

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.

He said the sentence that changed my life, which was, Alex, you shouldn't be running gyms.

You should be showing gym owners exactly what you showed me, and right now you're in a level two opportunity with a level 10 skill set.

I stand by what I said, but the title was very negative sounding, and I wanted to apologize.

I hope you listen to the whole thing because we are very complimentary, but the title, a lot of people were like, no, this guy's toilet jet, and I'm like, I know, the title was, is Alex Leggett, and I hopefully you didn't.

I'm not sure if we even talked about that.

Did you hear the clip and did we annoy you?

I'm not offended.

It's okay.

I definitely understand the clickbait component of YouTube and kind of how the thumbnail game works.

Or at least I'm learning it a little bit.

How did you, like you, the numbers that you're, what I said in the clip was like, man, this guy, Alex, like he's saying his, and I have no reason to doubt you, but the reason I'm saying this way is because it was so amazing, it was hard for me to believe, but it's not that I doubt you.

There's a lot of people who make big claims, I can understand, I think it's very reasonable.

Because I'd never heard of you before, and I was like, hey, this guy's popping up all over my YouTube, all of a sudden, what the hell is going on, and B, he's saying that this gym, I don't know, I called it a course, which actually is incorrect, so I love reading.

If there's like one thing that I could make, just for the, almost for the audience's sake, because like we're, we're much closer to what a franchise would be.

And overall, in the very beginning, that was what the big decision was like, am I going to go to the franchise route?

Because I had six working locations, I was 26 years old, and they, you know, they worked and that's when a mentor was like, you should stop owning all these gyms, you need to license the model out.

And so that was when I kind of transitioned from B to C to B to B. What you might not

know is that for two years, I actually, because I wasn't confident, I was like, I know it works in my six markets, I was like, but does it work in all of these markets?

So my wife and I actually did 32 gym turnarounds in the next two years.

So we'd fly out in person, fix their pricing, change how they did their layout, change their sale cost.

It's like a consultant, like, like a management consultant for a gym.

That's exactly that. And then from there, we, you know, we figured out we cleaned it up to just like completely dial it in.

And then I would love to say with some stroke of brilliance of like, and then in my master plan, I decided to start licensing.

That was not what happened.

We ended up doing these launches and the flaw of the business model was that I didn't control the fulfillment.

So we would go in, we would charge nothing, it was pure performance, we'd fly in, and I would charge 100% of the upfront cash collected that we would do while we were there.

So we averaged about \$100,000 in cash collected in 21 days, and that's what we would average per gym that we'd come into.

So that means each gym is making an incremental 100 grand a month from your.

So if I were launching eight gyms in one month, we would make \$800,000.

You got it.

Right.

Oh, that's, and this was when the model before you were like, doing gym long.

And so what ended up happening though was like, and it started scaling really quick.

This is, this is the game, like this is what I need to be doing.

This is awesome.

And they didn't have to spend money on ads.

They, like they did literally nothing.

They gave me a place to go market itself is basically what happened.

And so what happens, we would dip out and then all these customers that we sold would then be fulfilled by a facility that was struggling because that's what we, they called us.

So they typically had pretty poor product and I didn't have the bandwidth to stay there for six weeks on top of that and retrain trainers and show them how to set up like I didn't have the time to do because we were marketing so much times were there.

And so anyways, we would fly out and then what happened in an unfortunate percentage, they basically were like, Hey, you signed up and paid this guy \$500.

I would give you the same thing for \$200 refund with him and just sign up and I'll do everything through me.

And so within a matter of months, I had like \$150,000 in refunds between like three facilities because they talked to each other and then I was like, fuck.

And I already incurred the cost of marketing, the flight, the sales guy, the hotel, almost the rental car, everything.

What was the name of this gym?

French?

This was Jim.

Okay.

But I'll tell you this.

The original concept was Jim rescue.

Yeah.

It's like bar rescue.

That was kind of the idea.

But you said gym owners didn't want to be rescued.

Bingo.

So it's who doesn't want to get launched though, right?

So it's Jim.

Even though you're already open and it's a nice branding switch.

And so anyways, we were like, okay, this is not the model.

Something's wrong here.

So I had to keep basically keep selling more every month to cover the refunds from the month before.

It was horrible.

Very stressful.

And so my wife had a little side training business that she had kept.

She was doing like three or 4,000 dollars a month.

And I was like, you know what, screw the gym thing.

We know how to sell weight loss, you know, directly to consumers.

That's what we're good at.

I was like, why don't you become the face?

I'll go in the back and I'll just run the, you know, I'll run the acquisition side and we'll sell like 16 week transformations just over the phone.

And so we started doing that.

That doesn't seem like a good idea.

Does it?

Right?

I mean, it started working at 14 days, we're doing a thousand bucks a day, switching it.

And I just want to thought it's so crowded where, you know, I mean, we're good, like we're good at that.

You know what I mean?

Like we, that space, we understand very well.

And so we were able to do that.

And I was like, all right, the eight sales guys can come in, we can do 8,000 a day selling these like the, the, the transformation programs.

Great.

And so I had eight gyms that were supposed to launch the next month.

And so I called them up and I was like, Hey, we're not doing the thing we were doing before.

You know, you didn't pay us anything.

So best of luck.

You know what I mean?

Basically it was kind of what it is.

And then the first guy was like, dude, I just refinanced my house.
I just maxed out my credit cards.
Like I need this.
My buddy like filled his gym up with you.
Like I know your thing works.
Like I just need, please like help me.
And so we heated hard and finally I was like, all right, man, listen, I'll show you what to do.
I was like, but I'm not flying out there to save your ass if you can't close.
And he was like, no, no, that's fine.
That's fine.
And he was like, well, how much?
And this, that was like the magic moment where I was like, and so just to show you where I was at the time.
Like the highest number I could think of with the intention of getting him to say no, because I didn't want to do it.
And so I said \$6,000.
And he was like, done.
And I was like, I just remember looking at the phone and being like, holy shit, \$6,000.
And so I hung up the phone and then I called the next guy who I was supposed to cancel on same spiel.
And he was like, how much?
And I was like, \$8,000.
And he was like, what are you giving these guys?
So you're giving them a playbook to sell in their market, which included what?
What did they do?
And they probably actually didn't even know what you were going to give them.
Well, so we had already had the entire, the entire front end process was super, super lubricated.
So like, these are the ads.
These are the pages.
Here's how you place them.
Here's the targeting.
Once they come in, these are the five texts that you send.
Here's how the reminder sequence works.
Once they walk in the door, here's how you set up your lobby.
Here's where you need to sit.
This is that's the stuff that a gym owner would send to a client who wants to get trained.
It's not a course.
It's also not like EOS is not like a back end operations thing.
It's, it's like a marketing machine.
You'd, you'd basically license the acquisition.
So we were the ads.
So it was ads that I was in.

[Transcript] My First Million / From Sleeping on Gym Floors to \$100M with Alex Hormozi

Cause I was like, these ones work.

So I would run these ads that I had written to pages that I had built and I would.

And so what I was doing is what on, on their URL, you basically were, you were a services business.

Yes.

A hundred percent.

We're a services business and the training component was like, okay, well, how do you sell?

So instead of getting one on one, I was like, one of the, and so what I did was I actually gave them my internal sales training.

So it was this thing that I put my guys through and like a lot of it's kind of interesting because I fell into this where I think a lot of the, the e-learning space, try and create stuff to have stuff rather than creating a, as, as, as short of a time commitment to get someone from point A to point B, which is I needed to get a guy in who used to be selling shape mix from MLM and get him to close \$500 deals day one with two hours of training. And so that training is what I gave to them.

So I already had everything.

I just didn't have the marketing part.

So all I did was I built the marketing part of the weekend because I already had the ads.

I didn't make a training for it, but the training for like, how do you weigh them in?

How do you do the food stuff?

How do you, like all that stuff already made cause I had to do that during the gym rescue side.

So I literally just added in how to run the ads and then the whole product was there and we helped them implement it, implement the acquisition system within the business and the average gym collected \$30,000 in additional cash in the first 30 days.

So we would do a hundred, but them not being as good as us still did \$30,000 additional cash in the first 30 days.

And so the price point for the, for the system was, was 16 grand.

So they were stoked.

And then at that point we signed three year licensing agreements for \$42,000 a year.

So they were like, what else do you have?

And what happened to break their gym because all of a sudden they go from a hundred members to 250 in two months and be like, how do I hire trainers?

How do I scale a sales team?

How do I, you know, be like, and then all of the other problems emerged and we already had done this because I had six gyms.

So I was like, here's my ads for trainers.

Here's how I train them.

Here's how we set up the classes to maximize square footage.

Here's how we do the ascensions into semi-private here.

And so we just, we just did the whole thing.

What can I Google to see one of these gyms?

I want to see like, like, did you do that?

I know you use ClickFunnels, I think.

I could tell by the favicon because I like ClickFunnels too.

But you, what, like, can I Google something to see one of your clients, one of your students?

I don't know what you call them.

Yeah, you get one of their gyms.

They're all different because they're all, they don't, they don't take my brand.

So franchise is system fee name, right?

So we were just system and fee.

Otherwise I'd be operating as an illegal franchise.

And so let's zoom out for a second.

So you basically go from, and for those who don't know the story, and I only barely know the story, but the story is you open up a couple gyms yourself.

So you open up a gym and you get to six locations.

You're sleeping on the gym floor, which is always, you know, any business I do, I'm just going to sleep in a garage with at least one night.

So I could say that, but, but, but, you know, maybe you did the real deal where you actually had to sleep there.

I don't know.

Nine months.

Nine months.

All right.

So you're sleeping on the gym floor for nine months.

And then you get to six locations off of cash flow.

So, you know, you're not like, you know, getting a bunch of investors to come in or whatever.

And somehow some way you stumble into this, like, I don't know, like a mastermind or a retreat by Russell Brunz and the, the, or I don't know if he hosted or he was just there.

Who's the ClickFunnels guy.

How did you even get to that event?

And then I want to ask you a couple of questions about it.

Yeah.

So for, for avoidance of doubt, I had two partners that after I had my successful gym, one was the XCOO of Broadcom, number two at Broadcom, \$10 billion company.

And the other guy had 22 tanning slums.

And so the Broadcom guy brought in the tanning slum guy and was like, Hey, let's scale this thing.

And I was like, awesome.

Long story short, the partnership didn't work out.

And so I ended up opening the next three on my own and I opened up two more with them.

And then I ended up buying out both of them over time.

So just did you have a job before this?

Cause you're only 29, 32, I was a management consultant before that.

So I quit my management and then, and then started this.

The question that you asked though, originally was.

So how did you end up at this thing where it's at this hangout or this mastermind or

this meeting where you, where you realize I'm in the wrong business.

I shouldn't be running gyms.

I should be teaching other people how to run, run their gyms, right?

How did you even end up at that thing?

It was, it was, and it was like Russell's idea, right?

At least I saw the video.

Yeah.

So I am.

So the, the, the long story compressed was two years before I went to that mastermind, I went to traffic and conversion summit because I knew I needed to like learn more about marketing and like my, I'm a gym owner, like I'm not an internet marketer.

I was like, not, this is not my world.

You know what I mean?

I was like, I got to learn more about marketing.

So I'm going to go there and one of the side rooms was Russell and he goes and pitches click phones, but he couldn't actually do the stack cause they weren't allowed to sell.

So he did his entire sales presentation and then literally just stopped before the buy button and I was like, I want whatever, I was like, screw the gyms.

I want to learn how to do this stuff.

And then like most things, because I couldn't buy, there was nothing that I didn't, I went back to my life for two years and that was it.

And then when I was having some sort of existential crisis, cause I was now 26 or 27 at the time, you know, all the gyms were, you know, if they were making money and I remember like texting one of my managers and I was like, Hey, do you need anything?

And he was like, uh, I think we're good.

I need some ink, you know, and I like ordered my Amazon cinnamon ink and then I was done for the day and I was like, trying to be useful.

I need it to be useful.

So I Google it.

I was like, you know what that Russell thing was really cool.

So out of the blue, I Google his name and the first link that comes up is, are you one of my dream clients or something?

Which was directly to his mastermind.

So I applied to the mastermind, I got sold to the mastermind and transparently I should never have been sold to this mastermind.

It's for internet marketers.

And I was the only, and it's like 30 grand, right?

And I was the only brick and mortar business owner there.

They're like, Oh yeah, tons of chip motors.

And I've, I've already told him we laugh about it now, but like anyways, I show up and I'm like, all right, all the guys show their funnels and all the stuff.

And I was like, yeah, I own a bunch of gyms.

I'm trying to get to 10.

I've got six.

So that's kind of, I'm just here to learn, you know, yeah, that's where I'm at.

Yeah.

And so I walked through my acquisition process because we were, we were getting 30 to one on the front end.

So 30 to one LTV to calculation in the first 30 days, right?

Not including my, my recurring on the backend.

And I walked through.

Which basically means, which means you're making 30, 30 acts, what you were spending.

A dollar on ads, you get \$30 out on cash in the first month.

Yeah.

So the first one, which is, which is like a good for a lot of brands, like one to three over a year would be our, it was insane.

I mean, so it would cost us \$3 to get a lead and one out of five leads would give us \$500.

And the reason that it wasn't more than 30 to one is that that's me giving the average with the sales guys.

Like when we ran it and I was selling and we were working leads, like we get a hundred it was insane.

So anyways, he saw these numbers and was like, what is going on?

And so anyways, I walked through it and he said the sentence that changed my life, which was Alex, you shouldn't be running gyms.

You should be showing Jim owners exactly what you showed me.

And right now you're in a level two opportunity with a level 10 skill set.

And that was, those were the exact words that he said to me.

And it also hit me like a ton of bricks is I was like, this is my vision, United Fitness.

We're going to be America's next jam.

We're going to make more healthy.

Like we've got this.

And but, you know, he made more money than me at the time.

And so I was like, if I don't listen to someone's advice, then why am I paying for it?

And I saw an interview with you and you said something that I've had this exact moment before, which is you meet people who are doing, you know, whatever the scoreboard is, they're there, they're richer, their business is bigger, their valuations higher, they're younger, whatever.

So they're more successful quote unquote.

And you meet them and you're like, all right, there's nothing more special about them than me.

Okay.

So that's the first realization.

I want what they have and they're not, they don't have something I don't.

All right.

So then, you know, how do I do this?

And it seems to me like that's what kind of shattered the glass of that whole like business plan that you had was that realization.

Is that right?

Yeah.

100%.

I mean, I didn't even know what an opportunity vehicle was.

I was like, what do you mean?

He was like, you should like, and I didn't, I was the same.

Was that?

Same.

I mean, I remember what I remember what I did though with that bet either.

Well, I mean, I, I define that now is the number of potential units to be sold and the gross margin per unit possible.

So it's just one times the other.

And then the third multiplier would be a supply and demand dynamics within the space.

So like, if I were to try to get into telecom, amazing Tam, amazing potential gross profit per unit sold, terrible supply demand ratio for me to enter.

Right.

And I was like, how do I measure the opportunity vehicle?

So those are the three that I used to measure that vehicle.

And so in this instance, he was like, okay, you have all these gyms that you can sell.

You have a huge amount.

And the big one that he saw was like the amount of potential gross margin per unit sold was enormous.

Right.

And so for context, our second year of businesses in the licensing business, we did 26 million top line, 17 million in EBITDA.

Amazing.

Wait, say those numbers again.

It was 25.9 million in top line and 17 million in EBITDA for the licensing.

I've got a bunch of questions about that.

That was in year one.

Okay.

First of all, what made you, you said that you're getting this 30 to one, um, uh, LTV to cat.

What, what were you doing that was so good, just good copywriting?

Are you just a good salesperson on the phone?

What was so good about you?

Well, first off, Facebook was way cheaper in 2013, I mean, when, when this whole thing started, right?

Just the cost per lead was insane, the percentage of people would convert on landing pages was higher, everything was more responsive, et cetera.

But from a, from a, from a, like what we were doing is we were offering an irresistible offer.

So we had a free six week challenge is what we'd offer people when they would come in.

Uh, we'd walk them through, you know, what the program was, et cetera.

And then the, the shtick and the reason it was so cool and compelling was that if they

lost 20 pounds, uh, in six weeks, we'd give them the entire amount of money back.
And that's what made it so cool.
And that's why we got crazy results.
We had like 70, 80% success rates, which for a weight loss program is insane.
And it's because people were basically wagering money.
Um, and that was because I didn't know that like wagers are managed by lotteries and like I didn't, I just was like, you put 500 bucks down, you lose the weight, you get it back.
But the, the reason it works so well is that someone come in, so I'd pay, I'll walk you through the math.
So let's say at this point, I'm probably paying 10 bucks, you know, CPM.
So like, and, you know, so I'm getting, and probably like 4%, 5% CTRs because it was like back then.
So I'm getting 50 clicks for 10 bucks, right?
I'm like, okay.
And now my landing page is converting half, right?
So like it was, it was just, you know, like bonkers, like, and that's why some of these in some markets were getting 25 cents leads, you know what I mean?
In some markets, like the highest markets back then were like five bucks, right?
And so you've got an average cost per lead of like \$2, which was not getting what their phone number?
Yeah.
Yeah.
Name, phone or email.
And so from there, we'd schedule usually like 50 to 70% of those people, half of them would show and then we'd close and depend on, you know, the skill of the sales guy.
The average gym closes 35%.
Our team averaged about 50.
When Layla and I sold, we averaged 80.
And so there's a big range there, but we'd collect the cash up front for 500 bucks.
And then 24 hours later, they'd come in for nutrition consultation, which is complimentary.
We'd average \$200 a ticket in supplements, you know, a creatine pre-workout, et cetera, that we'd sell them right after that.
So we get another \$200 pot.
Three weeks later, what we'd do is say, Hey, listen, you lost 12 pounds, Sandy.
Is that your ultimate goal?
And then she would be like, well, no, I want to like get an amazing shape and blah, blah, blah, blah.
And we're like, all right.
So you understand that it's not about the six weeks.
It's about six years from now, right?
And she would say, yes.
Then I'd be like, congratulations, you won the challenge.
You've got the point of this.
And so what I want to do is I'm aligned with your long-term goal too.

So all I want to do is because you won the challenge and take that \$500, I want to spread it over the next year.

So you get a discount for doing it so we can align with your goal.

Fair enough.

You say, sure.

Three weeks after that, she gets billed for her first billing.

So if you follow the money, 500, 200, then she gets billed right for the EFT, even though she won the challenge.

Right.

Right.

Yeah.

And then six weeks after that, we'd say, Hey, wouldn't you like to like have a little bit more attention instead of being in this large group, we can put you into a one-on-four scenario.

We can give you even more stuff.

We can show you cooler, more advanced exercises, blah, blah, blah.

And so that was how we did it.

And were you just, but then this parlayed into the actual product that you really crushed it on.

Right.

So, which was when you were doing \$27 million in a year or two or whatever, \$27 million with like \$17 million in EBITDA a year or two, that product was the gym launch, right?

Yeah.

The licensing, yeah.

And what was that?

What did that look like?

What software were you using and how did you package this?

Like that's, cause I want to get really nerdy on this stuff because I think about that.

I'm like, that's a great idea, but packaging a service is, that's a challenge.

That's interesting.

And I want to, so I want to ask you what you did and then I'm going to ask you, what other industries would you do it for?

So I mean, that's what acquisition.com is.

So it's like, it's exactly that.

Like I know how to do this within a, within a niche to like B2B services is someone's like, I know how to help a lawyer make more money with their law firm.

I know how to help a bookkeeper make more money with their bookkeeping business.

I know how to help hair salon, you know, people make more money with their salons.

Like that's what I'm looking for is niche e-learning slash service companies that we can invest in.

Our good friend, Jack Butcher has a phrase called build once, sell twice.

And that's basically what you were doing.

You were like, people who were selling one to one, they had to sell, then do, sell and do.

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You were like, no, if that, we're going to build once, sell a bunch of times.
And that like process is what I'm asking about.
That's interesting.
Yeah.
I mean, that was when I'm sure you're familiar with in the Volks and I know you're on Twitter.
Like I kind of fell into like, it's like, you realize why you start making money.
Like I'd love to say it was some master plan.
Like you realize later why something works so well is like, I had zero incremental cost.
I was selling cars over the phone and I had no cost of goods.
Like it was insane.
And so we basically would onboard people, you know, we had a concierge service back then.
It's five years ago, you know, it's been, it's been a while, but we do an onboarding process.
We kick their ads off.
We basically checking with them.
We had calls every single day.
So I would hop on a call with every new customer every day.
I did as a group call, but I was always available.
And then we had a 35 person tech support team that would help them with like the pixels and setting the landing pages up and all that kind of stuff.
And so, because that was the, that was the issue they would get stuck with was the tech.
So they could understand the sales.
They could understand the nutrition stuff.
They got both of those things for the most part.
The tech is where they struggled.
So we really ramped up like our implementation hub.
And then on the strategy side, I would be there every day to take calls.
And I took 400 calls over the first year.
And so like that was kind of how we did the Futhoma and then, but it was like a set of videos, a set of videos too much, as long with like a file, a folder of files.
Yeah.
It'd be like, here's how you set up the, you know, I'd be like, here's why you set up the lobby this way.
This is what they need to see when they walk in.
You have them sit down here, give them this iPad.
Here's the download for the swipe file of the presentation that they should be leafing through before they come into the office.
When you cut, like when you're ready, say these things, make this joke, do this thing.
When you come inside, like sit on the corner, don't sit across from them because it seems confrontational.
Have them step on the scale.
Make sure they step on it.
Make sure they look at the weight.

Then she cries and you're like, okay, sit down.

Now, listen, we're here to help you.

Let's figure this out.

What have you done?

So, you know what I mean?

Like it was very scripted.

So it's like, here's the video explaining it.

Here's the script that does it.

And then here's six examples of guys in different gyms with different styles of selling because that's one of the things that like we started to learn early on is that I was attracting guys originally, like in my team, I just had everybody sell my way, more or less, right?

And then I realized that a lot of people over time, as I learned more about sales, like people have different styles of selling and they're just as effective.

Some people are more, you know, very analytical in terms of like their approach, like make basically make a logical argument.

Some people are just very emotion driven.

Some people just do it off a poor like, and so I show different styles of selling, but still following the same framework.

And so we went away from a scripted process to more of a question based framework, which is what we've pretty much stuck with since then.

And if somebody wants to get good at selling, what, like, you know, there's a go out there and, you know, try to sell a thousand times is one way to get better.

But if you wanted to improve your rate of learning, what books, courses, whatever, what YouTube videos, like, do you remember that like that really clicked for me?

And that was like kind of like a game changing thing for me and getting better at selling. I've relatively stronger beliefs about the topic.

So I think first off, a lot of people read books before they start selling and I've thought a lot about it and I don't think that's the right path because you don't know what they're talking about.

Yeah.

Like you only know like what the concept of building rapport is until you've not had rapport and like, oh, okay, now I understand how this works.

But like until you like until you confront the reality, like you can't, you can't bucket the knowledge into something that's actionable.

That's so true.

And so I think it's important of doing first, realizing the deficiencies and then going to find the information now to match the real life scenarios that you have encountered.

The second part of the question is like, which books or things like made things click?

So there's one moment that made things click, which was I said this in the book saying, which is like, make people offer so good that feel stupid saying no, which was the secret of selling, right?

Is like, if you just make it so good that they won't say no, then it makes your job a hundred times easier.

And so I did work really hard on that side to make my job easier.

Yeah.

And I agree with that.

My problem when I, I'm a copywriter, a former self-taught copywriter, and I know, I know all about that, but I'm like, oh, if people want to refund, this is going to be a pain in the butt.

Like if they like in order to make this, like in order to make an offer irresistible, you could, you could go a couple of different routes.

But one of them is you just do lots of stuff.

And when I think about that route, I'm like, oh my God, that's going to be a lot of work.

I don't know if I can actually execute on that.

What's an example of that?

So give an example of where you see people with a kind of substandard offer and how you would give me and how you would switch it to be a more irresistible offer.

I mean, it's simple.

When we did within the agency space in the software company that we started was we helped them transition from a retainer model to a pay performance model.

So that was an implied guarantee.

And we just said, listen, pay us one time upfront, which by the way, for most of them was what their LTV was because most of them sucked.

So it's like, if you're charging \$1,500 a month, which would be probably the standard small business B2B, you know, I'd say commoditized price point for a generic lead gen.

They're charging \$1,500 a month.

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 workday is 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 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](https://www.hubspot.com).

We said, hey, charge your person \$5,000 upfront day one and say you'll never charge them again unless someone walks in the door.

And so they'll cover the ad spend after that and you don't get any percentage of it unless someone walks in the door.

So you generate the leads and work the leads and when the person shows up, you charge X.

And that was based on a pricing survey that we ran internally to our customers where I said, if we worked your leads for you, what would you be willing to pay as a flat rate?

And so there was a big pricing curve and the concentration of like 75% were willing to

pay between \$300 and \$400 a month for that, just as a flat service.

And I was like, okay.

Now I asked the exact same scenario, same result, same everything later on in the survey and I said, if we just said, hey, pay per show, what would you be willing to pay for somebody who walks in the door for the same exact performance they're willing to pay four times as much?

And so I said, well, I'll be, why don't we price it that way?

And so we did it on a paper show model.

And so that's what we transitioned and it also makes it way easier to sell.

We could cash flow the acquisition because we were making the LTV that we're not we, but like the agencies could make normally upfront day one in cash.

And what's cooler is then the first 30 days, they had people show up.

So they get cash up front.

And then in the first 30 days, they're still getting cash that they can use to finance the acquisition of the customer.

And so that's a much more irresistible offer from a chiropractor.

It's like, well, how do I know it's going to work?

It's like, you pay us one time, just get all the shit set up.

And then from this point on forward, only when someone shows up, you have to pay.

And so people understand this, you said software company.

And so I looked, I mean, I watch a lot of your videos.

So I know this, but you basically had like three or four or five businesses.

The first one was this main one, which was Jim launch.

And that was doing like 30, 40, 50 million.

You can correct me in a second.

That one did 26.

So we did 6.8 million year one.

That was the hybrid between me doing Jim rescue and transitioning to the licensing model.

So about halfway through year one, I was like, this model is not working.

And so we flipped it.

And then that's when we shot out like a gun.

Like the first month we did 120, the next month, I think we did like two something.

Then it was 360, then 480, then 780, then a million, then a million, two million, five.

Like that was literally the next like six months.

And so that crossed us into the second year of business.

And then that year we did 26 million.

So we did 6.8 with three million, but a year, year one.

The second year we did 20, 25.9 with 17 million.

And then year three, and this is why I'm a big advocate and this is maybe just my own deficiency, but we did 37 million top line, 13.4 million in EBITDA.

So Alex made a big fuck up and was like, Hey, I, because at this point, even though it may sound like this was a short period of time, I was like, I had heard that I could sell this for like a hundred million dollars.

So I was like, fuck, yeah, let's do that.

[Transcript] My First Million / From Sleeping on Gym Floors to \$100M with Alex Hormozi

It's a three year fucking journey, but anyways, and there was this flu that went around, people lost their minds.

It didn't affect the gym space at all.

That was good.

I'm joking.

So anyways, we started the supplement company prestige labs in December of, in December of 18.

And you're basically selling supplements to your clients?

Well, through the clients.

So they never actually purchased from us directly.

What we did was we created a drop shipping model because the only issue that small business owners have is cash flow.

So I said, what we did was we sent out retail kits that had 130 bottles on them or empty.

So the retail kit was like a hundred bucks and they could stock their whole wall because all consumer research shows that like the more stock the wall is, the more likely they are to purchase.

And they would only have one sampler of all of them out.

And then we sent them a kiosk with a, with an Amazon fire on it, right?

That was preloaded with their affiliate link.

So someone would try that.

Oh my God.

And they would make the purchase right there and we'd say, Hey, this is so much better because now to go straight to your doorstep, you don't need to take it home with you.

And better yet, you won't miss a month because it'll automatically ship to you.

So we gave the gyms a second recurring revenue stream through the supplement.

So when someone walks in, when I was telling you earlier, like some service and we sell them product, we'd sell to EFT.

So that's the gym word for electronic fund transfers or recurring revenue.

So we'd sell them a service recurring and then we'd sell them a product recurring so that we'd have two different streams that would come in.

The nice thing with the product recurring is that there was no, there's no operational drag for the gym.

They don't have to do anything.

They just have to make the one sale one time and they're going to make 80 bucks a month from that point went forward, pure profit for them, like just straight to the bottom line.

And so what, you know, interestingly, a lot of gyms make more money selling the supplements they did on their service because the service is low margin, but the product was like almost all margin for them.

And we paid really aggressively.

So we paid 40% commission to them because they were paying for the cost of acquisition and doing the sale.

So I said, you know, you guys should get disproportion rewarded in the first month we launched that.

So we beta launched in December and then January of 2019 is when it kind of officially

launched in the first month, we did 1.7 million.

And so because I figured I was like, okay, if we've got, you know, 800 active gyms of each of those guys sells, and it was actually under my projections because I was like, we're going to be so wealthy.

I was like, if all of these guys just sell \$5,000 a month, I was like, we'll do a million a week.

It didn't work out that way, but we ended up doing that year 37, but my licensing business came down and I think it went to like 20 ish.

And then the supplement company of like 17.

And part of the reason that oopsie that I did was two big oopsies.

Number one was I started a second active company when I already have one, which to me, I think was a mistake, given the skillset I had at the time.

And then the second oopsie was that because I thought potential acquire would want lower churn, which is true.

I lowered the price.

And so I thought that if I lowered the price, that would get more people to stick.

And so I cut my top line price by 25%.

And so absolutely no change and just lost what, what, what was it and what did you reduce it to?

It went from the \$800 a week, which is the licensing on the back end to \$600 a week.

What's 800 a week times 52?

I don't even know what's the annual cost was it?

So it costs 42 grand to be a part of your, what do you call it?

Part of your, not core.

Yeah.

But what do you, what's like the noun that you use to describe this?

Like you're,

It was called legacy.

The people were called gym lords.

And so we would sell the launch as a front end program and then they would go into the continuity, which was legacy.

So if you're, if you're, if you're, if you're following on from home for anyone in the podcast, I copied the exact same up.

So I sold a six week defined end program for a lot of money.

And then I downsold the continuity because 16,000 for 16 weeks is a thousand a week.

And so I said, now you're going to get more for less for \$800 a week.

You're going to get what you have before, plus all this other stuff for less money than you were currently paying.

And they're like, what a deal at the gym.

I'd said, Hey, it's \$100 a week, \$600.

And if you stay, we're going to drop you from 250 a month to \$200 a month because we'll take your \$600 and we'll spread it over 12 months and we'll go \$50 a month in credit.

And so then you get to \$199 a month.

And so it was front end to liquidate the cost of acquisition so that I wouldn't need outside

capital to our customers.

And then the back end, I would downsell the upsell so that we could keep the continuity and make it.

Which is all like the most classic internet marketing shit, which like a lot of like tech startup stuff, they don't do this in their fools for not doing it.

And tech startups, we do the opposite typically.

So we're saying, Hey, we want to get you in.

We want to make, you don't know us.

We don't know you.

Let's make the cost of trying so low.

So free, free trial.

Don't even put a credit card on file.

And they try to put the bar as low as possible.

You did the exact opposite.

You said, okay, I'm going to put actually more friction up front.

I'm going to ask for \$500 or \$16,000, a huge number up front.

And then over time, I'm going to actually be selling you on more value for less cost.

Why do you think that works or why do you think that worked for you to charge, have such a big kind of commit up front when, you know, that's usually when people are hesitant?

I think there's a couple of pieces.

One is most software companies have funding, not all, but a lot of them have funding.

I did not have that.

And so I could not afford to be in the negative and incur caught.

I didn't, I couldn't have a burn rate.

Burn rate was Alex's bank account.

So that wasn't going to work for me from a psychological and behavioral standpoint.

It always makes sense to me to sell someone when they're the most excited.

So you're the most excited day one before you've gone to your first workout because once you get your first workout, you're like, shit, this is going to be work.

So, and I'm going to have to start dieting and not eating the stuff I want.

Sell them when they're excited about the bikini and not about the TSA and the airplane they have to go through to get to Maui, right?

And so I've followed that.

And then the reason that we decrease cost over time is because it's my belief that information decreases in value over time.

And so the longer someone has it and exposure to it, the less valuable it is, you know, marginally.

And so we try to accommodate that with the pricing.

And since our gross margins are still basically 100%, it's still made sense for us.

Try something.

This might be a bust.

We can go back to the gym stuff.

This is a bust.

But let me try something.

[Transcript] My First Million / From Sleeping on Gym Floors to \$100M with Alex Hormozi

You've said a couple of things that I thought were really interesting nuggets.
I want to kind of rapid fire.
Just say, I'm going to just quote you and I want you to riff on it for as long as you feel like doing and then we can switch to the next one.
All right.
So I'm going to take one of yours.
Let's start with this one.
As an entrepreneur, you never arrive.
You just enter a new club as the smallest member.
The guy who lives above me is Andrew Tern and he owns Panda Express, 100% outright.
And they did 3.8 billion last year in top line revenue with a 26% net margin.
He took home \$950 million in income and I was like, I'm a peasant.
That's all that.
That's all this means.
You know what I mean?
That's all.
And so I wrote that right after I did the math on how much he was taking home and he's been doing this for 45 years.
He owns this building, the Cosmo and the, so he owns the Waldorf and he owns the Cosmo.
He was both built.
He just bought Cosmo for 5.6 billion.
He bought it from Blackstone.
People were trying to get acquired by Blackstone.
He bought it from Blackstone.
So like, you know what I mean?
Vegas?
That was, I mean, I'm sure you got like, wait, is that, are you in Austin or is that?
No, I'm in Vegas.
Yeah.
And so I think, you know, as the margin of utility of money goes down because you just don't need anymore, it just, you know, becomes whatever silly store word if that's meaningful to you.
And so I was like, all right, well, there's just a lot bigger games than I've been playing and I've been in a very small pond.
Let's do another one.
Passive income is overrated.
We seek freedom, but what we really want is options for engaging activities.
What does that mean?
And how'd you come to that?
So 2021, we sold three companies.
So we were like, I didn't, it was, interestingly, my CFO was the one who was really engaged in those activities.
And like, I was not.
So I pretty much like took a really passive seat in 2021 because I didn't want to really

go start hardcore on scalingacquisition.com until that was done.

And so I was born out of which, which three companies Allen prestige labs and gym lunch.

So those are my three majority holdings.

Right now I have all minority holding.

So between 20 and 33% are the holdings that we target for acquisition.

And so I had this, I don't want to say existential crisis, but more like I'm bored out of my mind.

I thought this is what I was always optimizing towards, which was, you know, quote freedom, which is like, you're always, you're always outsourcing all of your activities and buying your time back.

And then you have all your time back and you have nothing to do.

And I was like, this sucks.

And I looked back on the times of when I was building into those companies with lots of nostalgia and I was like, man, that was like some of the happiest times of my life.

And so that of them in this position, I'm getting back into the game and like right now we're heavily recruiting.

Like we're two days a week, we're just doing interviews to build the core team out.

And I honestly, I'm happiest fuck doing this.

And so it's like, but the difference between this time and last time is that I have the option to do it that I'm choosing rather than, because if I didn't have this business, I wouldn't have the option to work.

So I have to create the option for myself.

And so it was like, for me, the shift was going from freedom to optionality, at least for as I had to understand the word.

Right.

First, you start, you do what you have to do to pay for life, then you take that money, you buy back your time, but then you need to spend your time on the thing you want.

And acquisition.com is basically you're buying other, you're going to buy businesses and deploy your model.

What are you, what are you doing?

100%.

Yeah.

So we buy an interest in, we buy a majority interest in the business and we deploy the model.

I mean, that's the business is somebody who's doing like what you did for gyms, they're doing it for legal or hair salons or something else or photographers.

That's your latest, right?

Yeah.

That was the, that was the fourth company.

That one, we still, yeah, we have a 20% interest in that company.

And you say, Hey, I just had a business just like this and I scaled it up.

I know what it's going to take for you to go national with your kind of like, with your business.

Let me take a minority seat and let me like help you grow this thing.

Yep.

That's a great model.

What niches and interests do?

I mean, really it's just services.

Like I, and it's silly cause like everybody's like really hot on software and there's all the valuations and stuff, but like I may just be a simpleton, which is very possible.

I just like high cash flow businesses.

So I just really like service businesses are super malleable.

I can chase price points.

I can change a product.

I can change client experience without a ton of dev work or engineer or UX and, and I just like that.

I feel like they're simple businesses.

It's very easy to get tons of margin in them if you know how to, you know, deliver value.

And so right now the, the four kind of they're all related, but the four targets are e-learning businesses that are in a niche brick and mortar chains that already have multiple successful locations.

So they're probably looking at, do I, do I go national and own them all?

Which is what we, we did with the photographer business.

So ironically we actually own, we own all of them, which is different with that one, which we have, I think 13 locations.

And when we started, we had one and that was like a year ago.

So like we're just, it's, it's an awesome business.

That one, I think it's going to be worth more than all the businesses that I put together.

Software as a service or tech enabled services, more tech enabled services that could potentially have some mini, you know, software component, but not as the, the main thing necessarily.

And then, and there's a fourth one that I'm just forgetting because I'm on podcast.

So you, you said that might be the best business.

What, what, people are going to be like photography, what, what is it?

So what does that do?

And why is it going to be such a good business?

So it's a great business.

The, it's children's photography.

First off, it has an awesome mission.

We donated a million dollars last year to kids stuff.

And so the founders are super mission driven.

The short story is their daughter got told at school to shut up because she was stupid or something and she didn't talk for like nine months.

And so they couldn't figure out how to get her to talk again.

And so what they did was they started to take their photographers.

So they started taking pictures and put it into like a story experience and read her a story where she was her own hero.

And so in the story that they've put together for her, she like gets her voice back and like, whatever.

And so that actually like their daughter starts to talk again.

And so that's why they're like super mission driven around like the donation stuff that they do.

The actual business model itself is really, really good.

I mean, people come in and we take, you know, take pictures and it's really about the, it's called magic, you know, chain of fairies, but it's a magic, magical storybook experience.

And so it's kind of like the idea of like taking Disney and putting it, you know, in some, in other areas.

But then you walk out with a book with you in it.

That's one of the products we sell.

And you're going to now like teach photographers how to do that.

Teach photographers.

Oh, I got it.

So that, so this business was interesting.

So he at the time when he came to me, he had one location and he had, I think about a hundred customers who were B2B, who were doing like some sort of like hybrid agency business coaching thing.

And I really hated the model.

And I was like, well, how much extra does like a photographer studio make?

I'm not going to share the numbers.

I'll just say it was a lot.

And I was like, how much you charge?

And he was like five grand.

And I was like, all right, we're never doing that again.

So how much does it cost to open a photographer studio?

And he was like, a lot less than it makes.

And I was like, okay, well, why don't we just front all that and build them all?

And so that's what we did.

Sean, he, Alex, maybe, I don't remember how long ago, I think recent had a call.

The headline was like, Grant Cardone just made me a billionaire or something like that.

It was like a funny headline.

And he did this.

He paid Grant Cardone 30 grand for an hour of time.

He paid him 120 grand.

Oh, yeah, pretty crazy.

And he basically, he YouTubeed the call.

And on the call, he basically, you know how you and I will talk to each other or our friends and you're like, hey, I'm in the middle of selling this company.

What do I do?

And then you also be like, by the way, here's my net worth portfolio.

Is that enough?

You just ask all these questions, like what do I do now?

What's I have this?

How much should I expect?

All these things that you asked your rich uncle as you're growing, he asked all these questions and he was so transparent, it was uncomfortable almost.
He said, he was, well, look, like right now I've got \$21 million in the bank.
After this, I should have like 54 after taxes.
And he like, this is all on YouTube.
It's wild.
Why are you so open about that?
I think that's cool, but uncomfortable for you.
Yeah.
It feels like the right thing to do.
I think like, what are the things I'm most afraid of?
And usually they're the things that I should do.
And so it's like, I'm afraid of saying this because I know that when I say those numbers, people can immediately judge me in one direction or the other.
But in my mind, all the people that I want to talk to think that's a really small number.
And so I feel insecure saying those numbers, but I want to like, I'm a big believer that like shame only exists in the darkness.
And so like, if I can shed light on it, then I can hopefully quell some level of the insecurities that I have.
Yeah.
But the Panda Express guy wasn't doing that when he was 32.
What?
The numbers?
Yeah.
No, like he, he didn't like, you're saying you think it's small or they think it's small.
Age is a fact.
Age and liquidity are huge multiples to net worth.
So like the fact that you had that at age 30 and cash is way different than owning 10 restaurants.
It also seems like, you know, for your model with acquisition, the more you go out there as the entrepreneur's friend and entrepreneur's helper and you provide a bunch of value by giving out free content and stuff like that, then you're basically creating your own deal flow because of that, right?
Like people, when they think, God, what do I do with this business?
I've learned so much from this guy.
Maybe I could reach out to him.
Maybe, maybe acquisitions would be a good partner for me.
Like as the next phase, like to me, that's the model, right?
That's the why to me, aside from like, you know, like, okay, this podcast is similar in that sense, right?
We go on here every week, we risk getting canceled, we risk getting judged as idiots for saying stupid things off the cuff about stuff we barely know about.
You know, we risk all kinds of stuff, but the gain is, A, it's kind of fun to do it.
And B, you get either people thanking you or opportunities come in your way and you're

like, all right, net, net.

I think that the combination of the good feels and the good deals, you know, makes it worth it.

I would have to quote that the big thing feels and deals.

The mission and like, this might be like my personal mission and I don't really understand the value of it because people do like mission statements and stuff, but like, I think people just put generic ones and they don't like resonate.

Like my mission through acquisition.com and really my life is like, I want to document and share the best practices of building, building wonderful businesses.

Like that is what I want to do.

And I'm like, I will die and the shit that I accumulate is irrelevant.

And so like, it's a travesty to me that like Elon and Bezos and Warren, like they, they don't, they didn't write any books, like, like that's, I mean, that's the point.

You don't even like, for me, for me, you don't even, that's real for me is like sharing that.

And so the businesses are just there to lend credence to what, to, to the books and the topics and the lessons and give me real stories to drive real fundamental truths home.

And candidly to discover them as I go, because like, I mean, I'm horrified at the things that I, I, you know, said five years ago that I thought were true.

But you know, the only thing short of that is not saying anything, which is, is something that I consider every day of like, is this, this is, this is as strong as I can think of it currently, you know, and maybe I will think of it less wrong in the future.

Were you, you seem like a grinder when you were building these businesses, were you just like doing 80 hour, 100 hour work weeks?

And what about now?

Because you're like, you're a huge, you're like a bodybuilder.

So like, how did you balance like being fit and get married?

And you, but I don't know you well, but you seem like you'd be grinding hard.

So my wife works in the business with me.

So we are true 50, 50 partners.

Like it's very rare.

I like, I recognize how rare it is.

She actually is 100% matched with me and like, should just as much be on this call because she runs the other half.

Like she, from a work standpoint, she has more output than I did.

She is the operator.

So she builds the infrastructure, she does the recruiting, she sets the HR stuff, she does the culture.

She like, she does, I mean, she runs everything.

I just, you know, occasionally come up with a good idea and try and stick with it long enough to see it come true.

But in terms of grinding, we, this is what we, like I love business, like I love this and there's nothing that really stimulates me like this.

And so I do as much of it as I can.

And if we want to go out to dinner, we go out to dinner, you know, but like worst word,

I was just saying we're single.

So we don't have kids.

And so we work from like five ish to four ish, you know, and then, you know, usually in the middle of the day, we'll probably go to the gym for an hour or two and then come back and keep working and go out to dinner at night.

And that's, that's kind of our lives.

You seem pretty, this isn't, I would say I'm a little bit, I'm definitely this, Sean has a little bit of it too.

Like Manic's not the right word, but like neurotic, maybe he's a better word.

Where it's like, there's something that's deep rooted inside of you.

That's kind of, it's not like you want to do something necessarily.

It feels like you're, it's more compulsive or obsessed, you're obsessed about stuff, which I am as well.

We're, if that's true, what's that rooted in?

What are you trying to get done?

So I think originally the drive was from just crippling insecurity and needing approval.

Right.

And then I think from like a behavioral conditioning standpoint, I got immediate feedback that was positive and then I was conditioned to continue those actions.

Now I continue to do them without the original catalyst that got them going to begin with.

So I don't, I don't think I suffer, you know, from the insecurities as much as I used to.

I'd say I'm probably 30% better than I was at the beginning.

And it might just be because I have this massive big pile of money that I can use as an emotional crutch to why I'm not a piece of shit.

That would help.

I'm just being like, I mean, and if it were all in the spirit, I'd find out how much actual growth I had, or if I just compensated by circumstance and, you know, compensate for the deficiencies.

I don't know.

You can send it to me and we'll, we'll find out.

We'll see.

Yeah.

Let's run the experiment.

I like, so there's the compulsion and like this last year I pretty much took off.

Like I did not work that much.

And so I saw the difference and like I have, I have come to accept that I love working and I don't need to judge myself for that or, or take in other people's judgment on how much I should quote do.

Like this is my life and this is what I like doing and their ideals that they've arbitrarily made up as what they define as balance are irrelevant to me.

You said you took last year off.

What'd you do?

What'd you get up to?

We went out to dinner every single night to a five star restaurant for seven straight

months.

We went to, I mean, we moved to Vegas temporarily.

We traveled a lot, went to Cabo, went to Scottsdale, went to Sedona, went to Flagstaff, traveled all over, went out, did, did stuff, felt, felt honestly pretty empty.

Like you can only eat so many times.

Like there's just not a lot to do.

It feels good having that rest though.

I mean, when I sold my company, which was a year ago last week, the first six, six months I was like, I need to decompress.

It felt good to have it.

And then, and then I was like, and I'm in that phase now where I'm like, all right now, I'm ready for war again.

You can't, like, I, like, you can't be in the trenches, I think, or rather you need breaks from being in the, from being at war.

I think, and maybe even phrasing it, I'm just throwing this out there, like phrasing it as, instead of like a break as a shift in how you're thinking, because like it's really like it's going from dirt to clouds, but I still think it's high leverage activity.

You know what I mean?

Or like output, it's just a different type of output.

You said something on one of your videos that you're one of the only other people that I have heard say this phrase.

I use it a lot, which is, yeah, I had a season, like, or this season I'm doing this or I had a season where I was really just focusing on X. And that's been like a game changer for me.

My personal trainer and kind of coach, he's like my mindset coach plus trainer, he does this all the time.

Or he's like, he's like, I'm in a season right now where I'm, I'm just, he'll be like, you know, I'm practicing not waiting.

And he's like, hey, he comes up with these little themes, or he'll be like, right now

I'm in a season where I'm going to eat whatever I want.

And it's kind of like in the entrepreneurial world, it's like time boxing.

So I'm going to give myself two hours to get this to Don, I'm going to launch in the next two weeks, no matter what.

Right.

Like I've used time boxing for productivity.

And now this season's thing, it makes every like decision you're making less heavy of a commit because you're like, it's okay because there's, there's beginnings and ends and this season is going to feel a little different just like winter feels different than summer.

That's how I use it.

Do you, do you use it like that?

I just noticed you said that phrase.

A hundred percent, yeah, and maybe it's a fitness thing.

I have no idea.

Um, I, I, yeah, I have no ownership of, I think about it in terms of entrepreneurial

seasons.

Um, and I, at least for me, might have been like five year chunks.

And so this is going to be my fourth season.

Um, and they've roughly been about the same length.

So I think that it probably takes me like three ish years to like really see something through and then two years to figure out how I'm going to transition from that thing or realize or monitor, you know, whatever.

Um, that's right.

It's kind of like a P cycle almost.

How much of your look do you think is a lot for your success accounts for your success?

Because your face are on a lot of ads and on your YouTube videos, it's like you looking jacked.

You've got this in a lot of videos.

You've got this badass handlebar mustache for the people listening not watching you look.

I don't know what your, what your heritage is, but you've got like cool jet black hair.

You look like, uh, I don't know.

You look like a, like a, like a, like an Italian lumberjack like, I don't know what it is.

Persian.

All right.

There it is.

Yeah.

Like you, you drive a, you drive a G-wag.

But there's an ax in the back.

So I read a book, uh, by Dan Kennedy five years ago that said that people who have noticeable facial features are more easily, uh, recognized and remembered.

And so I read that and then I grew a handlebar mustache and, um, that actually, actually I sold the likeness of the mustache with the company, um, because it was still a core part of the branding.

Like, you know, at the events, everyone would have stashes and it was like money, you know, stat, you know, stat cash, money, stash or whatever, you know, there's a bunch of things like hashtags.

You had to stop having your mustache after that was that you had to stop having just a handlebar mustache.

Cause you sold.

No, but they're allowed to use it.

I got tired of the mustache after five years.

But what about like the speed cause all right, again, for the, what do you weigh?

What are you?

How tall are you?

What do you weigh?

You're huge.

I'm five, 11, 220.

Okay.

So, uh, just when you're getting, getting big, is it like, do you think this is going

to look awesome?

No.

No.

Before he started internet marketing, right?

You were built when you started the gym business, I saw a video or a photo of you like starting your first gym and you were already jacked.

So it's not like, well, I watched, I was, I've been working on my squat and I was trying to figure out how, what I, what I can make, how, what the gains I can get in three months.

And I came across an article that you had when you were in your early twenties, I bet.

And this article, the gates that you had in like nine weeks, that was the craziest shit

I've ever seen.

What was it?

Sean, you got to like look at this article.

That was natural.

I like, I'll tell you because I'm on TRT now.

Me too.

Yeah.

So I was, I was, that was a hundred percent Natty.

Um, and no, in the comments, they do not think that, that is like trend much, you know what I mean?

Um, but the, that training methodology is pretty much what I've done since then.

So I had a, I had a roommate whose name was Greg Knuckles.

He's really big in the strength space.

Fucking amazing name.

What is his real name?

Greg Knuckles.

Yeah.

And he's one of the two smartest people that I've ever met from a pure processing power standpoint.

Sounds like a mafia guy.

I mean, you know, he's, you know, got a perfect SAT score when he was 14, like very, very bright, um, but also stupid strong.

Like when I met him, we were in our twenties and he was pulling 800, like stupid strong and natural.

And so anyways, he was like, I read this research paper.

What if we had you lift six times a day, but for like 10 minutes each time?

And I was like, cool.

And I lived at the gym.

So I was like, sure, whatever.

So I set a timer and every 45 minutes I would go and do one set on three exercises, then I'd go back to work, which side note is actually an amazing productivity hack because like, I had this nice, uh, timing, like cadence and I got this nice like boost for my nervous system every 45 minutes to like wake back up.

And so I did that and that's when I gained just a tremendous amount of weight, um, but

coupled that with another thing that he had done research on, which was like a pure carbohydrate diet, um, with no fat.

And so basically the efficiency of fat conversion to fat that's stored is almost 100%.

The efficiency of carbohydrate storage into fat is lower.

Um, and so if you don't have, cause you're going to have a calorie surplus.

And so to give yourself a smaller percentage of that surplus that gets stored as fat, you would want 100% of the surplus to be carbohydrate carbohydrates.

And so the idea was like, I had, you know, 200 grams of protein and like 800 grams of carbs and basically zero fat.

Yeah.

I saw what you're eating.

It looked like it'd be awesome for a judge and then horrible after that horrible.

And anybody who's like, it didn't work.

I'm like, just try eating that.

Now the big caveat to this is like, I have what I, you know, I think I have elite genetics.

I think like Dr. Cassie, who's my closest friend, he's a biochemist, he's a national strong man.

He was like, you have potato chip genetics.

He's like, you shouldn't give advice to people.

He's like, you can just like drink Coca-Cola and work out and like you'll have a sex pack.

So like I had that plus I was doing everything maxed out like as I possibly could and like it was not sustainable.

Like my knees were shot, my elbows felt like shit.

Like by the end I was sleeping terribly because I was, I was bordering on overtraining, but I put a ton of weight on and I put a ton of strength to all my main lifts.

And from there, what I did was I dialed back the total volume, but I kept the split not to get into fitness stuff, but instead of doing seven sets of every exercise every day, I just dialed it down to like five.

And then while I was reading that article, while I was listening to your videos and I was like, oh man, this guy carries this shit over to everything.

I understand.

Like it was super precise, very like, well, obviously, I think what's interesting about you is you don't have a, or maybe you do, but you've overcome it, a self limiting belief that a lot of people have.

And you're like, well, of course this is going to work.

You're going to do this, you're going to do this, you're going to do this, you're going to do this, and it's going to be hard, but that's the outcome is going to be blank.

And you, here's the plan, attack, and you took that same process to business.

I could, I could hear it in your voice when you're talking about business and fitness.

And that's why I thought it was cool.

Thanks.

That's great.

Yeah.

Let's do, let's do like one thing.

One of my favorite things from you is these little TikToks or shorts I see where you're giving like a sales tip or a little sales trick or whatever.

And I would love for you, I think most people probably, you know, most people who are listening to this, just, you know, the bell curve of people listening to this probably have spent, you know, zero time trying to improve their sales and have not seen some of these things.

So I want to give them the opportunity where they don't got to go click and find this random TikTok that I'm talking about in the ocean of TikTok.

I want to role play a little bit.

Give us kind of like, give us an example of normal, like here's the default way people are doing something.

And here's the rephrase of the reframe that has better results.

I would love to, to give, get two minutes of learning sales from Alex.

Sure.

And just as a quick caveat to complete the loop from like 40 minutes ago, you said, like, what was the book or training or whatever that?

So it's my belief.

If you look at Belfort, you look at Bradley, you look at Grant Cardone, some of the big sales trainers that are out there, almost all of them invariably have the same story, which is I started selling and was the best guy on the team by a fucking mile.

And then I tried to figure out what I was doing.

And so I do think that some people naturally, based on their childhood, their upbrings, their whatever, are just have a higher proclivity for selling with a gift, a gap and an empathy.

Yeah.

And I think it carries over into how you recruit for selling too, because we've built a lot of sales teams.

And I actually have a very short allowing for people to fail at sales cycle, probably much shorter than most people.

And it's just because I've never had a killer salesperson who didn't do pretty well the first week.

And so for me, we, you know, we turn through this quickly, but as a result of that, the team is just killers.

And they know that.

So I like this quote from, from Grant Cardone, but he says, you know, my sales seems a dangerous place to work.

And I love that.

So in terms of sale stuff, I think that, I think people don't know how people are really freaked out about the idea of selling, right?

And so I think the first reframe is like, you're not selling, you're helping someone make a decision that's going to help themselves.

And the, the, the, the front part of that is that I do think that the number one predictor of good sales is conviction.

And so fundamentally you have one person who should believe in something, another person who does not believe it yet, and trust is the thing that transfers that conviction.

So if fundamentally there's the two things you need, you need trust and you need conviction.

Most times salespeople don't have a hundred percent trust, sorry, a hundred percent conviction. And so the, also the idea of conviction as a binary is false.

So it's not like I believe it or I don't believe it is to what extent do I believe it, right?

And so that's why I like, in terms of if I want to improve a sales team, I can do the drills, which we do.

And that's like blocking and tackling, but the thing that really juices a sales team is hearing the testimonials of the people that they sold last week and what they're doing today and how their lives have changed.

And so I noticed this because on my sales teams, when we were in person, whenever I did way out day, which is when everyone finished their challenges and everybody was crying and so excited, I tried to stack as many sales appointments as I could while people were weighing out.

And during those days, we closed like a hundred percent because people were like, dude, how can you not think this works?

It's right there.

And so the thing is, is like, you can either trick yourself into having the right tone or you can train yourself.

And I think that it's much easier to trick yourself into it by just simply believing because if you talk, if you truly believe in the product, you will talk about it differently.

And so in terms of an understanding of selling, if you need to have conviction and you need to have trust, trust is going to come from expertise and some level of rapport, right?

And so I think that over archingly, to help someone sell, we just have to ask the right questions to get someone to come to the conclusion on their own.

And so most sales conversations fall more or less the same framework if you know what you're doing.

Otherwise, people are just chasing their tail and trying to chase the prospect to an outcome that the prospect doesn't know how.

Like we've had this conversation a hundred times.

They have only had it once.

We should be the one knowing how this conversation is supposed to go, right?

We should also come in with a massive advantage to how to have this conversation go the way we want it to, because we do it on a fucking day, right?

And so, you know, big, big front end pieces is like, why are they there?

What's the problem?

What have they done so far?

Understanding where they failed, seeing why our product is different from the things that they failed, asking for permission to explain about the product, explaining the product not in any way based on features, but only based on the experiences that they will have as a result of it and using analogies to explain those experiences, right?

And then, and then having a close at the end, which the, the TikTok, I think that you, you referenced was like a no base close.

And I think a lot of natural sales people do this anyways.

Like if I want something, I'm like, Hey, can you do this for me?

I'm like, Hey, would you mind?

And they say no.

They don't mind, right?

Like this natural communication dynamics that most people who naturally know how to persuade people or at least influence, do that on their own.

This is just retroactively looking at it and saying, what did I do differently?

Why is this different?

And in terms of like overcoming, because people are afraid of confrontation, right?

That's what they're afraid of.

And so I believe that you can solve without ever having confrontation.

And you can do that with what I like to call childlike curiosity.

And so if someone says, well, my husband's not going to approve that, I'm like, why wouldn't he?

I'm like, huh, that's so interesting.

Tell me more about that.

Rather than like, all right, let's like your husband's an asshole.

Like that's not going to work because in arguments, no one wins, right?

And so they're like, why, why would he think that?

Because, because I would think that he wants what's best for you, right?

Yeah, he wants what's best for you.

Does he know you're struggling with this right now?

Well, I mean, yeah, he knows I'm struggling with it.

Okay.

So he wants us best for you.

He knows you're struggling with it.

So why do you think he would be opposed to solving something that, that you're currently struggling with?

The, just so I understand, would he be happier if you continue to struggle?

Well, no, it's like, well, great, then would you be opposed to moving forward today and that way?

And hey, if you go home to your husband and you make a joke in the light of the scenario and then you close it, right?

And so it's, I think childlike curiosity is the immediate that you have to train because people get defensive.

So that is one thing that like fighters talk about when they're in the ring, like in the beginning, you breathe in too much, right?

I don't know if like, if you've been like sparring and stuff, like you breathe in, you breathe too much, you hyperventilate.

And so the guys who've done it enough, they slow down their breathing because when they get, things get intense, they can slow it down.

And so I think sales is a lot the same way where you're like, you're adrenaline kicks in, sharp breathing faster, spider flight, so you gotta be able to slow it down and be like, huh, that's crazy.

I wouldn't have thought that.

Okay.

Tell me more about that.

And like, now you're interested.

And then they don't feel like you're combating them.

They feel like you genuinely are interested and want to help them, which is what you should be doing because you should be selling them only if it makes sense.

You're exhausting.

You are full of like interesting insights.

And like, it's like, you just, you, you just have, you have a, you know, a lot of shit and like, you've clearly packaged us in really easy to understand ways.

It's almost exhausting listening because it's like every, it's like when you read a really good historical book or something, it's like every sentence is packed with a fact.

And it's like, oh my gosh, like, I got to, I got to pay attention, I was like, exhausting.

This is awesome.

But then now I know there's this book I'm reading right now that's like, like one of the best books I've ever read, literally the first 10 pages have more insight than any book I've ever read.

And I'm only on page 30 because I'm like, I'm like rationing this not to like, not because I don't, I think I'm gonna run out.

It's like, I can only, it's like, I can only have my mind blown so many times per minute.

And so I got to like, chill out with this book right now and I'm reading 10 pages at a time.

And my trainer and he reads 10 pages just so I have a two day break and then we bring it back.

That's our book club right now.

And I think it's more like that, like what you, what you just said, which is how many lessons were there to learn?

Right.

So there's like, there's the lesson of like, you know, guy goes from sleeping on the gym floor to, you know, like hustling, but then realizing I'm hustling 100% or I'm hustling level 10 at a level two opportunity.

Okay.

How did he recognize that way?

What?

And then people got to ask themselves, what level is my opportunity that I'm at right now?

And you had that formula of like number of units old times gross profit per unit times like, you know, a supply demand dynamics of the market.

That's like that one nugget alone is enough to put down the podcast and go fucking reassess your life.

All right.

Then we go to the next space.

So it's like the part where you're like, yeah, we charge \$500 upfront and then we had this continuity thing where we would actually say, Hey, great, congrats.

You've made awesome progress.

We're actually going to offer you more for less because we want our LTV to go longer and we know that that reduces churn, blah, blah, blah.

And I'm going to do that because the best time to sell somebody is when they're most excited.

Boom.

Nugget two, go rethink your sales and pricing strategy.

You're probably doing it backwards or you know, you're not maximizing the opportunity because you just sold to them once you never figured out how to sell the back end.

Then three is, you know, like you've had five in this session and that's my explanation of Sam's, Sam's weird compliment.

Sam is the king of backhanded compliments.

He'll be like, you're like a, you're like the weirdest looking handsome dude I've ever seen.

And you're like, the guy there, you know, the guest doesn't know what to do.

They get frozen by the other backhanded compliment.

It's so good.

Well, I bet, I bet your, do your friends, when you're with your, your non work buddies, buds, are they just like, dude, Alex, chill.

I don't care.

Let's just like make a fart joke.

I don't have many non, uh, ultra friends, honestly.

So you're always able to kind of shoot the shit with them, I guess a little bit.

And that's how I am mostly with my friends, but everyone's wrong.

I'm like, I'm like, I got, I can't talk money related stuff today.

Like I do.

I purposely have to take breaks sometimes.

One of the things I want to mention that you had said that resonated with me, um, uh, Conor McGregor has this quote where he goes, some people will look at my success and get bitter most will get bitter and a few will get inspired.

Uh, and he's like, you know, that says more about you than it does me.

And um, and similarly you had something in one of your talks where you were like, you know, if I share, you know, how much money we make or, you know, how we did it, whatever it's like, some people get envious, some people get angry, some people are skeptical.

And want to say, is this guy a scammer?

Some people get confused.

Like, I don't know what the hell this guy's talking about.

And some people get inspired and I'm here to talk to that group at the end.

Like that last bit, whoever you are in this room of a hundred people, like the four people who are here to get inspired, that's why I'm doing what I'm doing.

And I think that's just a great like question to ask yourself if, because we all get stories all day about Elon Musk and about whatever's going on.

And you are going to have some kind of reaction.

I have it myself.

Sometimes I get envious.

Why should I get envious?

You know, like I gave this example, I went to, I went to Vegas and I visited somebody's house who has a eerily similar story to you.

They're in the gym business, 60 gyms that were super successful, then transition, their bigger opportunity was real estate.

They owned the real estate around the gyms and have since made a ton of money.

And I felt envious because their house was the most baller house.

I think they live near the panda guy, by the way.

He has a house in the neighborhood that's that's big as well.

And you know, unbelievable house is like, you know, you got to fucking swim in a river to get to the door type of thing.

And you're, and I was like, and then my trainer helped reframe it.

He goes, he goes, oh man, he heard me saying, I was like, yeah, I'm feeling, you know, a little bit envious.

He goes, he just kind of ignored what I said.

He goes, man, that's so cool.

You get to sample, you know, what you like and dislike.

So when you make your money, you're going to know what you want to spend it on.

Is it their cars or is it the pool or is it that he's like, that's so cool.

You're getting to sample it and just switching, switching the reaction to, you know, instead of envy that I don't have excitement that I'm getting to play with all these toys to figure out what I want, what I really like, what, you know, I could think about it or look at images on Google, but like this way better, I get to drive the car instead.

And so, you know, I just think that's a good thing for people.

I want to leave people with that is like, study your reactions.

And then also if you are sharing information, just speak to those who are going to take the positive and don't get so caught up in all the people who are having the other types of reactions to it.

That's good.

Even without the hair, I still got the guru, Sean.

No, that was good.

I'm learning.

You can cut the hair, but you can't cut it away.

I got to ask you one last question for being a you.

I don't know.

You're a business guy who's having a great time on YouTube and you're succeeding a lot.

Why is your setup so bad?

Like, how do you, you are in a room right now that like doesn't have a carpet, I think.

So it's like, I could hear the echo.

You don't have a microphone.

You're on your own.

God, nice quads.

You're sitting on a on a on a laptop, I think.

Like a shit.

That was skies out, thighs out, baby.

That was a lot of thigh.

But your setup, your setup.

Thank you.

Your setup is horrible for such a someone who does this for a living.

What the hell?

I think I don't do it for a living.

You don't.

The first answer, honestly, all the technical, I spent like 80 grand on a studio.

On in my house in Vegas, sorry, in Austin, and I couldn't get the damn thing to work half the time.

So I was just like, and then I ended up like getting just like immediate annoyance around the idea of having to fuck with it again.

And so then I realized that I stopped making stuff because I was just annoyed by the idea of having to fix it.

And so then I was like, is it better than I just make the stuff and that'll just be, it is what it is.

And hey, if I could, if I could figure out a way to not have it be a pain in the ass, then I will do it.

And up to this point, like I'm literally, my video guy got on today, he's like, dude, your video is stopping and freezing for half seconds, like 13 times during this video.

And I was like, I don't know.

And he was like, can you just do the laptop?

When you do the laptop, it doesn't freeze.

And I was like, sure, whatever.

You know what I mean?

And so like it, at the end of the day, I think it's like the, in gym lunch, when we started, it's probably maybe a good wrap up point, but like, we didn't have a website until we did 20 until after our second year.

We'd already done 40 million in sales before we even had a website.

And then we didn't, I didn't send my first email until we'd crossed like 70 or 80 million collected.

You know what I mean?

And so like we've, I don't know, we kind of just do things our own way.

And if people are down with it, they're down with it.

And if they're like, you know what, I'd rather have a really polished guy who says less in more time than like, go, you know what I mean?

That's, it's all good.

Bad ass.

Thanks.

Thanks for coming.

I've learned a lot.

Sean, what do you think?

What's going on, dude?

[Transcript] My First Million / From Sleeping on Gym Floors to \$100M with Alex Hormozi

I think people are going to really like this.

I'm honored you guys decided to have me on the platform.

I know that you guys don't take the time of your attention, of your audience's attention lightly.

So I want to say thank you for, for thinking that whatever I had was worthy of their years.

Right on.

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.