

EPISODE 1532

FT: So Money Episode 1532, Founder Mariam Naficy on remaking yourself, navigating naysayers, and the future of blockchain and AI.

“MN: Having everything wiped out when you're 40 and starting 100% from zero, that was their life and their stress. Then I was dealing with the school stress. It was tumultuous, I would say, but it was a very good learning experience, because for me, I just went to my strength and stuck with my strength, which at that point was really my intellectual strength, like I – my best friend was my – I was thinking, okay, I'm going to invest in this brain, and this brain is going to get me out of this situation. That's how I thought about it, which was, like, yeah – this is one thing I can control. It's my brain.”

[INTRODUCTION]

[0:00:11]

ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life. Welcome to Money.

[0:01:12]

FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. We're welcoming today's guest, Mariam Naficy. She's a veteran entrepreneur who has founded and scaled successful companies, including Eve.com, the world's first online cosmetics retailer, Minted, the online marketplace of premium design goods created by independent artists and designers, and Tonic.xyz, a curated fine art gallery focused on blockchain art. Today, Mariam is the founder and managing partner of Heretic Ventures, the San Francisco based venture studio that founds companies at the intersection of culture, commerce, and creators.

On our show, we talk about how Mariam was born to Iranian and Chinese parents. How her childhood and diverse countries shaped her perspective. She talks about overcoming a lot of adversity when her family fled Iran during the 1979 revolution and faced challenges upon arriving in the US. On the show, Mariam shares her tactics for closing deals, and offers advice for those of us seeking venture capital. Because of her keen eye for innovative ideas, I had to ask her for her insights on crypto, blockchain, NFTs, and of course, artificial intelligence. Join us as we explore her journey, her resilience, and Mariam's transformative ideas.

[INTERVIEW]

[0:02:33]

FT: Mariam Naficy, welcome to So Money. I have wanted to have you on the show. You may not – you don't know this, for a long time, but you're quite busy. I'm happy and grateful that you're making time for us now.

[0:02:44]

MN: I'm so happy to be here. Very, very honored.

[0:02:47]

FT: Yes. I mean, the reason really is, so many reasons. I want to learn from you as someone who's such a phenomenal business leader, creator, innovator, entrepreneur, but someone who also has a very storied background. Maybe we could start there with your childhood. I was reading about how you are a daughter of Iranian and Chinese parents. I'm Iranian. I'm an Iranian, mother and father. You spent your years in many countries growing up, including Egypt, Iran, Tanzania. That's pretty extraordinary for anybody. I can't imagine a young child experiencing that. What do you remember most about those early years traveling and being all over the world?

[0:03:31]

MN: A lot of very hot sunshine. I was living in very hot countries. My dad was a development economist with the United Nations Development Project. Then subsequently the Department of Agriculture. He's an Agricultural Department Economist with the Iranian Department of Agriculture. Then after that, the USAID Agency for International Development. That took us around the world to Kuwait, Lebanon, Tanzania, Iran, and Egypt.

I just remember a lot of – I would say there was this mixture of a lot of happiness and joy in really interesting countries. I was really kind of a tourist, if you will. I was either at British or American schools the whole time. I got enough of a sense. I would stay long enough to really feel embedded in each country. It was a mixture of joy and inspiration with sometimes very tumultuous things happening in a little bit of fear and instability, actually. Yeah.

[0:04:38]

FT: Was that fear mostly when you moved to the states during the revolution and the Iranian revolution? I was actually reading about your commencement speech at Northeastern, recently. You touched on this. Your family escaping Iran during the '79 revolution. My parents also left around that same time. Fear, I say, was a – I mean, it was great. I mean, it got us out of the country, got them out of the country, but of course, different set of challenges when they got here. What were those early years for you and your family like with those difficulties in the states?

[0:05:11]

MN: Well, I mean, honestly, we had gotten here right after the revolution we left. The exit itself was pretty, I would say, difficult in the sense that the country started deteriorating while we were there. We were at the American School in Tehran. For example, the school was teargassed. We were going through a lot of – we would get stuck in crowds. Protests were happening. Finally, we decided to leave, but my dad stayed behind thinking it was only a temporary situation, but it was not a temporary situation at all.

I would say that the – finally, when we got out here, we went to Washington, DC, but it was the middle of the hostage crisis. I think understandably that was a terrible thing that happened.

People were afraid. They were afraid of Iran. They were afraid of Iranians. There was a lot of, I would say, daily bullying and discrimination at school, for example. Then also, of course, the financial difficulties were very high, because we had left everything behind. It was – my dad was not very employable as an Iranian citizen, because nobody really wanted to hire him into this government country, US government contracts. It was only after he naturalized and became an American citizen that he was able to be hired again and get those, sort of start earning again.

Today, basically, imagine having everything wiped out when you're 40 and starting 100% from zero. That was their life and their stress. Then I was dealing with the school stress. It was tumultuous, I would say, but it was a very good learning experience, because for me, I just went to my strength and stuck with my strength, which at that point was really my intellectual strengths, like my best friend was my – I was thinking, okay, I'm going to invest in this brain, this brain is going to get me out of this situation. That's how I thought about it, which like, yeah, this is one thing I can control. It's my brain. There's only one thing I can really control. That's what it came down to for me. So school, I worked really hard at school. They did well.

[0:07:34]

FT: Yes, yes. I just interviewed Firoozeh Dumas, who is an Iranian writer. Her family immigrated here a little bit earlier than the revolution, but still echoed a lot of the sentiments. This sort of like, you just have to – you're surviving here and trying to assimilate. How was the assimilation for you as someone who, yes, is Iranian, but also Chinese and now also American? Really, you're like a citizen of the world, because you've traveled your background. What did you feel most attached to in terms of your identity as a kid? How did that maybe change as you got older and gained more agency in your life?

[0:08:18]

MN: Yeah. That's so, such – I'm so glad you asked that. I don't think anyone's actually ever asked me that before. I would say that I – when I was in Iran, I was also an outsider, because I was half Chinese. I wasn't really pure Iranian. Nobody really saw me as Iranian there. My family was wonderful to me. I had a huge extended family and loved going to those multi-generational

get-togethers with the huge piles of like food on these large tables. I mean, if only people here could really see how beautiful it was.

I mean, imagine grandparents, parents, children running around in these massive parties, doors opening out into the garden in Tehran, on a summer night. It was magical, but I was also still a tourist. I was an American tourist going through this, because I wasn't really fully Iranian. I could observe from an outsider's perspective. When I got to the States, I was really confused. I'm half Chinese. I don't really know anyone in Washington, DC, who is half Chinese. There was like, basically, nobody. I knew no one who was half Asian.

It was only when I came to California that I saw all these half Asian people. I thought, "My gosh, I found all of these people just like me." But at that time, you didn't even know what to call yourself, if you were half biracial, if you will. There was not really the vocabulary in school. People didn't know what to make of you. I'm really happy to have two great cultures.

We battle over rice, actually. The Chinese really like short grain sticky rice. The Persians love long grain fluffy rice. It's two cultures that actually have a lot in common, I would say. They love education. There's just a ton in common between my parents, who are deep intellectuals. I'm just very grateful that I can appreciate both of those cultures. I feel very – I do feel like I'm a person of the world, no, a citizen of the world. United Nations in our own house is how I would describe it.

[0:10:35]

FT: How do you talk about crediting your intellect as helping you navigate the challenges of your youth? Obviously, that served you as well as you went on to build multi multi-million-dollar companies, many of them. Now your latest venture, Heretic Ventures. I'm just curious, what else helped you in your adult life besides academia? What else do we need to become you? You know what I mean? Like there's intellect, but I would guess, too, that having this worldly experience, you have an immediate sense of how to read a room. You're really good at reading people. You know how to adjust and almost be a chameleon, no matter where you are, because you have this privilege of having been in all these different rooms and experiences since childhood.

[0:11:24]

MN: Yeah.

[0:11:24]

FT: Maybe you opened up a little bit of that, too, like the ingredients that went into building the life that you have now as an entrepreneur.

[0:11:32]

MN: Yes. I think that's great that you're asking that. I think it's – I would say empathy and basically being able to see things from the outside, from an outside perspective, are very valuable. I think that the – for example, in Egypt, I was at the American School in Cairo and all of my friends were from all over the US. They were mostly military, children of military, or active military, or children of people in the oil business. My friends were from Texas, South Carolina, North Dakota, from all over the US.

I actually got to know the US better in the American School in Cairo than I did in the US, funny enough, because there were people from all over the US and I would go to their homes. It was like seeing the entire country in this tiny school. I really learned how to, like you say, morph into different cultures and really try to fit in and try to – to this day, I'm just very, very comfortable hitting like the pavement. For example, building Minted's design community meant getting to know designers from all over the country and going into their homes and having meetups.

I'm really comfortable with that sort of on-the-ground community development. I really credit that to the school experience of being in this school with lots and lots of Americans from very different backgrounds. I think that Chameleon-like thing has helped. I think judging – learning how to read people is something that I would say is one of the most important things to try to develop early. You can practice this. Everyone can practice this. You can start to build your thesis about people and how to read them and experiment quietly on your own, even when you're pretty young.

We have to make some really important decisions, like who are we going to marry? That unfortunately happens very young in your life. Thank God I feel very lucky that I really lucked out with my husband, that I was able to read him correctly. I met him when I was 19 in college. Sometimes people be very young and they have to make decisions like that, that are very consequential. I always tell people if you can – one of my favorite things to do now is to look at a person and try to figure them out like a puzzle. It's fascinating. It's absolutely fascinating and very intriguing.

When I meet people, let's say, I'm interviewing people for a job or I'm just talking to them at a cocktail party, my mind is going on that, trying to figure out what makes them tick, what motivates them. Is there any pattern or anything that I've seen in someone else that maybe reminds me a little bit that gives me some insight into this new person? I think if you could develop that skill early, that will bode very well for – and that's what happened to me. I met some really interesting people when I was in my early 20s in the Bay Area.

I would say, I really think that person is going to succeed. I think this person is going to be an incredible success. If I recognize that early, I would gravitate towards people who I really felt were inspiring. That helped me develop an incredible network that has benefited me to this day. I would try to figure out who I thought I really respected and who I thought was going to do very well and who I liked, who would I trust. Integrity is also super important in trying to read people, like reading the venture capitalists who made offers to my first company, Eve.com.

My partner and I, we were thinking a lot about who we could trust. That we would turn down bigger names, bigger name VC firms, to trade off to get somebody that we thought would be more trustworthy. That really helped us, because when it came time to sell the company at the height of the – sorry, right before the whole market crashed, we wanted to sell the business and our venture capitalists backed us on that decision. Yeah, so you're talking about, I think, the right things.

[0:15:48]

FT: I'm the one learning. I'm the one learning from you. I'm hearing that instinct is really important to cultivate instinct as early on as possible and to not be afraid to execute on that instinct. Sometimes you're right, sometimes you're wrong, but you have to go through the process to figure out the way and to get better at reading people. When you are evaluating a business idea, moving now into more of your VC side of your work. Someone's pitching you. It's a very tough environment right now, I would say. I think we can all agree that the environment, the economic environment is tight. So, with that backdrop, you're going into it for a pitch meeting. What do you look for in addition to a great idea? Are you again reading that person?

[0:16:32]

MN: Yeah. I think it's a balance just as you've put it. Granted, at Heretic, we incubate businesses mostly. We do make some investments as well. I think we're going to probably increase the – that basically go fundraise, because we're getting so much deal flow coming through our studio right now, that because of what we do, we're ending up meeting a lot of people that we could invest in, which is great. The things we look for are a large total addressable market, a large TAM.

We look for potentially surprises, like positive surprises, positive growth trends in the business. It might look a little smaller now, but there's a growth trend that will make it an industry of the future, particularly now with AI, because I think so many things are going to change that don't appear to be large right now, but are going to – you have to think around the corner, look around the corner and imagine what might happen. It's very much – today's economy and today's situation benefits people who can think 10 moves ahead as to what might happen, how markets might react, players might react in the landscape.

We look at the ability to build a moat. The business can actually build a long-term competitive advantage and moat around itself, that it's not a feature that a bigger company could just go and implement. We look for those things. Then on the entrepreneur side, this is really interesting, trying to assess somebody as an entrepreneur. I think as an entrepreneur, I think it's conviction, passion, confidence, but also the ability to take the most out, like get the most out of the people who are trying to help you. Have this – not this like, I don't need help or I know it all, but I have

confidence, yet I'm going to find the people I respect and pull as much from them as possible. That's mindset, a growth mindset.

Then I think ideally, it's somebody who has a particular advantage in that space. Maybe, for example, for me, it would be commerce and marketplaces are my advantage, if I were starting something myself, because so much muscle memory and recognition of the underlying dynamics. Those are the stuff that I would say it's a blend inevitably of the person and the space that they're playing in.

[0:19:13]

FT: You brought up AI and I'd love to explore this a little bit. I mean, yes, there's so many unknowns. It's the Wild West, right now. Everything seems exciting and also scary at the same time. I think what's scary about it is, is this, I think this truth that it would replace certain jobs. But I always think like when there is that risk, there's also maybe an opportunity, right? Like what is that AI? What is it that AI cannot replace, so that we as humans can go drill down on that?

We talked about things like empathy, reading the room, soft skills have really helped you in your comeuppance, and your success. As you are looking also, whether it's evaluating a company or even if you're just giving advice to an entrepreneur or anybody who wants to be a leader in business, given where the world is headed more towards innovation, technology, AI, how can we stay competitive?

[0:20:09]

MN: Well, I'm not a deep, deep machine learning expert. I can tell you what I've heard and what I sense is that these, that the machines will learn at an exponential learning rate. I'd like to believe, what I'd like to believe is that very truly orthogonal creative thoughts won't be there, that won't be there. Humans will continue to be able to beat machines at things like creative writing or certain creative pursuits, let's say for example. I think that we already see the things like mathematics or coding.

Actually, I think those things are going to be actually more quickly replaced. Things that are more with wrote with, not wrote, sorry, where there's an answer to it, right answer. Those things might actually be replaced more, more quickly. Yeah. One note though, as we've been thinking about that at the studio, and we spend a lot of time thinking about the creator economy, because of my background with Minted, working with – building this global community of almost 20,000 artists and designers.

I think a lot about the creator economy and businesses that pertain to that at Heretic. There are some businesses where we think humans really care that they actually are looking at the output of another human. They care about who is behind the creation. For example, music, people care who wrote it, who's performing it. If they knew it was an AI written and performed song, would they or would they not be as excited when the rock star is half the proposition of the – as part of the or a big part of the proposition of the music is the identity of the artists behind it.

Same with potentially fine art, potentially same with op-ed. Reading an op-ed piece and opinion piece. Would we want to read an opinion piece written by an AI? Maybe for fun, maybe as a novelty, a little bit of novelty here and there, but are we really going to fall in love with that creative person behind the piece, the way we put the poster of the rock star on the wall?

I think – so we've just been debating whether the audience wants to actually, even if the AI is able to outperform the human whether the human consumer wants that or not. There's a little bit of, I'll just – I'm not answering your question, because I don't know the answer to the question yet, but I just would throw out a question myself.

[0:22:46]

FT: Well, I get the logic. I don't know how many Middle Eastern mothers would approve of that setting. They're saying, "You don't have to get an engineering degree. Why don't you go study ceramics or music? Because that's the future. That's where the secured jobs are." I love that. I love that for the youth to feel like a permission to pursue, really a passion now more than ever. It's a –

[0:23:09]

MN: Yeah. I think so. I think the liberal arts, I think having a liberal arts well-rounded education that no matter what crazy twists and turns we face in the next 20, 30 years, that the person will be able to capably change direction quickly on a dime if needed and be able to, not only that, but see things coming. We'll look around the corner, use a multidisciplinary approach to like understand what might happen and react quickly.

I mean, when I went to school we didn't have – there was no internet. We had no internet connections. There was no email. I spent my entire career focused on something that just didn't exist. I think it's because the liberal arts degree, I went to Williams College, helped me, really helped me quickly see how exciting the opportunity was and what I could potentially do with it. That might be very valuable moving forward. AI is basically math.

[0:24:11]

FT: We'd used mathematicians to build on that AI. I want to wrap here with a little bit on rejection. We all face rejection in our comeuppance and our youth and even still. I mean, who's – like every day, I'm rejected, but you face some pretty hard rejections, your baby ideas, like your big ideas, your baby ideas that became big ideas. Eve.com you were told women don't buy online. They don't buy cosmetics online. They were underestimated. Yet, that was a huge exit. Minted, told terrible idea. Well, we know how that worked out. How do you reconcile with rejection? Like when do you know like whether I should listen to this or whether this is just someone playing devil's advocate for the sake of playing devil's advocate?

[0:24:59]

MN: Yet, another great question. Well, I'll say first, for all of those out there listening who get, who are rejected, that it doesn't sting any less each time you're rejected, even if you have succeeded. Please realize you're not alone in feeling the sting of the rejection. It really hurts. I think it's very natural for people who are hearing about something that's going to change things to actually go into a more conservative position, which is that's not going to work. Anytime you are pushing to change something that is it's either a new idea or you're trying to change the

status quo, you're going to get a little bit of friction, because people don't love change. That's just a natural human thing. Don't feel like it's a necessarily a personal thing.

If you're not feeling – if you weren't feeling it, you may not have been taking enough risk anyway. Potentially, it's a good sign that perhaps you're pushing to change things. It's not a bad sign, necessarily. I guess, I think that the – what I've been trying to do my whole life is think about the person delivering the feedback and whether the person is somebody that I respect in that zone or that arena.

For example, if a person who doesn't play in consumer or retail at all, says to me, I don't like using the word luxe in an ad, L-U-X-E. We were using the word luxe. “I don't understand the word luxe.” Then I would say to myself, “I don't think this guy really shops a lot in women's retail.” Because I've seen the word luxe a lot. A lot of women know what that – understand what that word means. It just depends on who's delivering the feedback and what are they expert at. I think that's what's going on in my head is I'm putting a filter on things. Depending on that decide how seriously I'm going to take the feedback, if that makes sense.

[0:27:04]

FT: 100%. I think it has to be said, because I often find that we in our pursuit of getting feedback and advice, we ask all the people. Then really, we should be asking like three people, who have that Venn diagram intersection of like, knows what you're talking about is in the audience, has the experience. It's not your mom. It's not always, like your best friend. It's not maybe even somebody you work with sometimes. I think being first clear on who is this person, where are they coming from, what is their perspective and then from their judging the feedback.

[0:27:41]

MN: Exactly. That's right. Yeah.

[0:27:43]

FT: Well, tell us what you're excited for next. We got a little bit into Heretic and how it's incubating companies. What is the innovation, what are the innovations that you're really excited about next?

[0:27:56]

MN: Well, we are very excited about AI and the possibilities that it creates. It's really reshaping the most fundamental paradigms in which we are going to use the internet, for example, which is where I play consumer internet. We're focused on starting companies that use AI for new consumer applications. I think that the ways in which, for example, we navigate the web, the fact that we use – we look at search results right now, we Google something and there's a whole bunch of search results pop out.

Even the search result, maybe we just prefer to have one result. Basic things that we've grown up over the past 35 years believing about how you interact with the internet, our interface are going to change pretty drastically. We may not need websites. There may not need to be any websites anymore. Certainly, the whole browse structure, the whole user interface, everything that we do right now, everything on your screen right now, everything could potentially change in terms of the design paradigm.

I think that some of the models, the underlying models might become quite commoditized, but the winners might be people who decide or figure out a really great way for us to communicate with these new brains that we're forming. Really, it's about people who can figure out the interface layer. That's a really big opportunity, because it means we can disrupt a lot of businesses. A lot of really big internet businesses could be disrupted. That's what excites me right now. Completely, this is as big as the first wave of the internet, which was where I started my career way back when my first business was right at the very beginning. I'm getting a second opportunity, which is super exciting.

[0:29:43]

FT: Thank you so much for stopping by. You have such a full plate these days, as always. We so appreciate your advice, your wisdom, sharing a lot about your upbringing and how it's influenced your choices in life. We'll love to have you back anytime.

[0:30:00]

MN: I'd love that.

[0:30:01]

FT: We'll be sure to send people to Heretic Ventures. Thank you, Mariam.

[0:30:05]

MN: Thank you so much for your great questions. I really appreciate it.

[OUTRO]

[0:30:11]

FT: Thanks so much to Mariam for joining us. Be sure you're subscribing to the show, so you never miss a new episode. Friday, we have a fresh Ask Farnoosh. We're probably answering your money questions, not too late to send them in. You can email me, farnoosh@somoneypodcast.com or you can direct message me on Instagram. Thanks for tuning in. I hope your day is so money.

[END]