one and three, right?
Like the bad origin and then the happy ending, but it's the montage, the training montage when like you go from like scrawny to strong, the training montage that they speed up through is the part where all the interesting shit happens.
I already told you, Gino, I go, Billy the week on Wednesday, Oprah, I'm on it.
Yeah.
There's this really cool book called Messy Middle.
Have you guys read Messy Middle?
It's by, what's the, Scott Belsky.
Scott Belsky.
The most dreamy guy of all dreamy guys.
Scott Belsky is the man.
Scott Belsky basically started, there's a guy named Scott Belsky.
He started Behance, which is where developer, designers can host their portfolio.
He started it, bootstrapped it, had a $175 million exit before it became very successful.
He said he had like $50,000 and he invested like 15,000 into Pinterest at a three million

valuation, 15,000 into Uber at a $3 million valuation.
Each of those, you know, 50 to 100 million hour outcome, plus he owned 75% of his company when it sold for $175 million.
So very, very, very successful.
Now he's, it's looking like he's going to become the next CEO of Adobe.
So huge deal.
He's got this awesome book called The Messy Middle and it talks about how like, you know, starting things can be somewhat easy, but once you start that, then there's, once you, you start it and there's the middle and you have the end and the ends, the kind of the easy part, you know, things are just kind of working.
But The Messy Middle is that 10 year period where it's like, is this working?
Is this not working?
And it's a really cool book on how to like navigate that period.
And it's, and I love that title, The Messy Middle.
Yeah.
Great title.
Great guy.
He came on the pod once a long time ago.
We should bring him back.
But yeah, he's on your like Mount Rushmore of Dreamy Dudes.
I feel like you got Huberman up there.
You got Belsky.
Who else?
It's basically like, successful and good looking.
Yeah.
You got to have that.
Yeah.
Yeah, you need a good jawline and a clear cut jawline.
Dude, have you seen Scott Belsky's jaw, man?
He's got a strong chin.
I know.
Strong chin.
After this.
Talk about, talk about not a distressed asset.
Okay.
Chiseled.
Yeah.
That's a blue chip stock, right?
Yeah.
He also just dresses well.
I feel like dressing well is this like really easy thing to do that nobody does and he does an amazing job of it.
Especially in tech.

Yes, he's the man because he lives in New York, dude.
All those guys are stylish.
He lives in New York.
So he's got that leg up.
Dude, I've never been to his house, but I've been to his house.
I know exactly what a guy like that's house looks like.
It's basically, I can picture it so clearly in my mind of how immaculate like the design is.
He invested in the hustle.
He wrote us a very small check and I've got the paperwork for where to send the docs to.
And then suddenly I looked up and I like saw the house and I can tell you, I can tell you all fair.
It's exactly what you're describing.
You didn't even, you didn't even describe it other than using some big words.
You know, exactly.
Oh, you're describing.
Sam, do you want to hear something funny?
I tried to, in 2018, would rear-hunting for D.O.
Plo.
I stumbled across the house.
I'm like, this is awesome.
I should try to invest in this.
So I messaged you on Facebook, but no reply.
So.
Oh, I'm sorry.
Oh, wow.
You should go pull it up.
It's just kind of funny.
This is your revenge moment.
No, I'm sorry.
It's just kind of funny.
If I would have thought, that would have been a good investment, but.
It would have.
I'm sorry.
And maybe you would have known Scott.
You know, I could have helped you connect with my, with my boyfriend, Scott.
Maybe you too.
Yeah, we're not, we're friendly, we're not friends, but we've Googled his house.
He's not Googled mine.
Yeah.
I can tell you what type of couch he has, though.
But dude, thanks for coming on, man.

No, thank you.
You're awesome.
I just pulled up Facebook.
I'm going to find that message.
Kind of funny.
It's from 2018.
It's like, Hey, I'm an angel investor.
Please let me invest.
I don't know what you're doing.
Your last name.
Start with a B.
Yeah.
Yeah.
Bogle.
If you type in B-H-O-G-A-L.
Yeah.
I see it.
Sorry about that.
There is.
There's a good deal for what would have been.
Should have been more.
Should have.
Your Twitter image is significantly better than your Facebook image.
What is my Facebook image?
It's like a really far away picture.
And I can't.
It's the same one.
Oh, no.
Maybe it's not.
No, it's not.
It's not.
You're right.
You're right.
You have a really good Twitter.
You did the AI thing for Twitter.
Same.
You know that means he thought hustle was distressed.
No, no, no.
This is before that.
This is before that.
I think that was like early 2018.
We only got became more distressed and focused in like late 2018.
Dude, well, thanks for doing this.

You're the man.
No, thank you.
You're a really sharp dresser.
I'm looking at Facebook.
You dressed nice too.
I used to.
I was in the US.
I probably like 40 pounds.
Some of my suits fit.
Yeah.
Well.
Did the US will do that to you?
My fiance is cool with it.
So.
Dude, I saw a post on Reddit yesterday.
It was a map.
I don't know if this might be fake news, but it's the top.
It was like one of the most popular popular posts on Reddit yesterday.
It's a heat map that shows the average life expectancy by town.
And there's literally a 20 year age difference between like New York, California versus like the South.
It's like, you know, people in the South are dying at like 60 something and people on the coasts who are living like, you know, sort of the yoga and salads lifestyle are living till they're 80 on average.
And then you can see these small pockets like in Florida.
It's like the retirement community where people like migrate.
Yeah.
Like Jewish New York.
They're also living for a long time.
Yeah.
The Jewish New Yorkers have moved down there.
And everything around it is surrounded by the walking dead of people who are going to die at 60 something.
There's like both.
It's like both of a tone kills it.
And then like Jort Lauderdale is like as a 30 year shorter life expectancy.
I asked my data guy, I said, please overlay the map of Chick-fil-A's.
And it was a perfect sequence to like to the dying early crowd, which is unfortunate for me because I love Chick-fil-A. Chick-fil-A's not healthy.
Oh, we're screwed.
Dude, thanks for doing this.
We appreciate you.
Yeah, the rings.

Thank you.
I feel like I can rule the world.
I know I could be what I want to put my all in it like no days off on a road.
Let's travel never looking back.
All right, everyone.
My first million episode done.
However, I've got good news.
You see, we have another podcast and by we, I mean the HubSpot podcast network.
It's called Marketing Against the Grain.
One of the hosts, his name is Kip and he's the CMO of HubSpot, you know, $20 billion company.
So he kind of knows what he's talking about.
And they talk all about what's going on in the world of marketing.
They give really, really cool behind the scenes information and stories.
I'm actually on one of the podcasts.
If you search Marketing Against the Grain, Sam Parr, you'll find it.
I go like really, really, really depth about how I research different business ideas.
But he's has a ton of really, really cool guests.
Check it out, Marketing Against the Grain.