Andrew Wilkinson's Tiny Tech Empire

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Dave: [00:00:00] All right, folks. Welcome to Investing for Beginners podcast tonight. We have a very special guest with us tonight. We have Andrew Wilkinson from Tiny. He is the CEO, founder, and entrepreneur and a really smart guy. And I think you guys are going to really enjoy our conversation. Andrew, thank you very much for joining us today. We really appreciate you taking the time out of your schedule to come and talk to us. I know you're a busy guy, so I guess you tell us a little bit about you, your company, how you got started. I know that's a lot of stuff to dump on us, but I guess throw it out there, and then we'll see what we got.

Andrew W: [00:00:31] Sure. Thanks for having me, guys. Yeah, I have a bit of an odd story; my story really starts when I was in high school. I'm from Canada, grew up in Vancouver, which is a pretty big city.

And when I was 15, my family moved to Victoria, which is a very small city on an island. And I was not very happy about that. I was 15. I was moving away from my friends. I was bored stiff, and the city was all old people, and I didn't know anybody. And so I had a summer before 10th grade started, and I spent all my time on the internet, just fooling around learning how to build websites.

And I ended up realizing that there were all these websites that reviewed tech products. So speakers, computers, iPods, that kind of stuff. And I learned that those companies get free review units sent to them. And as a teenage nerd, that sounded amazing. And so I started—a tech news site. I started writing articles reviewing products, and getting all this stuff sent to me for free.

And I was just in hog heaven. My family didn't have a lot of money, and I was always using 15-year-old computers. So suddenly, Apple was sending me iPods and laptops and all sorts of amazing stuff. That ended up turning into kind of a bit of a business and hiring employees and managing a staff of writers.

I ended up getting to travel to all the Macworld conferences. I interviewed. Steve Jobs had just an amazing experience. And throughout all this, I kind of skipped high school. I was just barely passing. I think I got 49.5% on my math 11 final. Like I was just scraping by, and I went to my father when I graduated, and we're driving down the street, and I said, dad, I'm not going to go to university.

I'm going to keep doing this tech stuff. And I remember he slammed his foot on the brake. He pulled aside to the side of the road, and he pointed it at a gas station. And he said you're going to be working there for the rest of your life. What are you thinking? You have to go to school. My dad did ten years of architecture school, so he's very serious about it.

And he ended up talking me into going to journalism. I went to journalism school very quickly realized that I was not for myself. I didn't want to write hard news and felt like it was a dying industry. And so, I was a little lost. I had given away this website that I'd run through high school to a friend that I'd started it with.

And I was just trying to figure out what I wanted to do next. And I started reading about all these companies in Silicon Valley like Google that we're doing in Facebook. They're doing all these amazing things down there. And so I decided I wanted to move there, but I was dead broke. I just moved back from school, was living in my parents' basement.

And so, I decided that I would do some freelance web design to save up some money before moving down. And I realized one thing, which was. Pretend to be an agency instead of calling yourself; hey, being like some 19-year-old twerp designer, people would take you a lot more seriously.

And so I came up with the name MetaLab I designed a super slick-looking website, and I started just applying for contract work with startups to helping them design their websites and stuff. There were all these websites where startups would put out a job listing saying, I need someone to redesign my marketing site or help me design my product and stuff.

I ended up winning a contract with one of them for $10,000. And it was like it was suddenly, I was like, why would I go and get a job down in Silicon Valley? I can just keep doing this and make more money. And I get to live up in Canada, where it's really beautiful. And so MetaLab just continued to grow and grow.

And over the years, we ended up going from working with tiny little startups to companies like Walmart, Apple, Facebook, Google, and it was amazing. It was like being the Forrest Gump of the startup world. We got to work with Slack and Pinterest and Shopify and all sorts of amazing people. And along the way, I started making a lot of money.

The business was profitable, and I didn't really know what to do with the profits. And everybody always said you should invest in real estate or stocks, but those seem very boring to me. I didn't really understand those and what I was excited about with software businesses. And so I ended up starting a whole bunch of businesses, incubating businesses within and what I really craved was recurring revenue.

And so, I started a bunch of software companies and digital goods businesses. I didn't want to have clients and have to manage those complicated relationships. And before I knew it, I had about five businesses. I had over a hundred employees, and it was just me and my business partner, Chris, managing everything.

And I hated my life. I was absolutely miserable. I couldn't keep track of everything that was going on. I didn't know how to hire executives. I was just so stressed. And so, I ended up deciding to sell one of my

businesses. I sold a business that we had started called Pixel Union, which was Shopify's first partner in the theme ecosystem.

So basically allowing stores to buy templates for Shopify. And we sold that business, and suddenly I had a big pile of money, and I'd never had that before. I'd always just been reinvesting my profits. And so for the first time, I was like, okay, I have to learn this investing stuff. And I got really lucky.

I just happened to pick up a book about Warren Buffett, and I always knew who Warren Buffett was, some stock market guy. But I never thought much of him. And when I read about Buffett, I was like, oh my God, this is amazing. He's one of the wealthiest people in the world, he owns about a hundred businesses, and he actually doesn't do anything all day.

He just reads any talks on the phone once in a while. And I was like, how does he do this? And so I started learning about the way he's structured, Berkshire Hathaway. And it really appealed to me. I'm somebody who loves starting stuff. I love doing deals. I love working with interesting people, but I don't actually like the day-to-day operations.

And so once I read about Buffett, I went, maybe I'll try this same thing in the tech world. And so I spun it all my businesses. I hired CEOs to run. And a funny thing happened. They all started growing faster and doing better. And I was just hooked on investing. And so I started buying companies from founders like me, hiring CEOs to run them and leaving them and holding them forever.

And so for the last seven years, we've been doing that, and now we're up to about 35 companies. We have a public company. It's been totally crazy. So yeah, I'm super lucky to be able to do it and especially lucky to be able to do it from Victoria, Canada. So it's awesome.

Dave: [00:06:56] Yeah, that's a fantastic story. And I, I. What was it like being, as you put it in an 18-year-old twerp and running around with some of these, these big names now, I don't know where the big names, then Facebook, Google, were those big names then, or was it, was that it is that kind of like a monopoly money situation where you're like pinching yourself that you get to hang out with Steve Jobs and people like that.

Andrew W: [00:07:20] I was honestly just going, how is this happening right now? I did not deserve to be here. Lots of imposter syndrome, but over time working with, you working with all these founders, I've probably worked with, I don't know, 150, 200 founders while I was running. MetaLab the agency. And you realize, everyone's just figuring it out on the job and that it is really hard and that some people do get lucky and some people are just really smart.

But it was an amazing experience because I got to see other people fail. Without taking personal risks, we were always getting paid for our work. And so I came out of it feeling like I had done ten years of startups myself without having to fail myself. Of course, I have my own failures, which I can tell you guys about. But it was really helpful.

Dave: [00:08:04] Yeah. That's amazing. So what was the book that you read that kind of started this whole idea?

Andrew W: [00:08:08] I read the Roger Lowenstein book The Making of an American Capitalist. And then I read Snowball after that, and I just got hooked on the idea of buying a dollar for 50 cents or just having one

insight Coca Cola is going to go global, and it'll keep growing for the next 30 years and making that one bet and then not doing anything for 30 years. That's, there's something amazing about that.

Dave: [00:08:32] Yeah, there's certainly is I, one of the things that I really enjoyed about listening to some of your other talks and reading through some of your stuff was the, how you've really adopted Buffett's idea completely. And not only just with the formation of your company but how you structure your day-to-day life. And I wonder the question that kept popping up in my head when I was thinking about all these things is why don't more people adopt this. What do you think?

Andrew W: [00:08:58] I think it's a unique situation. Most people are not don't have my personality. My personality is like I'm Teflon for tasks, right? Ever since I was a little kid, if my mom said, do the dishes, I would find every excuse, every way to get out of it, try and convince my brothers to do it, try and pay my brothers to do it.

I just didn't want to do anything that I didn't want to do. So I have a unique personality in that way, and that makes it easy for me to delegate. Whereas most entrepreneurs, I think, really struggled to delegate. They often hire the wrong person. It doesn't work out. And then they say this doesn't work; I'm never going to do this again.

And I think that's part of it. And then the other unique piece that's enabled me to do this was I got lucky, and my first business was profitable. And so, I never needed any outside money. So to date, we have we've only in the last two years raised any outside capital from anyone else. So we, we got 14 years in without any money, a little bit of bank debt, credit cards, that sort of thing.

But that gives you a lot of independence to run your day, the way you want when you don't have to answer to other people.

Dave: [00:10:03] Yeah, good point.

Andrew S: [00:10:05] I got a question there. So you mentioned having that financial independence, not needing to look for outside capital, and I think that's one of the. Things about Buffett that doesn't really get much attention is the fact that by the time he had Berkshire, he was already on the journey of financial freedom.

And I think that when you look at the way he structures, like the fact that they have Geico, and he needs to have all of this cash to sit on the balance sheet so that they can serve that business. Some people look at that and say they should be putting that cash to use, but for somebody like Buffett, it gives them that kind of patience to wait for really the best opportunities, maybe that one or two big insights.

And so for you do you think that. That fact that you had that independence has helped you when you're looking at businesses to invest in and be pickier in that process?

Andrew W: [00:10:56] Certainly on the investing side, because I don't want to, I have no incentive to buy a business. I can sit and wait and build up cash.

Maybe I could reinvest it in one of our other businesses. What I see from a lot of entrepreneurs is who want to become investors, are they go I can't do that until I buy a business; I need to buy a business. Then I can start being an investor, or I can move to this different way of life. And so they have a massive incentive to buy any business at any price.

And we just don't have that pressure. There have been years where we'll sit on our hands for a full year without doing any deals or only making a few small bolt-on acquisitions. So yeah, it provides us incredible freedom to not have to do stuff and just be able to sleep.

Dave: [00:11:40] Yeah, that's important. Huh?

Andrew W: [00:11:42] It just goes back to we've done that before, where we have levered up to do a deal, or we've bought a business just because we're excited about it. Or we saw the potential, and it just so rarely works out. I love taking base hits, and I'm very comfortable writing very large checks; when I see something that is just so logical where I just go, I will bet my future on this.

And it's just a better way to invest. I find that when you try and when you have to pencil stuff out too much, it's never a good investment.

Dave: [00:12:11] Yeah. That's good; that's a good insight.

Andrew S: [00:12:13] Can you talk about that? You said you levered upon and what you learned from that?

Andrew W: [00:12:18] I will just say that what we've done in the past is We've levered up to, and we've levered up as a group, right?

So it's always we have very large cash flows. We've never had a crazy amount of debt on one specific deal or on the whole company, but I'm just allergic to debt, and I'm very conservative. And so there was a period where we bought a business. I won't say which, but we have; we bought a business, and it took about three years for us to see our thesis through; we were very confident, but we felt that we could make the business much more profitable and scale it.

And so, we used leverage. And we were able to pay our, the bank and covenants and everything else, but we had this period where we're going, wow. Should we have levered up because we weren't able to grow it for the first two or three years, but then in year three, it became massive. So I just don't like that feeling of going, oh God, will this work out?

And I'm, I've built the business in a way, or Chris and I have built the business in a way where pretty much everything could fail, and we would still be fine. We've got adequate cash and the ability to pay off any debt we have or whatever. But I just don't generally like to have to think about it at all.

Dave: [00:13:32] Yeah. That's interesting. So I guess, could you tell us a little bit about it, there was a story you shared on Twitter a while back about losing a few dollars. And I thought it was a really, it was really insightful, and frankly, that's one of the things that really attracted me to follow you on Twitter. The honesty that you showed through that tweet. And I guess, could you tell us a little bit about that?

Andrew S: [00:13:54] Sure. When I was running Metalab, I really idolized Jason Fried and David Heinemeier Hansson, who are the founders of a company called Basecamp, which used to be called 37 signals. And they had this amazing business.

They had started a project management software called Basecamp, and they had built it into a business that did tens of millions of dollars of recurring revenue. And they'd bootstrapped the entire thing. And they basically said you don't need VC to go out and start a great business.

Look at this business we've built. And they are amazing guys—friends with them. I'm a huge fan. But I drank the Kool-Aid. I, I read the book, and I went, oh my God, I want this. I want to wake up in the morning and have made recurring revenue, right? Because I was running an agency.

And when you run an agency, you're constantly balancing supply and demand. You've either got too much demand and not enough people, or you have too many people and not enough demand, and either, or either one of those really sucks. And so, I love the idea of a predictable business. And I also liked the idea of building our own software.

We were always building software for other people. And I started taking my profits maybe $20,000 a month at first. And I took a couple of our developers off of the agency, and we started building a product called Flow which was task management software. I'm a to-do list junkie. I got really into the getting things done system, and I wanted a way to delegate tasks to my team and be able to have a global to-do list.

And so we started building the software, and it was really beautiful. We had amazing designers on the project, and we were a design agency, and nobody had built anything like it. And so we launched a beta, and we got crazy attention. Everybody wants to be a part of this beta. We're getting amazing feedback, super high NPS score.

And when we opened up the flood gates, and we started letting people in overnight, we had $20,000 a month of monthly recurring revenue. So I was going, this is absolutely amazing. I had the founder of Twitter, Evan Williams, call me and say, I want to invest. I had all sorts of venture firms wanting to invest.

And I just said, no, I, I don't want to do that. I want to bootstrap. I want to do it like David and Jason. And what I missed was that at the end of the day, productivity is very hard for a variety of reasons., one of the number one reasons is that every developer wakes up every morning and says, I'm going to build a to-do list app.

Everyone has a take on it. And everybody likes to blame their lack of productivity on whatever project management software they happen to be using at that time. It's not my bad management; it's we don't have the right to-do list system or whatever it is. So people jump around a lot, and we had this great business; it was growing relatively fast.

We're probably growing 5% a month for the first few years. And over time, I just started pouring more and more cash into it. And then an interesting thing happened, a little shortly after we launched. I heard that the co-founder of Facebook had left Facebook, and he had the same idea. So he wanted to build a very similar to-do list product called Asana, which I'm sure you guys have heard of.

And at first, dismissed it. When I looked at it, it was very badly designed. It was built by engineers. It was very confusing. And I said that's fine. We have a better product; ignore them. So we kept growing, and then Android started becoming an expectation and iPhone apps.

And so it got more and more expensive for us to keep building on more and more platforms. And so before I knew it, I was spending a hundred thousand dollars a month on this business, $150,000 a month hiring more and more developers. But I was total; I'm I was totally confident we were going to kill it.

I'm not worried at all. And what I had done was I'd done something that a lot of people do, which is a field of dreams, marketing, which is the idea that if you build it, they will come. And that's rarely true. Generally, when you release a product, you need to have a go-to-market strategy.

You need to have marketing. I hadn't done any of that. I didn't understand that I was a product person. And so, while we had what I felt was the better product, Asana went out, it was founded co-founded by a billionaire. They had unlimited resources. They'd raised tons of venture. They just started outspending us on ads.

And so I was quite upset in the beginning thinking, these guys have the worst product, and there, but they're getting, they're becoming the name in this space, and we're not getting the attention we deserve. But then, over time, even that advantage got eroded. So as they raised more money, they hired better designers, and eventually, they redesigned the product, and their product actually became better than ours.

So when you looked at a matrix of features, they had more features. They were better designed. They were on more platforms, and they had an unlimited marketing budget, and they were a two-factor secure enterprise that enterprise sales team, everything. And so, all of a sudden, our business started declining because, at the end of the day, people wanted somebody that was a big company.

They wanted to be on the company that was standardized that the fortune 500 used, et cetera. And we just started a slow decline. And what ended up happening is the business just petered out. And now the business has stopped growing. It's been unprofitable up until about five months ago, and we basically had to do a hard pivot where we had to let the team go, which was horrible.

We were, fortunately, able to place most people at other companies or portfolio companies. People worked on this for ten years, and we were wrong. And I lost $10 million in the process, which was terrible, but what's worse is we had all these incredibly smart people pour their heart and soul into this business, which didn't end up reaching its full potential.

And it didn't reach its full potential because I didn't understand the dynamic of competing against venture-backed businesses. Venture-backed businesses can afford to be unprofitable and outspend you for five or ten years if that's what's required to win. And I had nothing; I was just some random guy injecting a million or $2 million a year into this business.

And so I compare it to. Fiji is trying to invade the United States, where they have a bunch of rowboats with Gatling guns on them. And we have aircraft carriers; it's just obvious looking back. Of course, we're not going to win. Of course, we had to raise money. We needed to have a militia. We needed to have guns.

We need, we had none of those things, but due to my overconfidence in inexperience, I ended up losing a lot, and it was a great lesson, and I'm fortunate. I had other businesses that did well, but man, it's a great way to lose, to learn a lesson.

Dave: [00:20:30] Yeah. So what was the aha moment for you? When did that, when did it Dawn on you that, Hey, maybe this isn't gonna be a thing?

Andrew W: [00:20:35] It's one of those things where I think you subconsciously know it, but you're not willing to admit it to yourself, and it's much more painful to think about it. And so, I just kept funding the business over and over again.

I think in the last two or three years, I realized it was not going to be the success that I thought it was. But it was a slow creeping realization. And my business partner, Chris, constantly told me from six or seven years ago, Hey dude, I don't know what you're thinking here. It's easy; it's hard.

It's hard to just hear, have someone else tell you, you have to come to that realization yourself.

Dave: [00:21:06] Yeah. That would be so; how do you think that has shaped what you do now when you're searching for other businesses to bring under, under your umbrella?

Andrew W: [00:21:15] There's a great saying by Charlie Munger, who's Warren Buffet's business partner, fish, where the fish are, and that really resonates with me.

The idea is that you can go to a large fishing hole that's crowded with other fishermen that are trying to catch big fish. And let's say there's five big fish in a huge pond, but there are a thousand fishermen around. I'd rather go and walk off the beaten path and find a sleepy little fishing hall with a bunch of herring or something in it with plentiful fish and a few sleepy old fishermen.

I'd much rather fish there. And so what that lesson has taught us is don't go to these hyper-competitive markets; find the quiet, sleepy off the beaten path areas. And so, I always like to joke that while we do tech, we buy the auto dealerships and dental clinics of the internet. We're not looking to do robotics and deep tech.

Dave: [00:22:10] So you're staying away from the AI and all the flashy, fancy stuff.

Andrew W: [00:22:14] Yeah. Do any of that? I look around, and I think all of our businesses do something good in the world, but they're mostly pretty simple. They're not doing anything cutting edge. They're using existing technologies to build communities or help find people find jobs or just simple stuff like that.

Dave: [00:22:30] And I think that's the most useful stuff. And one of the things that I like about what you're talking about is that it highlights the idea that you don't need to get rich fast, and you don't need to search for the latest hottest thing. Sometimes boring is beautiful.

Andrew W: [00:22:43] Imagine if everyone in real estate was doing cutting edge, BRK angles, crazy buildings, right? And you come to me, and you say, oh, I'm doing a real estate project. I'm building a 30 townhome development for single-income families. And imagine if I said that's ridiculous. I can't believe you're doing that. You need to be building these crazy skyscrapers that might fail and no one alike or whatever.

It seems crazy. And that's what people do in tech. So 99% of people in tech seem to have this attitude that if you're not doing something crazy, cutting edge, and changing the world, and you have a 90% failure rate, you're not doing something worthy. And I think there's a lot of just basic picks and shovels kind of work to be done on the internet.

And I love those businesses, and I'm glad that fewer people I'm glad that there are not too many people who have caught onto that.

Dave: [00:23:34] They're not fishing in that small pond like you're looking at it. So how do you find deals? I got to imagine you get bombarded with requests, emails, and that kind of thing. Is it something that you actively search for, or is it just a, like you were saying, a wait-and-see kind of idea?

Andrew W: [00:23:48] We have found reputation and network compounds over a long period. And for 15 years, we've had one of the premier agencies in Silicon Valley and in tech in general. And I've just gotten to know a lot of interesting people and gone to a lot of conferences and just had lunch with someone every day.

And when you do that for long enough, and you put out into the world that you're doing something. Things start coming to you naturally. And so we aren't like other private equity firms that go out and they hire an army of associates and bombard every founder on the internet with templated emails saying we'd like to buy their business.

We really just put our shingle out there. Talk about what we're doing publicly and wait for people to come to us. And that's worked out really well for us. I think just having a reputation for treating people well and doing fair deals, and not making a complicated goes a long way.

Dave: [00:24:41] Yeah. I would agree with that. So I guess if you were 18 years old now and you wanted to start a business, what would you tell yourself?

Andrew W: [00:24:47] I don't know what I'd tell myself. I know what I'd tell someone today. I would say w focus on a launchpad business. Don't focus on building the perfect business. I think I talked to a lot of 'em.

Young MBA students and people who are keeners and stuff. And I think most people overthink whatever business they're going to start. W they always say it I want to build a billion-dollar business. And I always think your goal in entrepreneurship is about freedom.

So your first business just should provide you freedom. And once you have freedom, then you can do the billion-dollar crazy stuff. People forget that Elon Musk went out and started PayPal, which is a kind of a boring business, right? It's payment infrastructure. He made 200 million. Then he started launching rockets into space and doing all this crazy stuff.

He didn't start with rockets. If he started Space X on day one, he would have failed. He couldn't have taken that risk. And so I think there's a really wonderful power in just building a business that can make you a hundred or $200,000 a year of profit. Even if it doesn't grow, even if it's something boring, even if it can never be something huge to provide you with that base, I call it like a launchpad business.

And that gives you the launchpad to launch the rocket. And the rocket could be a crazy out-there idea or just a bigger business, something iterative. It could be investing your capital, whatever it is. I think the other thing I see is most people. They think what they're doing is measure twice cut.

Once they want to be thoughtful about the idea they pursue, but I find most of the measure ten times and then just never cut. They just don't pull the trigger. And so I always tell them, just start, design a logo, come up with a name, write some copy, tell your friends you're going to do it, tweet about what you're going to do.

And for me, that just helps me move it forward. I've made a public declaration; it has a name, it's a real thing. And generally, in the first day or two, I try and propel the business forward in some way. And I find that really helps me because otherwise, I'll just cut caught in analysis paralysis. Yeah.

Andrew S: [00:26:48] Along with that, but so when we're on the show, we're telling people to look at different businesses to invest in, in the stock market. One thing that we. Key in on is like management, and that's their role in the business. So you mentioned, with CEOs, you've gotten pretty good at hiring good CEOs that are good fits for businesses.

Can you give any insight into that as, or something that I guess maybe it might be different for you looking at a person versus like somebody from the outside and trying to evaluate management but are there any common themes in evaluating management that you could share with us?

Andrew W: [00:27:24] It's really hard. And I think it's like brain surgery. So you take a founder, and they're the brain in someone's body. You're cutting the brain out, and you're installing a new brain, a new CEO. And it's incredibly important to make sure that they have shared DNA. That they're the same kind of person. And that could be something as simple as if we have a very casual culture where people are very plain-spoken; they don't get dressed up.

And I go, and I hire some slick MBA from Harvard business school who wears this. And toxin fancy words. That guy might be great for a different business, but not for that one. If I put that person in the body will immediately reject them. And so there's that kind of qualitative, is this just culturally the right person?

And then on the skillset side, I'm really looking for somebody who's done it before. I always say, if you want to build a house, you find a building contractor, a general contractor who has built a hundred houses before you, that you like, that you think are beautiful and well built. And it has a great reputation.

You don't go and find some kid down the street who says, yeah, you know what? I think I'd like to build a house. I'm okay. Carpenter. So you look for people who have a track record of building businesses that are similar to the one that you've just acquired. That's how we like to think about it.

And I would say our hit rate is pretty good. Occasionally we have a misfire, and we try and make a change as quickly as we can. But for the most part, we've been very lucky with the CEOs.

Dave: [00:28:49] How do the, how do I guess what's your hit rate on the founder, staying with a company? Is there, do you have ideas of whether when you buy the company, I'm sure you probably talk through whether the person's going to stay or go. And is that something you encourage, or is it really up to the person that you're buying the company from?

Andrew W: [00:29:07] It's totally up to the founder. Our favorite acquisitions are the ones where founders started. It built, it grew it, you always talk to founders, and in year one, they say, I'm doing this forever.

I'm in this for 40 years. Talk to them about your five or six. And they start to say; you know what, I'm a little bored. I want to do something new. And often, they don't actually want to just fully say bye to the business. They might want to keep equity in it. They might still want to be tangentially involved, or they might even want to.

But often, they're saying to us, look, I want to leave, and I don't want it to be painful because private equity usually makes it painful. They make you stick around; they do a big earn-out. They make you stay for two or three years, and then they sell the business. So it's just not great for founders.

And so what we do is we say, look, here's a big pile of money. You can sell a hundred percent. You can sell 60%. You can stay in business if you want, or you can fully leave. Or you can stay as an advisor or whatever you want to do. And generally, people decide they want to leave. And what we've seen is that founders are often incredible product people, but they often miss marketing and sales, and other opportunities.

And so usually, when the founder leaves, we can start to scale up those efforts and often grow the businesses substantially as a result. And then the founder benefits because they've held onto it.

Dave: [00:30:23] Do you have a more decentralized system in that it's more hands-off from you and your partner and the people that you hire, whether they're outside CEOs or whether the founders, they run the

companies and basically like Buffett they just send the cash to the home office, and then you allocate it from there kind of thing.

Andrew W: [00:30:42] It's exactly the same thing. So we, and we've learned this lesson the hard way. We have had moments where we're like, oh, we should synergize a little bit, or let's have the CEOs write us monthly reports just so we can keep track of what's going on. And what we do is we just have every CEO write us a report or come and visit us once a year.

And otherwise, we don't talk to them. So unless they have an issue, or they want to spend a huge amount of money or something or acquire a company, they don't talk to us. We always say, call us if you need us. But that decentralization is what allows a company like Berkshire or Tiny to actually function.

I think running a conglomerate like GE would be really hard and all of our businesses are so different. I don't know how we would synergize them effectively.

Dave: [00:31:23] Yeah. And I'm sure it allows you to focus on the things that you feel like you are good at and to do and want to do. And that helps Tiny overall grow.

Andrew W: [00:31:32] Well. And CEOs don't like to; I always call it the swoop and poop where, suddenly a CEO asked me a question, and then I dig in, and I have a bunch of opinions, but my opinions are uninformed. The CEO knows best. And also, I haven't had a lot of success. If the CEO says I'm going to do this thing, and I come in and Kai Bosch it, then they just feel frustrated.

That they didn't get to do the thing, and they might resent me. So I often, even if I disagree with what the CEO is going to do, I just leave them to do it. And as long as it's not self-immolation and it's going to destroy the business, it's fine. We can have, we can mess up a few strategic initiatives, but it's it, it'll teach the CEO something, and often I'm wrong. Often the things I think are goofy work out really well.

Dave: [00:32:18] Nice. So I guess let's talk a little bit about, you mentioned earlier about taking a company public. What was that process like? You were actually the first person I've ever spoken to about kind of an insider, if you will, of that process. So what was that? What was that like?

Andrew W: [00:32:33] It was pretty wild. It's like climbing a mud hill, first of all, because you're the process of doing it is really frustrating, right? It's a lot of filings and audits and very boring kind of procedural stuff. So that stuff is not fun. You're signing a lot of documents.

You don't know, what should I, what do I need to take seriously? What do I need to be looking at? Which banker can I trust, like all these things? And then you have to deal with investment bankers who are selling your stock and negotiating against you and stuff. So that whole process is frustrating and very stressful.

I don't think it would be stressful now if we did it again, but doing it the first time was very stressful. But once we're public, it's amazing. You got access to huge amounts of capital. You can basically go and tap the market and raise equity or debt if you need to very quickly.

And you can raise a lot more capital much more quickly than you can when you're private. So if your business doesn't require capital, I think being public is. It's pointless. Unless you have shareholders that you want liquidity for, you want liquidity yourself. But if you have a business that necessitates large amounts of capital, it's amazing.

And historically, as I mentioned before, we never really needed cash. We had tens of millions of dollars of free cash flow. We would just reinvest it constantly. And then we basically had this business that I mentioned that we sold pixeling. Yeah. In the Shopify space. And when we sold it, we kept a 20% stake.

And my business partner, Chris, and I stayed on the board, and we watched that business grow and grow. And we realized that Shopify was becoming the dominant player in independent e-commerce. And that e-commerce was going to double over the next 10 to 15 years. At least Shopify was very well positioned.

And so, all of the software companies in the Shopify partner ecosystem would probably do very well. And so what we did is we basically the guys who had bought the business from us, we said, Hey, we'd like to buy you guys. So we paid up, we paid, five or six times what they had bought the business for.

And we decided to start a holding company called We-commerce, and we started acquiring businesses in the Shopify partner ecosystem. And so that was an opportunity that required a lot of capital. And so, for the first time privately, we raised from Bill Ackman and Howard Marks and all sorts of really interesting people that we had at the table, Shane Parrish from Farnam Street.

And we did that as partners started We-commerce as partners. And then we took it public on the TSX venture exchange last December. And we've been able to raise a lot of money, and we've bought a lot of incredible companies as a result, and that just wouldn't have been possible to the same degree if we hadn't gone public.

Dave: [00:35:14] Do you think you would do that again with other companies that aren't during your umbrella if the opportunity presented.

Andrew W: [00:35:19] Absolutely. I would consider it, but it goes back to, I need a reason. There's gotta be a reason for it. I think, while it's very neat to see your net worth, suddenly for me, my net worth is always a number that I can calculate, but it's a very fudge factory, it's I don't really know how the market would value all my different businesses and having We-commerce stock and seeing it actually get valued by the market every day and remind yourself, wow, that's a crazy number. That's a neat thing. But other than that, I mean there's no, yeah, there's no real upside other than the access to capital.

Dave: [00:35:53] Are you like the baseball nerd? Are you going online to check the price of your public company every hour

Andrew W: [00:35:59] No, how they're doing few days. And I realized that was a road to nowhere. So I stopped looking, and I'd probably look maybe once every two weeks or so.

Andrew S: [00:36:09] Cool, everything about your story and your background and how you conduct business sounds really intentional. To me, do you, how, as you come across a lot of different startups, do you find that intentionality is a common thing, or are there other kinds of similar characteristics that have led to their successes versus some of their other peers who don't find success?

Andrew W: [00:36:36] I think the biggest, they always a lot of VCs say this, but I've always found people who have failed before succeed more because they've got scar tissue. Now, of course, there are people who are just serial failures who keep repeating the same mistakes, but when you see someone who. Burns their hand on the stove and then uses a better technique and guards against burns and learns from it.

Those are the people I want to invest in. So I generally like to invest in second or third-time entrepreneurs. And I like people where they choose a business where it doesn't have to be a billion-dollar business to

succeed. I don't like those moonshots, although we did invest in Space X, which is a literal moonshot; most of our portfolios are businesses where I look at them and say, you know what, if this fails on a venture scale, there's still a good business here. They have happy customers. They've got real revenue; it's recurring. It doesn't have to be a billion-dollar business to be successful.

Dave: [00:37:32] Yeah, that's true. It's there are lots of niches out there that you can fill to find what will work and plug that hole. I think that's, yeah, that's awesome. So I guess you've run a business now for a while. So what do you think you've learned from running a business versus investing with us, with spreadsheets and going that route it's it seems like it's there; you can't do one without the other successfully, but which do you think is a better fit?

Andrew W: [00:38:01] There's that great Buffett quote, I'm a better businessman because I'm an investor, and I'm a better investor because I'm a businessman, and that really rings true. Chris and I my, for he was a long-time CFO and then became my business partner and bought into the business. We started Tiny together for the last ten years.

We basically were, or I guess, when we're operational, it was a daily knife fight of okay, we're about to run out of money or how are we going to make payroll or this employee is freaking out and there, it was just so complicated. And I think a lot of investors; are used to looking at businesses like spreadsheets, where they go, oh, we'll just make a 5% reduction in payroll or, oh this margin should just be this much higher because I looked at comps, and there's some truth to that.

If there are other businesses that make more profit, it's worth looking at inefficiencies and stuff, but they forget that businesses are not made up of cells of numbers. They're made up of people, and people are very complicated, and they take a long time to change and inspire and move in a direction.

And so I think that gets missed a lot. And so we'll hear about startup ideas that another investor would say, wow, this sounds incredible. And I always just ask myself what I want to be CEO of this company. If you came to me and said gun to the head, you're now the CEO of this company, would I be confident?

Yeah. You know what? I can pull this off or what; I think this is a fool's errand, this is going to be impossible operationally. And I admire the people who take on the crazy ones cause they work sometimes, but I don't want to do that, and I don't want to invest in those companies. So yeah, it's, it's incredibly instructive having operational experience because, from the outside, it always looks easy.

Dave: [00:39:41] Yeah, it really does. I was lucky enough to run a restaurant for about eight years. See how to talk about headaches and knife fights and all that stuff I had to maybe not this particular restaurant, but I've been there, done that. I had had about 50 employees. And I was the general manager, and I was in charge of everything.

I had to manage the cash flows and manage the payroll, manage the inventories, manage the employees. That was the real fun part. Bob today doesn't feel like working in this section, but Jenny wants to work in this section. And how do you juggle the pieces to get them to where they go?

And it was stressful, and it was a lot of work, and it led to a lot of the gray hair that I have now, for sure. But now, thinking about investing, it's enlightening because I can like you were saying, I can look at all these things, and I can understand why management may make a decision the way they do.

Granted, it's a much smaller number. In the restaurant I was working, we were doing 5 million a year in sales. So it's peanuts compared to the stuff you're working with, but it's still the same idea.

Andrew W: [00:40:42] So what's crazy. You had 50 employees. If that was a tech business, you'd be doing 30 million a year.

That's the reality of how spoiled we are in tech and that no one could up the office for a day and the revenue would keep coming in. And I haven't really shared this publicly, but about five years ago, a friend of mine and I we said, Hey, we'd really love to start a tangible brick and mortar business.

And we started a New York-style pizzeria. And it was when you think about starting a restaurant or a cafe, you think about the fun part you think about coming up with the logo and the name and the concept and the menu and tasting food. But it's not about that. It's about hiring people and motivating them and keeping them on track and keeping the place clean and paying insurance and mopping and all these things you just don't think of.

And so we started this business, and it was a complete disaster in every conceivable way. We went through three managers at one point; we had people. Staff stealing, liquor, like it's just endless the problems you face in a brick and mortar business. And so when I hear someone's a successful operator in brick and mortar, I actually put them on a pedestal way beyond the neat tech CEO or luminary. They, it's insane, the amount of work that goes into a business like that.

Dave: [00:41:55] It really is. And yeah, I, amazing. You lasted for all that time and had no gray hair. So I'm impressed

Andrew W: [00:42:02] you there, they're coming in.

Dave: [00:42:06] Yeah, it's, but I really think that I'm lucky that I've had that I had that experience.

I didn't always feel that way at the time, but it taught me so much. And just about. How to read financials and understand the impacts of all these things. In the restaurant business particular, the margins are so thin. And so, every decision that you make has an impact. And, I know that investing, they talk a lot about picking up pennies in front of a steam roller, but in the restaurant business, you have to pay attention to the pennies because they add up over, over time, and they can make it a big impact.

Andrew W: [00:42:38] Well, the problem is the difference between making money or not is two or three pennies. Your net margin is maybe two or 3%, maybe 5%, if you're best in class. And so what I missed was an owner-operator would care when, when you need to clean the windows, they would go out and do it themselves because they go, I'm not paying some guy, a hundred bucks to do that.

But when you have a manager, and it's your money, not theirs, they go, yeah, sure. Let's have the guy come and clean, and because they don't go the extra distance, that's the difference between being profitable.

Dave: [00:43:07] Yeah. Yeah, exactly. Exactly. So let's pivot completely and talk about reading. So you had this great. He had this great tweet a while back, and you were talking about the impact of reading. So what does, how has reading impacted you?

Andrew W: [00:43:20] I think reading is essentially a really amazing way to learn what you don't want and to learn from other people's mistakes. So growing up, I thought I wanted him to be the next Steve Jobs was totally obsessed with him, idolized him.

And then I read the Walter Isaacson biography, and I was like, wow, like an amazing guy, but I don't want that life. I want to have a balanced life and exercise and spend time with my kids. And, I don't want to push people so hard that they cry and all that stuff. He obviously achieved amazing things, but personally, I just go; that's not for me.

And so I've found it really instructive too. As Charlie Munger puts it, learned from the eminent dead people who have done amazing things, and then you work backward from what they achieved and go well. Was it worth it? And were they happy? And so many times, you learn that these people who have achieved incredible things just weren't happy people.

And so that's taught me a lot. And that's been my favorite way of learning. I never did particularly well in university or and high school, but just reading constantly really accelerated things for me. And it's been a pattern. That's another thing; I look for in people I invest in are people who I hired on my companies is I just want people who read books, that when they have a problem, they go to the library or their Kindle.

And they immediately start reading a book on the topic to just save all the time, because it can save you five years of strife.

Dave: [00:44:43] Yeah, totally. So is that how you, weren't all your tech skills and all your design skills was the reading or was it the doing?

Andrew W: [00:44:52] It was really cool. I read Dan Cedar Homes's book about CSS, and Dan ended up founding a company called Dribble, which I use to find a lot of my early.

It was a social network, very, it is a social network for designers, and I used it to find a lot of my early jobs and meet clients. And then, we ended up buying the business in 2015 or 2016. And so it was this amazing thing where I learned to design from Dan, and then he started this company, and then, we bought it.

He's still, still a shareholder, and we're friends, and it's just like a neat, it's a neat thing. He was like my idol when I first started designing 15 years ago.

Dave: [00:45:28] That's cool. So as somebody who's colorblind, is that something that I can learn how to design because I'm color colorblind. So I got issues.

Andrew W: [00:45:37] Just choose things that are in that color palette that you can see. I don't know. I don't know if that would impact you. I haven't actually looked into that. You find it affects you much. Day-to-day?

Dave: [00:45:46] Only when I get dressed. Yeah. There, there have been times, especially when I was in the restaurant business, I would show up sometimes; as the general manager, you have to go out, shake hands, kiss babies, and all that stuff.

And there would be times when I'd walk in on my employees to go no because you're wearing weird colored shirts. Yeah. You can not go and talk to people like that. The blue socks and the black socks that's happened more times than I can count. It doesn't impact me per se, but there are times when I'm trying to do things

that, yeah, it's a bit of a challenge when I'm trying to do, design any sort of graphics or anything further for our blog.

It's sometimes I look at it. Yeah. I don't know if that's gonna work or not, but I trust that people will tell me, Hey, I know David Canva has great templates. Yeah, I actually, yeah, I do. I do use the stuff on canvas, so it does help, but yeah, there are some anxious moments from time to time. I'm not gonna lie.

So I guess, are you, when we think about reading, then I love to read I read constantly. Are you one of those people that sit on your butt and reads all day, like Buffett and Munger? Or is that more like is it intentional or is it more like when you need to learn something that you go to the resource to find it,

Andrew W: [00:46:58] those guys are unique. I think they have a personality where they can just sit and quietly read for six hours a day. I've never had that personality. I'm an extrovert. I like talking to people. And I spend a lot of my day talking on the phone and meeting people in person and just moving the ball forward, but I'm not operational, so I'm never.

In the businesses I'm working, maybe on a very high level on the business with a CEO, if they've sought me out for feedback, or I'm just looking at deals and opportunities. And I'd say I probably read 30 to 60 minutes a day, split between audiobook and Kindle before bed.

There have been periods in my life, though. Like when I first started learning about investing, I became totally obsessed with value investing, and every night I'd be reading for four hours. So I'll go through periods of intense study where I'm deep diving on a topic, and then I'll read a ton. But no, generally it's like a one-hour, a day thing.

Dave: [00:47:49] Nice. So do you, are you, do you read the annual Buffet's annual report every year?

Andrew W: [00:47:54] I do. Yeah.

Dave: [00:47:55] Okay. Welcome to the club. I actually took time to work through all that. From his early partnership letters to this most current letter, it took me almost six months, but yeah, it was interesting.

Andrew W: [00:48:06] That's all you need to do. Like you can learn everything you need to know about business by just reading Warren Buffett.

Dave: [00:48:10] Yeah. Yeah. It's an amazing compilation of knowledge and insight, and humor too. So he's got some; he's got some nice one-liners there. So I guess let's talk a little bit about podcasting.

You, you talked about you had some really interesting ideas about podcasting. I listened to your interview with John Mihalajevic on MOI Global a while back. And that was really interesting. So I guess you thought that Joe Rogan had made a mistake. And so I was curious what your thoughts on that.

Andrew W: [00:48:39] Yeah. So I think podcasting is where internet websites were in 1999. So in 1999, everyone valued websites based on their advertising eyeballs. So it was all about how many eyeballs, how many impressions. And then what we saw was that the most valuable websites were actually internet soft.

So it would be Saas software where you pay a recurring fee to use a service. And that's a much better way to monetize. It's much more predictable. You can make a lot more money; you can build a business; you can do R and D, et cetera. And so, the best businesses online are now membership-based.

And when I looked at podcasting, I just went; it seems like that would be a much better opportunity. I'm a huge fan of all these podcasts. And if there is extra content or a way to support them, I would love to get that extra content and buy into it. And so I think advertising is great for most podcasters, but there's always 5% of your fans who are super fans.

And if you model that out and if 5% of my listeners converted and they paid me five bucks a month or ten bucks a month, if you offer them more, what's that worth. And when it turns out when you do the math, it's actually a lot of money. So if you're going to make a hundred thousand dollars a month of ad revenue, you can probably make a hundred thousand dollars a month of premium subscription revenue for your top fans, especially if you offer additional content and stuff to them.

And so we started a business called Supercast, and we've been pursuing this and helping podcasters move to a subscription model. And it's not an all or nothing. You don't have to give up ads, but there are always those super fans who want more. And so we enable them to give them private feeds for those subscribers and give them extra content.

Dave: [00:50:23] Yeah, the whole podcasting thing is interesting, isn't it? Because it's really its radio. It's what our parents used to listen to, and now it's become. This hugely successful, popular thing. And it's really just radio.

Andrew W: [00:50:35] It's like radio blogging almost where it's now it's first there were newspapers. Then there were like thousands and thousands of bloggers, and everyone had a blog, and now it's, everyone has a podcast. But it's, and it's so long-tail now.

Dave: [00:50:47] Yeah. Andrew and I started what, four years ago, I believe. And, podcasting was, it was big, but not like it is now. There's just you like you said, you, you turn around, and every single person who walked down the street and probably every single person has their own podcast, it's just, yeah.

Andrew W: [00:51:05] We have a podcast that we started. Yeah.

Dave: [00:51:09] Yeah. So it's amazing. So, where do you, what do you think the future of podcasting is? Where do you think this is going to go?

Andrew W: [00:51:14] I think probably consolidation, like anything. I think there's going to be a; you look at e-commerce or anything else.

Generally, there are large platforms like Amazon. So in audio, it would be Spotify. And I think Spotify is going to go out, and they're going to acquire as much exclusive content as they can and try and become the Netflix of podcasts, audio, or audiobooks. But that said, I think there's real power.

Suppose you have an established brand. You don't need to go to Spotify. You don't need to do what Rogan did, Rogan. Could've built a brand Rogan, I think, could have built a multi-billion dollar business that he owned a hundred percent of had he done subscription podcasting. Look at Howard Stern needed to go to Sirius because at the end of the day, it was terrestrial radio, or it was satellite radio.

He couldn't go online. That just wasn't feasible at the time. Now Howard Stern could easily cut Sirius out of the picture, do it himself for no additional cost, and take a hundred percent of the revenue instead of 10 or 15% or whatever he's taking. So I just think Rogan con just missed an opportunity, and I don't think he's necessarily super money-driven guys.

And it's obviously a great deal for him, but from a business perspective, business strategy, I think it's insane,

Dave: [00:52:27] all right. So let's talk a little bit about where you think the future of tech is. What do you think is, what do you think is gonna be the next thing.

Andrew W: [00:52:37] Honestly, I have no idea. It's so not what I do. I'm not ever doing cutting edge. I'm trying to think of them. I'm not thinking about what's coming; I'm thinking of what's not going to change. What do people, what are people going to care about in 10 years that they care about today? And if they want, maybe that's a better those areas.

Dave: [00:52:54] Maybe that's a better question then what do you think is not going to change?

Andrew S: [00:52:57] And can you apply it to podcasting? Maybe why?

Andrew W: [00:52:59] I think that's very difficult to, everything's going to change, and this is the hard part Buffett can go out and buy a railroad or an energy business, and they're heavily regulated.

There are no more railways getting built. They have a monopoly over certain geographic regions. That's a very predictable business. You can pick that out 50 years. It doesn't matter how strong the business is in tech. There's always an army of marauding zombies coming for your business, and they wear Allbirds and hoodies because they're, and they're backed by Sequoia, right?

So they're just constant influxes of competitors. And so I think where you want to be somewhere boring, where the venture guys don't think you can build a billion-dollar business, and maybe you can't, maybe it is a small market, but you want to own a vertical there. And typically, the businesses that can stand the test of time have some sort of sustainable competitive advantage.

In our case with Dribble, for example, we have a network effect. So we have a social network that's been around for almost 15 years. You have all the top designers in the world on it if you start a new drug. Why would you move over? What's the reason, why would you go to everyone, goes there to be seen and to find the best designers you want to go where the other designers are.

You don't want to go to some random new place. And what I like about it is even if somebody, let's say Microsoft, said, we're going to put a billion dollars into competing with Dribble. I just don't think it would resonate because it's corporate, and they just wouldn't do it. Whereas if you have a more corporate social network, yeah. Maybe there'd be a legitimate competitor. So yeah, that's a business, I think I can stand the test of time, but there are other businesses that are very challenged over the next five or ten years.

Dave: [00:54:38] I have to admit, Andrew, you have taken the Buffet and Munger philosophies to heart. You got all the right ideas and all the right philosophies. It's awesome to hear you talk about all that stuff. No, it's amazing. Andrew and I spend a lot of time talking about value, investing in stock markets, and Buffett and Munger. And, it's refreshing to hear somebody talk about those concepts that maybe isn't directly involved in the stock market, but have taken those ideas and adapt them too, to their life and really made it successful.

Not only for you but for all the people that work for you. And I wish one of my wishes, one of my many wishes, is that more people existed around the world like you, that had the same idea and the same philosophy because this would be a better place for sure.

Andrew W: [00:55:18] Totally. It's interesting because I think people think it's very complex, and they think about finance in all these crazy terms, derivatives and options swaps and hedges and futures and all this stuff.

And when you actually get down to it, businesses are quite simple, and understanding the basics of value investing is quite simple. But it takes a long time to realize that. And the way I like to think about it is when you're buying a business, you're almost buying a cruise ship, and there are different cruise ships, and one cruise ship is heading towards Hawaii.

And the other is headed towards Antarctica Artica, and the one headed towards Antarctica. That's a bit of a scary adventure, and things could go wrong, and maybe you hit an iceberg or something like that. I want to get on the one that's going to Hawaii that nobody realizes is going to Hawaii. But if you just do a bit of work and you look at them, where they are in longitude and latitude and their course, you can figure out, oh, they're going to Hawaii.

And that sounds great. And you're really just making that one bet on something directionally working. That's a simple insight going back to Buffett and Munger betting on Coke or American Express. I think it's quite a simple analysis that you can do on a napkin or in your head if you have enough business experience.

So yeah, I think it is, it's very simple, but that took me five years plus of investing in grasping that. I always overcomplicate it.

Andrew S: [00:56:37] I think too, just based on what I've heard with what you've said today, I think it goes hand in hand with being where it's not exciting because that's the exciting path, like Antarctica, the places where you can find better value is like Hawaii.

And the reason why you can find value there is because people don't realize it's Hawaii and because it doesn't come up in that flashy thing. So I think that's a great takeaway for a lot of our listeners that, whether they're entrepreneurs or not, looking at the stock market and investing in looking in those kinds of places and maybe thinking a little bit more outside the box than what traditional. What the rest of the crowd is doing

Andrew W: [00:57:13] well. I think they underestimate the power of compounding, right? If they see that somebody got rich on Tesla stock over the course of four months, but they probably could have achieved the same gain with much less risk over the course of five or ten years. If they just sat and waited and chose the right businesses, but people try and make their portfolio exciting, and your portfolio should be boring.

It should put you to sleep, and you should like all the businesses and think they do something good in the world and like the management, but they shouldn't be about, you're voting on innovation in my opinion, unless that's what you really want to do that in your private life, or, find other ways to get your thrills because it's just not a great pattern for investing in my opinion.

Dave: [00:57:56] No, it isn't. And I think that's one of the things that can sometimes be entertaining about going on Twitter is you see people posting all their great stock picks and all these super exciting companies. Like you were saying, sometimes they could be super risky, and you don't know what the outcome is going to be.

And I know everybody gets excited about not to pick on Tesla, but to pick on Tesla for a moment. And, the huge gains that they've had, especially over the last year, but who knows what's going to happen in five years

as competition comes in and all these other things start to maybe erode some of their moats, like what? You're talking about with Dribble. It's not a guarantee.

Andrew W: [00:58:34] And you think about people who did really well on game stock options and that kind of stuff. Yeah. For every person who did really well on Gamestop options, there was someone else who made an option bought call options the month before the big pop, or they bought it on a different hot meme stock and didn't make money.

And that if you look at all the different possibilities of different outcomes, that was actually a very rare outcome that they did very well. So they look like geniuses, and they've held up as great investors. But what they're forgetting is that in almost every other scenario, they lost all their money.

And so I think you want to be, you want to be buying things where there's, in most scenarios there's an 80% chance of you either doing okay or making money, not a one in a hundred, you shouldn't be playing a venture game with your stock portfolio, in my opinion, unless it's just for fun.

Dave: [00:59:22] And there's nothing wrong with that, but I agree with you putting a hundred percent of your net worth into gambles, or high risk is

Andrew W: [00:59:31] People don't understand that it doesn't give them money. People will be like, oh, I'm investing in Tesla. And it's no; you just bought stock from another individual.

And you traded those stocks. You haven't given Elon Musk. It's not like you're helping them achieve their goals. Maybe if they issue equity at a higher valuation or something, but I don't think people register that. It's almost like they think their venture invested directly in Tesla or something.

Dave: [00:59:54] It goes directly into Warren's pocket or Elon's pocket. And exactly. And they're there helping him fund Starlink or Space X.

Andrew W: [01:00:02] Totally. And don't get me wrong. I, we invested in Space X mostly because I was like, wow, this is a really cool business. And I actually felt it did have some really interesting moats and good management and other stuff, but it's not; I look at that as, like a, it's like a roulette chip.

It's just like a fun investment that it's neat to be along for the ride, but I look at it as a zero.

Dave: [01:00:23] So why'd you pick him as opposed to Jeff Bezos and Blue Origin is that his company?

Andrew W: [01:00:29] I have some friends that invest were early investors. And so I got access to a secondary at once. And I couldn't invest in Bezos. There's no way to invest in him. I don't think.

Dave: [01:00:37] Yeah, probably. Okay. All right. Fair enough. Fair enough. It is interesting too. I know I've gotten caught up in watching the videos of the ships, return and land on their own and the reusability of the rockets and everything. It's fascinating.

Andrew W: [01:00:49] It's amazing.

Dave: [01:00:51] It really is. As somebody who grew up in the, in, I was much older than both of you. So I was; I remember when we first went to the moon and back in the sixties and how exciting that was. So it's cool to see space, come back again and be; it is really cool.

Andrew W: [01:01:04] I agreed. I think it's going to lead to all sorts of interesting innovations.

Dave: [01:01:07] Yeah, for sure. For sure. Who knows, maybe in 10, 15 years, you guys can be living on Mars.

Andrew W: [01:01:13] Back to, you could have invested in 1960, your dad could have bought Lockheed Martin stock. Or he could have bought; I don't know, McDonald's or whatever; the public company of the day probably did better on McDonald's and probably have a very high chance of success.

And again, you don't need to make the vote on the innovative company. It doesn't give them money or anything. Just do the boring thing, jump over the one-foot hurdle, as Buffett says.

Dave: [01:01:37] Yeah, exactly. All right. So I got to ask, why did you name the company Tiny?

Andrew W: [01:01:42] Honestly, it was just funny to us because we were; we had these grand ambitions, and we wanted to build an empire, but we liked the idea of being underestimated and being humble.

And so we just called it a Tiny, and it's been a great name for yeah. Seven years now.

Dave: [01:01:57] What was the initial reaction when you started telling your family and friends and other investors?

Andrew W: [01:02:03] It's really funny. Like people just underestimate, I think, because like we have this cute looking website and it's all blue, and we have this name and, we have like colorful animations or cartoons on our website and stuff.

But we, we've built a pretty sizable business, I think over the last two years, or so people started registering like, oh, wow, it's not so tiny anymore, which is cool. But yeah, we just do it to keep ourselves in check a little bit.

Dave: [01:02:25] A bit of a humble check

Andrew W: [01:02:27] That's right.

Dave: [01:02:28] Yeah. Nice.

Andrew W: [01:02:29] Every financial company is called. Black Rock or like Evermore before or something scary. And we just didn't like the idea of being called something stupid like that.

Dave: [01:02:38] Yeah. Something big and intimidating, supposed to impress you by the size of the grandeur.

Andrew S: [01:02:44] A little bit of momentum, another daily reminder with your name.

Dave: [01:02:48] This was amazing. We really appreciate you taking the time to come talk to us. And it was very enlightening. I learned a lot. It was good.

Andrew W: [01:02:55] Yeah. That was really fun. Great conversation.

Dave: [01:02:57] Okay. Thank you very much, and yeah, we'd definitely be open to having you back again.

Andrew W: [01:03:01] Great. Awesome. Okay. I hope you guys have a great rest of your day. I hope you don't get stuck in any traffic. Thanks. I won't

Okay, guys. Sounds good.

Dave: [01:03:11] All right. Take care.