

Andrew: This session is about to launch your idea. It's led by Scott Duffy, founder of SmartCharter, an online booking tool for private aviation which was acquired by Richard Branson's Virgin Group.

This session is based on the ideas from his book. Let me hold the book right up right here. "Launch", the critical 90 days from idea to market. I'll help facilitate. My name is Andrew Warner. I'm the founder of Mixergy where proven founders, like Scott, teach. Scott, welcome.

Scott: Hey, it's great to be here. Thank you for having me. It's great to be on the show.

Andrew: It's great to have you on here. I just saw this article. This is an old post from TechCrunch from 2007 by Michael Arrington announcing how Virgin Charter, Richard Branson's company is launching a new product, and the backbone of that is Richard Branson's acquisition of your business. You created a product for your users, and what did they say when they first got to play with it?

Scott: Well, it was interesting because we had this idea, and we had a bunch of smart people on the team that really felt that we had the perfect solution for a problem that we'd identified.

Andrew: Uh-huh.

Scott: And the problem was that no one had really effectively aggregated supplying demand in the airline, in the private air charter business. So the big idea of private jets.

Andrew: Mm-hmm.

Scott: And we went about creating a product roadmap, building the, you know, an alpha version and a beta version. We went out and we talked to lots of customers. We talked to stakeholders on both sides of the table. We talked to operators that wanted to basically sell time on their aircraft, and we talked to buyers, people that actually wanted to fly on those aircrafts.

Andrew: All the things that you're supposed to do, talk to everyone, get their feedback, yeah?

Scott: That was it. And the more feedback that we got, the more convinced that we were that we were on the right track. And so we started building and building and building, but kind of a crazy thing happened. We finally had our first version ready to take to market, and we got it in customers' hands. These are the same people that told us to deliver exactly what it was we built.

What we found is, again, once they started to play with it and really use it, they wanted something that was a lot different. What they learned is there are different aspects or different features of the product that they thought that would be more helpful. And so where we were focused on building the back end of the product, what we learned is that

our customers really wanted more assistance once they used it on the front end.

And one of the lessons I learned in that experience as an entrepreneur is, you know, instead of building everything, instead of trying to make things perfect, it's important when you're launching just to get out one thing, the simplest thing, like what we call the minimum viable product. Get it into people's hands and get them using it because sometimes buyers are liars. Not because they want to mislead you but because when they start to actually use it they make new distinctions.

Andrew: All right. And that's a good point to start off with, and we're going to talk about how to do this right, and we pulled out the team here at Mixergy, pulled out some ideas from your book to talk about.

Scott: Cool.

Andrew: The first one is to change your mind, change to the mind of a beginner so you don't waste time with assumptions. And here's something that I saw. I saw this Infographic online. I get all my facts from Infographics, it seems, but there's one interesting thing here. In 2001 annual U.S. revenue from the storage industry is \$22 billion.

Scott: Yeah.

Andrew: That's huge. That's a huge amount.

Scott: Yeah.

Andrew: You saw that and you said, "I'm going in. I know business. I'm going to go invest in it, and what did you do that kept thinking about it?" What was the mindset you went in with?

Scott: Well, I mean, I assumed that I had landed on just this killer idea.

Andrew: Yep.

Scott: Because you had this big industry, this multi-billion dollar industry, but what was interesting about it is that the biggest player in the space which was public storage at the time only owned 3% market share.

Andrew: Mm-hmm.

Scott: So I said this is an amazing opportunity. We can go out there, and we can build a big national brand by simply acquiring existing facilities and calling them up. But when I jumped into the space, I started to execute my plan here which I learned. What I learned is that the majority of self-storage owners just have one facility, sometimes two.

And the thing is that the facility isn't just for business, but in many cases it's their home.

It's where their family works. Right there they're really invested in this place. And so as I went out there and I tried to negotiate one facility at a time, man, this is going to be a lot harder than I really thought it was going to be. Again, to roll these businesses up and to build this big national brand.

Andrew: I see.

Scott: And I spent so much time, and I spent so much money trying to push through my agenda. But what I learned at the time is that I learned there were other people that were playing in this space, people that had a lot more experience in storage, and they knew this: that the quickest way to grow in that space wasn't through acquisition. The quickest way to grow was by building your own facilities from the ground up. And if you had two or three or four or five? You could create mass value from people like me that we're trying to acquire.

And one of the things again, that I learned in that experience was this: sometimes, as an entrepreneur, when you see a problem, it's so obvious, and it's going to be so simple to solve. Well, maybe you should take a deep breath and you should step back before you decide to execute. Because there's probably a really good reason why that problem hasn't been solved yet. And I think that from my standpoint, if I had done a little bit more homework, and if I aligned myself with people that came from the industry, that maybe knew some of the distinctions that I made once I started to spend money, I would have probably taken a different approach.

Andrew: That makes sense. I do see myself sometimes jumping into an industry and saying, or just assuming that everyone is like me. And so the thing to do is to go in without any preconceptions and say how does this work? Who runs it? What's possible here?

Scott: Well it is. I'm a big basketball fan, as you can probably see behind me.

Andrew: I do, yeah.

Scott: I'm a huge NBA fan, a huge Lakers fan. Now, I remember having the chance to meet Phil Jackson one time, and he was talking about the importance - whether it was in basketball or business - of approaching everything with what he called a beginners mind. Which is really a Buddhist concept, comes from a word called shoshin. Approach everything as if you're a beginner. And I'll tell you, sometimes that's challenging for entrepreneurs that have been successful in other businesses or other industries, that are trying to set out on something new. Because what happens is they tend to believe that because they've been successful again, in one business or one industry, that that success is going to easily translate into another.

Andrew: But what about this, Scott? You did come at it from a good point of view, you said I'm going to roll this up, right? Wayne Huizenga famously rolled up Blockbuster Video, a lot of it was mom and pop stores before he acquired it and then he built it into this billion dollar empire, multi-billion empire. And so that idea is a good one. How do

you come into a space with an idea that makes sense, that you're bringing in from the outside that space so it's fresh, and at the same time, not impose your assumptions on it?

Scott: Well, I think that you start by building a great team. And your team has to include not only people that look at the problem with a fresh set of eyes, but also people that have been in the industry, that can provide perspective, that might be hard for an outsider just jumping in to latch onto a media link.

Andrew: I see, so if you got into the storage space today or were thinking about it, you might recruit someone who'd already been in it and said, "Look, here's my idea, help me execute it." And that person would say, "You know who's in this space? It's mom and pop, this is their only job. They sleep virtually in the space." Gotcha, okay. So that's how you would get both your outsider's perspective and an insider's understanding of what's going on there.

Scott: Right. The other thing that's important to do is to pay attention. Really do your homework, particularly if you're stepping into a new space with regard to who's already trying to solve this problem in a similar way as you are?

Andrew: Yep.

Scott: Maybe somebody hasn't, but in the event that they have and, that's awesome, because you can go and you can learn so much. And you can apply what you learn to this new space, and don't think that because again, you've been successful in another area, that you're smarter than everyone else. Or your team is smarter than everyone else, and it just doesn't matter what they've done. It absolutely matters, and you absolutely need to apply the lessons that somebody else has learned. You need to ask a lot of questions.

Andrew: All right, and that's why we have you here, as a person who's done it, to come back and talk about what you've learned so that we can learn from you. Let's go back to the Big Board and the next big idea for us to cover is to have a clear vision of where you're going, and this is a man who did it. Let me see if I can do justice to what he did. Look at that photo, I actually Googled his name. Can you see that up on your screen?

Scott: I'm not seeing it yet.

Andrew: All right, it's going to take a moment for it to come up to you. This is Doug.

Scott: Oh, yeah.

Andrew: Brignole? I'm actually going to Google him, or show the Google image search of him. Look at this guy. This is what he looked like a few years ago. Here he is again, a more recent photo. The guy's just cut up!

Scott: Yeah, he's unbelievable. Doug Brignole.

Andrew: Doug Brignole is how you pronounce it. So at 14 years old, he decided to join a gym. He got into bodybuilding around 17 and he did something with tracing paper to help him not just visualize, but to see his vision. What did he do with tracing paper and how did it help him get to this body that we're looking at right now?

Scott: Well, it's an unbelievable story because, like you said, as a young kid he got kind of addicted to bodybuilding.

Andrew: Mm-hmm.

Scott: When he was 17, he didn't win, but he came in second in the Mr. California competition.

Andrew: Yep.

Scott: And it drove him so much, he's like, I got to set my goals higher. I want something more. And so his new goal was to become Mr. USA. And the way that he went about it is this: In addition to being this amazing body builder, Doug is an incredible artist.

Andrew: Mm-hmm.

Scott: Like if you go to the library, to a bookstore, and you see those books with images that people have drawn of the human body?

Andrew: Mm-hmm.

Scott: That's also what Doug does. So what he did is, he got one of his buddies, they grabbed a camera and he stood in-front of a wall and he posed, he flexed. And he took a picture, and he blew it up, and then on top of it he put a piece of tracing paper.

Andrew: Mm-hmm.

Scott: And he took that tracing paper, and he drew on top of the image from that photo, exactly what it was he was going to have to look like in order to win the competition.

Andrew: Unreal. Uh-huh?

Scott: It was so amazing. And then what he did is this: is he took that and he put it in a frame. And this is at a time, I mean this is 25, 30 years ago, and this is at a time when there wasn't protein powder in every store . . .

Andrew: Mm-hmm.

Scott: . . .and an energy bar you could pick up everywhere. And so body builders made all their own food. And he put this picture on this table where he sat down with the food that he made, 5 times a day, and he'd take a bite, and what he'd do is this: he'd take a

bite of the food, he'd look at the picture, and he'd say, "That's what I'm going to look like. I'm going to make that happen." And he did that for 5 months.

Andrew: Wow.

Scott: And so I remember I asked him, I said, Doug, so is that it? Is the key to success, in getting your big goal, is it like drawing the pictures and getting absolutely clear? Is that all you need to do? And he said no. He said that's not it. He said, it's important to have a goal, but what you really need to do is have an effective strategy with regard to how you're going to be successful, how you're going to do it. And the way that Doug did it was this: he asked himself these questions. Now that I know my goal, now that I know what it is that I want to achieve, what are all the things that I'm going to need to do in order to achieve it?

And he literally created a plan, all the things he had to do, to build his muscular system the way it needed to look. How he'd have to eat. How he'd have to rest his body. How he'd have to lift. The second thing is: what are all the things that could get in the way? And the third is: what are the things that I'm going to need to do in order to overcome it? And that's how he created a plan. And then what he did is, every two weeks, he got in front of that same wall and had that same friend take a picture in the same pose.

Andrew: Wow.

Scott: Because it's so important to be able to measure your results and see how you're doing. And he compared, he'd blow the picture up, and he'd take that original piece of tracing paper and he'd put it right over the updated photo. And he'd be able to see how he was doing. He might be able to see that his chest was a little bit too big, or his arms were too small, and he would be able to make adjustments. So, the punch-line here is this: that Doug actually did become Mr. USA, he won the competition. But what's really amazing is that if you go to his house today, he went home that afternoon and he had that same friend have him stand in the same pose and take the same picture, and when he laid the tracing paper on top, the two look absolutely identical.

Andrew: Unreal. So, as entrepreneurs, how do we use this? Does this mean that we take a picture of Richard Branson's office and have someone on fiver Photoshop our face behind the desk so that we can picture where we're going to be? Or, what do we do more practically with what he did, because it did really work?

Scott: Well, I think that the first thing is, again, getting clear on what it is that you want. And I think that one of the challenges that entrepreneurs have is, particularly first-time entrepreneurs, is that they may not know exactly what it is that they're aiming for, right? And that's a real problem. And again, once you know what it is that you want, when it comes to creating a strategy, you don't need to create a big, 50 page plan. You don't need all that weight. All you need to do is answer those three simple questions: What are the things that I'm going to have to do? What's going to get in the way? How am I going to overcome it? And then checking on your progress, and I suggest doing that once a month. Checking on your progress, ask those same questions, and update when

it's appropriate.

Andrew: All right, let's go on to the big board of one more time. There it is, the next one is to check in with your significant other. Make sure you're on the same page, and you tell the story about this couple. She was pregnant. Her father sat him down and said what? Who is this?

Scott: This is Howard Schultz. Meeting Howard Schultz was one of the most amazing moments for me, personally, because of what I learned in the experience. I was a part of an entrepreneur group, and we were hosting an event with Howard. He was going to come and speak to a group of probably 200-300 other entrepreneurs. I remember I was so excited to meet this guy, because I'm such a big Starbucks fan, and an amazing fan of what he's been able to build. So many other entrepreneurs... My office has been Starbucks locations from time to time.

I remember that when Howard spoke, he did an okay job, and he talked for about an hour. But I think I walked away from his core speech feeling like, man, this is like a press release. I can't relate as an entrepreneur to so much of what he's saying. There was some Q & A at the end of the session, and the last person that got up asked, "Howard, I'm a huge fan of yours, and I really came because I wanted to learn." And he said, "But here's the thing. When you talked about going through difficult times in your life, you had a billion dollars in your pocket during the time you talked about. As entrepreneurs, most of the people in this room, when they're going through difficult times, they're just trying to figure out how to feed their families." And he said, "So, Howard, I really respect you, but I just don't think I can relate anymore."

That was it. He just went and sat down. But the thing is, I think he captured the feeling that everyone else had in that room. In that moment, Howard Schultz made me an even bigger fan. What he did was he stood up from his chair and he walked across the stage, and he said, "You know what? I am exactly like you. I want to tell you a story."

You see, when Howard was a young guy he started his career as a salesman. One of the accounts that he called on was the original Starbucks store up in Seattle. He became so enamored with the store and what they were doing, he asked for a job. He ended up getting hired as a marketing guy, and he was entrepreneurial, and he had a big idea. His idea was that he wanted to put an espresso machine behind the coffee bar. And they said no. Howard was so bummed out. He was so dejected, that he decided to leave Starbucks. He went on a trip to Europe, found another brand that he wanted to represent, came back home, and started a new company.

Now, about 18 months later he got a call. The call was from his father-in-law. Howard really wasn't surprised, and his father-in-law said, "Howard, look. I love you, and I totally respect you. This is coming from the bottom of my heart." He said, "You have been working on this for the last 18 months, and you haven't been getting a paycheck. Like so many of us entrepreneurs, we're starting something new. So, here's the thing. Your wife - my daughter - is the only one paying the bills, and she's six months pregnant." So he said, "Respectfully, maybe it's time to put this on hold. Or maybe it's time just to let go of

this altogether."

Howard closed up, and he went home and he talked to his wife. He told her about the conversation. He said, "Here's the keys. I'm ready to give it all up tomorrow." Then, at that moment she gave Howard what I call the Rocky speech. That speech that Adrian gives Rocky before the big fight. She said, "Look. Howard, this isn't just your dream. It's our dream. This isn't just your vision, it's our vision. And we're going to figure out, whether it takes us all night staying up, how we're going to get through this together."

What I learned in that experience was this: As an entrepreneur, I've always believed that I was the most important person in every company that I started or ran. That's because I had the fancy titles, and it was my idea, and all that stuff. But what I learned is, the most important person in every company is the person that we come home to, or the people that we come home to. It's our families. It's our friends. It's our significant others. All the people that are impacted financially by what it is that we're trying to do, or with regard to the amount of time it's going to take for us to be able to get this venture off the ground.

By the way, these are people that we expect to support us unconditionally, and a lot of the time they're at the same amount of risk as we are, because they're invested financially. What I've learned as a result of that experience is this. There are three things and I think these are the important things that entrepreneurs need to do, they want to be a successful business. You've got to deal with your spouse or your significant other.

The first is this you have to be on the very same page from the very beginning with regard to how much money and how much time you're willing to risk and your partner is willing to risk. I mean, I'd much rather be on the same page with my partner and risk less than risk more and have them up like worrying and have knots in their stomach all night. It just doesn't any sense.

The second thing is you need to be on the same page with regard to your partner's communication strategy. And here's what I mean. Sometimes these people, by the way, you know, I used to call the most important person the chief executive officer, I call these people the chief venting officers in our company, like the CEOs. They just hear us vent all the time and, again, they're supposed to be supportive.

You need to find out do they want to be in this business and experience it blow by blow with us? Or is that too much? The emotional ups and downs? Do they want to know less, and maybe it makes sense to update them once a week versus once a day or once an hour.

The last thing I learned is this. My wife, Rachel, taught me this lesson. The way that you spell love with an entrepreneur is T-I-M-E. Well, we have to make time for all the people that sacrificing along with you, you know, and letting you go out there and try to live your dream.

Andrew: There he is.

Scott: There he is.

Andrew: He built a \$2.2 billion empire, according to Forbes Magazine all because he got, or not only because, but largely because he got on the same page with the way he did with his wife, with the way you did with your wife. And I found the same thing for myself, whether it's for work and I needed her to understand and support what I'm doing, or frankly even just exercise or take some time for myself. If I say, Olivia, I need some help getting to this. It's so much better than arguing with her and trying to go on my own without getting her support and buy-in.

Scott: It's true and I can only say this. I think that, you know, for years we've been taught to be successful as an entrepreneur to be own a great business, the most important thing we need to do is kind of like focus on, you know, building a great team. And we have to learn how to raise capital and be great leads and, you know, we've got to sell all these strategies and tactics around building a business, the business stuff.

Personally I think that's about 15% of what it takes in order to succeed as an entrepreneur. I think the majority 85% is nailing the personal stuff.

Andrew: With other people, yeah.

Scott: Yeah.

Andrew: My wife doesn't account for 85% of my success, but I see what you mean. With all these other people that I'm working you, you and me, we had an issue where we struggled to connect today because I was connecting to the wrong Skype name and you were sitting waiting. It's in those friction moments the way that we respond and the way you responded so graciously and the way that we were able to connect. I think that the relationships are formed that end up determining whether we can succeed in our partnership or not.

Scott: Yeah.

Andrew: And I really appreciate the way that you handled that. Speaking of partnerships, I'm using that as a segue to get to the next big point. You say partner with large companies, and you guys did that at Quote.com. Look at what my team got. It came from Ann Marie. You were talking in your book about Quote.com. You were part of the launch team, so she went back to the way back machine, didn't capture Quote.com so well. It did capture it well enough. I wonder if people can even see on the very bottom here. There you go. See if people can see this. I'm going to zoom. I'm going to keep zooming in until we get it clear.

Be sure to check our partner page for information on joining the Quote.com network.

Scott: Wow.

Andrew: You guys were huge on partnerships. How did you do it back then?

Scott: We were. Well, we were a company that was boot strapping. We were a company that had very little capital, and we were going into a new market. What most people don't realize we take it for granted today because we see stock quotes all over the Internet. We were one of the first companies to get permission from the exchanges to do stock quotes online.

So we were kind of creating the market to find it and being the leading brand, and but we still, despite all that, didn't have a lot of money. I remember going to New York and traveling to different places trying to sell stuff to advertisers and using my frequent flyer miles that I accumulated over the years just to make those trips.

Andrew: Really? Uh-huh.

Scott: And here's the thing. What I learned is this is that if you are stratic [sp] and you're smart with regard to who you partner with early, you can grow your company farther faster and with far less capital than you ever imagined. And with Quote.com here's how we did it. We asked ourselves, "What businesses out there have the same type of customer, the same target customer that we do, but they're doing . . . and what I've learned as a result of that experience is this. There are three things and I think these are the important things that entrepreneurs need to do, they want to be a successful business. You've got to deal with your spouse or your significant other.

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Andrew: Mm-hmm.

Scott: And so, for us the first thing that came to mind was the new online stock brokerages that were emerging. So, we went to them and we asked a question, because at that time the only thing that these brokerages could display was your portfolio. You know, they couldn't show you real time stock quotes. So, we went to them, we said, "Hey, what if we did this? What if we helped each other?" And the way we did it is, we provided the stock quote mechanism for you, and we linked it, we built it into your site. So, when user was in your site, they could not only see your portfolio, but they could get a stock quote. Maybe that would not only encourage them to stay longer, but it might get them to trade more with you.

And, what if we were to maybe make that stock feature happen on a code branded page. So, you win and we win, in terms of branding. What if we sold advertising on those pages and we split the revenue?' So, we went up to all of the major brokerages and you know, virtually overnight we had over 100 partners across the internet. It was everything from the big portals, to the big news sites online, to the big stock brokerages. Within just a matter of about six months, we became not only one of the fastest growing sites on the internet through partnerships-

Andrew: Yup.

Scott: Which, by the way, cost us very little, but also one of the largest revenue generating sites on the internet. What was really, you know, valuable in addition to getting this reach for quickly, and the ability to kind of shortcut our way into generating revenue was, I believe that companies are bought and they're not sold. If you create the right partnerships up front, and build really strong relationships and continue to add

value, you may have be locked yourself in early to a company that might be real ripe to acquire you down the road.

Andrew: I see. I see this article here, where is that? There we go. This is what ended up happening to the company. This is an article from 1999, "Lycos ended up gobbling Quote.com up for \$78 million." You mentioned sales so I started looking through the article and there it is. I think, yeah, 1998 it pumped out sales of \$12 million.

Scott: Mm-hmm.

Andrew: Which, at the time was especially huge, because no one was making any sales. Everyone was just after eyeballs.

Scott: Well, you're right. When we launched in 1995, 96, I believe that we kicked ourselves off as a top 10 (inaudible) sales site on the internet, so it was really remarkable what partnerships did for us. By the way, it wasn't just that Quote.com were experienced the value of these types of partnerships and what they can do for a company at an early stage. I was in a company called Sports Line USA.

Andrew: Mm-hmm.

Scott: And when Sports Line USA launched, it provided sports information to people that were betting on events.

Andrew: Uh-huh.

Scott: And ESPN around the time, decided to come online, and the founder of the company, Mike Levy, had a great idea. He said, well you know, the other networks are going to want to come online as well. So, what would happen if we took this great content, this great news and information site that kind of has a different purpose now, but we were to go to one of these larger brands and provide the website, they provided the branding, and that's how CVS Sports Line, which is now CVSsports.com is born. While I was in Zoom.com, the same thing happened with the NBC internet. Again, SmartCharter to Virgin. So, the power of partnerships is just amazing. But, here's the thing. Don't ever expect that bringing in a big partner is going to make your business better.

What you need to do is build a really strong, solid foundation for your business before you go out and bring a big partner and get involved with them. The reason is, a big partnership is going to bring in more users and more traffic and more stuff to whatever it is you're doing, and can expose your flaws faster. So again, make sure that you built a good fundamental business first, and don't think somebody else because of their brand or their distribution, is going to make you good.

Andrew: Sports Line USA. That's the name of the company you were part of it?

Scott: Yeah.

Andrew: Wow. Did you own shares in these businesses? Did you own shares of Quote.com at the time of the sale?

Scott: I did.

Andrew: You did.

Scott: Actually, the time of the sale, I did not, I don't think that I did. I think that I had sold them before.

Andrew: Oh no.

Scott: But, Sports Line I did, and the Zoom and all those others, yes.

Andrew: Did you do well? Did you become independently wealthy before you started your charter company?

Scott: Yes.

Andrew: You did? Wow. Way to go.

Scott: Yes.

Andrew: Okay. Let's go back to the big board. Don't let pride hurt your business. Another idea we pulled out of your book, "Launch", and you talk about this woman, there she is.

Scott: Michelle.

Andrew: Yeah.

Scott: Michelle Patterson, sure.

Andrew: Michelle. What happened with Michelle?

Scott: Well, Michelle is a very successful event planner.

Andrew: Mm-hmm.

Scott: And a couple years ago, she had an opportunity to pick up an event, called California Woman's Conference, and take it over. The California Woman's Conference for years and years and years, has been one of the most pristine conferences in the United States. It has been put on by the governor of California's wife going back all the way back to Governor Deukmejian.

Andrew: Mm-hmm.

Scott: And again, the last governor's wife decided not to continue it forward, so Michelle took it on. She really stepped in some big shoes. I remember when Michelle got started, she was so excited, and she was so enthusiastic, and she painted this amazing vision for all of us. I remember that I'd check in with Michelle from time to time and say, "How are things going?" And, it's really funny because I think that when people ask entrepreneurs, "How are things," it's like we think that one answer, and that's like things are great.

Andrew: Yeah.

Scott: I mean, when are you going to hear an entrepreneur tell you that things just are not (inaudible).

Andrew: Driving me crazy. I have people over here for scotch, I ask, "How are things", it's crushing it or killing it?

Scott: Yeah.

Andrew: After the third glass, it's, "Hey you know what, (inaudible) having a little bit of trouble." Yes, but you're right. Up front, people always say everything's going well.

Scott: Well, they do, and I think there's a couple reasons why. I think one is, as entrepreneurs, part of our job is to be carrying the company flag. Andrew: Yes. We have to be the cheerleaders. You don't want to go to a game where the cheerleaders say, "Hey, this school sucks."

Scott: That's right.

Andrew: Right.

Scott: That's right. In addition to that, being an entrepreneur can be a really lonely job. I mean-

Andrew: Yup.

Scott: You know, if something isn't going right, who do you talk to? You don't necessarily want to bring it home to that chief venting officer, maybe they've had enough, and you don't necessarily want to take it to their friends. They're there for something else (inaudible) as some of your close friends, and we certainly can't take everything to employees. So, you kind of keep it all inside, even though you know that the story you're telling others isn't necessarily congruent with what's happening in the business.

Andrew: Mm-hmm.

Scott: And that was the case with Michelle. I remember as we got closer to the event, and I'd ask her, how are things, and she'd say, great, she called me about 17 days, 18 days before the conference was ready to start, and she said, "Scott, I got a big

problem." I said, "What?" She said, "Let me tell you what's really going on with this conference and this business." She said, "The investors that were supposed to put in money didn't come through." She said, "Many of the sponsors or advertisers ended up not coming through or following up with their commitment," and she said, "We're effectively broke." She said, "In fact, I'm a million and a half dollars in the whole, and I've got 17 days to figure it out, or they're not going to open the doors."

Andrew: Wow.

Scott: And so, I remember I got up from my desk and I drove over to Michelle's house, and we started to talk about this problem and how we were going to solve it. That night, she told me that she was about to go to bed, and she talked to her husband. She said, "You know, I feel so terrible, I feel so guilty." She said, "I feel like I'm going to bankrupt this entire family, and you've all been so supportive." And she said, "And I think because I've just been too prideful to let others know what was going on and get their help."

And he said this, "You know, Michelle," he said, and this is just like Howard Schultz's wife, you know? He said, "Michelle, here's the thing. You know a lot of really successful people, and the odds are, many of them have been in the same exact position. You should just reach out to some of them and let them know what's going on before you decide to give up." And so, the next morning, the first call that she made was to the person that ran the conference center where they were going to hold the California's Woman's Conference. Michelle went over and saw them, and she started to open up to him about the problems. He stopped and he said, "Michelle, I just have one question for you. What's your favorite flavor ice cream?" And she said, "Strawberry".

With that, they went out and they grabbed strawberry ice cream, and he said, "You got a partner in this." He said, "We've all been here before. Let me help you to figure it out." She went home, after that meeting she felt this renewed sense of confidence, and with it she developed a list of the 50 people that she believed she knew in her network that could help.

What was interesting is that when she called them they didn't answer the phone, listen to the story, and say things like, "How could you let that happen?" Or, "Why would you ever...?" Instead, what they said were things like, "Why didn't you call me sooner?" Or, "I've been in that exact same situation." Or, "Boy, let me tell you something, because I've been in a lot worse."

As a result, these people started to work together to help Michelle. And guess what? She went from \$1,500,000 to \$150,000 in 15 days, and she was successfully able to open up and execute the Women's Conference and have a great show. This year, it was even bigger in Long Beach. Again, I think that as entrepreneurs what's really important for us to do when we're having trouble is to go to people, and specifically look for people who have built successful businesses - the kind that we aspire to have or to build like - and ask them for assistance. Ask them for guidance, because the odds are that they've been there themselves, and they're going to be more than willing to share and help you solve the problem.

Andrew: Yeah, but we have to be comfortable letting down the guard and not constantly saying that everything's going well, that we're crushing it. And she did do a fantastic job with the event.

Scott: You know, one of the real values of Entrepreneurs Groups - I always recommend that people do join Entrepreneurs Groups and Masterminds - is that if you can get into a group where people agree to keep things within that group confidential, and to be open to share with one another, it can be an incredibly valuable tool, because it will give you the confidence to really let others know what's happening. Which, by the way, is going to be great for you, and if nothing else for your health, because you're able to let that out. And also, you're going to get other people again that are helping to be part of the solution for you, and that will give you confidence.

Andrew: Cool. By the way, you're an incredible storyteller. Sometimes, actually... I don't know if you noticed it, but there are times when it took me a little while to adjust the screen. It's because I'm lost in the story. Even though I've read it, I've got it here in my notes, I'm clearly teeing off a specific story, I see you tell the story and it's just amazing.

Scott: You know, when I was in college I ended up leaving college a little bit early. My first boss was bestselling author and speaker Tony Robbins. This was over 25 years ago. Gosh, almost 25 years ago. I remember learning from Tony. But I think what was even more valuable, in terms of storytelling, was just before I went on the road working for Tony, I had a chance to work for a gentleman named Jim Roan. He was an amazing author and speaker, and so inspiring. Jim used to always say, "Make your life a story." If you can make your life a story, whether you're a salesperson or an entrepreneur, if you can learn how to tell stories it will help you to connect with other people.

The other thing that he used to always say is, "Open up and be real." And just let people know where you're coming from. If you do that, they'll be more inclined to help and connect with you. As entrepreneurs, again, I think it's so important that we share our stories, but it's okay to be real. Be you. And by the way, be you, because here's the thing: If you don't in a social media world, people will figure out that you're not being you.

Andrew: Yeah.

Scott: Right? And then you lose all credibility.

Andrew: And then someone else will point you out. You can pretend all day long that you've got great expensive cars, a big house, company's doing well, but someone's going to come to your house at some point and post a photo on Instagram.

Scott: That's right.

Andrew: If only of themselves. A selfie. Then your crappy house will come out, or the crappy car, or whatever it is that you're trying to hide will eventually come out, so you

might as well just be yourself and do it. But the hard part for us here at Mixergy is always getting guests - getting entrepreneurs, especially - to tell stories, because they always think no one's going to care. No one wants to hear it. All they want is to get to the facts. And I'm listening to you, and I'm watching you, and instead of just jumping into the facts, which often is just one-sentence facts.

I've got it up here on the big board - you take the time to say, "Here, let me set it up. Let me tell you the story of Michelle. Let me tell you the story of what happened to me when I was talking to customers. Let me tell you the story of Howard Schultz." It does make it more interesting. It adds a lot more credibility to the message, and it's more memorable. I know people are going to remember Howard Schultz having a conversation with his father-in-law long after this session is over.

All right. Back onto the big board. Now we're going to talk about someone whose name you're intentionally not going to tell us. The key idea here is to focus on one thing at a time.

Scott: Yes.

Andrew: And you worked with an entrepreneur. I don't even think you give the person's name in your book, but he raised \$2,000,000, and he was a friend of yours.

Scott: Yes.

Andrew: But then what happened with him?

Scott: Oh, wow. He, first of all, had a great idea. When I ran into him we had been disconnected for a while. He was so excited to share. And basically he had done was identified the market, and he had this really . . . He had identified this market. He had like this one problem that he wanted to solve in a simple, elegant solution and on an idea he went out and he raised \$2 million for a consumer Internet company.

And this is after 2008. This is at a time where it was really difficult to raise that kind of money, especially on an idea. So we're high fiving him. We're so excited for this guy. And about 18 months later I ran into him again. And I said to him, I said, "You've got to tell me. How are things going?" And I couldn't believe it. He said, "You know, we're about to shut down." And I said, "How in the heck is that possible, like how could that happen?"

And what he told me is this. He said, "You know, when we got started," he said, "We identified the industry and one problem in the industry and we had a really simple solution, but as soon as we got the money and it was probably too much money, something crazy happened. Every day somebody came into the office with another great idea, right? Another product or another feature, another service or something that we should add. And I called this the "shiny ball syndrome," like you see it over here, here, and here.

And so what you do is you keep spending, and you keep building and building and building. And he said, "Before you knew it, a year later, what we had done is we had built this big, bloated product. We tried to sell everybody in our target problems, and he said, "We decided to launch. And when we did we learned a big lesson, and the lesson is this. When people started to use the product, 95% of our users only used 5% of what we built.

Andrew: Mm-hmm.

Scott: And so if you flip that around, what that means is 95% of our time and 95% of our money was the fact that we wasted it. And the last thing that I had tried to reinforce with him as he was getting this business started, which he didn't follow, was this. When you're launching it's so important to take your idea and build the simplest version of what that is. You know what? Many people call it the minimum viable product, not the hardest thing the simplest thing. And to get that into people's hands and get it into their hands quickly, because again once they start to play with it, once they start to use it, they might make additional distinctions that you could then use to improve it.

You might find that what you are building or built is something that this audience doesn't want at all, and you have to go back to the drawing board.

And so, again, what I recommend is I recommend starting out with one simple thing and getting it out, getting feedback, taking that feedback, iterating, and then relaunching again. And it's so important, again. Somebody can tell you everything that you want to hear.

They can tell you that you're on the right track. They can eat your sandwich, you want to start a sandwich shop. They can play with your website if you're going to, you know, start the next Virgin or Google of whatever it is. But until they get it in their hands, until they really use it and digest it, they really can't tell you how exactly they feel.

And so what you might find, you might find that your buyers, your customers, again, are liars, not because they want to be, not because they want to mislead you, but instead because they just didn't know until they use it. So, again, it's important to launch with the simplest thing. Don't spend a lot of money. I always say, if you're 85% of the way there, then ship it, get it out the door because the additional time and the additional effort and money will be worth that additional 15% while you're out there getting feedback from your customers.

Andrew: All right. Let's go on to the final point here which is . . . I'm going to call myself out. I think it's I've got here to create a buyer's blueprint, but I think it's a buyer blueprint, right?

Scott: Create a buyer blueprint, yeah.

Andrew: Right. I shouldn't have pluralized it, but there it is right now on the board. Create a buyer blueprint. This is something that you learned when you worked for this

man. There's Tony Robbin's photo from his Twitter account.

Scott: Yes.

Andrew: And one of the things that he taught you is the big mistake that sales people make. Do you remember what I'm talking about?

Scott: I do, like it was yesterday.

Andrew: Right here on the big book.

Scott: Yeah, the biggest challenge that he used to say that sales people make is this. They try and sell what's most important to them versus what's most important to their target. And that's either because they are so passionate about this idea that they have, or they're so passionate as entrepreneurs to drive something home, or it could just be because their boss told them that's what they have to sell.

Andrew: Yep.

Scott: And so what happens is they fail to ask the two most important questions that we all need to practice each and every day, and the first is this. You have to ask, you know, what is most important to you about "blank" about whatever it is. What's most important to you about this product? What's most important to you about this website? What's most important to you about the sandwiches you buy? Whatever it is.

Andrew: Mm-hmm.

Scott: What's going to happen is, your potential buyer is going to give you a list. They're going to give you your answers. But, the second question is the one that most people forget. They just fail to ask, and it's probably the most important. It's, what has to happen, or how do you know that you're getting what you want?

Andrew: Okay.

Scott: So, as an example, let's say I have a technology product like a content website kind of thing I'm building. I might ask a potential customer, "What's most important to you about this?" And, what they tell you is that it's easy to use. Now, easy to use means a lot of different things to a lot of different people. So, the second question is, "What has to happen", or "How do you know it's easy to use?" And then what they do is they give you that blueprint. They'll say things like, "It has to be mobile. It has to be this, it has to be that." And so by asking that second question, you can really find out what buyers are thinking and create a great map for yourself.

Andrew: I see. What's important to you about X, how do you know you're getting it.

Scott: Yes.

Andrew: Those are two questions that you want us to ask all customers so that we understand the customer before we start to sell the customer.

Scott: That's right.

Andrew: All right. The book is, and people might have heard me play with it in the background, there it is, "Launch". Scott Duffy, thank you so much for teaching some of the ideas from the book. To get more, then you just go to hear it, directly to Scottduffy.com, and there's a book on the site. Thank you so much for teaching.

Scott: Thank you so much. It's great to be here.

Andrew: Cool. Oh, you know, one more thing before we end.

Scott: Yeah.

Andrew: Do you have a book recommendation for how to tell stories the way you tell stories? You're fantastic. I love how your book is full of examples, it's not just full of theories, it's full of examples from real world, and just listening to you is fantastic.

Scott: Well, thank you, thank you. Well, here's one piece of advice that I learned.

Andrew: There you go. Yes.

Scott: Now, I'll give you a big example. So writing my book was one of the most painful things I've ever done in my life.

Andrew: Okay.

Scott: We brought in-

Andrew: It feels like you're just writing. It feels like you're riffing, like you're just riffing here with me.

Scott: Well, here was the challenge. What the challenge was, you have to learn how to tell the story, but the story isn't about you.

Andrew: Mm-hmm.

Scott: The story is about what you want your audience to be able to take away from the story.

Andrew: Okay.

Scott: I think that one of the biggest challenges that people have when they're storytelling is, they just focus on telling the story of Howard Schultz without, here's the things that you really need to learn that you could apply from that story.

Andrew: I see.

Scott: And, I think if we just focus on that, it really helps and I think that the biggest gift for me to writing the book, the biggest thing I wanted was really how to do that.

Andrew: Tell the story and make sure that at the end of the Howard Schultz story, people understand they should talk to their significant other because otherwise you have a conflict. But, if you do it, then you have an ally. It's (inaudible)

Scott: Right. So, when I started outlining the book and say, 'I got this great story about Howard Schultz, I'm going to tell the story.' But, when I wrote the book, the book that you have in your hand, the difference and distinction that made it come together was, I said, 'Here's a lesson I want to teach about how important family is. Is there a story apart in my life that I can connect to that material?' And, that's really the way to do it.

Andrew: All right. Good advice. Thank you so much for teaching this. The website is Scottduffy.com. The book is, "Launch". Thank you all for being a part of it. Bye guys.