

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 want, I don't want my nameplate on, you know, the Villanova like 10th library on campus, but like, just to know that there's, you know, 12 kids in Vietnam attending my school, they're wondering why does this name have so many A's in it, you know, who is this, who is this benefactor, silent benefactor who has forgotten where our school, where the school is.

That sounds like a perfect blend of giving and egomania that I live for.

So that's perfect.

I feel like I can rule the world.

I know I could be what I want to.

I put my all in it like no days off on a road.

Let's travel never looking back.

Neil, I was telling you a little bit about what you're getting into.

We record everything by the way, so like we just hop into it.

But Sean kind of knows who you are.

I've been a fan of yours for like 10 years.

Can I tell Sean and the audience who I think you are and you could tell me if I'm wrong and like what I'm missing?

Sure.

Go for it.

All right.

So you're Neil Patel.

So I know you because you used to have this blog called quick sprout.

I read it maybe 10 years ago.

It's probably a 15 year old blog.

If I remember correctly, at first it was mostly about like SEO, but eventually it kind of like warped into being about SEO, about content, but just about business in general.

And you would do like crazy stuff.

Like you would build a business that made \$100,000 a month in revenue by like you just picked like a random niche and I think it ended up being supplements and you like blogged every month about how that was going and you used to blog about all types of crazy stuff. But then eventually you also started a company called crazy egg, which I heard was doing many millions of dollars a year in revenue and there was a bootstrap and you own the

whole thing.

Then you and Heaton started kiss metrics and raised a bunch of money.

It didn't end up working out wonderfully, but it was like, it could have been actually quite huge.

It was like a great blog post about like where, you know, where a couple of errors were made.

But now you've got like a seven or 800 person agency that is also bootstrap like the rest of your stuff.

And you've just kind of been balling out like for like 15 years in the world of business, just killing it with agencies.

Is that right?

Did I get everything mostly right?

Mostly close.

So crazy it came first, Heaton's the co-founder on that.

He has it all or, you know, he owns crazy egg as well.

So it's not just me anymore.

And then there's another guy named John Butler, who was also part of crazy egg at the beginning.

And then quick sprout came later.

I started blogging on about business and stuff like that.

Kiss metrics then came.

Kiss metrics didn't work out.

Quick sprout started to have a big audience related to marketing.

We tried to create a SEO software on there.

I did that with my co-founder, Heaton at the time.

He's like, all right, how about we create a company out of this?

I'll do the software.

That didn't work out.

I didn't want to be part of it anymore.

He took it over and he ended up making it a business site, directory, you know, informational site, whatever you want to call it has affiliate offers, which you already know about.

And then the last one was the ad agency, which is correct.

And then there's been a lot of stuff in between here and there, a lot didn't work out.

But generally speaking, I tend to do one thing at once, focus.

And currently I spend all my time on my ad agency.

And that you're at 6, 700.

How big is that at the moment?

And it's only like five or six years old, right?

Yeah.

So we're on our fifth year and then this year will be end of year five.

We're at roughly 700 people.

I think maybe a little bit more, maybe by end of year 900-ish, if I had to guess.

Who are these people?

Are these like 700 anonymous Indians in India?

What's going on?

Who are these people?

[Transcript] My First Million / From Blogger To \$100 Million Business With Neil Patel

We do have some people in India, but what's funny is how many people do you employ in New York?

That's what I want to know.

That's my agency test.

You're in Brazil too though, right?

Yeah.

We're in Brazil.

Majority of our people are in the United States.

If I look at region-wise, the United States has the biggest headcount.

We also have offices in Australia, Canada, UK, Brazil, India.

I think we're opening up Germany soon.

We're looking at Italy.

We're looking at France.

We're in a few other regions as well, but our model is our ad agency in India markets companies in India.

It's not really used to outsource American work into India.

What work are people doing?

What's the service that you're providing?

All digital.

SEO, pay-for-click, email marketing, conversion rate optimization, organic social, paid social.

The list goes on and on.

Do all the customers come from neilpatel.com?

It used to be that way.

Then we started getting a lot through word of mouth.

I would have never really guessed that word of mouth drives business.

How many, can you say how many, so most people, I would say like our audience would be like, oh yeah, it's cool to have like a personal brand, but me and Sam have figured out, oh wow, this shit really does open up more doors than you would have expected.

You've been doing this for a long time.

So Neil Patel, which is kind of like a personal blog where you're talking about like hacks and experiments and strategies that you've figured out.

How many, can you say how many millions that brought in in client bookings for the agency?

How big did just the referrals from Neil Patel get you before other stuff kicked in like word of mouth and being recognized in the industry and other things like that?

I think the Neil Patel brand got us to around like 30, 40 million in revenue and then word of mouth started kicking in and then other things started kicking in and employees started bringing in their own deals because they've worked in the space for so long and then we saw more and more growth, got awards, that brought us deals.

Being a minority owned business that helps, believe it or not, there's, if you're Indian and you live in the United States, you're considered a minority and I was about to say, are we a minority?

I feel like I never get minority credits.

You're the majority of CEOs out there, so I mean, it's funny because we go through RFPs and some of them asked if you're, what is it like, MBE certification is something like

that.

I forgot what it's called or minority business enterprise and I was like, well, I'm not a minority.

There's like one plus billion of me in this world, right?

And they're like, oh, you're a minority.

I'm like, what are you talking about?

There's like a billion plus Indians in this world.

How are we a minority?

And they're like, oh, in America, you're a minority.

And in some of these RFPs, they're looking, it says in there, we're looking for LGBTQ.

I don't know what all four of the letters are.

You have the tattoo on your arm.

Yeah, the Q's there.

And then women owned businesses, veteran owned businesses, and the other one was minority.

And I was just like, wait, there's actually a quota that these big Fortune 500 companies have to hit and they're like, yeah, and I was like, well, I'm a minority that like, well, you need the certification.

And I was like, I got to have a certification to tell you that I'm a minority.

And at first I didn't realize I was a minority.

They were telling me, oh, you're a minority.

We reached out to you.

We're hoping that you would be a good bit.

And I'm like, I'm a minority and they're like, yeah, you're a minority in the United States.

You would help us meet our quota.

Do you have the certification?

I'm like, what are you talking about?

And then we went through the process and got the certification.

You got to get your papers, bro.

You got to get your papers right.

I would have been offended.

And then as soon as I realized, wait, this is to my advantage.

Oh, hold on.

I also got solar panels on my house.

Does that help?

You know, like I'm a dog owner.

Yeah, I wear glasses.

Yeah, exactly.

I have a vision impairment called farsightedness.

So what else works in my favor here, you know, like, was the certificate just turned the webcam on and it looked at you and it was like, yep, that was it.

That's not enough.

And what's funny is our COO or VP operations, one of the titles, I forgot what Tracy's title is.

She asked me for this, like, six months before we did it, she's like, hey, I need your birth

certificate.

I'm like, yeah, why do you need my birth certificate?

She's like, oh, we need it for this certification, like, whatever.

And the moment someone ended up telling me how Magic Johnson generates a lot of his revenue because he's a minority and gets a lot of contracts, partners with other businesses, white labels it and uses his name becomes a quote unquote owner of that business and then outsourced.

Oh, wait, tell me about that.

Give me an example.

What's an example of the Magic Johnson formula?

Sure.

So I don't know if this is true.

This is just what someone in the minority space ended up telling me.

So that's the caveat.

I don't know if this is true or real.

And they're saying, let's say if someone has a food company and they have the contracts with all of the hospitals that are run by the government, like the VA, they're looking for minorities to provide it, but there's already a lot of big corporations that provide the food.

So Magic Johnson may go create a business that's in that space, partner with the big supplier who already provides a few to these hospitals, he'll go get the contracts and then work with them to actually fulfill it.

Yeah, wait, Shawn, you never heard of this.

My in-laws own a moving company and they're minorities.

They're black, they're Haitian immigrants and they win deals partially because of that reason.

Because Morgan Stanley or something like that, if they want to move, they have some type of policy in their company that says we want to get RFPs or we want to get bids from these types of companies.

I had no idea how, obviously I knew this exists, I just didn't realize how significant it was.

I definitely didn't know the Magic Johnson formula, which is frankly genius on his part, if that's actually what he does.

We don't know that part, but it is true.

But think of it this way, right?

It's a quota.

So if I go and I get an RFP, let's say from Bowie, which funny enough, we lost the RFP because we're over bites for what they wanted.

Races.

Races is very similar to the competition.

I have the words showing that we were the agency of the year, so like, all right, these guys are good at what they do.

We have the case studies.

And if we're similar pricing, they're like, oh, this minority helps us hit our quota.

Let's give the business here.

Right.

Yeah, yeah, yeah, of course.

You have some merit to go with it.

For the first \$30 million of business, you got that, and you must have gotten that by year two or so if you're growing this fast.

What was the mean?

Year three.

Sorry.

Year three.

What was the main service like when I think of like, because I went to your website and I actually submitted a lead to figure it out.

There was the maximum you ask what your website is and what your budget is.

And it's like zero to 10,000, 10,000, 20,000, and then just 50,000 plus.

So were you serving like mostly small businesses and what like, what were you, were you doing as simple stuff as like making their Yelp page good?

Like what were you doing?

Yeah.

So it's not that small.

We do have some SMBs like that, but we actually first started off in a mid market.

Our clients would pay us like a minimum of 10 grand a month.

And what would you do for 10,000 a month?

So nothing was cookie cutter.

It was all custom.

So like maybe they need SEO, maybe they need a help on paid management, maybe they need some CRO or email marketing or a little bit of everything, right?

But the plans would start at 120 a year, right?

10 a month and scale up from there to 20 a month, 30 a month, whatever it may be.

What was most in vogue as the service when you started, like the trend everybody wanted and then what's the in vogue thing today?

When we first started it was mainly SEO.

And what does that mean though?

What does that mean?

You use HA revs or something and your employees like, look, which terms they should rank for and then you write an article for them.

So it was optimizing their on page code, helping build links, creating content, promoting the content and making sure that traffic converted into leads or sales, assuming if they weren't having services and it was a positive ROI for the customer.

That sounds like a ton of work for \$10,000 a month.

It would start at 10.

It depended on the keywords, how hard they were to ring for and it would go up from there.

And what about now?

Sam, I love when you describe people's businesses because you're just like, so what does that mean?

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You just Google their name and then it doesn't show up and then you go write an article with their name and it's like, what's the hustle dude?

You just read the New York Times and then you just cut out half the words and then you hit send in an email.

Like, is that what the hustle is?

Yeah.

Nailed it.

I mean, it can be.

Like, you know, there's always more nuance and complication in reality, but you can explain things in a fairly simple way where it's like, what's HubSpot?

Oh, they just make software so when people sign up for your website, you can email them and call them.

You know what I mean?

I'm just trying to dumb it down a little bit.

But when you look at the business, when they first started massive churn, how to add tons of features, how to figure out onboarding, how to figure out trading, there was a lot of stuff that went to make HubSpot a whole-time billion-dollar company, right?

But a lot of people look at it as email, but they do more than email.

They do more than a CRM.

They've added actually, if anyone in this space has a tenant traction, they have a history of adding a lot of those features for free, which is a smart model.

And then go up Market Share, get them into the ecosystem, and hopefully they stick around.

And so what's the popular?

You should do the ad reads for us.

Yeah, that was amazing.

By the way, Sam, I think you should make Suburban Dictionary, which is just you explaining businesses

without any of the complicated stuff.

Yeah, what is it?

If you get customers-

We're going to call it the three-

We're going to call it the three-

Call them and email them.

The three-syllable dictionary.

I explain complicated things, but no word is above the three-syllables.

That's what we're going to call it.

By the way, I was just going to say, Ben brought up one point on that minority thing.

Ben, you want to say that?

That sounds pretty interesting.

You slacked us something.

But Neil kind of mentioned this too, but this is really, really popular in government work because the government is very hardcore about hitting their quotas for racial minorities.

And so around here, I actually know a couple of guys.

And basically what they do is the people I know are all African-American.

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They get the contract, they put their name on the contract, they then outsource the entire thing to Deloitte or KPMG or whatever, and they take 15% of the revenue or whatever.

They create a consulting firm.

That's like the Minority Inc.

And then Minority Inc.

goes and gets the contracts and farms it out to Deloitte or whoever.

That's great.

Wow.

That's like, I lived in, sorry, Sam, I'll keep cutting you off, I lived in Indonesia for a while and they had such a bad traffic problem.

Jakarta is like, I think the worst traffic in the world.

You're just going two miles, you might be there for two hours.

And so they were like, okay, we need to create like a carpool incentive.

So how do we create an incentive where if you have three or more people in your car, then you can go in the fast lane.

And so this, so it worked for like a month, it was like, oh, wow, this is great.

If we carpool, we get to go faster.

And then this little industry sprouted up where people would just stand at the edge of the carpool lane, like a hitchhiker.

And they'd be like, I'll get in your car.

If you want a third rider, I'll just hop in and we could ride in the fast lane.

And then they would get off on the other side and ride back with somebody else.

And so they would be a professional, like, you know, HOV lane participant.

So they would just spend all day riding with you in your car.

So you'd be sitting there and someone would just get in the backseat with you.

It's just like a random Indonesian person and you would pay them 10, 10, like rupees or whatever.

And then 10 bot, and then they would, you know, get out on the other side a mile later.

It was amazing.

You, Neil, was, was quick sprout, Ben, there you go.

Was quick sprout?

I mean, so that was your main business, quick sprout and crazy egg, were your main business for a while.

Before it was just a blog.

And then my co-founder, Heathen, ended up taking it over and now it's his blog.

So what was your main source of revenue and income?

Because like I said, I've listened to you forever.

Like you've been crushing it.

It seems like financially for like 10 plus years.

I don't know if I'm crushing it, but the main source of income was crazy egg for most of my life.

And then it ended up becoming the ad agency.

All right, 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, an 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.

And Sam, you said something at the very beginning that if I was listening to this, I'd be like, wait, hold on, I want to hear that story.

You said something like, just for kicks, he would like spin up a business that like did a hundred K a month in revenue.

What's an example of that?

Tell that story because that sounds awesome.

Yeah.

So everyone thinks like it's really hard to make money online.

And then you got these shysters will like buy this for a thousand dollars and you become rich, which never really happens.

Maybe every once in a while, but for most people, it doesn't.

So I was like, I could have business on anything and people are like, go create a nutrition business.

My audience picked.

I give them like a lot of different options.

They picked a nutrition business.

And I was like, all right, let's create a blog, get a ranking, get some traffic and then funnel people in through quizzes, through emails and let's funnel them into supplements, rank higher on Amazon, get traction and see what happens.

And it did work.

And that took you like months, years, months more than that.

I think it was like a year, right?

A little bit less than a year.

I think it was like nine or 10 months.

So it wasn't like one or two months, sadly, but a little bit less than a year.

So it's pretty good.

It was an awesome.

It was an awesome blog post series, Sean.

You got to Google like Google, like Quicksprout or Neil Patel, then like hundred thousand dollars a month.

And it was like a monthly update.

It was pretty amazing.

I don't think we have deleted it now.

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I don't know if it's still a line, but, and then, so I took the money I made from Crazy Egg and I'll park it into other things.

So it's like stock market for a long time.

The stock markets had a really crazy run, right?

Then you also have things like investments, a lot of venture funds, angel investments.

And then sometimes you just get lucky.

Sometimes you don't know this number scheme.

We had talked about doing a content series like this to grow the podcast.

I was like, you know, I think one of the best ways to grow the podcast could be if we do a challenge like what you had described and one of the ideas was like, what if Sam created his own Sam Sticky Icky, his own a condiment brand, and we basically show how we build a D2C brand, like from from the idea to like branding to marketing to, and we just do it all transparently to like, like get people hooked on, okay, let me see how you guys actually build this thing.

Now it's a lot of work, which is why I think ultimately we didn't do it, but how well did that work for you?

Was that like just kind of like a good content thing or was it like, no, that was like, drone over a lot of growth for the brand and the blog.

I'm curious how well that worked for you.

It didn't drive as much growth for the brand, but it did help out every little bit.

Like I did crazy experiments where I spent like a hundred and something or 200 and something thousand on clothes and wanted to see what that did in business meetings, spent money applying first class everywhere, see, wanted to see what that would do.

But yeah, I tried a lot of different experiments and it was just for shits and giggles.

And there was also a reason to justify some of my expenses because I remember my first time flying first class, someone else paid for them like, wow, this is, I've been missing out.

This is a lot better than being crammed up and flying all the way to Europe from Los Angeles, you know, in economy.

And then I was like, man, let's do some experiments and let's see if I can justify this expense.

But yeah, that's amazing.

And you just, did you say early on that you just gave Heaton?

So did you invest in Heaton Shah's other company, Sean, Nira?

Yeah.

Yeah.

So we're both, Neil, we're both investors in Nira, which is, Heaton's your cousin, right?

No.

Brother-in-law.

Brother-in-law.

Brother-in-law.

Yeah, sorry.

And Heaton's amazing.

He's another, he's a great blogger as well.

And Sean and I both invested in his company called Nira, which is either gonna be a dud

or it's gonna be like the biggest company ever.

I know.

But like, it's like a company that's like, they're gonna close like multi-million dollar contracts, I would guess.

That's, it's like a big old business, potentially a big old business.

But did you say that you gave him Crazy Egg?

So with Crazy Egg, what ended up happening is, is what I wanted to do is we were doing business forever together.

And then eventually I just said, hey, you can have the monthly distributions and I'm gonna go create another business.

Why would you give that?

Why?

He didn't ask for it, nor did he care for it, nor did he want it.

You know, he's never been about money.

Neither him or I have.

And we're not rich.

I can't actually speak for him.

I'm not rich.

I've just done well enough and I don't spend as much.

So it's like, don't really need the money.

Does that make sense?

Like, if you just don't spend money, you don't really need much cash.

Dude, you just said you dropped \$200,000 on clothes.

What do you mean?

You don't need money.

Well, that was a fair amount, right?

But that's not my daily life.

Like I'm wearing a white t-shirt with stains and my kids put this up on.

They're probably like 10, 20 bucks.

I don't know what the white t-shirts cost, but they're not really white anymore.

So I try not to do video recordings in front of white walls anymore because you can just tell the discoloration from it.

Nonetheless.

So did Sam say you live in Brazil?

Is that what?

We have a division in Brazil.

Like we do marketing in Brazil for Brazilian companies.

And you live in Texas?

Where do you live?

Vegas.

Vegas.

Okay.

Amazing.

And so have you, is it easy for you to keep your burn rate down?

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Because like, I was telling Sam this, I spend like, I don't know, \$25,000 a month now.
Just like, and I'm not, I don't even feel like I'm.
Dude, I think Sean, you might spend, I think you might spend more than that now.
I bet you edit up because I know how you spend.
I bet you it's more than 25.
It might be.
It might be a little more.
But it's not more than 30.
I would say.
I don't think it's more than 30.
So I, but like.
Like kids?
Yeah.
I got two little kids, but I got two little kids, but they're like babies.
Like, like, you know, like, they don't need food, you know, so, so, you know, there's
diapers.
Sure.
But like, it's not them.
It's me.
So.
I'll take burn rate.
I'll take 30.
You said it's a steep burn rate or it's a good burn rate.
I'll take it.
I'll trade with you.
Okay.
I don't spend much.
What do you say is your monthly burn rate?
Cause I think for most people listening, right?
They like, most people don't talk about how much they make or how much they spend.
All right.
How much you make?
Sometimes that's sensitive.
How much you spend?
How much I burn out.
But Neil, you actually wrote this in a blog post.
You said, uh, you said, I spend, this was, I don't know if you're, I actually, I have
no idea if you're single or if you have a family and you can avoid that if you, but you
used to say in your blog post that you go \$15,000 a month is all I need.
I'm happy.
That was like 10 years ago.
Yeah.
But, uh, that's, but you used to say 15,000.
Single and no kids.

It was easy.

Right now, if I had a guess on my burn rate, 120 to 180 a month, what?

That's insane.

So what is, how does that break down?

So what's the, like, what's the bulk of it?

So house probably is the biggest one.

No, I have no mortgage.

Okay.

Yep.

So you're spending 120 to 180 K without spending anything on your home.

Property tax, property tax, uh, for both my homes and HOA dues is probably close to 200 a year.

Okay.

Great.

So we've got 12,000 of the way there.

All right.

Yeah.

Yeah.

So there's, okay.

Life insurance is 25 grand a month.

What?

My whole life policy has 25 to 300 a year, uh, no, no, wait, wait, I, what, what, what the hell is a \$25,000 a month life insurance policy?

What, can you explain that?

Is just a benefit like if I died, my wife and kids get money, like a life insurance policy.

Yeah.

Well, I get that.

But is that normal?

I've never heard, uh, like either I'm dumb or you're dumb.

What, who's dumb here?

Uh, am I dumb because I've never heard of anybody spending that much on their life insurance policy?

It's like an investment account.

It builds over time.

So it's not like it goes away, right?

Just life insurance policies are for, call it 10 years and then you buy another one.

Mine just keep going and you can borrow against it.

Just think of it as like an investment vehicle.

So that's 25 a month.

Okay.

I see.

I see.

Now I understand.

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Staff, uh, cleaners, nannies, driver, we have a full-time driver.

I think that ends up being around 57 a month, um, 5,700, 5,700, 1,000, uh, you know, a driver Uber?

Uber?

What?

Why?

I optimize for convenience in Vegas.

I go through this company, they charge a hefty premium.

I go through this company and I have decals on my car.

So if I do a meeting in front of a casino, the car can just stay in front of the casino and doesn't have to move.

If I'm going to the airport, you can straight up pull up into the plane or whatever you want to do.

And you don't have to go through terminals or anything like that.

So that makes like,

So part of your strategy as I'm picking this up is that you live the best lifestyle you want and it's all expensive the way you do it.

Uh, I don't know if it's all expensive, is that what you mean with the decal?

Like it's a company.

It's like marketing.

It's like a, like a marketing vehicle for you.

So there, there's a limo company.

If I have there, I can end up parking wherever I want in theory, not literally wherever I want, but in most cases I can park wherever I want and the car can just sit there and wait for me.

All right.

So what else?

Anything else?

You fly private.

He's like, I buy a daily Disneyland fast pass just in case I decided to go that day.

Yeah.

Yeah.

I fly private for convenience of time.

Um, what's been the, what's been the number one, uh, like kind of like where you feel like most people don't, most people think this is too expensive and not worth it.

But for me, I get way more value.

I'll give you an example of my life, right?

So I thought I had burned right until we started talking.

So this is great.

I'm feeling so much better about myself.

But the one thing I did was I hired a private chef.

So I was like, all right, that I think, I always thought that's the lifestyle of the rich and famous.

And I thought, wow, that's cool because you eat healthy and it tastes great.

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You don't have to fuss with time and, you know, cooking and dishes and groceries and all that stuff.

And so to me, it's like, I know, but I'm like, dude, anybody with any kind of money, you should be like, that should be one of the fancy car later.

And chef now, because I'm like, to me, the value, the reward, way outweigh the cost.

And I think most people don't typically make that trade.

Sounds like you've experimented with many ways of spending money.

What has been a good reward for cost trade that you're like, this one is great that most people don't do?

I don't know.

I'm in a bubble because I have a lot of friends who are like me, sadly, in which we spend a lot and we don't know what's reality.

I know that sounds bad to say, but it's true, right?

Cook is not bad.

Housekeepers and best, you don't have to do your own dishes and stuff.

Although funny enough, I enjoyed doing that and ironing because it's kind of like meditative for me.

It's relaxing.

I don't know why watching TV and ironing.

Nanny's helps so you get the freedom and you can watch your kids when you want to, but you can also do meetings and stuff like that.

Only the best expense I ever spend on is private planes.

Not because I like it.

I don't mind buying commercial.

Not really any difference for me, but it helps me optimize for times that way I can see my kids more.

I have to sometimes do a lot of meetings for work and just going and then coming back the same day, just really in and out really quickly.

Sometimes I'll be home quick enough, like go from Vegas to Utah for a conference, speak, come back, and I'll be home quick enough to pick up my kid from school.

To me, that's really valuable.

That's worth the money.

Are you saving any money then or are you just taking a fat draw from the agency in order to pay for this or are you able to expense a lot of it to the agency?

How does that work?

I don't expense any of it to my company.

I just personally pay for it.

The agency is just that profitable of a business.

It's doing that well.

Or investments, or savings, I've done well enough in life where I'm okay.

Why did you do an agency?

For me and Sam, I always talk about, we have many models on this podcast.

For example, we don't do public math.

For example, you don't say you're rich.

You say you're post-economic.

These are things we've picked up from guests along the way.

One of the models that we say is agencies suck.

The reason we say it's not because they do well, it's not that they suck.

It's like they suck as a business choice.

I've always thought if I could choose between software or an agency, I'd choose software because it's like, oh, it's not a services business.

It's going to work while I sleep and it can scale up.

I don't have to open up offices in Poland and Brazil and all these other places.

But you chose that.

You did software and you chose agency now.

Why did you make that choice?

What's great about agencies that I'm not giving enough credit for?

You're looking at business as in software is more scalable.

It's more desirable by public markets, EX HubSpot versus Accenture.

Accenture has way worse multiples than HubSpot.

Accenture is a bigger company from a revenue even at a standpoint.

But now, take a different approach.

HubSpot is a publicly traded company.

You guys are both HubSpot employees, I'm assuming so.

Is that correct?

Kind of.

Sure.

Whatever your guys' deal is.

But you guys are pretty much at HubSpot.

You're creating a business and you don't plan on going public.

You don't care for the limelight.

You don't care for any of that.

In business, what's a successful business?

Good revenue growth and good revenue and profitability, right?

All that really matters at the end of the day, whether you grow or not grow is how profitable are you?

Would you guys agree with that statement?

Assuming you're doing something that's ethical and you're not selling drugs.

No.

I wouldn't agree with that.

I would say there's a third thing which is like, is this enjoyable and like, do I like my day-to-day and with the more people you have, most people would say, that's just a little bit more headache than...

But that's not software or consulting.

Anytime you build a big company, you tend to have a large amount of people.

Whether it's HubSpot or whether it's Accenture, everyone has a lot of...

Yeah.

But you can probably have a much higher revenue per employee with software versus let's say

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you own a massive landscaping business, you're going to have to have tens of thousands of people.

But what's the difference from dealing with how many people does HubSpot have, like 6,000?

I don't know, 5,000, 6,000 is probably a lot, I'm guessing on the number.

But what's the difference of dealing with 5,000 or 6,000 people and 20,000 people?

There's a point where it doesn't matter and it's a lot of people either way.

It's not like you're at 50 people.

You still have thousands of employees to deal with and you need managers and layers and all that kind of stuff.

Yeah, but you're hiring a good or a bad, you're hiring a different type of person.

So for example, if you're VaynerMedia, they're based in New York, they can probably only afford to pay some of their lower level employees \$70,000 or \$80,000 a year.

And so you just have to get a ton of people like that and have to have higher churn versus say a bigger company where you're able to pay a significantly higher salary because the revenue per employee is much higher.

So perhaps there's a slightly different day-to-day because of that.

Honestly, let's say you're VaynerMedia, he could be doing it to optimize for profit.

Sometimes if I told you his LTV was six, seven, eight years, then at that point, you can still hire high quality people and pay them arm and a leg.

You got what I mean, right?

Like you look at Accenture, they're charging accounts so much money and their contracts are long and I don't know what VaynerMedia's LTV is, but there's a lot of consulting companies that have LTVs of six, seven years for clients and their clients are spending a hub spot.

But yes, it's more revenue per, you can say potentially in software, you can get to more revenue per employee, but I know consulting companies that only take on contracts that are like \$5, \$6 million than upwards.

So you have high margins and you can have a high revenue per employee, but either way, no matter what, as you build a big business, you're going to need more people and it's a headache to manage, whether you pay them \$70,000 or whether you pay them \$150,000, it's still more of a headache and the notion that if you hire someone for \$150,000, I'm not saying you're saying this, it doesn't necessarily mean they're a better employee, right?

No, it just means different types of headaches.

Correct, exactly.

Engineers for example are very expensive in this economy, right?

So the point I'm getting at is a consulting company, I had the demand for it.

A lot of people want to pay me for marketing and there was just so much demand, it would have been silly not to do.

And if I'm not trying to go public or I'm not trying to sell money's money, green is green as long as you're happy doing what you're doing, take the cash.

Will you ever sell the company?

I wouldn't say I would never sell the company, but I don't care to ever sell the company because I love what I'm doing.

We also have good growth too, right?

Like I don't know what will grow this year, 60-something percent, which isn't bad. You know, with the market going up and down and fluctuating, 60-something percent is my guess at our size, it's decent.

Yeah, the part I was actually talking about was a little bit more like, I think you're totally right that if you're going to win big, you're going to end up with a bunch of employees and it might look like 150, it might look like 1,000, it might look like 10,000, but in either case, you're going to have managerial work and headaches and it's different types. The part I was really talking about is I've now built, let's say, a media company, content, and then it's like done educational stuff, so courses, which are like a different thing. And then there's like a built software company and we ended up selling that one. And then there's services, which is client services like consulting or agency model. And what I love about content media is it's actually pretty fun to create and it's cool because a lot of people consume it, so you get that hit, but you've got to bake the cake every day, right?

So like the Hustle or the Milk Road or this podcast, we have to come on and create the content again, for the most part.

We're not doing super long, evergreen stuff.

So with the Hustles, the Daily News, or Milk Roads, the Daily News, we got to bake that cake every day.

Whereas software, it was like we built one product and yes, we might, we will improve it over the course of a year, every year we're going to improve it.

But fundamentally, we didn't have to recreate the product, come up with a new viral story or a new great content segment that was required like a new genius.

But software is like you come up with one genius moment and then you sort of refine it, make it work better over time and get rid of bugs and things like that.

So I preferred that part of software, which was like making a product rather than making kind of like a disposable, you know, consumable piece of content.

Or like I have an e-commerce company and like to pay in the ass to have supply, physical products that are supply chain constrained and like we have a warehouse, we got warehouse problems with our e-commerce business.

And so I'm like, man, digital is sweet compared to e-commerce, but e-commerce is quite profitable. Like kicks off a bunch of profits, that's nice.

So every business has these pros and cons and I always thought agency was like the part I always thought was a pain in the ass was like the client services.

You are reinventing the next campaign and the next winning marketing, you know, formula for them and you have to keep clients happy all the time and clients are sort of like never satisfied in a way that like if software is like, you can have nameless, faceless customers that like, yeah, some percent of them will write into your help desk that's in the Philippines or whatever.

Like you're not having to like, you know, send account reports to your, you know, your big clients and keep them happy.

Yeah.

But you, everyone has their own problems and software, a lot of people have turned this issue and they can't figure it out or they have competitors who come into the marketplace

and just undercut them on pricing for the same features because it's cheaper and cheaper to build software these days, right?

So they all have their own problem.

To me, I look at it as if you can find the right people.

So every time I start a company, I find in people to put in place that have already done it multiple times before cause your risk of failure are lower and they already know everything to do.

So I don't have to deal with client relationships.

I don't have to deal with customer service or anything like that.

I get to do what I enjoy doing, which is go and create content, be the face, et cetera.

And my wife enjoys what she gets to do, right?

She gets to donate the money, although we don't really consider it as donations.

We look at it as investing.

We're investing in people, although we really don't ever collect any money back.

It's more so you're investing into making the world a better place or people's lives a better place or whatever it may be.

What's a, who were, who were your first three clients at this, at this age?

Cause you don't know, they were small companies.

And right now who's an example client?

Like a fortune 100 software company.

Like that is a typical company.

Think of any big, large corporation in B2B, that's a great example of one of our customers or even B2C.

Actually think of any fortune 500 company.

That's a prime example of a customer.

What's a, and who's the CEO of your agency?

Are you?

No, I'm never the CEO.

I'm a terrible manager.

I'm one of the worst managers ever.

His name is Mike Gullickson.

He was the CEO, no, he was the president of I Prospect, which is the ad agency owned by Densu, I believe in I Prospect, maybe they had four or 5,000 people is my guess.

And what, when you, how early into the business, did you have a hired CEO or a hired leader?

Day one, I won't start a business without a CEO from day one.

And what did you pay them in the first year?

First year was my co-founder for like a hundred grand.

And that's because you basically went and drummed up a hundred grand worth of business and you're like, Hey, Mike, I got, I got this client to give a hundred grand.

You want to run this thing for me and help it get deployed?

No, our business didn't start off that way.

I probably put in total of 5 million bucks into the business and my own money.

So it was bootstrapped, but not really bootstrapped, if that makes sense, it's kind of cheating.

And it gets easier and easier as your entrepreneur, right?

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The more, the more successes you have, and I'm not saying I'm successful by any means, the more capital you have to deploy into the next thing, so reduces chances of failure.

And when it's your own money, this is just my thesis, and I could be wrong on this.

I have no data points.

When it's your own money, you're much more careful than when you raise like 15, 20, 30 million dollars of venture capital, right?

You really look at every single dollar.

But Mike was the CEO from day one.

He's a great operator, has no agency experience, eventually we got in a president.

And then eventually from there, we got in a CEO.

And have you guys crossed 100 million in revenue yet?

Yeah, we do nine figures.

That's crazy, man.

So I mean, that's just pretty wild that you were able to like parlay this blog that was our all always kind of a juggernaut, but this blog into a nine figure a year business.

I mean, that's amazing.

Yeah, it's been a good run.

I hope it I'm knocking on wood, although you probably can't hear it because of Chris, but

I hope it keeps going and more so we're just having fun.

Like for me, what I enjoy doing is building a business.

I know I have an expensive lifestyle.

I generally don't do stuff for the money.

Like I overpay like house staff, like nannies and stuff like that.

When I say overpay, I drastically overpay not by like 10, 20, 30, 40%.

Like I really mean drastically overpay because I look at people, I'm like, if you're cleaning a house, how are you going to live on this?

Like I'll give someone six figures to do that.

I know that sounds kind of crazy or stupid, but like I'm not giving my kids money.

So might as well take care of other people in this world who need it more than we do.

Did you say you're not giving kids money?

Yeah, I'm not going to give my kids money.

Nothing.

Leave nothing.

We have a trust set up.

What they'll get maximum is like if they're on the street and they can't provide and they're going to be suffering, like I will help pay their bills or put them in a normal home or like if my kids like, I want to be a doctor and I want to go spend all my time in Africa helping other people out and I won't get paid for this.

And I need, you know, X \$5,000 a month to live or 10,000 so I can just go volunteer all my time.

I'd like sounds good.

I'll pay for that.

But like I won't give them money for the sake of it.

Like if they're like, I want to go travel to see Italy or I want to a Honda Accord and

like go buy your own Honda Accord, go travel on your own with your own dime.

Like, you know, I don't believe in just giving people money because I think there's other people that need it more than we do.

Sean, are you going to give your kids money?

I really thought about it like my oldest is two.

So I think I got some time to figure that out.

But I lean more.

So I've kind of heard both arguments like I know somebody who they, some people are like, you know, you know, there's some people, I'm definitely not in the camp of I do this for my kids.

I want to leave my kids with a whole bunch.

So I'm like, that may be the worst thing you could do for them.

Not because it means that you have drug addicts.

Yeah.

You take away, you know, agency in a way, right?

Like you want people to, like it's not that it's good or bad.

It's actually just, it's just way lower on the totem pole of priorities.

It's like, I just don't even focus on that.

It's like, if I'm going to leave them something, it's going to be a certain set of character traits and skills and like mentality.

That's what I'm trying to leave.

Money is like, I don't know, 15th on the list of like, I don't know, we haven't even gotten to think about that yet, but I've thought a lot about what are the character traits and mentality and like mindset and skills that I think I can help build.

And like, that's the focus.

That's the one that matters.

That's the, that's the gift.

If whatever else comes from beyond that, I don't know, we can figure out.

It's like the foot, it's like the footnotes.

So like, we're very similar, I have a two year old and a less than one year old, right?

And I look at it as you want them to be productive units of society, right?

You want them to be ambitious, hungry, caring, thoughtful, happy, like whatever it is, there's a lot of characteristics that you may want children to be, but I look at it as like, they don't need money, even like with my wife and I, we go over our expenses and we look at what we spend on travel.

And we do some of this because it's easier, but like my wife and I, you're actually considering cutting out all private and just going commercial now, the main reason our expenses are highest due to COVID.

So if it wasn't for COVID, I would just be going in a normal airport.

I didn't know how COVID was going to impact with young kids, could afford it.

I was just like, yeah, just start flying private.

And we haven't gone back to commercial yet, but we're thinking about going back because like my wife and I look at the money is like, yeah, we spend all this money on travel and airfare and hotels.

If we donated the money, people would have a better life if we really need it that much. What do you do when you donate that like, what's a good way to donate in your opinion? So there's like, ranging from not donating to donating to one thing, to donating to a bunch of things, to like getting involved or seeing the impact or like, I know people who, if they donate to Africa, they'll actually, their family will go take a trip every year so that they're more connected to the people and they actually see the impact and they take their kids with them so that they see the impact.

What have you found that's a good way to give?

So we have a balance, it's my wife and I team up.

This is going to sound bad, but I don't like volunteering my time.

My wife loves volunteering her time.

I think it's very inefficient for me to volunteer my time.

I should make the money versus volunteering my time because the money or the hours spent, if we donated the money, it would have a much bigger impact to the cause than if I actually spent my time.

I don't think it's that bad.

Yeah.

And my wife loves spending the time and like from going to soup kitchens or whatever it may be.

So she picks the causes.

We have a few theses.

So like one thesis is we are not really thesis but rules.

One rule is we don't like money going to organizations that have tons of high overhead.

We actually want our money going to the causes.

So if it doesn't go to the cause, then we tend to not pick that organization.

The second thing that we look for is organizations who are like self-sufficient, right?

It's just like, how can this continue going even if someone wasn't managing?

So like a great program, for example, is my wife likes donating to women's education.

We used to donate also to men's education as well.

So you find these people in these villages, you say, hey, you can't afford to go to school, get a degree, we'll pay for you to go to college, go get a degree, come back, teach kids in your village for a few years, whether it's under a tree or anything.

People can learn anywhere, right?

And then, you know, go move on with your life and do whatever you want, but at least you're giving back to your own community.

And what we found is when we started giving, because we've been doing this for so long now, we're actually not that long.

But when I mean long, I'm talking about like 10, 11 years where we've been donating.

And it's picked up quite a bit over the last like five, six years.

When we started giving the money to men, a lot of the men, we saw very low conversion rate from them actually coming back and teaching people in the village.

Well, when we gave the money to women for their education, a lot of them came back and fulfilled on the promise because it's not like you get a signed contract, right?

It's just like, hey, we're going to pay for everything, come back, help people out within

your village.

What's country?

We've done this in both India and Africa.

So different parts of Africa and in India.

And then another program that we've done is like growing gardens, where a lot of people who have AIDS don't take their medication and aren't doing well, they're giving the medication for free.

But if your body doesn't have the right nutrients, it rejects it.

So what we'll do is we'll do programs like growing gardens, we'll give them money.

They grow food.

And then not only do they eat nutritiously or well, they'll more likely take their medication and you're also growing enough food so that way other people in the village can also eat.

So it's like, but my wife picks all the causes.

She vets them.

She loves it.

Like she'll go, this is Wednesday in two days, she'll end up going to a function, scouting out more nonprofits and organizations.

I won't go.

Like I think it's a waste of time.

I'm like, if I go make more money, she can donate it.

It's a better ROI than if I go spend three, four hours mingling when she could just do that and I can go make more so that way we can donate more.

Other than your own private businesses, what have been your best financial investments that's allowed you to donate and make a lot to give away?

Stock market has done really well.

Companies like Apple, Amazon, Google, Facebook, I know Facebook's down, but they still have been a tear if you just bought the stocks early enough.

Because some of these companies have grown 30, 40% a year and the public market's compounding, right?

That adds up.

Angel Investments have done really well for me and I would say probably those are the two biggest.

Stock market still has done well, although in the last six months, I've taken a beating because I'm in 100% tech companies.

I don't diversify.

Like everyone's like, oh, you need some oil and you need this.

I'm like, yeah, I'm just going to go all tech.

And people are like, oh, you're silly, look how much you lost, but if you look at the whole time when I first bought it and I've done well and I invest in what I understand I'm 37, so who cares?

Another 10 years, everything should rebound, assuming you pick the right companies.

What's your portfolio look like in terms of percentages, not including private businesses?

My public portfolio, if I had a guess, I probably don't even have more than 20 stocks.

Amazon, I won't be able to name them all, but Amazon, Google, Facebook, Apple, Microsoft,

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HubSpot, Salesforce, Adobe, Atlassian, Shopify, I'm missing some as well.
And of your liquid net worth, how much is in public equities versus other?
Versus real estate.

Like what's your number?

Where else?

Yeah.

Just non-agency.

I think your agency, is your agency the only company that you own a significant stake in?

If yes, exclude that, then what's your portfolio look like?

No, I have quite a bit of other companies.

Because I started using a lot of the cash to buy other companies for like 3, 4, 5X EBITDA and then you just fix them and grow them and then just cash flow.

So if I look just at cash invested in other companies that aren't mine, like not companies I'm buying out or anything like that, I would probably say 80 to 90% is in stocks.

What companies were you buying?

Any that we can find that we like.

Like we bought Ubersuggest, it was a software company, bought it for 120, put 3 million into it.

It took I think less than seven or eight months to get to a million a month in revenue.

What?

So that was a deal.

What's it called?

Ubersuggest, ATROS competitor, that one did well.

We just bought another one.

Who's running that?

A lady named Lisa.

Crazy.

And then we just bought another one.

We haven't announced it.

We bought it for 8.6.

I think a month ago, a month and a half ago.

So we'll see it does 100,000 a month.

We think we can grow it within 12 months to probably like 4,500 grand a month and profit.

So forget revenue.

We just will look at it as a cash flow.

So do you have rules around that like, okay, I have to be able to grow it using neilpatel.com or it has to be in the marketing niche so the agency benefits?

No.

Would you buy like brick, you know, like a fucking laundromat or?

If I can grow it, I won't do too much brick and mortar, but I've invested in other people's brick and mortar.

Like I have a friend who does a lot of brick and mortar businesses.

Like one of my buddies has a roofing company and I was like, oh, cool.

You can buy it for 3x.

It's good size.

And I can show you a few things and we can probably increase the profit by like 60% within 12 months.

So it's like, it's just good cash flow, right?

Like if you're getting like 30, 40, 50% returns on your money, it's great.

And then you also have to keep in mind because of my, my history and I've been doing this long enough.

I also can get that at really cheap terms and large amounts of debt.

Like I can get debt at like 3.6% plus silver.

So if I'm buying a business for 5x in many cases because of the economics of my whole portfolio.

You know, some businesses I put down, like on the one that was 8.6, 2.6 was paid over 12 or 18 months or something like that, but we put 6 mil up front.

I could have got a loan for it, but I was like, yeah, it's just easier to put the 6 mil and not deal with the paperwork.

But sometimes we'll just do loans on the 100% event, put zero down.

Right.

And what do you like, okay, so you do what you do now.

So you have your time and it's pretty much probably fully allocated, let's say to the agency and then some of these other things.

If somebody was smart, but didn't have your, you have a bunch of visibility.

You kind of know where your industry is going.

You see adjacent opportunities, but hey, I'm not going to go do them.

I don't have the time.

What are opportunities that you see that you think somebody listening to this who's just like smart hustler, like I got more time than I have ideas.

I got more time than I have money.

Where would you go if you were that person?

What would you suggest for them to look at as like opportunities that you see today?

I would look for opportunities in anything that they're good at.

And I know that's not the answer that you're looking for, but what I found that the issue is when people go look for opportunities that make some money, when you're not passionate, you don't put in the time and energy required to actually make it successful.

That's a big issue we see.

Maybe some people have it in them where they can make something successful because they'll just tough it out.

But most people we see will just quit because they just hate what they're doing.

And so, but I think a lot of people don't know what they love to do.

They don't have like, they don't, if they already had what they love to do, they wouldn't be, you know, looking for opportunities.

So you know, sort of like a by definition problem there, right?

So somebody who's, who's thinking about, okay, I don't love what I'm currently doing.

I'd like to, I want to get to where this guy's at, but which is basically like seems happy

and successful, right?

He seems like he, he said he loves what he's doing.

I'd love to do that.

But what if I don't know, right?

It's like when my sister was going to college, my dad asked her, you know, she's like, what should I major in?

What's her favorite subject and she was like, lunch, like, you know, I don't, I don't have a favorite subject.

I don't love any of these subjects.

So what am I supposed to do?

Like am I just out?

You know, I'm just not one of those.

Yeah, you get a lot of different until you find what you're passionate about.

Cause if you try a lot of different things, you'll typically find something that you're naturally good at.

Usually what you're naturally good at, you'll also tend to favor and what you like.

And then just double down on that.

But if you're looking for industries with opportunities, I see a huge slowdown in e-commerce.

And I see the e-commerce market shrinking.

I'm not saying that, but the growth in the e-commerce market isn't as what it was once used to be, right?

When COVID first kicked off.

So you're going to see the multiples go down to buy e-commerce shops, D to C brands, right?

So great opportunity for buying and go fix them up and grow them and scale them.

Another great opportunity right now is free.

So I look at the whole software market as really backwards, okay?

In which right now it doesn't matter if you're a HubSpot or Canva, eventually someone can just create a Me Too company and just undercut you on pricing.

And what I've learned is if you can create a software company that already has a brand that has a free product and you just make it really good or free and you just keep adding more and more to it.

A great example of this is PhotoP.

There's this company called PhotoP.

It's a Photoshop.

And it's like, they make very little to no money.

So I hit up one of my buddies who is great at outreaching and I told him I want PhotoP.

Offered him 10 million.

He said no.

Offered him 20 million.

He said no.

I can take PhotoP, make it a really good Canva competitor, undercut them on pricing, whatever be worth 10, 20, 40 billion, whatever they are, no, but I probably can cash flow that thing to like four or five million a month in EBITDA, right?

It's like, here's what it sells for, what it's worth.

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But you're saying make it free and then you're saying a cash flow is like a motherfucker.

So how do you take a free product and cash flow?

How would you explain that?

Well, he said he said a Canva knockoff.

Canva knockoff.

So you make almost 99% of it for free.

You charge for 1%, but that 1% is enough where you can drive in the revenue.

So you don't ever make as much as like a Canva or like a MailChamp or a HubSpot.

But hey, if you can make millions a month in profit, it's still good.

What's your math there?

So when, what's the calculus when you were thinking, so like let's say photopea, according to similar web has 10 million uniques a month or something.

What was your math?

Is that right?

Yeah, it is right.

We researched it.

Yeah.

So like what was your calculus to get to four million and EBITDA a month?

Like what would, how many people would you need to run it?

And what was the, what's the calculus there?

Sure.

So I can probably get the thing from 10 million visitors.

So let's say about it for 20, right?

He wouldn't sell to me for 20.

I've never outreached him, but I had a buddy outreached him for me who just does all my outreach.

So let's say about it for 20, I would put another 10 into it.

So now I'm out \$30 million.

I'm really good at growing traffic and I know I can grow the thing to roughly 40 million uniques a month.

I just have a, I don't know how, but for some weird reason, I know traffic really well and how to calculate what I can get it to and all this kind of stuff, right?

And I've done enough research and competitors of what features drive X amount of traffic, just looking at so many competitors in the space.

So let's say if I get it to 40, what does it call 40 million?

And what, what, what are the one or two things that you'd get at the 40 million?

Like SEO basically.

So more SEO, more virality, increasing the quality of the templates, increasing features, adding AI in there, like click a button, we can automatically detect backgrounds, remove it, filters for social media, cause a lot of people use them for social media.

Logo generator website as a lead gen, shit like that.

Right.

So then, so let's say you got it to 40 million, right?

At 40 million, I can easily monetize.

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Let's call it like 1% of the traffic, but let's be even more conservative, like a half or percent, 200,000 people.

If I have 200,000 people hypothetically paying \$3 a month, okay?

That's 600,000.

The reason I give you on average \$3 in certain countries, you may want to charge different pricing like India and stuff like that.

So it's more affordable.

So \$3 a month.

And at \$3 a month, if a customer stays for 10 months, that's \$6 million, you can probably run the thing with less than a million, million and a half in burn each month.

So then you think, oh, so then for a million and a half burn, you would need, once you have tons of revenue, right?

When you don't have tons of revenue, your burn is much lower on a monthly basis.

So then how many people, then if it's, you're looking at 30 people, you would need to run that operation.

I don't even think 30, but let's say 30 total.

So I think I can actually run the thing for under a million dollars a month.

Right.

So I'm just trying to do the math in my head, but I mean, the revenue was under a million to two there.

It was like 600,000 or something, right?

600,000 a month, but if a customer stays for 10 months, you're looking at \$6 million.

No, no, no, no, okay, if they're paying \$3 a month, if you have 440 million, not 4 million, but 40 million, you're converting a half a percent.

That's 200,000 paying customers a month.

If they pay you \$3 a month, that's 600,000.

They last for 10 months.

That's \$6 million a month in MRR over a year.

You're making \$72 million in revenue.

That's crazy.

You're a very interesting person.

I just, I think I dig you because you've got your hands and so many different things.

I honestly don't at this point.

I don't run anything.

I come up with ideas.

I have really good operators who are great at the execution, like, go do this.

It'll make money.

Here's a playbook.

Go and just do it.

So how many businesses do you own?

I don't know.

I don't really count.

I would look at over or under 10, over, over under 20.

I don't know.

20 is probably getting close.

So probably under if I had a guess.

And how many of those 20 companies have more than five employees, full-time employees?

I don't know.

I don't really count employee headcount.

I only know my ad agency headcount because they do reports and I get in my board meeting decks.

I'm like, oh, we got 700 people.

And you own 100% of most of these companies, it seems like.

You're not raising extra capital.

You might, do you give your CEO a...

100% of really anything?

I always give equity to profit share.

I usually have a partner who runs things, we'll get equity, and then I'll do profit share.

What's the ideal setup for profit sharing and equity for your partner?

Partner give them maybe 10% of the business.

They run it plus a really nice salary, what I mean nice salary industry or more than industry.

And then you have a pool for employees, like another 10% pool.

So then you lose a little 20%, I'm left with 80 myself, I put up all the money.

If it does well, great, if it doesn't, I lose the money, no one else is on the line.

If it does well, no one has to pay me back the money, everyone just takes their distributions the moment it turns profitable from a monthly standpoint.

Does that make sense?

They don't actually have to pay back any of the other stuff.

And then do you also, do you give them 10% of the distribution or do you make that even heavier for them?

Well, if I'm losing 20% in total, which is my ideal structure, then 20% of the profits gets distributed on a monthly basis.

That's crazy.

I love hearing about this.

What do you think, Sean?

Yeah, I think it's dope.

I had just seen you kind of from afar for a while that I got, I know he'd, you know, loosely like we're friends, but so, you know, I didn't know a lot of the story.

I knew Sam has talked about you before on the pot, I think it's, or maybe off the pot, I'm not sure.

But Sam had told me some cool stuff, but I didn't know a lot of this.

So for me, this was dope because I got to learn a bunch of new things.

Sometimes when we have a guest, it's like, dude, I've already listened to 10 of your things.

I've been following you for five years, you know, so it's like, I already know a lot of it and I'm doing sort of like translation work for the audience.

I'm like, tell them about this.

Hey, tell them about that thing you did versus in this, like I genuinely wanted to know a bunch of this stuff.

And I thought, you know, this is interesting to me.

Yeah, you're great.

There's two people that I wanted to talk to, Sean, who are like Neil.

So I mean, there's Neil.

So I wanted Neil.

I like finding these people that like are doing really well.

And a lot of people know about, but there's also this whole other world of people who have no idea who they are.

Neil, you're one of those folks.

I've been, I'm an OG reader, so I've known you forever.

The other one is Syed.

So Syed, we talked about Syed a bunch on here.

Him and Neil, I think are very similar, which is very generous, but also like pretty cut throughout when it comes to business and has their hands in just dozens of different things and they're just quietly crushing it and not even talking about it.

He's a very generous person too.

I know he has a school, I think in the same city I have a school in or a different city.

I don't know.

He actually went to go see his school, but really generous guy.

Him and I have built schools in third world countries and stuff like that.

Yeah, it's just like you two, you guys are, I don't know if you're like this Neil, but I know it seems like he's like this where he like has this, you know, software business that's making who knows, tens of many tens of millions in revenue and probably that much in profit, but and he like buys a gas station or he like, it just, it's just like, dude, are you kidding me?

Like you're a, you're like a tech tycoon and you also own like 30 gas stations.

It's just kind of funny.

Here's the thing, some of those businesses sell for like three XE, but you get 33% returns on your money.

If you have good operators and you can put technology in place and marketing and you can grow to maybe 50 times IRR, that's great.

It's just the question of can you scale it up and you can you do ones that are large enough?

I know.

I know that you know this stuff.

That's what you're eclectic.

Yeah.

Him and I actually, I shouldn't speak for him, but I'm a little off, right?

But the, the madness or the methodology I think is great for cashflow.

It's terrible if you want to be like, oh, I'm going to create the next Airbnb and take this thing public and be like on the Forbes list.

Like it's not what I do.

Is that, are you motivated to become a billionaire?

What's your motivation factor?

What are you motivated by?

Well, I won't ever be a billion.

I'm not saying I have the opportunity to, but even if I did, I would never be there because we donate our money.

And when I mean donate, like not wait till you're dead to donate, like actually donate on an annual basis.

How do you figure out, how do you figure out how much you want to give?

Cause there's always like, like when I think about it, I think like, well, I could also invest this money.

It's going to grow.

I'm going to give more later, but then I'm not helping somebody now.

And so what's the right number?

What's the right percentage basically for me to be giving on an annual basis?

How do you figure that out for yourself?

Whatever my wife wants to give.

What percentage does that come out to?

We don't have a percentage.

Keep in mind, businesses are so large, I can get loans for anything on almost any type of business.

I can't go buy a business for a million dollars, a billion dollars, but if I wanted to buy a business for a hundred million dollars, I can go get a loan on that, like literally for most of it.

So as you know, I don't have to worry anymore about, do I need more of it to invest?

It's just, do we find the right causes and is it going to make a big enough impact?

That's more about how we look about donations.

We don't really look at it from the aspect of, am I donating X dollars or is it too high of a percentage?

We look at it as, do we actually think it's going to make a big impact in the next year or short run or two years?

We don't want to wait like 10, 20 years to see an impact.

We also don't want to put money towards like things like cancer research.

I think cancer is really important.

I know a lot of people who have died from cancer, but I don't have enough money to make it bent into cancer versus solving some of the basic things out there.

I can make an impact on things like education in a region.

I can't make an impact on cancer, I just don't have enough cash for that.

What is your school?

You said I have a school.

It sounds tight.

I want a school.

I've never seen it.

We have a school.

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I think it's in Cambodia and we've done a few others, but I don't really keep track. My wife does and the bigger thing is it's not my school, it's more so the kids' school and are they learning and getting value from it?

I remembered the first school that I bought it and forgot about it.

I was going to say, when I buy my school, it's for sure going to be my school. They might attend my school in Cambodia.

I'm like that.

I bought a couple schools in this couch cushion back here.

I just forgot about it.

It's a little scene I played in a while ago.

I remember when I was on college campus, I saw whoever, the Rothschilds or the Rockefeller's nameplate or whatever on the library at Duke campus, and I was like, who would do this?

What's the point of this?

It's already nice.

Not that kind of schools.

I don't have that kind of money.

I don't.

Mine are little kids' schools.

I didn't understand the appeal until you said you basically described a school you haven't forgot and have never visited it and I was like, ah, that sounds like something I want.

I don't have a nameplate on the Villanova 10th library on campus, but just to know that there's 12 kids in Vietnam attending my school, they're wondering, why does this name have so many A's in it?

Who is this benefactor, silent benefactor who has forgotten where our school is?

That sounds like a perfect blend of giving and egomania that I live for.

That's perfect.

Neil, we usually, so we don't have guests on often, and when we do, we typically never just ask them questions like this.

It's more of a conversation where we're brainstorming stuff.

We ask you tons of questions because you're just a very fascinating person.

I hope you'll come on soon and you can actually brainstorm another Uber suggest or something like that.

Actually go through some of this.

I hope you'll come back again because this is awesome.

It was so funny.

I was just doing the interview and I'm like, oh crap, I should have never told people how much I spend a month.

I should have never told people I donate money and I was just like, it goes against a lot of what my wife and I do.

We're more of don't tell anyone anything, live our lives and do whatever makes us happy. You only told it because it's not like you're bragging.

We like kind of begged you to tell the like, we were kind of got under it.

We were like, yeah, tell us, go, go, tell us.

It's not like you're like, I don't think that's bragging.

It's not even bragging.

It just feels weird to talk about expenses, right?

Because there's so many people who struggle for like clean water or shoes, right?

Because it's like, yeah.

Yeah.

Yeah.

But this is interesting.

Those people, if they ever listen to this podcast, they've already been filtered out by our doucheiness in other episodes.

So don't worry.

Anybody who's sensitive to that is probably gone by now.

But also there's actually a lot of, like I actually pretty passionately believe this, like not only am I curious from like a, ooh, I want to know, I want to learn.

But like, I'm actually pretty strongly believe that the way that people are like treat money as a pretty taboo thing actually is like a net, like a huge net negative on most people.

So like, you know, people don't know what other people make.

Therefore, they don't know what, like they don't know when they're underpaid.

They don't know what's possible.

They don't ever, like sometimes the most valuable conversations I have with somebody is just somebody for whom they do something like something's very normal to them and it would be abnormal

to me, but it has now expanded my worldview of what's possible and what could be normal for me.

Oh, maybe it could be normal to actually like give more, donate more, have a school.

Actually, that sounds like something I actually going to go talk to my wife about today is like something we should go do that like, it's not because you weren't bragging about it.

You just kind of were honest about how you live your life, which is no, there's nothing wrong with that.

That's great.

In my opinion.

And it expands other people's worldview for something that maybe they want to go do or something that they haven't considered.

And like, it's really weird to me that we keep this stuff under wraps.

And if somebody's just honest about like the way they live their life, it's sort of like there's like all these like negative taboo around it and like, fuck that, I don't like that at all.

And it's been like, when Sam first met me, I think this, I think I've told the story before, but like the second day I met him and then like the next day he messaged me on Facebook.

It was like, so like, how much do you make?

And he was like, no, like what do you pay yourself?

He's like, so then what do you, and then I like, I was like, whoa, that's like super

forward.

And he's like, he told me why he was like, because I'm trying to figure out how much to pay myself as an entrepreneur.

I have no fucking clue.

And like my investors think I should make this much, but I don't know, is that normal?

And like, I can kind of ask you and dance around it or like, I'm just asking like five friends what they make and the same role as I am like startup CEO and like, that'll help me figure out what's normal, what's the range of like possibilities here.

And then after that, he was like, so what do you do with the money?

Like, what do you invest?

He's like, wow, that's a lot.

Are you investing that?

And I was like, yeah.

And he's like, what are you investing in?

I started telling him and he's like, cool, I'm investing in this.

And now I got new ideas about what I could be investing and it really became very obvious to me in that moment.

I was like, oh, shit, you're at a massive advantage if you have a few people you trust that you can talk openly about this sort of thing with.

And the podcast was basically taking that and doing it at scale.

I was like, all right, well, what if me and Sam were pretty honest about like the shit we do?

And like, what if we could get guests to be honest about the shit they do?

And like, that's actually a pretty valuable resource for people who don't have five.

They don't happen to have that lucky group of five friends who are all motivated entrepreneurs who are also open and honest about what they do.

It's like, well, not everybody is located in a place where they have five people geographically around them that they can trust to talk about that stuff.

And so the pod kind of like serves as that.

So that's my justification for why you shouldn't feel bad about sharing that information.

Did it work, Neil?

Do you not feel bad?

But if you want, we'll bleep it out or whatever if you feel like that too.

It is what it is.

I still feel bad, but it is what it is.

Mission accomplished.

I thought it was a great speech show and I felt good about that.

Thank you, Neil.

It was a great speech, but I still feel bad because I look at money as like a tool to help other people and I'm not saying that's right or wrong.

That's how I just do.

But I also know I spend more than I should.

And I probably should cut back and live a more humble life and spend a lot less.

Fuck that, dude.

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I'm inspired by how you spend and how you live and it, you know, you've done some good in the world by inspiring me.

Thanks for coming, dude.

We really appreciate it.