

## [Transcript] My First Million / Billion Dollar Business Philosophies With Hubspot Co-Founder Dharmesh Shah

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.

I think you know what question I'm trying to ask, even though I don't have the words.

How does it feel to lose half a billion dollars is what you're asking me.

Yeah.

And how do you deal with that?

And like, yeah, go, go.

Is that how much you lost?

Do you think?

It's more than that.

But yeah.

Who's camera?

I feel like I can rule the world, I know I could be what I want to put my all in it like the days on the road, let's travel never looking back.

No housekeeping.

No.

Do you think you think that when the, when the chain smokers go on stage, their manager says, wait, before you guys do this first song, let's do some housekeeping about the tour.

That's an interesting reference.

You got to let the talent work and we're as talented as the chain smokers.

So on the pod right now, we've got Darmash.

Darmash is the founder of HubSpot.

He's a, well, your technical title, CTO, right?

That is correct.

I see you more.

I think this means that you have to do the ad reads for your own company today.

Why are we talking about HubSpot?

You do the ad reads.

You tell people why to buy.

You're talking about HubSpot because you guys do a much better job.

I am terrible at that and terrible at the promotion side of things, but the, uh, Sean,

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do you, you're renting a house right now?

Yeah.

And Darmash, you do not rent though, right?

Not anymore.

I did for a long, long time.

I'm a big believer in rentals as it turns out, but I, uh, I'm staying in Brooklyn for the summer and I rent a furnished house and it or apartment and it is so much better than owning a place and having to worry about stuff all the time.

It is so much better.

I, I think I, I'm on the renting train.

I think now like I've kind of been there, but like, I actually love it more.

Do you like it?

Because Sean, you owned a place in San Francisco for like four years and then now you rent again.

Way better.

In fact, every time something breaks, I now just have joy to be like, let me call somebody else.

It's their problem.

It's their cost to fix.

They have to arrange it.

They have to do whatever and I don't have to think about it.

Plus also in California property taxes are like insane or like in San Francisco because the house price is so high.

So, you know, even if you tried to do the calculation, it's so hard to beat just this annual property tax every single time on rent.

Wait.

So, Darmesh, if you, if you had the choice again, I mean, I think maybe perhaps you bought because like your wife wanted to or your kids wanted to, but if it was up to you, even with a family, would you be a renter?

If it was up to me, yes, because just the decrease in maintenance and wear and tear on one's psyche and soul, that ownership bestows upon you is just not worth it.

That's my thing.

It's just like, like, I don't want to worry about those things.

I want to, I want to get as close to like living in the matrix as I possibly can, right?

Renting is a step closer to being in the matrix.

We don't have to worry about physical things and atoms and things like that.

It's like, that's somebody else's problem.

How many people in your socioeconomic like ballpark, like, you know, founders of multi-billion dollar companies or people like you, do you think also rent?

Because I think that'd be a, if it were a fair amount, that'd be fairly shocking to a lot of people.

But do you know a bunch of people that are similar to you that are still rent?

I know people that are similar to me in terms of that they would prefer renting because

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I've talked to them about this, but almost everyone I know now, once you get a family and once you have like other things that you're trying to factor in, for instance, you know, one of the things my wife loves gardening and loves having a yard and that's kind of hard to do in a rental.

I'm not that you can't do it, but it's right.

One thing that a guy told me who's similarly was, you know, I think he's probably got like a 10 or 10 or 20 million dollar house.

He was like, he's like, renting is amazing until you want that until your wife wants a specific house.

And then once your wife wants a specific house or in a specific neighborhood, that neighborhood like like higher in neighborhoods have no rentals.

So you just can't get into that neighborhood, which means you can't have whatever.

So then you're forced into a different path.

And so I thought, you know, it's a it's a version of good problems to have.

So we'll count it that way.

All right.

What are we talking about?

Where should we start?

Well, you know, a few things left over from the last episode, Sean, I don't know if we want to jump into some of those last one.

Let's do one because I think you will have a take on this.

So have you ever read?

I don't know.

Paul Graham, by the way.

I do.

We're not best buddies or anything, but I do know of him.

I've met him.

Yeah.

So he's from Boston, right?

Or Cambridge?

Cambridge.

Yep.

Yeah.

So you guys know one another.

He wrote a blog post back in 2008.

It was October 2008.

So this is like right after the crash.

And it's it's just if you go to Paul Graham dot com slash bad economy is the name of the blog post.

And he makes this case where he goes, the economic situation is apparently so grim that some experts

fear we may be in first stretch as bad as the mid 70s, which is when Microsoft and Apple were founded.

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And as those examples suggest, like a recession may not be such a bad time to start a startup. But he, which you've heard before, but I thought there's one interesting part was he goes, I'm not saying it's a good time either.

The truth is more boring.

The economy doesn't matter much either way for a founder starting a startup.

And I actually thought that was a really good point because I hear this so much is like, I'll talk to kind of young founders and they listen to Twitter and they listen to podcasts and they listen, you know, they listen to kind of these, like a lot of it's like, you know, VCs who are, you know, also pandemic experts and also, you know, you know, macro economists as well.

And so they hear and then they sort of start to adjust their plans and their mental models and like their room for everything.

It's like, dude, if you're a startup, you're like an aunt in this world, does the aunt care what's going on with the presidential election?

No, like you basically just need to build a product.

You need to carry your little piece of dirt.

It's like, build a product, get a customer, get 10 customers.

Like, it doesn't matter if the economy is bad.

If you can't get 10 customers, it's not going to work anyways.

And so I thought it was a great little blog post talking about like kind of starting a startup during the downtime, which is where I think we're about to, or we just officially entered a recession again.

So as curious, Dharmesh, do you have any thoughts on that?

Yeah.

So my position is I lean more towards kind of a Paul Graham end of the spectrum, which is I think it's either neutral that it doesn't matter.

It's one of the things you're suggesting towards positive and the positive elements of being in a kind of downturning economy or recession is that things become available that would not have been available to a startup before.

Like talent.

It's like, oh, well, there are people sitting at Meta Facebook or sitting at Google right now that may be reevaluating their lives or they may have just been let go from a venture backed company that raised \$200 plus million, right?

So now you've got this talent that's coming on the market that might not have come on the market before things that were super expensive like buying Google adwares or certain marketing

channels because you have this glut of money and a glut of venture capital.

I think of venture capital as a very efficient machine of turning like money from LPs into Google adwares rep you, right?

They're just a conduit between the two.

And as in a downward economy, you're going to get less of that kind of glut of money flowing in, which drives the cost overall down for certain things that I think are important to entrepreneurs.

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So I'm generally net positive that a down economy is actually a relatively good time to start a startup.

For like the last 18 months or, you know, whenever like the last 24 months, whenever things been booming, I've, my wife works at Airbnb and, you know, I've got a lot of friends that work at Hub, obviously Hubspot and all these and Sean was at Twitch.

So we have like some, some perspective on how, on the salaries of big companies and I've seen some of these salaries and they are crazy, crazy, crazy, crazy, crazy.

As the, as like a leader and the biggest shareholder of Hubspot and you like see these, see these numbers, are you thinking to yourself like this, like we can't afford to pay someone like an entry level person, \$250,000 a year.

I don't know how this is going to work.

Like what's your perspective on that when, when these salaries are going so high and now it's like a little bit normal, more normal.

Yeah.

But as a startup, I mean, you can't afford those salaries anyway, right?

Unless you're one of those kind of rare exceptions that has \$50 plus million going out of the gate, which is very, very rare.

And so, you know, one of the things a founder has to kind of get good at, it's convincing really smart people to do this irrational thing, which is join you in your startup, right?

And if you can't, if you can't do that, if you can't make that sale, which is the most important sale you'll make is being able to kind of attract people and then it's customers, it's not going to work.

So you have to do one, we have two things, either recognize kind of superstar talent and give them something they can't get, because it's beyond confidence, like, oh, you'll learn more here.

Oh, you're going to do your own startup someday.

This is the place to get your startup MBA because you'll be exposed to a bunch of things.

You'll meet your future co-founder of the company, those kinds of things.

We have to do that.

Or you have to say, I'm going to be really good at identifying diamonds in the rough.

People that have not made it to the 200 plus, 300,000 plus dollars salary yet, but they will someday.

I caught them early in their kind of evolution.

And so I can get them.

There's that.

So it has to be one of the other form of arbitrage, otherwise you can't play the game.

That's just not, I don't think it's viable.

I'm doing, when you're saying that it's like resonating so much because it's basically you, all the three things we just talked about, I'm doing, it's like I started the milk road in January this year.

And so it's been, it's been, it's about to be six months or it's been six months.

And it's like, here, let me start a crypto company right when crypto crashes, you know, like 70, 80%.

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And at the beginning, Ben, even my co-founder, Ben, he was like, you know, the only thing I can see going wrong is if crypto goes in a bear market, I go, well, crypto is going to go into a bear market.

Like that's like one of the few certainties of crypto is that it goes up and down.

And when it does, it is dramatic in both ways.

It goes from the elevator is dramatic in both ways.

And I was like, you know, so it's just a question of like, do you, what, do you think that kills it?

Or do we just make it through?

Like there's, that's really all we have to think about here.

So that was the first part of it, starting in a bad economy.

The second one on talent was I recently hired this guy and he quit a pretty well known venture backed company that I think it just raised maybe 50 or \$100 million.

And he joined and I had talked to him a little bit before he joined, like he was thinking about doing his own startup.

He had, we had traded a couple emails, nothing serious, just he, he was wanting to be to use his product.

Then he took a job at this place.

All right.

Whatever I forgot about him.

Then he emails me and I shared this on Twitter.

He emails me subject line.

I have made an irreversible decision and I was like, okay, I got to click this.

What's inside?

And he's like, I just quit my job and I think you should hire me.

And I was like, okay, directed to the point and he tells me why, blah, blah, blah.

And so I was like, all right, boom, I'm sold.

Very bold approach.

I already liked your hustle before this because when you were hustling to try to get me as your customer, I was like, this guy's good.

So okay, let's do this.

And I made him a job offer, which was not like, you know, a Silicon Valley job offer, but the guy lives in San Francisco.

He was working for his Silicon Valley startup.

So he was like, oh, dude, that's like a 50% pay cut.

And I was like, and I didn't say this out loud, but in my head, what I felt, I told him, I was like, that's what I could afford to pay right now.

And like, look, you come crush it, the sky's the limit, but like, that's what I can pay you right now, sight unseen.

And I said, and in my head, I was about to tell him the line that I had heard from Warren Buffett.

You guys probably heard the story, but when Warren Buffett goes and tries to work for his, you know, kind of hero or whatever, Ben Graham, and he's like, you know, I'll work

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for you for free.

And Ben Graham goes, your price is too high, sir, which is the truth, which is the idea that you got to shadow Ben Graham and work side by side with him every day was you should be paying for that if you really want to be like a successful investor.

That's how I felt.

And I didn't want to say it because it's kind of arrogant, but it's like, dude, if I take you under my wing, my team is like three people.

If you become one of those three and you're working out of my, he came out of my house yesterday, you're sitting by me working out of side by side every day.

Like really I'm providing more value to you than you are providing to me at that point.

And like there's still a, you know, I appreciate the value you bring, but let's like the dollar amount is like the salary dollar amount is not what not the value you're getting.

And I think he knows that intuitively.

And that's why he said yes.

But like that Ben Graham story will stand out family.

No, no, he's a young guy just graduated from college.

But here's the thing, I think people have a couple of thoughts on that one is the salary slash compensation is just one vector of value that you get from a company that you join, right?

Another one that you get is you get the learning, whatever it is that they get exposed you to another one that you get as a network that you build while you're there, right?

So there's all these other things that also in kind of an aggregate and maybe I think it's common for people to over index on the compensation or the kind of current compensation and under index on other things that, and then there's just the raw emotional value.

You like being around the people that you're around, do you enjoy the idea that you're working on?

And you know, those things matter as it turns out, I have a fun hotspot story.

So when we started on this compensation thing, you know, Brian, I had to pick salaries for ourselves something more than zero.

And so we picked \$5,000 a month, right?

It's like, okay, well, that's it's a number.

And obviously below market value, we'd been out in the market for a while and had worked in our lives.

So when we hired employee number three, we had to decide what we were going to pay them \$5,000 hired employee number four \$5,000.

And so we just build us like, okay, if you're here for the salary, you're here for the wrong reason, right?

That's not why you're going to join this smartly crew of folks.

And that lasted for like a while.

And then it kind of has this inertia built in where it's like, okay, well, all of us sitting in the room chatting with you that we're trying to get you to join the company are all paying each other, I mean, paying ourselves \$5,000 a month.

Now, what do you think you should be able to get when all of us are making \$5,000?

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Of course, that doesn't last forever.

And you have to get it.

What was the pitch at that time?

So it's not like, you know, no offense to HubSpot, but it's not the sexiest idea.

You're not saying we're building the electric car here, you know, like you didn't have that going for you.

You know, you might have had like a, you know, your own magnetism, which is like, you know, like for me, I get this cheat code because like this guy, he listens to the podcast.

And this happens.

This podcast is a great talent pipeline for us because people will listen to it and over time they just, they decide for themselves either, I think this guy's a dummy and he annoys me or I think this guy's smart and I really like, you know, I'd love to be hanging out with these guys.

I think I could learn a bunch from them.

And so it becomes an unfair advantage, but you didn't have that back in the day.

So what was your, how did you convince people to do this \$5,000, you know, Lego block of a salary building?

So we cheated a little bit, right?

Because of the first eight people in the company, seven of them came out of MIT Sloan, the same school that Brian and I went to and we met in class.

So it was kind of in network kind of thing.

It's like, okay, well, it's just a bunch of friends that sort of know each other in network or whatever.

Let's like, let's go do this thing.

Right.

And they were kind of far enough along in their careers that they were not missing meals or anything like that, right?

They had just gone to, you know, business school or relatively good business school.

And so that was it.

And then the other thing, and this is the part, there's equity, but there's also the, like this is not that risky, dude.

Like let's say this doesn't work out and we end up being chumps of the ideas really bad three, six months from now, you will basically be able to pick up where you left off, right?

There's like, there's no loss other than the opportunity cost of those three to six months.

So not like a irreversible lifetime decision that I've made this call.

And that's all I'm going to have to be able to do for the next five or 10 years.

That was enough.

It's, yeah.

What did things change?

How many people do you think, how many people do you think at HubSpot have made like eight figures because of their equity?

And once you worked with those people for a long time and you're like, oh, shit, like we, the company went public and like, you don't need to work anymore, which, and does

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that change the dynamic or in a quick message from our sponsor?

You know, I was thinking about the shortest day of the year earlier.

And while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work days, the same length as always.

But before you know it, we spent three hours just fixing something that was supposed to be automated.

Thankfully, HubSpot's all in one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and easy to use interface HubSpot lets you spend less time managing your software and more time connecting with your customers. Learn how HubSpot can help you grow your business at [HubSpot.com](https://HubSpot.com).

It hasn't.

So to answer your questions, I always have to, there's this little, it only takes like a second and a half for me to translate eight figures into what is that actually, so that's 10 million plus.

Yeah, like maybe five or 10 million is like the number of where you're like this job.

Probably somewhere in the 20 to 30 range, if I had to guess, of people that have made that much, you know, over 50, maybe even 100, like millionaires in the seven figure range. But even when that was happening, right, like, well, a couple of things.

One is it distorts it a little bit because as a private company, even though the valuation from the last round or whatever is X, the shares are not liquid, right?

So they're worth it, but they're worth it on paper, they can't go out and actually sell their shares.

So that's kind of thing number one.

And so it doesn't, even if they want to, it doesn't, we can't really change behavior.

You can't go off and, you know, buy something with your shares.

So that's thing number one.

But thing number two, it's that we did have like this kind of spree to core, right?

It wasn't really about the money.

It was about winning.

It was about kind of building something together.

And I like to believe that it wasn't even really the idea that if we had taken that same early group of 20, 25 people and parachute them into some other company and some other industry, there's still software in SAS that we would have likely done reasonably well as well.

I think it came down to the people had good chemistry.

They were focused on the right thing.

I think we, our early hiring policy was to hire kind of smart people that get shit done.

That was kind of the thing, right?

We want people that have high, what we call high wattage.

They were like, measurably smart.

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If you had to get, haven't taken IQ test, we didn't do that, but measurably smart. But there's lots of very, very smart people in the world, but they have this kind of predilection to action.

Like they could not help, but like if they found a problem, they're going to go try and start, solve it.

They're going to jump in, you know, feed first, and they're just going to do it or head first, whatever the phrase is.

And that was enough.

So we made a deliberate decision not to hire what we call press release hires.

Press release hires when you hire someone, and then you feel compelled to issue a press release saying, oh, HubSpot just hired the VP of sales from such and such company, whatever that is, a 30 year background in doing X.

And if we felt like we ever hired someone that was worthy of a press release, we did it wrong.

Right.

That's not the kind of person we were looking for because they may have done amazing things at Google, Microsoft, Facebook, pick your company of choice, but the startup is such a different context and you're, you're paying for these kind of specialized set of skills that may or may not be relevant arbitrage is really, really hard.

So we're bigger on the identify diamonds in the rough people that are going to be big. You know, it's like you're buying the stock early versus going after the folks that already were press release worthy.

So I think I, that's been my skill, Sean, you've kind of seen my journey.

I think my skill has been finding the diamond in the rough diamonds in the rough.

So we've had like, well, Sean and I kind of discovered one another, but then like there's Steph Smith is now at a 16 Z.

We had Trung who's popular.

We've had a bunch of people who went on and founded different companies.

And what I've always looked for, like I purposely have looked for these diamond in the roughs because I was like, I can't afford, you know, to pay X, Y and Z. So I got to hire this 24 year old who I know will be a boss in like five or 10 years.

By the way, Sam, it's not just that you can't afford them.

I remember once the hustle got to the point where you could afford them, you were just kind of disgusted by the concept of somebody making that much money.

I remember you were just like, how much do you, how much is this kid over here work this like engineer at my office?

And I'd be like, I don't know, like whatever, 150, 170, you're like, what, 70?

Oh my God.

Like this is, you know, what?

If this person left, would the company fail?

No.

No, not at all.

Well, it was like, this is crazy.

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That was 10 years ago.

That was 10 years ago.

Yeah.

So things have changed a little bit, but also like your people would show up to work at like noon.

And I'm like, what the hell, man?

This guy like just waltzed in and like you're going to, and he's like, he arrived right when they're serving lunch.

But we've, we've like discovered some cool people.

And I always look for a couple of things.

The first thing is actually this is from Paul Graham.

He goes, I looked to hire animals, like people who are like, you're a little bit afraid of and they're like, uh, just like freaks where they work a lot.

I also work, look for people who are like weird.

So I always want like weird people who have like fairly extreme opinions.

Even if I totally disagree with their opinions, I really like that someone's like well thought well, well researched and has a strong opinion on something.

But I love like weirdos and eccentric people.

And I have found that if you can add our startup at the hospital, we did a really good job of like accepting weirdos and letting them be odd and like we like embraced it.

And I always found that to be kind of like a, a, uh, we used to say, you know, let your freak flag, uh, let your freak flag fly.

And we're like, you know, I don't, I was like, we'll have, we had all types of different people.

We, we had, uh, just, just every type of like person we worked at our company and they'd like that we like embrace their odd, they're kind of like them being different.

Yeah.

We have something simple.

We have, you know, five kind of core values as part of our HubSpot culture.

One of them is, is, uh, remarkability or being remarkable.

And what we mean by that is there's something noteworthy they've done in their past or there's something quirky, something different, something that's an outlier about them and it doesn't have to be specifically business or whatever you enroll that they're in, but there's like they're just kind of like off the kind of main beat.

And that we've done well with those kinds of people.

We give them a home, kind of let them do their thing and it tends to work out.

So, so Sam had weirdos and kind of like, let your free flag fly.

You have the, um, the, uh, remarkability.

Have you done something remarkable?

We had one at Bebo that was the same as we used to say, we hired degenerates.

It's like intentionally a word that's usually negative, right?

Like we hired degenerates.

And what we said, we would always ask me and Furkan, we noticed this in each other.

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We were like, dude, we've gone through these phases in our lives where we just got really obsessed with something that didn't have a clear payoff.

Like it wasn't the popular thing to be obsessed with, um, like it wasn't the like cookie cutter good thing to be obsessed with.

Like it wasn't like grades in school.

It would be like, you know, Furkan got really into, you know, um, this video game and he's like, yeah, it became like a top hundred ranked player of this game.

And like it was a total like, you know, in one hand, I knew it was like a waste of time, but like, I couldn't help it.

I just loved it and I obsessed with it.

I became the best at it and I just wanted to win like so badly and at some point even stopped being about winning it was just like, I wanted to like get to like the next level and, and, and keep going.

And I had, I had done the same thing with poker.

He had done it with poker also.

So we kind of identified these, do you, it's like, Hey, do you go through these periods of like three years of deep obsession around some get competitive like thing?

And um, and then when you do, do you like really like try to study the game and figure out how to like, what are the loopholes in the game?

What are the rules of the game?

You immerse yourself with other players in the game because like, well, cool, our game now is just startups and we would try to find people who had some evidence of degeneracy.

It's like, yeah, you come in at noon because you stay up till four in the morning, like building that a SoundCloud player that works like TikTok for no reason because you're so annoyed that SoundCloud like is too slow in the way that they develop things.

It's like, other people would look at that as like, Oh, you're not really reliable or very structured or you, you know, why did you work on that?

That wasn't even like the task at hand, whereas we would see that and we'd be like, Oh, all we need to do is just point this guy's degeneracy at the right direction and then we'll win.

And that was like our mindset.

Yeah.

I think of that as a kind of borderline pathological obsession.

Like that's like, once you attach yourself, whatever it happens to be, right?

And what our job is to kind of bring it just shy of pathological where it's like kind of harming themselves, but it's like, you can't help yourself.

You're going to like just dig in and whether it's video games or whatever it happens to be people that have, I don't call it a gene, but that have that trait, um, tend to work out well in startups because you're trying to attach yourself to a particular thing to your problem.

Um, the other thing I'm just as aware, since we're on the topic of talent, I've got this little mini framework, works at multiple levels of abstraction.

They're like, um, three kind of vectors of kind of measurement of people.

One is that you have the creatives and these are people that start things.

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They have ideas.

They have 180 mile, you know, ideas, an hour kind of thing.

If you sit down in a room with them, uh, then there are the, so they're the starters.

Then you have the completers.

Those are the people that can make a list of like, here are the things that need to get done in order for us to ship a product to do whatever.

Um, and often those folks are at odds, like the, the idea folks are kind of really frustrated with the, the completers that are like, I'm just trying to check a box and make art.

Yeah.

It's like, yes, but I'm doing this thing and it's not good enough yet.

But you have that tension and that's what brings in the third person, which is the collaborator and the collaborator is really good at communicating is really good at bridging gaps across departments

across individual people and kind of pulling it all together.

Um, and usually you're looking for someone that has at least some, like a nine or 10 on one of those dimensions, a seven or eight, another one, and usually very low on the third.

Right.

It's like you can have creative, I'm on the creative side.

I'm like, yeah.

Um, for sure.

Well, that doesn't make sense to me because you lead a \$20 billion, a software company that, that you've been doing it for 20 years, like as a CTO should like how on earth you pull that off and it's public, it's publicly traded, which means you've got to go through all the bullshit that like is the opposite of creativity.

Yep.

How do you, how do you like, well, like one thing you shared last time, you talked about those little like kind of calculators or the little like kind of growth, growth tools that you had built, which was just like, Oh, I was just tinkering and I made this little like page load speed test site and then, or whatever.

I don't remember the exact examples, but you had built like three or four of those that drove like a substantial amount of traffic for HubSpot early on.

And like even now with wordplay, like, you know, you're just, you're still creating stuff even now.

Yeah, but we were just talking, we were just talking, he's getting ready for the earnings call.

And like that to me is the opposite of creativity.

You know what I mean?

That's like, you're, you have so many, you have such a narrow lane that you could stay within.

That's like, it seems so hard.

Yeah.

So I'll say this.

I have done everything in my, in my power to reduce the time I have to spend on things

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that I'm not good at, right?

Which is the things that are kind of non creative, not a part of that.

So I don't have any direct reports, which is unheard of for a company that, you know, for a founder that has 7,000 people in the company, a lot of them on the kind of product and engineering team, which presumably, you know, CTO would kind of help manage and Lee, I don't do that.

And so then the only meetings I go to are where there's some creativity involved.

I don't like to go to kind of status things and updates or whatever it's like, I can read an email as well as the next person.

So but yeah, but there are things that are non-delegatable that one of we should, we should probably talk about.

It's on my list of things.

So one is earnings calls.

Another one is getting on the public stages, right?

So for instance, we have an annual conference called inbound that, you know, the last time it was in person, it had like 25,000 people in the live event, right?

Like it's, it's big and I have to give the keynote every year and I've been doing it for 10 plus years now, which I hate and I'm bad at, but that was one of those, because I'm founder, that was one of those non-delegatable things, right?

I couldn't say, Oh, well, we're going to have someone else go do that because, you know, in my role as founder, I have a certain kind of weight to me just by virtue of the title of being a founder versus someone else.

So Sean, listen to this, listen to this Dharmesh story in Dharmesh.

You could fill in the blanks as we go, because you could decide how much you want to reveal, but there has been a couple of different times, maybe three different times.

I've introduced Dharmesh to a founder of a company who was raising money and literally within five minutes, he replied and said, I looked at the deck.

I'm in for a blank amount.

Dharmesh, you can reveal if you want to say some of the times how much it was.

And he replied with, I'm in.

Just so you know, though, I've got one rule, which is I always side with the founder and I'm always on your team.

But the downside of that is I'm going to make close to no time.

You didn't say it this way, but it is like, I'm going to make close to no time for you or like, you know, like I think you said it, like I'm totally going to be silent, a silent partner.

I'm not going to bother you, which means if you want to bother me, I probably won't you know, I'm not going to talk to you that much.

But that's like the stipulations for taking my money.

If you want to take it, great.

Do it.

I've seen that happen three different times.

And do you want to reveal how much it was or no, I don't recall, but I will say this.

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I've made roughly, I think a little over a hundred investments now across my angel investment. I won't call it a career, but my activities and 80 to 90 percent.

I've never actually talked to the founders or ever met with them.

Over a vast majority of my deals, I make the decision within 24 hours.

It's like, like, I don't have time to go dig into due diligence on some industry or whatever.

It's like, that's not the point.

My point is not that there's only two reasons I do angel investing and it's neither of them are to make a return.

One of them is around living vicariously through other entrepreneurs.

I just like, I like that process.

And this is, you know, the predates even starting HubSpot.

And the other one quite modestly is just bragging rights is to be able to say five, ten, 15 years from now.

It's like, because no one cares like how much you invest.

What I was like, oh, yeah, I was an octa back in the day.

I was a stack overflow back in the day.

I was like, you know, first money on this company, this company, this company and that feels nice.

It's it's not such a kind of magnanimous getting back to the community is purely like, it would be cool to be able to have been part of these great founding teams that went off and built great companies.

I really respect that you said that part because I thought you were going to say like, you know, to support the causes I care about, yeah, I just, you know, just to foster entrepreneurship or like, you know, use the D word democratize something, something.

And instead you said a true thing that I think every angel investor feels is like, it's awesome to have a notch on your belt and be like, yeah, I, I, I either I saw that or I backed that, I bet on that and it worked out.

It's awesome.

It's an awesome feeling.

It is a perk of the job and it's a real one.

So the fact that you said that to me shows me that you are a real one, Darmesh.

I'm what I refer to myself as like a warm hearted, red-blooded capitalist, right?

So I have compassion.

It's not like I don't like people.

I'm not a sociopath, but I, I'm a capitalist.

It's like, okay, well, for instance, I'm, this is going to sound completely immodest, but we opened this door on the last episode, so might as well walk through it now is.

So last episode, we talked about kind of putting a value on your time, whatever it happens to be and that anything that falls below the line in terms of you can outsource a delegate or whatever for less than that.

You don't do those things, right?

Well, you're on whatever if, and so I haven't, I should recalibrate, but, you know, my number personally, the one I use just because the math is easier is like \$10,000 an hour.

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I think that's what I, if I were on the open market, I think I could, I could make that if that's what I would have thought higher.

I would have thought higher.

It is higher.

That's like it.

Well, what do you think?

That was the longest number.

It's higher.

No, but I think it, I think it would be like 50 or 100,000 an hour, maybe like, I mean, way higher.

I want to make the case, but I couldn't make my point without having to make that particular case.

Okay.

Let me ask you a question to make it real.

So you buy something, you book a plane ticket, it's like, whatever.

It didn't work out or you deserve a refund, but you'd have to go chase it down.

Do you just have somebody who you're like, this is my chief of staff, my EA that like,

I just say you do it or you're like, Hey, it was \$2,000, but it's below my early rate.

I'm not going to do it.

I just eat the loss and move on.

I don't do it.

Because even delegating then requires some follow up, require some explanation and they're going to apologize because they could only get half back or it was only a credit.

It's like, I don't care.

I just honestly don't care.

And so, and back to the investment thing.

So let's say, you know, my, when I started, my average investment rate was, we'll call it \$100,000, give her take a little bit.

It's grown considerably since then, but if I spent like five hours doing due diligence or having founder meetings or whatever, I basically doubled their valuation or have my investment amount, right, because like, not only did I put cash in for which I'm going to get shares, but then I put another \$50,000 or \$100,000 worth of time in just in the due diligence, which is easier to kind of run up that bill.

It makes no mathematical sense why people would do that, right?

It's like, okay, do you really feel like you're going to, and the reason they rationalize and this makes sense is that if you really believe that as a result of spending that time on the margin, you're going to make better investment decisions.

You're going to pick better companies are going to do these things.

And maybe for the first hour or two, in an early state startup, there's just not that much diligence to do, right, like, what are you going to dig into is like, like the idea you don't, you like the founders or you don't move on.

Or the other part that's obvious, but worth saying out loud, just in case people are like, well, then why are you doing this podcast?

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Well, you also just do things you like.  
Those are the things that you don't do.  
You don't put a dollar amount on because you enjoy them and therefore it is not a cost to you.  
It is like a benefit to you.  
So, so yeah, if you love gardening, then you garden, you don't put a \$10,000 an hour mark on it.  
Is that fair for you?  
That's how I think about it, at least.  
That is fair.  
And what I solve for is I like to solve for, it's a little bit of a squishy term is just raw impact.  
I like scale.  
So if you folks were a much smaller blog, let's just say, it's like, oh, I'm going to reach 50 people as a result of this.  
And I have ideas that I think are worth sharing.  
And it was smaller.  
I'm like, and it's not like, oh, I don't get up out of bed in the morning unless there's at least, you know, 10,000.  
If this was morning Bruce live cast, then I would not do it.  
I have to find my time, right?  
To what little time I have left on the planet, what things that I know.  
So I'm always looking for a thing to do things at scale.  
Like how can I find a way?  
Speaking of things at scale, let's talk about this thing, because like on the surface, this thing that you recently did like a year ago is incredibly silly and not worth your time.  
But basically, I think a year and a half ago, rural is like a game that an online game is like a word game that went viral.  
You built a thing called the word play.  
Is it wordplay.com?  
It's wordplay.com, right?  
By the way, you buy domain names, so you bought the hustle.com for us.  
You bought me copy that.com.  
Thank you for that.  
I forgot to say thank you in person.  
But so you buy like a lot of amazing domains, but you have wordplay.com.  
And did you tweet that it was getting seven million users a week or three?  
What was the number?  
It was.  
So I just went and checked the numbers.  
Okay, so just to kind of place the timeline in frame.  
So November and December of last year, 2021, is when Wordle took off.  
In January is when it really kind of hit, I think, close to its peak.

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And that's roughly when the New York Times acquired Wordle.  
And a couple of things kind of, I mean, it was fine.  
I think it was a great outcome for Josh Wordle.  
But there were things that were kind of bothering me that were limitations in the game.  
And I was an avid player of the game.  
And now it's like, okay, well, the New York Times has bought it.  
There's no way that anything's going to happen for like years if ever.  
So that was kind of thing number one.  
Thing number two, like it was, it had been a while since I had launched like some simple free thing publicly, hadn't gone through the process.  
And there were other things I wanted to learn.  
It's like, oh, I want to learn more about Vercel and Next.js and TypeScript and things like that.  
So it's like, okay, well, this is excuse, and then that intersected with the third thing, which was like the dominant variable in the equation is my son was taking a Python programming class.  
He's 11, right?  
He's going through this process.  
And for him, it's still very abstract.  
He's learning programming.  
He enjoys everything involving technology in the screens, but it was abstract.  
So on a Saturday night, I said, okay, well, let me build something that Python happens to be my language, build something so he can see because he plays Wordle.  
He knows the game.  
And so I started on a Saturday night with a deadline for Sunday that I'm going to launch something with him tomorrow.  
We're going to have Google Analytics on it.  
So we're going to launch it.  
I'm going to launch it by tweeting it.  
And so he knows what social media is, right?  
So I'm like, oh, we've got this thing that didn't exist yesterday.  
I wrote the code over the course of last night in Python, the language that you're learning, and we're going to launch it.  
And now you can see users coming in, right?  
You can see this.  
And so now what I want him to have in his head is that through the course of his life, as he encounters problems that are solvable with software, which is a lot, it's actually tactile for him.  
It's like, oh, I don't know.  
I don't have the skills right now to do what dad just did, but I know it's possible.  
I know it's possible because he did it in the span of 24 hours, right?  
So if I want to go off and build a video game, I want to go off and build some tool for my school.

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I want to build some social network for my, whatever it is, it feels like now it's more approachable for him.

He got years ago before he'll get to that level, but anyway, so those three things sort of came together.

And so we launched it on that Sunday.

This is, I think, in February or so, give or take.

And since then, it's had like 45 million games have been played, nine and a half million people have come through it.

Any given moment in time right now, if I were to look at the Google Analytics, it'd be two, three thousand people playing like right now, which how did he get so much traffic?

Where did the traffic come from?

Well, it helps that I have a social media following, right?

I've got a million followers on LinkedIn, I've got 300,000 on Twitter.

So there's that.

Yeah, but that's, that's, that's a lot, but that's not, I wouldn't have thought that.

Yeah.

Yeah.

It's not enough for that.

Is it?

How many users do you think got from that?

Um, in the early days, all of them, right?

Was it big right off the bat?

Like the first week, was it big?

I know the first day, probably a bunch of people checked it out, but like, I'm sure you posted it and that was the big surge.

So what was like the first week roughly?

Do you remember?

It was probably maybe 50 to a hundred thousand.

So it wasn't, it wasn't a lot, but it was something.

But then is the, once you kind of get into it, this is the, you know, kind of power of iteration is that, Oh, well, one of the things that I found missing in the original wordle was that it was a single player game.

Like you played and you played once a day and that was it.

So two big changes that we made in wordplay, one was it was unlimited play.

He didn't, you didn't have to play just once a day.

And two, it, it allowed you to challenge your friends.

So you could say, Oh, I just played this word.

I solved it in four turns, here's my score and send literally a simple link to anyone or a group on, and this happens tens of thousands of times, right?

Like someone will take a link that they just play, they're really proud of their score.

And then their family, they can post it to their WhatsApp group.

They can post it there, you know, wherever they want and say, I invite you to like beat my score kind of thing.

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And so that's the viral element.

And so then as more people play, you can track that as you might have as a Google analytics event and say, how many people, how many times are people clicking that share button and issuing challenges to other people?

And so that, once you can kind of get into something where there's a compounding effect on the user base.

So as a user base grows, and so now the thing I'm fighting though, right, is that so that's happening, that's going well, but then the interest in Wordle in related games is waiting because everything has its kind of peak in its, in its ebb and so, but it's been an interesting exercise.

And so on the kind of learning path, one of the things I hadn't done in a while is like, okay, well, what's traffic actually worth?

Let's say I had to make a living on this thing or make the company, quote unquote, a project profitable.

So I put Google adsense on it, which is the easiest thing to do and discovered that, like, if I weren't bothered by the fact that there would be two ads on the main game board page, if I were solving for monetization, it was like \$90,000 a month, in Google ads.

Wow.

Based on the traffic.

Wow.

I thought you were going to say way less.

Yeah.

I thought you were going to say like five grand a month, but 90 grand a month and you're, you only have your only costs are hosting, right?

Yeah.

Yeah.

And my time.

Right.

Yeah.

First of all, Sean, go to wordplay.com and then go to like the about page.

His about page is incredibly well written.

It's wonderful copywriting.

It's wonderful.

You've got a wonderful voice.

It says, I'll just read the first sentence, but it says, why would you do this?

Or is it better yet?

Why would I do this?

That's a really good question.

My wife asked me the same question and then you like go on to explain why it just, you're quite a good writer for also being like this amazing engineer, typically those are writing course that Sean put on, you know that, right?

It was like, I'm not around here with my alumni's.

I like to say I taught Darmesh everything he knows, even before he met me.

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I somehow taught him all that good stuff before he built HubSpot.

What, uh, what do you, so this was making 90 grand a month, maybe, or about what do you, it could, it's not, right?

There's no ads.

I turned ads off because that's killing you and people were asking me is like, Dharmesh, why do you have ads on this thing and like to learn like it's like, I've learned what I needed to learn.

So I can was, was tweeting and LinkedIn posting this on LinkedIn, the only way you got users, what do you think this could sell for right now?

And is the, is this the biggest side project you've ever created?

Our buddy tried to buy it.

Sully tried to buy it off you.

Did he really?

He tweeted out.

He's like, I'd like to buy this off you.

I've, you know, I've built mobile games before, you know, he was like semi serious at least.

I don't know.

I don't know if you talked to him or not, but.

I did not.

What do you think you could sell?

What do you think?

Like if you cared, what do you think you could sell it for \$2 or \$3 million maybe right now that let's say the ad revenue would go down to like \$50,000 or something like that because I haven't turned that sense in a while.

That's \$600,000 a year, apply a five X multiple.

So somewhere between two and \$10 million would be my guess if I like, if that's right for me, so it's.

And is this the bit it was, was posting it on LinkedIn and Twitter the only way that you got users or did you do some other weird hacks?

I had my blog had my, it's like, I'm a big believer in like, you know, what folks call like the flying wheel.

There's all these little things that are attached to the fly wheel, right?

It's like, oh, well, LinkedIn helps a little bit, puts a little energy, Twitter does a little bit and then I have my blog and the email goes out and there's like things that I sort of do.

Yeah, so it helps, but it's like the hardest part is that cold start problem.

It's like, how do you get your first 100,000 people 100 to a thousand people?

And then it's the matter of like tracking the retention rate on those users.

Really come back.

The other thing that's been interesting about word play as far as the lesson learned is that, you know, when it started, the average time a user spent according to Google was roughly four minutes on the game, okay, in the early weeks.

And now that number is at 14 minutes is the average time a user spends, you know, across

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however many a thousand users come in a given day.

So right.

What, and is this the biggest side project you ever created and somehow you measure it.

So technically, no, not in terms of just like raw traffic.

I've built graders and things like that before that have done better.

But what have you built that did what side project have you built outside of HubSpot that gets more traffic than two or three million people a month?

We did side projects.

This is my first one that was like clearly because it was a game had it been anything other than a game, I would have rationalized some way to bring it into the HubSpot umbrella because I like to have like all my eggs in that basket.

But just given the circumstances here didn't really make sense.

And even now, like I'm thinking about doing a kind of a marketing and sales related edition of wordplay, right?

Like, oh, the entire list of words or do it based on mark tech companies, like, okay, do you know that the players in the space kind of thing and then you can get sponsorships or whatever.

Anyway, but yeah, website grader was the this kind of a project where it was like a free I'm I'm I really like low friction things that people can come to the website.

This is why I said I were chatting yesterday is where I'm looking at Flutter, this new development environment and language, well, darts to language, but Flutter is the, the app framework for building mobile apps across iOS and Android and things is what the cool new kids are learning.

And he's like, no, why would I ever want to build a mobile app?

That's like something people have to download.

I have to get approval from, you know, Apple to kind of post my like I, I want to like to just do it like immediately he's got and he's right just like, okay, anyway, so that's the wordplay story.

It's been it's been a lot of fun.

I've, it's hard to know with these things like, like where the road leads, like, wordplay itself may or may not kind of connect back to other things, whatever, but the things I've learned through it, I think will it's like, okay, well, here's what it takes to build this kind of thing.

It's like, okay, well, then I'm using it to play around with communities like, okay, can I take the wordplay user base, one of the things they care about and build a community around wordplay using one of the existing kind of community platforms, and see if that's a thing, right?

Okay.

If you could aggregate people with like interests, that in itself has value and I want it to be something that kind of self runs, but we'll see.

If you were, I'm going to ask Dharmesh if Sam had built this as a side project and he was at the same point you're at right now, what would you like kind of advise him to do?

If it was Sam's project and you were just kind of an outsider said, oh, that's really

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cool.

You did that.

And it sounds like you've kind of reached this point where you don't really have a direction of where it's going to go next.

What would you kind of tell Sam?

Add what you want to do, which is, okay, do you want to like take this to the next level and you turn into a hundred million billion dollar business, you know, spit it off or decide that it's just going to be a personal project.

And just like my personal blog is, and I made that decision, it's like, I'm not going to try and monetize and hire employees.

I'm not going to do any of those things, right?

It's going to be, and my son will continue to act as head of product because he's the one that tests the thing every morning and we play tournaments every evening.

That's the big new feature that's coming out is a multi-round tournaments.

By the way, in terms of like, I think half of what I know, Sean, I learned from you, the other half I learned from, from MFM, right?

Like, so one of the things is around chess.com, which you guys talked about, which I've been a member and player on for 10 plus years, I knew of the site.

But then you think about word play is like, okay, well, this is chess.com, but for word game enthusiasts versus chess enthusiasts.

And then we're all, as a reminder to people, chess.com is like a huge business, like multi-billion dollar valuation.

We talked about this when we talked about chess also, which was what other things are like chess.

And we had said Sudoku, and we had said, I think we had said like a Scrabble or whatever. Yep.

Word is, word games are all, I think they're almost as big if not, I think it would be, I wouldn't be shocked if it was bigger than chess.

I wouldn't be shocked, I would, I would be more shocked if it was like a tenth the size as the chess enthusiast audience.

I would guess it's like in the range and there's very few games that are in the range.

And so that alone makes it an interesting comp in that sense.

So the lessons you draw from chess.com, right, which is a relatively straightforward is you have like a rating system, right?

You have leaderboards and scores, you have challenges, you have social connections where you make your friends on chess.com.

So you can invite, like it's all the things, right?

These are very easily translatable into other games like word play, right?

So anyway, so we'll pick and choose as far as you can.

I'll give you one little feature I think would be cool because leaderboards are always this problem in general where like leaderboards cool for the top 10 people and then for everybody else on earth.

It's like, oh, great.

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I'm player number three, 39,000, fantastic, right?

And so there's all these, like if you, I kind of studied this once, I was like, who solved this problem?

And there's really three models that work.

One is more like chess and games do this, they create a rank system.

So it's not your number 80,000 in the world because that doesn't mean anything, but you go from bronze to silver to gold to platinum to master to grandmaster and like you, you just compete to get your own level up within that to get to your next batch and that's a karate belt, the karate belt method, let's call it.

Then there's the next one, which is your social rank matters when it's with people you know that are either your friends, your school, your city, something like that.

So you could kind of hack a proximity based thing and then the third one, which I think is somewhat interesting, which is it doesn't even matter what my rank is, but there's something cool, like if I go to work later right now, I feel like I'm alone in this experience.

I don't know that there's 3000 other people solving this right now.

And also I don't know, I bet you there's like some celebrity that plays word play every day, right?

Like I bet you like, I don't know, Mila Kunis plays this every day.

And I think there's something really cool to like sort of like a stars, they're just like us vibe of like, if I kind of knew that, that X known people have solved it for today, that's just kind of interesting.

And it's kind of like, you know, makes them more approachable.

So I almost wonder if there was like a little feature like that where if you're a blue check tech person, you could kind of like all thin and be like, I either solved it or failed today and you could just have that as a little board.

Anyway, this was my three random feature.

That's a good idea.

The one thing's, and I don't, it's not surfaced on the front, this is a really good idea.

But one of the things I do have is in the comments, there's, there's commentary.

So as you're playing the software will kind of give you little kind of sometimes snarky, sometimes fun messages, sometimes data, it's like, Oh, you're one of the few people that's ever guessed this particular word, that's not a very common word to use congrats good for you.

This is the thousandth time you've used this particular word, you know, points for consistency.

So there's this kind of running commentary.

But I like that idea of like just kind of front loading is like, here's a number of people that have solved this game.

I give you stats at the end of the game is like, Oh, only 14% of the people or players solved this particular word and it took them on average seven point, I mean, 4.7 guesses.

So yeah.

Can I throw two more at you?

This is now my future brainstorm for you.

If you ever play Candy Crush.

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There's nothing more, there's nothing more than like an entrepreneur.  
There's nothing more than like a person who has no stakes saying, Hey, have you thought about, have you thought about, have you thought about this?  
Why haven't you done this yet?  
There's nothing less entertaining on a podcast than me telling you features for wordplay.  
But fuck it.  
It's just our podcast.  
You can do it.  
If you ever played Candy Crush, they do this thing, which was they make they.  
So stakes, stakes matter a lot in stories or any kind of like adventure.  
And so like, you know, if you open up a pack of warheads and you see a black one, oh, that's the really crazy one.  
Candy Crush does this in their games where if you start a level, it says, this is night marishly hard or this is a, you know, medium hard or whatever.  
So I'd like to see that in the wordplay.  
When I come into every day, I'd like to know if this is a night marishly hard puzzle or if this is just okay.  
It gets me amped up for my play.  
That's a good idea.  
And it's combining that with your tiering idea and then we can move on.  
But so imagine we had a tiering mechanism that you can go from bronze to silver to whatever to ninja level.  
You know, right now, when you start the game, you get a random word that other people get random words as well, and there's a daily word that everybody plays together.  
But imagine that like, as you move up the rank, it gets harder.  
It's like, now you're a level that few have achieved, let alone solved, right?  
It's like, no one even gets here.  
You're here.  
And then, you know, do things for streaks.  
Like, okay, well, you're the first person to have solved like 50 games in a row at this tier or something like that.  
I think that'd be fun.  
So one last one, I think you'll like, which is you are a fan of crypto.  
And I think you would, if you like the crypto ethos, and I think if you could advance the cause of crypto, that would be like a win for you personally.  
So we gave out this milk money grant, this like milk for the milk row.  
We gave out like a bunch of money to people just to build whatever they want.  
And one guy, this guy, Dave, he built this thing that was like a word all game, but it was with crypto, which was just you play word all as is.  
But if you solve it, you could win like one magic, like a tiny amount or like, then he was like playing with different ideas.  
He's like, oh, there's actually 100matic jackpot for the day.  
And like only winners are eligible for the jackpot.

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You might, you might get it or you might not.

And so you got a bunch of people connecting a wallet.

So I think what you could do is you could actually just add that into wordplay, which is by the way, there is a hundred dollar a day prize paid out inmatic or whatever.

All you got to do is create a little wallet here and like you might win.

And so I think a bunch of your avid players would create a crypto wallet where they might not otherwise.

So you'll onboard new people into the world of crypto.

You could create a dead simple metam either funnel them to metamask or create a dead simple crypto wallet that will become like a the play to earn crypto wallet, you know, for the future.

Anyways, that's I will I will now stop talking also a good idea.

Yeah.

By the way, I just think so I actually added the ability to connect your connect your diesel wallet near a theory and wallet to wordplay.

And my idea at the time was instead of turning ads off, I'm going to make that the pot.

And so as ad revenue accumulates until the next payout, whatever it happens to be.

And then it's like, oh, the top 10 winners are going to get this distribution and let's start over again.

So not to make money, but we'll have money coming in through AdSense.

And then we'll kind of write a sustainable play to earn game.

That's awesome.

Yeah.

That would be amazing.

Yeah.

So let me, Sean, this is an interesting topic, but I understand there's like laws and SEC stuff around what you can and cannot say, Darmesha, just tell me if like you can't.

But basically, I think it was in late May, I'm looking at now in like May 25th or something like that.

Sean, I don't know if you saw this, but like there was headlines that said like Darmesha CTO co-founder of HubSpot buys HubSpot shares.

And I think it was like, was it \$10 million?

It was a pretty substantial amount.

I think it was over three, I forgot the exact amount is, but it was millions of dollars.

And then suddenly like the stock, like the next day, like went up because it was like, oh man, Darmesha, like the Sinsider bought it, he has faith in the company.

That was a pretty, that's a pretty cool move.

When you're doing something like that, what is your thinking?

Like are you thinking like, like, is it part of you, like I just want to prove to the world that I'm brave?

Is it part of you like, oh no, this is just undervalued.

Like they're foolish.

I mean, like what's your motivation there?

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It's exactly what you said, which is I just thought the company was undervalued given the long-term potential.

And I've done this before.

I did it a couple of years ago and about a bunch of shares, I think even more at that time, like at \$125 a share, right?

I'm like, okay, well, and this is when HubSpot stock had dipped over the ensuing, I mean the prior two or three months, I'm like, I understand the market's more like it's, but this doesn't make any sense.

Like it, you know, HubSpot's stock to me was worth more than at the time \$125, it turns out I was right.

And so it's a similar thing.

It's like, and it does signal belief in the company, right?

But it's what I, it's what I believe.

And there are regulations around it, you know, people ask like, well, why did you, you know, buy at that time?

And as it turns out, it was the exact window of time that had to wait a certain period since my last transaction to when I could buy and the day that I was eligible to buy, I bought.

And it's like, oh, the price is low enough.

I still have conviction that over the long run, you're also buying with money that, like where did this \$3 million come from, let's say, isn't that just stock you previously sold that you now are buying?

Or it's not like you have some other huge side, yes, yes, yes, yes.

Or can you, can you take a loan against your HubSpot shares to buy more like a hundred things you cannot do?

That's one of them.

Wow, no, I think I saw that the other day and you've done, you've made a few decisions like every once in a while, you do something and I'm like, oh, this guy is nutty in a cool way.

And that's not exactly nutty, but it's like a pretty bold move.

I thought it was a pretty cool move.

And I saw that and I was wondering what was going through your head when you did that.

What's the psychology like when, I don't know, HubSpot stocks like I'm just rounding, I think it's down like 40, maybe 50%, something like that from the all time high, like during the last kind of the peak of the peak last year or whatever.

And so, you know, we come on here sometimes and I'll be like, all right, guys, you know, you know, Sam would be like, dude, how are you?

And you lost a bunch of money today.

I'm like, yeah, yeah, I lost like a million dollars today and like, you know, ETH is down and I'm down a million dollars.

I'll share my psychology of like dealing with this, this travesty of a loss or whatever.

And I'll be like, yeah, you know, here's how I think about it.

You play that game at like a thousand X higher stakes where like, you know, or like you lost

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500 million.

Yeah.

Exactly.

I'm losing 500,000.

You're losing 500 million or whatever.

You know, something crazy like that.

What's what's your psychology like?

I don't know.

Like, I think you know what question I'm trying to ask, even though I don't have the word.

How does it feel to lose half a billion dollars is the way you're asking me?

Yeah.

How do you deal with that?

And like, yeah, go.

Is that how much you lost?

You think it's more than that.

But yeah.

Yeah.

He's like, this podcast is more fun when we were talking about wordplay.

I'm not really in the, I'm not just saying this, but it's true.

It does not phase me like one bit because the reality is it does not change my life.

One Iota, right?

Other than like, OK, well, it impacts, you know, HubSpot employees and I get that.

But in terms of me individually, like nothing changes, right?

Like I wasn't off planning to buy small, small islands or takeover governments or something like that or buy Twitter, right?

I was not, I didn't have any of those kinds of plans.

And so absent those kinds of plans, like I feel sorry for the nonprofits that I would have invested in.

But, you know, my wife continues to invest.

There's, you know, we have a place to do the philanthropy we want to do.

And so it's like, OK, well, I still will wake up every day and do the same things I did before and I'll look at the wordplay things and respond to user emails or it looks like and do my HubSpot stuff.

It's like, OK, like what's really changing?

So you don't even have, you don't even have the self talk in your head where you kind of need to like, because for me, when it happens, I'm like, you know, I have an instant reaction as I go look at a chart or a price or whatever.

And then I give myself a little self talk and I'm good.

Like it lasts 17 seconds, but I do have those 17 seconds.

It sounds like you don't even have those 17 seconds because you're like, well, I've already been over this before in my head at some point in my life and I just decided it doesn't matter.

Let alone the self talk, the self talk is one thing, let alone like that.

But and then there's also this other thing that you and I have, Sean, which is like it

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if the markets are shit for a year or two, like we will change our day to day actions. Like, you know, we may not buy X, Y and Z or like we might, you know, we're not to that point where it's like, it doesn't matter.

Major cutbacks at the Puri household right now.

Major cutbacks.

Yeah.

It's like, well, well, well, well, maybe change behavior, but you don't even change.

I laid off my son.

They change in the other direction, right?

So as the market has dipped, my kind of average check size has actually gone up.

I've made bigger bets and things because I think valuations are starting to adjust slowly.

So I think there are better deals now, good entrepreneurs starting companies.

So but overall, like the psychology of it has just, just does not like have any impact and like over the long term, you know, I didn't make this up, but I is that the, you know, the valuation of a company, which is like the market price will oscillate around the value, right?

And value is like the revenues you have, the products that you build, what are you actually doing for your customers?

And so that, you know, if our revenues had dropped off, you know, for something, if something like that had happened, that'd be a different story.

But it's like, okay, well, that hasn't changed.

We are the same business today, if not better than we were three months ago, six months ago.

And the valuation over time will kind of self-correct some of the things I like about the market.

Is that I think things will kind of wash out and we'll see.

Yeah.

And a lot of HubSpots customers are kind of like, you know, medium sized, let's say businesses.

So do you like, do you spend much energy being like, okay, where is the economy going?

What's going to happen to my customers, which will have some knock on effect of like, what's going to happen to our business?

Do you care, spend energy there?

Because I find myself, for the reason I ask, because I find myself sometimes going down these rabbit holes of like, okay, what do I think is going to happen then?

And part of me is like, well, does any of that really matter or affect me or, you know, is this energy useful or is this just sort of nervous energy that I'm wasting thinking about this stuff?

Do you do that?

And is HubSpots customer based even, how many customers does HubSpots have, like 130,000?

Like, yeah.

Yeah.

Over that, yeah.

Yeah.

And I think when I sold it was 100,000 or just crossed 100,000.

In the grand scheme of things, the one, the reasons I sold them like, well, 100,000 customers,

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that's like kind of a lot, but that's not that much.

I was like, the market's way bigger than 100,000 people who would want to buy this.

And so is the, it's 100,000 or 150,000, whatever it is, does that number even big enough to have the needle move significantly when the economy is shit?

On a percentage basis, look, it's, I'll answer it this way.

So I'll answer the first question, then we'll kind of move to the second one, which is, do I spend time thinking about this?

Do I do anything about it?

And the answer is yes.

At HubSpot, we will try to model out, here's the impact we're thinking we could have on our business, but there's two sides to it.

There's the kind of defensive side of it is like, we want to make sure that we have enough cash in the bank to weather the storm.

We don't know how long the storm is going to last and we have models for how, you know, how long it's going to last, how deep it's going to be, those kinds of things as far as impact.

But then the other part, which is, to me, much more exciting, which is, okay, given what we know, what can we do to capitalize on this crisis, right, that this is what's happening right now, what can we do to make this net positive for HubSpot?

And we had something similar happen in 2008 at the last HubSpot was much earlier.

So things we did, even when the pandemic started, one of the things we did is like, oh, there's lots of uncertainty, businesses are struggling, everyone's kind of batting down the hatches.

And so we said, okay, we're going to give even more value.

We're going to, for our partners, we're going to front them the cash for the revenue we know is coming over time because cash is an issue and we had a bunch of cash in the bank.

So we did things that kind of made us stronger and helped our customers.

And so we're looking for those same kinds of opportunities.

And I was like, okay, now that everyone's kind of looking at the P&L and looking at all their line items or whatever is, can we benefit from this?

Because HubSpot, in some ways is counter cyclical, was like, okay, well, instead of buying the big incumbent and spending hundreds of thousands of dollars, maybe now people that might not have considered HubSpot a year ago would now consider it because they're more value conscious now than they were historically.

So when you were starting the company, so like, there's a, you know, if you just look at the math, there's a world where HubSpot in the next five or 10 or two knows how long can be worth like \$100 billion, which is, you know, one of the biggest top 200 or something companies in the world.

When you were starting the company, did you have a number in your head where you're like, man, I think this, I think this can make \$100 million a year or I think this might be a billion dollar company or was it as big as, man, I think this could be worth tens of billions.

We didn't have a specific number in our head, but we had, I'll say comparables for lack of a better term, which is, okay, there are successful software companies that have done similar or related things, either they're in the same market or in the same target customer base

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that achieved it.

It's like, okay, well, and this is what we told to VCs at our pitch.

We're like, okay, we're not, we think at the time we were just in marketing software.

So here's the first 30 seconds of the pitch is that in the history of software, no one has ever really built a \$10 plus billion household name global brand marketing software company had never been done.

Omniiture was the greatest one at the time with a billion and a half dollar price tag at the time.

And we're like, and the reason people, you know, companies have not been built in the marketing tech spaces because marketing is an arts and crafts kind of discipline.

It's about the shade of your logo and you're outsourcing a bunch of creative stuff or whatever, but it's not the kind of problem software solves.

And our belief was that marketing was increasingly turning into the kind of thing software does solve lots of data coming in, you're trying to make decisions around all this stuff is look exactly like an industry that software can help with.

And so our thesis was that someday someone will build a hundred, two hundred, five hundred billion dollar software company that's doing the thing we're trying to do.

And we said it might as well be us, we're relatively nice people and we're kind of committed to this and seeing it through.

So, you know, do we think the odds were relatively high that we would pull it off?

No.

It was an opportunity to do the kind of thing that you're talking about.

Yeah.

Others have done it.

We were not putting someone on Mars.

Right.

That was not.

It's like, okay, well, people have done this before and this is just a different time than maybe now the time is right for a new company to do something that has been done, but better.

This goes a little bit to your Pixar kind of vision.

Sean, it's like, okay, well, you know, people sometimes give us like, okay, well, you know, what are you going to do that's different?

And why is this, you know, what does the world need more?

The answer is the world does need more Pixar's.

And so, you know, saying to you like, oh, you don't really need to do that.

It's like telling Elon Musk, does the world really need another car company?

And like, they kind of downplay the fact that it's like, yeah, it's got four wheels, I guess you from point B, but it's all like, there's just one interesting element about that makes it completely different.

Right.

It's like, it's the same thing.

Like most ideas that have been super successful are not complete new from old cloth cut.

Right.

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They're like, they're, and I don't like the cliché of building shoulders on the shoulders of giants, but it's like, like just about everything that's ever been done is derivative to some degree, it's just based on your level of abstraction, how many steps back you're willing to go.

So it's like, okay, yeah, I can see someone building something massive here.

It's like, I'll get off my ranch.

It's like, so we had Facebook did awesomely well.

Then Twitter comes along and people said, oh, well, that's just Facebook, but you have shorter messages or something like that.

It's like Facebook with constraints with less.

And then Facebook comes along.

It's like, well, you can post photos on Facebook.

Why would anyone ever use Instagram?

That's like Facebook with all the other cool things that I like as well.

Right.

But none of that stuff.

And then Tik Tok comes along.

It's like, well, that's just kind of videos that you can do on Facebook.

You can do on Instagram.

You can do on Twitter.

But it's this.

It's like just different enough in a compelling enough way where, and it's still a video social net social based video app and let the world on fire.

Right.

Like, so even in something as old as video or as photos, it's still not over.

It's just not over.

It's just part of the kind of the human condition right now.

Anyway, it's.

I'm with you, Sean, if you go off and want to do another Pixar, and if you're ever looking for an investor that will make a decision 24 hours by your guy, what was that tweet about Sean?

That was not a left field.

What do you, what are you saying?

Okay.

So all my tweets are at a left field.

That's just Twitter.

That's what Twitter is supposed to be.

Right.

Just a bunch of left field shit that all gets put in a feed.

I was watching, I don't know what I was watching.

My nieces were over and they were watching Toy Story and I was like, Toy Story is amazing. Pixar is amazing.

And I was like, why is it like, I was like, I want to do something amazing.

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This is literally how my brain works.

It's like, oh, that looks so awesome.

That's like an awesome end output.

I would be so proud if I had made something like that.

I bet I could.

Right.

Like it's this combination of like seeing something that is really appealing and then having the delusional belief that like, of course I could do it if I just tried.

And so I just thought to myself, I was like, you know, that would be a fun company to build if you could just make great stories, great movies and put them out into there into the world.

That would be so fun as a thing.

If that's like the thing you did and like hundreds of millions of people, not just like use your product.

There's one thing to use your product.

It's another thing to like love it, grow up on it and have like, you know, like this extreme like nostalgic emotion around, around like these movies, right?

Like if I see, you know, for everybody, it's a little bit different, but for me, it's like, I don't know, Home Alone and Mighty Ducks and then, you know, Lion King.

There's like a couple of movies that just like, they've meant a lot at the time and they still mean a lot, even though I don't interact with them.

So I have, otherwise I'm going to forget.

There's one thing I need to say on this particular episode because otherwise it'll keep me up at night.

So I have like a handful of like frameworks and things I think about the way I think about the world.

And this ties back to Sean's next trillion dollar company thing, Pixar, which I think it can be by the way, Sean, just so you know.

Okay.

So imagine let's take a step back.

We're on a whiteboard and the whiteboard, it's the universe of all possible people, everyone on the planet and you draw a circle with one of your skills.

So in Sean's case, let's say we put copywriting as one of the skills that he's in the top 1% or top 5% whatever number you want to associate with it.

And so that's the circle.

It's like, okay, X number of people are at Sean's level or better and at copywriting.

Awesome.

Let's say we draw another circle that's, we'll call it crypto knowledge is just how crypto works.

And that's a group of people, awesome, rare skill because it's newer.

There's fewer people that know how to do that versus copywriting.

We can accept that will be a smaller circle.

What happens though, is if you intersect those two circles and turn into a Venn diagram,

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the number of people that know copywriting really well and also know crypto really well is a hundred times smaller than either of those circles combined, right?

And this is, we see the same effect like in standardized tests.

If you took the SAT or the GRE or the GMAT, there are people that are really good at English portion of the test, there are people that are really good at the math portion of the test, but the ones that score really, really well are the ones that are good at both.

They don't have to be the best at both because that's the thing that's actually rare is the combination of the English and the quant, same thing here.

So now imagine, so this is what I call it the trillion dollar Venn diagram of success, right?

I just made that up.

So you draw those circles of your skills and say, okay, well, I am now not like one in a million.

I'm one in a billion, right?

We're one in five billion, whatever that is.

And if you can convert that into some kind of monetizable business thing or whatever, that's when magic sort of happens.

So that's kind of thing number one is like, what's your thing, what are your skills?

And what drives the value, how much value will that intersection create is two things.

One is how rare is that intersection, whether it's two circles or three circles or whatever, how rare is it?

And then the other one is how, how much does it kind of reinforce the other skills that you already have?

For instance, I'm a software developer.

That's one of my, that's my core skill.

I've been programming for like 30 years now.

That's my thing deep down inside my core.

If I combine that with, I'm going to go off and which I could never do, become a Olympic level swimmer, let's say, like also very rare.

The intersection of that is like, okay, well, the opportunity that reveals because the two things are so unrelated, I don't know how I would take my ability to build a web app and intersect it with my like, yeah, there's some things I could do, but I don't know if that would be that huge.

But software development is applicable to lots of it, if I was going to be an academic researcher, if I was going to go into music, if I was like other things, there's a lot more overlap to the degree that it's like those two, they reinforce each other.

So software helps me do this and that helps me do this.

And this is one of the reasons.

So my advice here was as you're picking skills to acquire, acquire skills that are both rare, but also reinforce things that you're already exceptional at that, that will kind of drive that kind of that rarity and that's what drives drives the overall value, which kind of brings me to is like, and so when I think of things that I want to learn, it's like, okay, well,

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this is why I got into copywriting.

It's like, if I can, and copyrighting is another form of this is communicating its scale is what copywriting is, right, like it's in usually textual form.

It's like, okay, well, I don't know that many software engineers that can copyright really well, like literally other than that have not started companies, right?

It's like, they don't exist, but very rarely do you get like really, really good engineers that went off and read six books on copywriting and took Sean's class that that's not a common thing.

You weren't you weren't a good writing a writer before you got into this?

No, no, I mean, your writing is great.

And by the way, Sean, let's, let's, you got to pimp it out maven.com slash power writing or just go to maven.com and you see it.

Yeah, just go maven.com maven.com I'm on the homepage starts in two weeks.

All right.

So the what you said is great.

I would add one more circle to your picture thing, by the way, the reason you might pull it off is because you have a very weird and unique and related level of skill.

So yes, there are people that are better, maybe better creatives, better animators, better entertain whatever, but they don't know crypto.

And maybe that's the thing that unlocks the next trillion dollar company is entertainment intersected with crypto.

It's the Netflix for the blockchain, whatever it is, right?

Something like that, where two things combined that never had been put together in that way before.

The other circle that I would add that I think people underestimated.

So I tweeted this out.

So people, I didn't explain what the tweet is.

The tweet was, I said, the next company I build is going to be like a new new age Pixar, like the like the next Pixar.

And I think I think I would work on that project for 30 plus like 30 plus years.

I just keep going with that company.

I wouldn't be trying to sell it or flip it or get out of it or whatever.

So that was the tweet.

And then a bunch of basically had two reactions.

One reaction was, awesome, like, where can I sign up?

How do I work for this company?

That's that sounds awesome.

I love Pixar.

You could do it.

You could be like fans of MFM type of thing or people who themselves had been thinking, God, that would be awesome to create another like Pixar type of company, you know, because I love Pixar.

Then there's the other half of people that were like, what makes you think you could

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do this?

You know, like, you know how hard it is to make a movie?

You know how expensive it is.

You know how unique, you know, Steve Jobs and, you know, whatever, Lassiter and Catmull, like how rare those talents were when they came together.

That's a once in a generation company.

And then other people were like, one guy had this amazing burn.

He was like, check, Aquahire, like green checkmark, Aquahired, power writing course, podcast, next Pixar.

And I was like, oh, that's pretty solid, actually.

And so, you know, a bunch of people were sort of all in the same bucket of like, this is so hard.

This won't work.

You can't do it.

That's some version of that.

And so the third circle, one is like, I'm really great at X. I'm really great at Y. The third is just, I have the courage to go do a thing.

And like Tim Ferriss once told this story.

He goes, I went to a business school class, a Harvard business school class.

I gave this talk.

And then the talk, I go, oh, by the way, guys, I'm doing this challenge only for you guys, you know, whatever.

I want to get in touch with either Bill Clinton, Jennifer Lopez or, you know, some sportsperson, you know, Michael Jordan or whatever.

If anybody here can connect me over email with them, like, you know, just reach out to them.

And if you get a hold of them, connect me over email, I will buy you two round the world plane tickets, you know, for you could fly business class for a year around the world anywhere on my dime.

All right, guys, thank you very much.

And he told that to one class.

And he's like, you know, you have 30 days to complete this challenge.

And then I think I forgot what it was, it was like, he did it to two classes, but he gave a slightly different message in each.

The first one, he just said that 30 days go by.

Nobody did it.

Sorry, nobody completed the challenge.

He's like, oh, what happened?

You know, it turns out nobody even tried the challenge.

The perceived difficulty was so high that nobody did it.

So in the next one, he told that story.

And I think he added a twist, which was whoever gets the closest to it wins.

And all of a sudden, like everybody tries it, in fact, I think somebody didn't get in

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touch and actually successfully completed the challenge.

And he was like, he had this principle, which was sort of like, you know, everybody wants to fish where everybody else is fishing because they think it's so easy to catch fish there. He's like, in actuality, often it's easy to just go, go catch a fish where the fish actually are.

And you, you don't have to base it on how, how many people, how many other people you think have tried something or how you, what the perceived difficulty is.

And in fact, sometimes the bigger you go, the easier something can be because nobody else is even trying to do it.

And so I would say like, you know, this Pixar thing, who knows if I'm going to go do this or something else.

I tweet things just almost to my prototype, it's like, let me say this out loud.

Let me see how that feels.

If I sleep and to wake up tomorrow, do I want to tweet five more ideas about that or am I over it?

It was just a passing, fleeting moment.

But the, the core ingredient, I think most people lack is courage to actually go and do the thing.

And I think that's the, the people put way more emphasis on what skill am I top 1% and they kind of, they, they under credit themselves.

One one skill you could just have for free.

You just got to go, it's like at the Santa, the deli at the girl, at the girl's store, go pull the number is, yeah, I have the courage to actually go do it.

Like, you know, I'm, I will go do pull the trigger on this thing and not wait for other people to kind of like reinforce that it's a good idea to me.

Yeah.

And this could not agree more.

And so, and I think people conflate sometimes skill versus talent and they believe they don't have the talent for entrepreneurship or for design for programming, whatever it is.

In my mind, so skill is something that's learnable.

That's an easy definition.

Talent is the rate at which you could acquire a particular skill.

If you have a talent for music, that means you will acquire musical skills faster than someone that doesn't have a talent for music.

It doesn't mean that someone that doesn't have a talent for music can't learn it.

So they may have a ceiling as far as how far they can go.

Fine.

I get that.

But this doesn't mean they can't do it.

And so one of the big lessons kind of in my, in my life, in my professional career is that most things are actually skills, not talent.

Mostly like it's like, you can start with zero, like I was, I would have been voted least

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likely to ever start a company in my entire like generations of family, right?

That's not a talent I ever had, like until I went off and did it.

Like public speaking was not something that's like, oh, that's a skill.

And then there's this thing from software engineering, I think it's worth sharing.

I think some of the best ideas are when you take stuff from other industries and pull them into this thing and apply it here in a weird way.

But in software engineering, there's this thing called functional decomposition, which is take a problem, be able to articulate well, so function that has a set of inputs and an output and what it's supposed to do.

And really all software problems are being able to take with the highest order function is let's say you want to grade a possible investment based only on the website.

It's like, oh, I'm going to give you a domain and you're going to give me a score from zero to 100 as to how good this is.

Okay, well, that function is easy to define.

Like domain goes in, score from zero to 100 comes out.

What other functions does that function need in order to pull that off?

It's like, okay, I want a function that looks at the domain and looks at the level of SEO they have.

That's one layer down.

The process right in the SEO function goes down levels, like I'm going to look at the on page SEO and see how good they're doing at meta tags and H1 titles, and I'm going to look at the off page SEO and their link acquisition and that kind of stuff.

So if you roll it all down and you go down far enough, individual functions at the atomic level are so simple as to be trivial.

What matters is the fact that you were able to abstract it down that simple thing, right?

And so most things can be broken down that way.

So if you look at, oh, I want to become someone that can give a talk in front of 25,000 people on a stage, that seems like an insurmountable task for someone like me that's never done that.

That's not my thing.

It's like, oh, well, what does that involve?

Number one, you have to have kind of overcome, I didn't have like stage fright.

I had severe stage anxiety, right?

Stage fright is like, oh, there's a ship that's going to come down from space and just suck you up because you were so bad.

And stage anxiety is like, man, I wish a spaceship would come down and suck me off the stage right now.

I want to get off.

So there's that, like, don't, you know, don't pass out on stage.

And then there's the, oh, you learn about storytelling.

You learn about writing.

You learn about slide design.

You learn about humor.

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And I did all those things, right?

Read books to classes on all those components of public speaking and aggregate.

I'm okay now, right?

Like I can do that and then it's practice and you do it over time.

So anyway, my point here is startups, whatever skill and startups are a skill, figure out what set of skills you need to acquire.

Some of you will be good at acquiring because you have the talent.

The other one, you're just going to have to grind it out more than others made, but it's doable.

It's a doable thing.

One question that I have.

If I can do it, anyone can do it.

That's my point.

I love that.

So Sean, Sean kind of, Sean kind of added this thing to your, to your event diagram of like just people brave enough to get started.

And would you add another thing?

Like when, with the hustle, we sold a year four or five and I'm, I don't regret it.

I'm very happy with that.

But I actually like, we looked, I looked at the numbers this year and I was like, oh wow, we would have made like maybe like it's, it was close to the point where like you could have potentially next year made more revenue that year than all the revenues combined. And I'm like, well, that's kind of crazy.

Like I, again, I'm happy with it, but like real value, like, I guess for me, I was like, real value was created in year like five, six, seven, eight.

Of course you probably could say like when you're in year five, six, seven, eight, you're like, well, wow, it's really created in 10, 11, 12.

But do you think that what portion of HubSpot and your success has been, well, I'm just really, I'm just willing to shut up and focus on this for 20 years as opposed to you actually being amazing or good at product and marketing and things like that.

Yeah.

Here's how I think about it.

I think the outcome is a combination of like dreaming really big and like iterating really small and having tight feedbacks, feedback loops.

So the dream really big is you have to have something that can someday translate and it doesn't have to be as clear of vision as, you know, Sean has kind of laid out as far as, oh, it's going to be Pixar for the new generation.

But you have to kind of have start with something relatively big in mind, at least at some level.

But then it really comes down to the iteration, right?

I think the others have demonstrated this through data is that the quality of the output is almost, I won't say always, but frequently a function of the number of iterations, not the quality of the, you know, the people's, for instance, so one of the common examples that's thrown out is, and I've heard it with a pottery class or a photography class, but

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it's like, oh, one set of students divided class in half, let's say it's a photography class.

One set of students is like, okay, every day you have to submit a photo for the next 30 days while this class is running.

The other one is like at the end of the 30 days, you're going to submit your best photo and then your grade is going to be based on the quality of that best photo.

The first class is like as long as you submit a photo every day, you're going to get an A at the end of the 30 days.

The other one is like as long as your A quality material, that photo is going to win.

And what's been proven out across disciplines is that the class that did the multiple iterations had a better output than the one that was trying to solve for quality.

Like the, arguably the first one is like, oh, all I really had to do was like submit a photo.

It didn't have to be like world-class quality is not the best I could do, but just by virtue of doing it, they're going to make it better and make it better.

At the end of the 30 days, they produced a better photo and they produced a better clay pot if it was a pottery class than the other one that was solving for quality.

And they were like too much in their heads trying to say, oh, I'm going to do the best I can do.

Like, no, just do it repeatedly.

But the key to that, it has to be meaningful iteration.

If you're just iterating and doing the same thing, you're not learning anything, there's no feedback loop, then the iterations have no value.

But if you have a tight feedback loop, like I'm going to do this thing and I immediately get response back that tells me whether I got better or got worse.

That is amazingly like powerful to be able to do that and compound it over time.

So I think my, I'm not that special candidly.

It's like I'm willing to grind it out more than people that are smarter and I'm a little bit smarter than people that are willing to grind it out.

That's my Venn diagram.

That's awesome.

But have you, you've probably seen this or maybe you guys have done this, but there's this group of like consultants that created this thing called the Marshmallow challenge, which they go to a company and they give you like a bunch of sticks, one marshmallow, some tape and like a string or something like that.

Have you seen this, Dharmesh?

I think I have.

Yep.

But I'll kind of summarize for this.

Yeah.

There's you have it.

Basically, they give, they give you these set of tools and they say, okay, your goal, the game is you need to get a marshmallow.

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The winning team is going to have a marshmallow like as high above this table as you can.

So build your tower as high as you can.

If you can, whoever gets the highest marshmallow, whoever's tower has the highest marshmallow at the end wins.

We're going to stop the clock after 30 minutes.

We're going to say hands up and you know, your marshmallow, whoever's marshmallow standing the highest wins.

Good, good.

So they go and they do this test with like a bunch of different types of people.

They do it with consultants.

They do it with like kind of doctors and they do it with, you know, engineers.

They do it with whoever creatives like ad agency types and they're trying to see, okay, which group is going to perform the best at a challenge like this?

And basically across the board, what they found is that they suspected maybe engineers are going to do the best and the engineers do on average do a little bit better than than others, but not by much.

They actually are all pretty horrible at it.

And I think like, you know, whatever, 80, 90% of the groups at the end of the challenge, their marshmallow is on the ground.

It is fallen over.

It never even, you know, got up at all.

Like if you had just put it, if you had just taken like, you know, two sticks and put a one marshmallow on top, you would have won the challenge.

And the reason why is, and they did this test with kids and kids actually are phenomenal at this.

Kids on average will beat the adults at this game.

And why is that?

Well, because what happened is that they would give the project to the adults and the adults would spend the first five minutes like delegating roles like, okay, you're going to be the person who does the planning.

You're going to be the one who you work on the sticks and the bottom structure.

We're going to do this over here.

Then they would just like kind of draw out like, okay, let's do a teepee.

No, let's do a ladder.

Let's do this cube or shape or whatever.

And they would do all this.

And at the very end, they would try to stick the marshmallow on and what they don't realize that the marshmallow is a lot heavier than it looks and it will outweigh the sticks and it will all fall over.

And because they're doing that thing where they wait till the very end to like ship the final good product, they don't even realize where the flaw in their plan until like it's too late essentially.

Whereas what kids will do is kids will immediately grab the thing, they'll stick the marshmallow

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on and it's like, if the kids don't eat the marshmallow, the marshmallow will like get into the structure very quickly and they'll see, oh, it falls over.

Okay, it falls over.

That means we need to iterate and we need to do things differently than we would have otherwise assumed.

And that like one lesson I've done at pretty much every company I've ever started because it's the only way I can get engineers and designers who by nature are often like sort of like perfectionist or quality and like they in their associate, they in their mind associate the longer we work at this, the better the quality will be before we ship it.

And I'm always like, dude, let's ship it today.

Let's see how bad it sucks.

And then let's remove some suck from it and like tomorrow it'll suck a little less.

And then tomorrow it'll suck a little less again.

And the best way I've been able to drive this point home is to give them the marshmallow challenge and not just like, watch the video, watch the TED Talk.

It's like, no, go fail at this so that you taste defeat and then you will actually learn this lesson.

Dude, that's like the greatest CEO thing that you've ever done.

That's a good one.

That's a really good one is to make people do this and then make them watch the TED Talk.

That's like, that's a really good leadership tactic.

I'm 100% going to steal that one day.

Yeah, it's an awesome one.

All right.

I know we went kind of long.

I don't know if we were good to keep going or not, but Ben's telling me, wrap up.

But Darmash, this is awesome, man.

I love having you around.

Are you, the last time you were on was like a year ago, I think.

And I've been like, I've been like begging you, I'm like, man, just come on.

And so we messaged them today and he goes, I'll just come on today.

I was like, all right, cool.

Are you, actually, I have a quick question.

What, you know, people ask me about selling to HubSpot and they're like, has it been good from a creative perspective?

It's been awesome.

You guys haven't like, we haven't been told a thing on like what we can and cannot do.

Of course, I don't think we do anything where anyone would ever tell us you can't do that.

But maybe Darmash, do you ever get complaints about anything we say or do on here?

That's what I was going to ask.

That's what I was going to ask.

Is there anything that like so far, I guess there's nothing that's crossed the line because

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we've not heard a thing.

But like it's been crazy how productive this relationship has been.

I did not think that because, you know, people say one thing.

And the reality is different, but it's not been that way.

That's been pretty cool.

Yeah.

Thank you.

I'm glad.

Glad that's working out on your teams.

You folks have been kind of great for HubSpot, and I know this keeps you up at night in terms of valuation.

I've thought about that a lot, probably not as much as you have, but at the time I would not beat yourself up over it.

I think it was a fair deal.

I don't know that.

And even at that, just so you know, even at that price, and nothing to do with you.

But like it was a board level discussion.

We had to say, OK, do we really want to, not that it wasn't worth that, but was it worth that to us at the time because it was a relatively new, new thing that we were doing.

But I think there's something for both sides, but yeah, for sure.

I think there's a world, I think there's a world where in one to three years, the podcast alone is worth more than the deal.

Yes.

I definitely see that.

Yes.

But the same way to kind of when we can kind of wrap on this is that when we were talking early in the beginning of the episode around kind of compensation as being just one of the kind of dimensions of value in a acquisition, the kind of the valuation that you get the price tag is just one dimension of value.

Then the rest of it is how happy are you?

How happy is the team?

Did you meet people that will kind of, you will enjoy working with in your future years?

Are there your future co-founders?

That kind of thing.

It's like, we know that this is not forever.

We know that going in with, even with people we hire, but especially with M&A.

But yeah, hopefully the aggregate HubSpot delivers a bunch of value.

That's my pitch for why it's okay to join HubSpot if you're ever out there looking.

No, it was awesome.

Well, thank you.

This is awesome.

Phil, what do you think?

Yeah.

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Great episode.

And I'm glad you used our line against us.

I e-mailed us something.

I was like, oh, you should come back on sometime, which is like the, sometime is like one of the most dangerous words in the English language.

Sometime is never time.

Yeah.

Because it's like, you think it's soon and in reality it's never.

And you pulled a great move, which was what we talked about, which is like forget scheduling stuff.

Like either I want to do it.

And if I, if I can do it right now, let's do it right now.

And if not, like let's not schedule it for the future cause just because we didn't want to do it right now.

And you were like, how about today?

And we were like, all right, let's do it.

Let's do it.

Perfect.

Yeah.

And I intentionally made it like open.

It's like, okay, I knew when my last meeting was, it's like anytime after this, I was not even like, oh, like I could have made it work this afternoon, but I was only available for the small window.

And anytime between two PM and midnight, if you had come back, I would have been, let's do it.

It's, uh, yeah.

That's awesome.

Well, it's a lot of fun doing this.

It's a lot of fun.

Thank you for coming on.

All right.

Thanks for having me.

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.