

EPISODE 323

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FT: Welcome back to So Money everyone. I'm your host Farnoosh Torabi. Hope you're enjoying this year end review as much as I have. It's nice to go back down memory lane and hear all the great insights and advice that guests have shared with us on this show all year long. Today's theme is "Starting Your Own Business." I know many of you are interested in this because I've asked, "What's on your 2016 agenda, financially speaking, career-wise?" And many of you are interested in becoming your own boss.

So this one's for you. If you've been listening to the show for a while now you know I frequently interview entrepreneurs who have done some pretty amazing things with little, with very few resources. I often get question on Ask Farnoosh episodes saying, "Hey, I want to be an

entrepreneur. I want to be my own boss. How do I come up with the idea? Just the basics, the first step?" So in this episode we're gonna hear from a few people, starting with Gerard Adams. He's the co-founder of a website called *Elite Daily*, which he sold for \$50 million. He is a self-described college drop-out turned serial entrepreneur. So let's go to the moment, the somewhat frightening moment that ended up giving him the courage to launch his own company.

[EXCERPT FROM EPISODE 278]

[0:02:52]

FT: *So did you leave college with the idea of Elite Daily? Or was there something else that motivated you? What was the big idea that was gonna carry you out of college and hopefully be your first venture?*

[00:03:05]

GA: *You know I really was interested — so Elite kind of came a little bit down the road. My first idea was around the stock market. I was really interested, just growing up my father worked for Prudential, my mother worked for a Supermarket — A&P. They both taught me so much. I owe a lot to them, I mean just work ethic in general. Seeing them work 6-7 days a week non-stop to provide for me and my sisters instilled work ethic in me at a young age. Leadership — my father just instilled leadership in me as well. Seeing my mother work as much as she did, I just always wanted to become successful so I could give back to them, take care of them.*

When I was growing up though, my father used to want me to write down what the stock was for Prudential when I got home from school. So at a very young age the first thing that really sparked my interest was Wall Street and stock markets. So when I took that risk and jumped out of college, I really wanted learn, "Wow do I learn how to invest into this like matrix of this like Wall Street? And what is the stock market?" And that was the first thing that sparked my interest.

So I decided to start a forum for stock traders that were also looking for a place to learn from other traders and investors within the stock market. And I saw that there was a niche where all the different chat rooms or forums that were coming at that time never had a form of credibility,

never had like a rating system. So I said, "Why don't I just create something that has a rating system similar to eBay, but for each member based upon how good you were as a trader?" And that kind of gave you a little bit of a rating to learn from who were really the actual gurus that know how to invest into the stock market. And that was my first initial idea.

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FT: *And how did it do?*

[0:04:49]

GA: *It actually, that was what started it all for me. I became so passionate about investing, so passionate about the stock market, and I was able to quickly learn. I quickly started off with only \$1,000, but I was just so passionate, it was just non-stop asking questions. I was working all hours, till three in the morning promoting the website, and then eventually getting 10,000 people to sign up. And it taught me a lot about investing.*

I started learning from the peers on the site. And then eventually I got a phone call within the first year, from a CEO out in New Jersey. He was running a nanotechnology company called mPhase Technologies, and he was like, "I wanna advertise with you." And I was like, "Oh my god, I can turn this into a business? Like advertise." You know, I didn't know. I was super excited, and when he realized he was like, "I don't think you understand the value of what you've created. How old are you? I wanna meet you."

I was based out of New Jersey myself, so I went and met with him. His name is Ron Durando, he became one of my first real mentors. And he, basically when he met me and he saw how young I was he was like, "I think you're doing something really cool, pioneering something with digital media and content that can help also get small cap companies — public companies — exposure." And he's like, "I'm gonna teach you what investor relations is." And he offered me a job. And that's when I called home and I was like, "This is all working, my site's doing well, like I just got an offer."

And I actually took a position of being Director of Investor Relations for his company if he allowed me to build my company while being there. And that was my first experience with failure. And what happened was interesting; I ended up building his company — again I was so passionate. He was actually re-inventing the battery, which even till today I'm so interested in — understanding why technology is all evolving so quickly, yet we're still charging our iPhones 2-3 times a day. It's like, "Why isn't battery technology evolving as quickly?"

So what he was doing is he created a patented way for, using nanotechnology to separate the electrodes and the electrolytes, which are the two liquids, that once he turned the device on and it allowed those liquids to mix through that nanostructure, he basically was creating an infinite shelf-life battery known as the nano-battery. And I was helping build his website, doing video marketing, writing his press releases, doing everything for him the whole first year. He ended up getting 18,000 shareholders, which is the largest shareholder base out of any small cap company, and I learned a ton being there.

And eventually one day I called him up towards the end of my first year and I said, "I think we should do the first ever live demonstration of the nano-battery. Everybody's excited about what's going on here." So he was like, "Let's do it! You handle everything." So I handled the invitation list, wrote the press releases, got PR on it, I filled up a room in New York. Over 100 investment bankers, brokers, retail investors in that room and got up there, I was super nervous, introduced the Chief Scientist Officer and told everybody that I was the one who was speaking to them on the phone, why I believed in the company. Dr. Fred Allan was the Chief Scientist Officer, he came up and went to demonstrate this nano-battery.

[00:08:09]

FT: *I'm getting so nervous!*

[00:08:10]

GA: *He's got two screens up, he unveils the nano-battery, and he hits a button showing that the battery's not using any energy. And then when he hits the button and turns the device on, it "Boom!" It shows energy is being used, it shows on the screens, a light bulb lights, and there*

you go it proves the concept of this nano-battery. And let me tell you, when he hits this button, if or when this thing turns on, he's gonna raise 10's of millions of dollars. mPhase is about to — this is is the biggest moment of the company. When he hits that button, he's gonna raise 10's of millions of dollars to take it into mass production. So he hits that button, and it doesn't work...

[0:08:49]

FT: *Oh my gosh.*

[00:08:51]

GA: *And I was devastated! I thought my career was over. I'd then dedicated so much — and I've seen it work, right? He was [inaudible], I've seen it work, it just was a management issue where they just didn't test it. They didn't do their job to prepare. And I was devastated. And that was my first experience with failure, but I took that, learned from that, and that's what led me into my next company, which led eventually to Elite Daily.*

[00:09:19]

FT: *Well at least, you know what? You were in a really great position in some ways, you were in front of a room full of investors. So that probably was laying the seeds, planting the seeds for future relationships, future network. I mean clearly this wasn't your fault. You were able to show your strengths and that you were able to bring this room together, of impressive people, you had helped build this company up — too bad they just couldn't deliver. What a learning lesson for you, my goodness! So how did Elite Daily evolve from this? I mean you went from batteries a website that's catering to millennials and news.*

[00:12:57]

GA: *From that day, like you said, people came up to me and they gave me their business cards and they were like, "Hey kid, you got me in this room. I'm pretty surprised. Here's my card." And people recognized how I was able to really get the attention that I did on the company and that it was really a management issue. So it led me to wanting to continue to do that for other*

innovative companies. And so at this time I was only like 20 years old, 21 years old, around that time.

So I decided to start an agency to cater to small cap publicly traded companies marketing them. And I built, and I ended up building a very successful agency, we did about \$10 million in revenue by the time I was 24. And I was flying all over the country meeting all these great innovative companies and then 2008 happened. So I saw the crash coming. So the market crashes, my business completely changes, and at that point in time I was like, "Wow, I need to start investing into my own companies," and I kind of was really paying attention to the economy at that point.

So I started getting into more, "How can I utilize my abilities to build content?" And I decided to start doing some documentaries, and I did some documentaries on the economy and then I started investing into commodities. And then I had in intern who was working for me at the time, who got really interested in the content that I was creating and had an idea. He came to me and he said, "I wanna start a website called," — it actually started off being more tailored towards finance. It was actually "Elite Wall Street" was the first name that was thrown out.

And then we were like, "Wait a second, right now whenever we go online to get the news that we're looking for, for our generation it's, you know there's nothing that's mass market." And we started thinking about an idea, "Why would we tailor ourselves to just finance? We should build something that's all verticals." All these publications were handed down to us, and a lot of the millennial websites that were existing at the time were very niche-based.

They were very much, you know, college-based, or humor-based, or entertainment-based, sports. You know it was nothing that like a Huffington Post for Generation Y. And we saw an opportunity there and then we just started attacking it. We immediately sat down and we came up with the name "Elite Daily", luckily it was available. We bought it for \$9.99 and we just were so passionate about the idea. We started having fun with it, we started in my apartment, and we just every day, just worked at it tirelessly, just having fun and passionately. And that was the beginning of Elite Daily.

[END OF EXCERPT]

[0:12:30]

FT: A somewhat scary story, but a happy ending. You know, the day before that interview went live with Gerard, I ran into him at a book party in New York. Never met the guy, just had seen his headshot and I thought to myself, "That guy looks really familiar." And sure enough it was Gerard and so there you go. New York City is a small world, 8 million people small. And you can go to Instagram for the funny picture that we took of each other that night. There for no adult beverages involved, I promise. We were just purely happy to see each other.

Now another guest that has an impressive entrepreneurial spirit that's been on this show is Hannah Ouimet. She was featured during our So Money Millennial week in fact because of the impressive business she's running while in college. Hannah operates a six-figure business re-selling clothes and jewelry on the fashion website *Poshmark* and she's figured all this out at just 23 years old. Here is her financial advice for entrepreneurs.

[EXCERPT FROM EPISODE 184]

[0:13:30]

FT: *So, in your young 23 years of life, what would you say so far is your financial philosophy on things as an entrepreneur?*

[0:13:42]

HO: *So I think, as an entrepreneur, what I would say is really know your cost versus your sale prices. In the beginning when I was selling things, just as long as I was making a sale, I didn't really care how much of a profit it was. It could've been literally like a \$5 profit, and I would've been excited about it. But now that it's really an actual business for me, I really am paying attention to how much things cost and if it's actually worth it to sell it for what profit I'd be able to make on it.*

[0:14:07]

FT: Yeah so, a question about that; how do you spot a "steal" for you? Whereas you're going, I understand now you're actually going to look for things that you can re-sell. It's not just going into your closet now and selling things. You're actually out there looking for the must-have's that are a lower cost to you than and you can sell it at a premium. Where do you find these things and what is the profit margin that you think is worth it in order for you to buy something and resell it?

[0:14:41]

HO: Well so now I have my business license, which means that I can buy things wholesale. So I'd go into New York City or I'd buy things from people in LA and go to some of the trade shows just to check things out and find vendors.

[0:14:55]

FT: How do you get — wait, how do you get this business license?

[0:14:57]

HO: I applied for it on the New Jersey — I had to Google it. It was on a New Jersey website where you have to apply for a business license and give them all of your information and...

[0:15:08]

FT: Do you have to be in fashion or show that you have a track record?

[0:15:10]

HO: No I think it was just if I wanted to start a business. I think that it was, you had to say what kind of business it was gonna be and things like that. But it was how you got your actual business license to be able to buy things wholesale and you have to keep track of things for taxes.

[0:15:25]

FT: *Okay, I'm writing that down. I don't think I would qualify, but there are probably a lot of people out there that didn't know that you could do that — apply for a business license to buy products at wholesale.*

[0:15:33]

HO: *Yeah. So I started only selling jewelry because I figured it would be easy. The only things that people have to pay attention for sizes are rings, but things like bracelets pretty much will fit anybody unless you've got a certain size wrist or neck. And so jewelry price — so I started really selling stuff from this one wholesaler that I found in New York City and so their jewelry costs between I'd say maybe \$3 to \$10 for what I buy. And then my profits on things are probably between \$10 and \$15 each. But it's just at the volume that I'm selling them at, the profit's totally worth it for me.*

[0:16:18]

FT: *Gotcha, gotcha. Alright, so beware of the profit margin essentially because when it's a business it's like, your time matters and you don't wanna just be — it's not longer just the thrill of getting something sold. You actually wanna be making good money*

[END OF EXCERPT]

[0:16:38]

FT: Now what was I doing at 23? I'll tell ya, not running a business. I was in grad school. I think I was interning at CNN, I was transcribing interviews, sprucing up my typing skills and getting my boss her hourly diet cokes. So that was my life at 23. And I think it's so interesting to hear how entrepreneurs get their start, and Hannah, if you listen to the whole episode she talks about how her business started from kind of a mistake. She bought this poncho that she immediately regretted, and couldn't return it for some reason. So she went on Poshmark, sold it relatively quickly and got inspired and encouraged to continue selling and then learned what Poshmark

users typically like to buy, how to describe things, and so she became this expert and clearly making tons and tons of money.

Another guest I had on the show this year — we're gonna transition now to our next excerpt — won a very, very big contest. You might have heard of it, he is the winner of the very first season of *The Apprentice*. That's right, Bill Rancic came by *So Money* earlier this year and shared how winning that show changed his life.

[EXCERPT FROM EPISODE 120]

[0:17:51]

FT: *So what was your number one money memory? I know you talk in your bio about having started business at a young age, one with your grandmother, so what would you say was a very pivotal financial experience for you growing up as a kid?*

[0:18:04]

BR: *Well, I think one of the defining moments for me was when I was in college and me and my buddy Jerry started a small business. We were washing and waxing boats in the summers in a town called New Buffalo, Michigan. Now we didn't make a lot of money doing it, but what it did for me was it changed my perspective on entrepreneurs. You see I grew up and my parents were educators, so the people that they surrounded themselves around were other educators. So as a kid, the only adults I really had any contact with were teachers and principals and superintendents at school, things like that.*

I started that boat business and I met all these wealthy business owners and I took care of their boats. And they trusted me and my buddy to take care of their 3, 4, 5 million dollar boats. And I got to know them, and I got to meet them. And I realized, "Wait a minute, they're not different than me. If this guy can do it, I can do it!" I learned about work ethic, and sacrifice, and passion. And after those summers of washing and waxing boats I started to say, "Why not me?" And that was kind of my mantra, "Why not me?" So then when I got outta college and I decided to start my own business I had the confidence to go out and do it.

[END OF EXCERPT]

[0:19:19]

FT: Now wrapping up our throwback to some of the cool entrepreneurs on So Money is Josh Altman, the Million Dollar Listing Los Angeles star from Bravo Network. I watch this show. I think, for me this is like, it's eye candy being able to see these beautiful homes in Los Angeles and then getting the behind-the-scenes and apparently they film the show all year because that's kind of the only way you can see the beginning, middle, and end of a home sale because sometimes home sales take that long.

Now you watch the show and you also thing that Josh Altman was just born into real estate and that he just has the DNA to sell. But the truth is he's an extremely hard worker and he has a mentality about how he got to where he is. He shares it in his new book, *It's Your Move*, and he also shares it with us in the interview. Take a listen.

[EXCERPT FROM EPISODE 273]

[0:20:09]

FT: *I'm an East Coast girl, from actually Massachusetts too, like you. What made you wanna go out to LA? Because it's such a difference out there. You know, the people, the culture. What made you wanna go out there? Why not sell amazing homes on the East Coast? There's a lot of beautiful properties here.*

[0:20:27]

JA: *Well for me it was, one of the reasons was cause I wanted to be in business with my brother. It was really tight family that I grew up with and Matt was out here, and so that's why we started the Altman Brothers. And also to be honest with you, I had lived in New York City for about a year and half after I graduated Syracuse University. And for me, I was always drawn out*

here cause it's beautiful, the sun, the fancy cars, the nice big mansions with the beautiful lawns. There was a lot more for me that appealed as opposed to New York City.

[0:20:59]

FT: *Although I read on BostonGlobe.com you said that the East Coast mentality is more aggressive, it's "take no prisoners" and that actually was great that you were raised there because then going out to LA it's allowed you to be very competitive.*

[0:21:14]

JA: *Yeah, yeah. I totally agree with that. I love the East Coast mentality, which a lot of my friends who are in New York and Boston still have obviously. And I always tell them, I say, "It's so different out here. It's a great place to come out and bring that aggressiveness." And you know listen, that's kind of what helps us get to where we are today. You gotta realize, when I moved out to LA I didn't know anybody, I didn't have any money, my brother and I, we lived in a fraternity house on one of our friend's couches and we weren't even part of the fraternity. I couldn't afford a car, and I rollerbladed to the mailroom every day to make \$7 an hour.*

[0:21:49]

FT: *I love it.*

[0:21:51]

JA: *So you know, when you watch the show you're like, "Oh he probably had it handed to him, or this or that," and it's not. Which is one of the reasons why I wanted to write this book was, not only to tell people my story, but also to teach people. Hopefully they learn from my experiences and my mistakes as well. And you know, working our way up and it's a little bit of what people like to say, "Well you just got lucky."*

But what I like to say, which I talk about in my book, which is talking about calculated confidence and the "ready-fire-aim" mentality and choosing to be lucky. There's this story that I talk about

where I'm at a Starbucks and I meet a guy in line and I drive him to a house right after we're in line, and I sell him a \$12 million house. And a lot of people say, "Well that's just lucky. That's just because you were in the right place at the right time." And the truth is...

[00:22:42]

FT: Well you drove him! You drove him to the house. [Laughs]

[00:22:45]

JA: Well yeah, you know what? The truth is is that I go to that same Starbucks every morning for one reason. It's not for the coffee, it's because I know the type of clientele that I'm trying to go after, and I know that all the rich people in Beverly Hills go there and all the celebrities go there. And so I'm putting myself in a situation where I choose to be lucky. It's not just random luck, I put myself in situations like that. So there are lots of stories and examples of how you can do that too in any business that you're in.

[00:23:13]

FT: And what I also like about your book is that while you are this real estate guru, it's not just for real estate, entrepreneurs that you can actually take the steps and the secrets from this book and implement it into your own professional life. Whether you are an entrepreneur in real estate or elsewhere. What's one example of taking a risk with confidence, as that's part of the subtitle of your book? What's one thing that people can implement perhaps even as soon as they get off this podcast?

[00:23:42]

JA: Yeah so there's a story that I talk about in my book, which is when I meet Tyler Perry at a gym at 7 AM in the morning. And I go back and forth if I'm gonna talk to him, you know I'm a little nervous, he's a billionaire but obviously an ideal client for me. And I say, "You know what? I'm just gonna do it." I go up, I talk to him, by 10 AM I'm showing his house, by 4 PM I got an offer, by 5 PM we have a deal for like \$11 million on his house all in the same day.

And you know, people in situations like that, majority of people will say, "Ah forget it, I'm not gonna do it." You know I live by this mentality, which is this ready-fire-aim mentality, which is you gotta realize when there's an opportunity in front of you, you have to capitalize on that opportunity, and if you mess up that's okay you just gotta redirect and finish strong.

And that's a perfect exactly of that and calculated confidence is I knew what I needed to do, I made sure that he knew what I do and that I'm very good at what I do. You believe in yourself, you trust your gut, and don't second guess yourself, and do it! And that's a lot of what I talk about in the book and examples like that on how you too can be that way.

[0:24:51]

FT: *How did you break the ice with Tyler?*

[00:24:53]

JA: *[Laughs]*

[00:24:54]

FT: *What'd you say?*

[00:24:55]

JA: *I told him I know where he lives, so that was a little weird!*

[00:24:58]

FT: *[Laughs] Scary!*

[00:24:59]

JA: *[Both laugh] But then I said, "No, no, I know where everybody lives. It's my job, I deal in high end real estate, this is what I do. I know your house is a beautiful house, I have lots of clients that would love to see it. Is there any chance you'd be thinking of selling for the right price?" But it wasn't just saying it, it was saying it with confidence and then allowing him to understand that I'm just not some random fan at the gym who's coming up to him, that I mean business.*

[END OF EXCERPT]

[0:25:22]

FT: Talk about chutzpah! Right? That's Josh Altman for you. You don't become successful without taking chances, even when you're at the gym. Gotta love that! And that's our wrap. If you have plans to start a business in 2016, you're going to want to stick with the podcast the show. We have some fascinating entrepreneurs lined up in the New Year including fashion mogul Rebecca Minkoff. And remember, you can grab the transcripts for all these episodes at SoMoneyPodcast.com. And while you're there, click on "Ask Farnoosh" and send me your question for the Friday episodes. Thanks so much for tuning in everyone. Hope your day is So Money!

[END]