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.
Hello, and welcome to another episode of My First Million, best of the week edition.
This is Ben Wilson, also known as Producer Ben.
In this episode of some of the best clips from our episodes throughout the week, nothing new, just a short rapid-fire recap.
To start off with, we have David Friedberg, founder of Canna, talking about the power of thinking big, and more importantly, how to actually do it, how to think big, and why more people don't do it.
Let's give it a listen.
Your team is only as good as you challenge them to be.
If you're not challenging your team and you're asking them what do you think you can do, they're only going to achieve a fraction of what's possible.
Great coaches and great leaders need to kind of, and technology leaders in particular have this unique ability to, I think, understand the technology and leap several iterations forward to speak to the team about where we're headed and then bring the timelines in.
That makes for an incredible sense of urgency and outcome.
Why do you think most people don't do that?
Thinking big, that sounds easy enough to understand, sounds fun to do.
I could hear that advice.
Why do you think that's hard advice to follow in practice?
It's a really important question.
One of our principles at TPB is Dare to Dream.
It's all about creating that audacious perspective, how big can this be?
How big should we be?
What happens when you set a big goal, let's say I have to go climb to the top of a mountain and I can't see the path from here to the top of the mountain, there's 100 permutations or 1,000 permutations on how you might get up that mountain.
You don't know which path is going to work.
Most people that are smart have been successful and most people that have been successful are not used to not succeeding.
The orientation at that point is that success is all about doing something and getting an action that you expect out of what you just did.

You are inclined naturally as a smart person, as a successful person to only do things that
you know what you're going to get as an outcome.
Guess what that does?
That limits your horizon.
Then you end up saying, I'm not going to take the more circuitous, challenging route or
path that might get me to the top of the mountain.
But I can see that this particular path gets me a quarter of the way up the mountain.
You might know, however, that that means you're giving up going to the top of the mountain,
but at least you know for sure that if you do X, you're going to get Y.
I see this all the time.
I see this all the time at businesses where the teams end up compromising on their big
vision and they compromise on the moonshot because they're more likely to succeed and
they feel more comfortable taking a shorter range, narrower horizon and minimizing the
opportunity set significantly and saying, I'm just going to go do this because I know
if I do X, I'm going to get Y and that feels comfortable and I know it's going to happen.
They minimize the dare to dream circumstance.
Then they always say, well, you know what, we'll come back and dream big later.
But guess what happens?
I'll give you a very specific example because this relates to the business we're announcing
this week, canna.com, which is our molecular beverage printer.
But early on, there was a hard push to say, look, we know restaurant owners will buy this
device.
I don't know if every consumer is going to buy this device.
It might be too expensive.
It might not taste good enough.
Consumers are so fickle.
If we make a device for restaurants, we know that there's an economic advantage.
There's an ROI enterprise-based sale.
Let's go sell in restaurants.
We'll make a bigger device so it can hold more and we don't have to worry about shrinking
and getting all the technology into a tiny form factor that fits on a kitchen countertop.
The problem is if you do that and you start selling to restaurants, you've now significantly
minimized the opportunity to go into the consumer channel because you now have a customer and
the customer is the restaurant.
The restaurant is going to say, I want this feature and I want this feature and I want
this feature and I want you to do this for me.
All of a sudden, your whole team is going to be inundated with product and feature requests
that focus on that much smaller, much narrower market and you're going to end up going deeper
and deeper into that market and you're going to lose out on the opportunity to go build
for the big market, to go build for the 100X market that can actually change the world
and improve the problems that we're trying to address with this business.
I've seen this at many different businesses where taking on a lot of technical risk,
taking on a moonshot project is often foregone and you end up trading into a much smaller
pie and a much smaller opportunity and then you often miss out on that bigger opportunity

and so I think it's really important for entrepreneurs to continue to dream big and
find a line capital and a line shareholders to let you dream big and shoot for those bigger
higher risk opportunities because if they work, they're 100X bigger.
Next up, we got a selection from an interview with Raoul Pal, a former hedge fund manager
turned entrepreneur and Raoul is someone who's really interesting.
Whenever he had made it kind of big as a hedge fund manager, he put all of his liquid net worth
into crypto and managed 10X's money or something like that and so on this clip, Raoul is talking
about how network effects ensure the success of crypto going forward.
You notice certain characteristics like crypto tends to be exponential in price, so you put
on the logarithmic chart, it starts to make sense.
You look at things like copper and lumber, they tend to be mean reverting assets because
they get met by excess supply, with high prices lead to excess supply.
Right now, with oil at 100 bucks, everybody wants to make as much oil as possible, so
the price comes down over time.
It doesn't happen with crypto because you can't.
You need to understand the structure of markets, where the sentiment is, is it overly bearish?
Like a day like today, it got overly bearish and so suddenly you start to see a reversal.
These kind of things are interesting, but my big discovery and why I really started
loading up on Ethereum was another chart, which was an understanding that Metcalfe's
law was the primary driver of all crypto markets and in fact, almost all of the tech stocks
that we've known today.
Once you realize that these are basically networks, and once you realize that crypto
are networks where you actually own the network, so Facebook is a great network stock and it
works perfectly on a log chart and it's an exponential, does all the things as you imagine,
you can value it in Metcalfe's law terms, but the fundamental difference is shareholders
and network users are not aligned.
The shareholders make the money, the network users get the utility.
Along comes crypto, you marry the network user with the owner.
Okay, now you've got network effects upon network effects, this is like behavioral economics
manifesting heaven.
Religion meets Metcalfe's law, right, it's like, yeah, now I'm tribal about the thing.
It's religion meets capitalism, it's basically what it is, right, so that is incredibly powerful.
So I start looking at the fact that Bitcoin and Ethereum charts just at different points
when they, at the same point in the adoption cycle, were remarkably similar and then it
dawned on me as they're all the bloody same thing, they're all about adoption.
So then, so if you look at it and if you're honest with yourself, Ethereum, if you think
about Metcalfe's law, it's about the number of users and then the kind of connections
between the users and the applications built to create those connections.
Well, Bitcoin's kind of a one-sided one, which is a bunch of people own it as a store of value,
like gold, nothing wrong with that, but there's not many applications built in it.
When you look at Ethereum, it's like, holy shit, I mean, this is like the internet.
That moment is like, okay, this is far superior of bet.
And so that's why I took that bet and then I eventually shifted majority into Ethereum
and then took other bets in the space to express macro views.

Yeah, it's funny, I have one-tenth of the intelligence of you, but I did the exact
same pattern.
So, you know, I heard about it in 2013, bought a little bit dabbled, sold during when I went
to a wedding and my aunt was telling me about how great Bitcoin in Ethereum was.
I was like, oh, that's probably a bubble, 2017, 2018, sold for a nice profit, was patting
myself on the back, you know, in retrospect, worst trade I ever made, should have just
held everything, you know, started buying back in, in 2019 or 2020, I kind of announced
that I've, I had moved 25% of all my liquid net worth into the thing, but that was right
before, you know, another run-up and so that became quickly 50, 60% and, you know, peers
and some people are telling you, you're crazy, I'm sure you had the same.
And same thing, you know, why are you betting on this?
Are you just kind of speculating?
And I said, no, like, basically, I spent my whole career studying the power of network
effects, right?
I'm trying to build marketplaces and social networks in Silicon Valley because I know
that a network effect is the most powerful force imaginable.
And then I see this chart, this adoption chart of this new money network, it's like,
if the, if the social network was worth X, and the information network was worth Y,
and then the, you know, the merchant network, which is like, you know, basically Amazon,
it was worth, you know, Z, then this thing is going to be, the money network is going
to be worth a lot.
I can tell you that.
And so I was like, I didn't know much more than that, but I just knew, if you can bet
early in a network effect that's still going through, it's kind of like, you know, adoption
curve, you know, you'll do pretty well.
And so that was kind of my, my, my bet, coming from a, you know, sort of a different, different
take, but ended up in sort of the same conclusion.
And I remember being impressed that you were talking about network effects because I didn't
really see a lot of people in kind of traditional finance talking about that at all.
And I was like, they're missing the point, you know.
Really one of the first people to really start saying, unless you understand network effects,
you don't understand what this is at all.
Because everyone was like, weird things.
And finally we got Sam and Sean talking about the Russian oligarchs.
These are a handful of billionaires in Russia who control not only the economy and a bunch
of the money in Russia, but also a lot of the power and politics as well.
So Sam is going over how it is that these oligarchs got their money and their power.
So something that I've always been interested in is the Russian oligarchs.
So have you ever studied those folks?
Not studied, but, you know, okay, tell me about it.
Okay.
So this starts, I'm reading a thing, so you're going to see me look off.
This starts on November 3rd, 1995 in a remote Siberian town called Sergat.
Basically what happened in this small cabin, an auction took place for the right to lend

the cash-strapped Russian government tens of millions of dollars.
So basically in 95, the Russian government wasn't doing so hot and they needed money.
And so they got these banks to come to this meeting and they said, we need some money.
We need to borrow some money.
And also as collateral, we're going to put up shares of some of the large state-owned companies because at this point, Russia was basically going from being a communist nation to being a private country.
And so they still had some like state-owned oil companies, mineral companies.
Basically like if you think of ExxonMobil, they like the government like own that.
And at this point, they were trying to figure out how do we make this so private individuals can do this.
And so at this meeting, basically only two bidders showed up.
And if more bidders wanted to come, it was kind of a pain in the ass because conveniently there were no more flights.
The airport shut down and you couldn't even book a flight to come into this small town.
By the way, your camera's okay either.
And so basically what happened at this small cabin is one company made a bid to loan money to the government.
They loaned something like $500 million and that was like $100,000 above the opening bid.
So people were bidding to loan money.
And so this bank loaned money to the government and then the government had to pay back the loan at a certain point, something like a year later.
And if they didn't, the bank then was given the collateral, so the shares in this company, to auction off and they could keep 30% of the profits.
So obviously the government didn't pay back the money.
And there's like a lot of like wondering why they didn't pay up, pay it back.
Basically the idea is that the current president was like, obviously this is all like, we're all planning this.
So don't pay this back and give us a little bit of whatever.
So they don't pay back.
We're saying it's collusion.
Basically there was a handshake, wink, wink agreement basically of what's going to happen here.
Yes.
And so the government doesn't pay back the loans.
And so now this bank is basically now has a minority ownership and like 12 large state owned corporations.
And they basically holler at eight to 10 guys, guys who are already relatively successful and they basically said, you want to make a bid on this company?
I'm going to make sure no one else bids on this company, but I'll give it to you.
You interested?
And that's exactly what happened.
And why would they do that?
Why would they hook up these individuals in that way?

They did it for three different reasons.
The first reason, and a lot of this is just like hearsay.
The first reason is the person who was president at the time.
Who was it Ben?
What was his name?
It was the fat guy who had a heart attack.
Yeltsin.
Boris Yeltsin.
Yes.
He was basically said to these eight or 10 businessmen, I'm going to hook you up.
You guys hook me up when I'm in office.
Hook it up.
I'm going to hook you up.
Whatever.
So that's one theory.
The second theory is that they wanted experienced managers to run these companies.
And the third theory basically is even though these eight to 10 oligarchs put bids on these companies and basically they bought the equivalent of ExxonMobil.
So we're talking about like a company that's worth billions of dollars.
They paid a hundred million dollars for this company.
And so these managers, these oligarchs, these eight to 10 folks, a lot of them were mildly successful, but they were all in on the government.
They were all friends and friends, you know, they're all homies.
They basically, they did take on risk.
So like these companies did have debt and like they had to go and like collude with other people and fire the rest of the managers of the company.
So it was basically almost like a PE thing, but it was like pretty dirty.
And the government was like, yeah, we need, we want like these mercenaries to be in power because if they make these companies better, our, you know, our government is going to be better.
The Russia is going to be better.
And so they basically profits after, after this whole deal profits to these companies grow by 50X market caps go up by a hundred X.
And so there's, here's an example.
The reason I got interested in this is there's this guy named Robyn Abronov.
What's his name?
Ben, how do you say his last name?
I think it's Abramovich.
We're going to call him Roman.
So Roman even knows what the hell you're talking about right now is impressive.
And he's like a, he's like a part of your brain that's like outside of your body.
And you're like, uh, brain, what's that name?
Oh, here it is.
Roman's famous.

Roman owns, we're just going to call it Roman.
He owns Chelsea, the soccer team.
So he's like a famous guy and he owns like this like, you know, 200 foot yacht.
He's like a big deal.
And basically he paid a hundred million dollars, him and his partner Boris paid a hundred million dollars and they've just, they came up a little bit of money and then they went and hollered at like other rich people and they said, Hey, loan us some money.
Let's buy this company.
They paid a hundred million dollars for a company that is now like the eighth or 10th largest oil company in the world.
So imagine paying in the mid nineties, imagine paying a hundred million dollars for ExxonMobil.
And so the, these companies explode.
Now they explode partially because basically what these owners did, these eight to 10 oligarchs, what they did was they purposely tanked the company.
So it sucked for a long time and then they bought out the rest of the minority shareholders.
So it was again, cronyism there.
And second, these were government run companies.
So they're a shit.
These private individuals, they did a pretty good job of making them better and they became far more profitable.
And this created like eight to 10 guys that were worth like up to $40 billion.
So at one point, one of them was worth $83 billion and you know, things have changed, but it created so much wealth between these few folks and they're also like trickled down.
So here's the craziest part is that a bunch of the managers of the company.
So basically there was like the, there was like the minister of oil or something like that as a government official.
He becomes, he sets up this, one of these companies, he eventually becomes president of one of the companies and now it's worth $8 billion, even though he was like a government official.
So I thought it was interesting because I actually wanted to read a book about these folks.
Cause I'm like, oh, who's this like rich guy that owns Chelsea football?
Let me like go and learn from him.
And what I realized is like, I pretty much can't learn from him.
I mean, I could maybe learn some stuff, but like his process is not like replicable.
I can't replicate it because he was like 38 and Russia had just fallen and he basically turned $0 into he's worth now like $20 billion all through this cronyism.
But I thought it was incredibly interested.
Have you not heard about these folks?
I've never heard any of that in my life.
It's crazy.
It's like a, it's like the big bang for like Russian rich oligarchs.
It's like, there was just one meeting and it kicked off this series of events that like, you know, seems kind of unfathomable how that would be allowed to happen or just happen.

But then they also consolidated power, right?
Like didn't Putin basically like take all their money and consolidate their power?
Here's the second interesting part of the story.
And I actually learned this from listening to Ben's podcast.
So basically Putin was considered like the anti-corrupt guy for, for, for a minute.
Like when he was elected, he was like, you know, I'm not going to stand for that nonsense.
And he made an example of one of the guys, one of the billionaires, his last name starts with a K.
He's kind of tried to pronounce it.
It's a challenge.
He put this guy in jail for 14 years and he literally put him, and so in Russia for some reason, they put you in these like cages and you could like take pictures of these folks.
Have you ever seen that?
Like a, like a Russian serial killer picture or anything?
So it's like visible from the outside, you mean?
Yeah.
It's like the mugshot, but it's like literally a cage that sits on you and people can come and like take pictures.
It's weird.
And anyway, this guy was worth at the time like $15 billion and Putin arrested him for not paying taxes, things like that.
And put him in jail for 14 years and he goes to the other guys, he goes, you want that to happen to you?
No?
All right.
Let's play.
And so a lot of people think that Putin is the richest man in the world and he owns one of the most expensive homes in Russia and in the world.
It's like a billion dollar, $2 billion house and people are like, well, how'd you do that?
And so a lot of people think-
It was a billion dollar house?
Yeah.
Ben was telling me all about it.
There is a billion dollar house?
Wow.
I didn't even realize that.
We can call it- It's got skyscrapers.
Yeah.
It is like this whole complex.
It's got private beaches.
It's got like pools on pools.
It's got guest houses.
Basically got a hotel on it.
It's like a house is maybe not the right way to think of it, but it is a house.

It's a private residence for Putin.
And but basically like there's no proof of this, but a lot of people, because even when the Panama Papers released, they couldn't find Putin's accounts.
But basically a lot of people are like, well, so he made an example out of this one guy.
And he went to the rest and goes, y'all want to play?
Let's play.
And and now Roman, by the way- I was really hoping you'd attempt a Putin accent there.
Kind of disappointed.
Not going to lie.
The story is good, but it's just missing that little something.
I think Ben could do it.
You are Ben giving it a shot.
Ben, I think you have a little, a little bit of the Russian twings and you're speaking.
Yes, they tell me I speak good in Russian accent.
I will try.
Is this like racist?
Can I do this?
Is this okay?
I don't know.
I don't think it's a race.
We have the cancellation vaccination.
You're allowed to do a funny, funny accent here and people-
As long as it's Russian.
If you're listening and you took that too seriously, just swipe over and delete the podcast and go on with your life.
And to wrap this up, basically the way that these guys all work now is a lot of these alegarks are part of like the peace keeping, like they're, they're part of, they're helping Putin like negotiate peace.
So like the inner, the way that this shit's intertwined is just bananas.
It's crazy.
And I was like trying to learn about these folks and I was like, oh, well, like there's nothing to learn here.
I can't, I can't do this.
Like this is just crazy.
And these guys are so wealthy.
And so it's trickled down.
But if you basically, a lot of them when that happened were in their 30s, like 35, 38 years old.
And that's why I got interested in this because I was, I remember years ago reading about these folks.
I'm like, how does a 38 year old become worth $3 billion?
What the hell?
How did a 38 year old become CEO of a diamond mining company?
Okay.

That's it for this week.
Thanks so much for listening and have a great weekend.