[01:00.2]

Business challenges. And each week I'm joined by a legendary founder of line on How I Built this.

[01:09.2]

Hello and welcome to the advice line on How I Built this Lab. I'm Guy Raz. This is the place where we help try to solve your business challenges. And each week I'm joined by a legendary founder, a former guest on the show who will help me try to help you. And so if you are building something and you need advice, go ahead and give us a call and you might just be the next guest on the show.

[01:25.3]

Our number is 1-800-433-1298. Send us a 1 minute message with your name, a bit about your business and the issues or questions that you'd like help. Or you can send us a voice memo@hibtid.wondere.com and make sure to tell us how to reach you. Also, don't forget to sign up for my newsletter. It's filled with insights and ideas from the world's greatest entrepreneurs. You can sign up for free@guyraz.com or on substack and we'll put all this info in the podcast description.

[01:43.3]

All right, let's go. Joining me this week is Joe Jebia, co founder of Airbnb. Joe, welcome back to the show. Welcome back to How I Build this. Guy. Thank you so much. It's great to be back. All right, so you were one of our very first guests on the show. As you know, back in 2016, OG came on to tell us the origin story of Airbnb, which many people listening will know. So it's just great to have you back. Well, thanks for having me, Guy. It was a memorable conversation and I can't tell you how many people have come up to me since saying that was their favorite episode.

[02:00.9]

I love it. By the way, we'll put a link to that original interview in the episode description if you if you haven't heard it. And you can also easily find it just by searching How I Built this and Joe Jebbia with a G. Lots of really great and valuable insights in that episode, including why you guys had so much conviction and an idea that a lot of people were skeptical about originally. That's right. We wanted to build a website where people would post pictures of the most intimate spaces inside their homes on the Internet and then complete strangers would book their homes and pay the money to stay there.

[02:21.1]

Now, today you look back on, you're like, who's the no brainer? But of course, that wasn't the case in 2007 and 8. I know that Today you are an advisor to Airbnb. And more recently you launched a new startup that I'm very interested in talking to you more about. Build backyard guesthouses or ADU's accessory dwelling units that are, you know, popping up all over California because the housing crisis and people are putting them in their backyards and renting them out.

[02:36.3]

The company's called Samara. Tell me a little bit more about it. Well, it was a genesis that started actually inside Airbnb. I had this R and D group that was thinking about ideas for the future. And in California, as you mentioned, ADUs are one of the fastest growing housing segments that exist. And hosts on Airbnb were actually listing these places and I thought, that's interesting. Who's staying there? And it's actually people for 30, 60, 90 day stays, people coming for months at a time, rotations to the company to work out, et cetera.

[02:54.3]

And I just thought like, you know, there's gotta be certainly a high end version of these ADUs, a prefab, factory made version. When I looked out at the market, there was nothing. It was all in my mind, fairly cheap, not well designed. And at this point I was also in the market for one of these myself and I thought, well, I'm just gonna wait around until the Tesla or the apple of this product category emerges. Guess what? It did emerge.

[03:09.5]

And so why not build it myself? Solve your problem. I've been looking at the website. It is awesome. And it makes so much sense for you to do this because you design background. I mean, that was really what you did at Airbnb was your focus was around design. Well, design is, I define it a very specific way. A lot of people think design is the way that something looks. Design is actually the way something works. Like when you look at Smarter's website, design is certainly the piece of architecture at the home that you're looking at.

[03:25.6]

But design is also the process of how do we handle the ordering process, how do we take care of all the permitting, how do we pour the foundation, how do we actually bring the home into the land where it's being installed? And so design is actually a very end to end way to look at something. A very holistic approach to design a product or service. That's so cool. And these houses range from 400 square feet to about a little under a thousand square feet, I think, right?

[03:41.3]

That's right. Yeah. We've got five different models from the studio. 400 square feet all the way up to two bed, two bath at 960 square feet, and they're ready to go. They're turnkey once they're done, like, you just. It's got the kitchen, it's got everything at bathroom. It's all in there. Our last install in California, from the time it arrived on the truck and we took it off with the crane to the time it got installed on our foundation was 23 minutes.

[03:56.6]

Wow. I love it. It's so cool. I'm going to talk to you about this because I've got a little bit of land in California that I'm thinking about. Anyway, we'll talk about that later. Joe, before we bring our first caller, I want to ask you just one thing about your story. When you originally came on, you mentioned this idea that great ideas usually start out as polarizing, right? Which is what Airbnb was. Some people just couldn't understand it, and some people loved it.

[04:11.7]

You know, we're going to be talking to people who are starting businesses now, and there's going to be skepticism around some of their ideas. When a founder hears criticism, right, sometimes it's warranted, sometimes it's right. Sometimes it makes sense from, you know, sort of from your perspective. When do you know that you should stick to your vision rather than versus, like, completely adjusting course or massively pivoting to a completely different idea or model? I think this is one of the toughest things about being an entrepreneur.

[04:27.9]

You have to, like, you got to nurture the connection with your heart and with your gut because there are times where it gets really tough and the world is against you, and really smart people are telling you you're crazy. And if you don't have some signal coming from, you know, deep within you, a conviction, you know, you're going to get sucked into what other people think, what other people say. And I think, you know, look, I'm no expert at this. This is something that's honed over a lifetime.

[04:43.9]

I think it's just about listening to your body, listening to your heart. And, you know, in every case, that's. That's what we did. And I can't explain. There's no scientific method behind it. It's just a feeling that we had something. And I'll tell you why, Guy, is because we experienced it firsthand. We had those three guests stay with us that one weekend in San Francisco, and for every person who said that will never work at scale, I just thought to myself, well, they haven't experienced it yet.

[05:01.5]

Yeah, we did. It's absolutely amazing. I mean, especially what's happened since then. And even since when we spoke in 2016. I mean, absolutely amazing. Anyway, we should probably take our first caller. Joe, why don't we. Why don't we bring her on our first call? You ready? Let's do it. All right. Hello, caller. Welcome to the advice line Yarn with Joe Jebbia, co founder of Airbnb. Please tell us your name. We' and a little bit about your business. Hi, Diane, Jo. So excited to learn from you both today.

[05:16.6]

Thanks so much for the opportunity. My name is Marina Lido and I'm calling in from Austin, Texas. I am the founder of Luffy and Friends, where our mission is to get kids excited about learning a second language through the power of music. And our flagship collection features board books that Sing, which we currently offer in French, German, Italian, Russian, Spanish and Ukrainian. Wow. So these are board books that when you open them up, there's like a computer chip and speaker in there and it plays.

[05:33.8]

It sings a song. Yeah, essentially. So each of our books has six different songs and each song has kind of an illustration to accompany it and then the kids will along, dance along kind of thing. Cool. And. And where are the books sold right now? We primarily sell our books on our website and we also sell a little bit on Etsy. We previously sold on Amazon. My question is a little bit related to that, but about 90% of our sales are through our website.

[05:51.0]

We do a few local bookstores, but we've really focused on D.C. and when did tell me a little about the origin story of the business? Yeah, absolutely. So my husband is from Argentina and I was born in Russia and immigrated to the US when I was about 4 years old. So when we had kids, we were super excited for them to be multilingual, but we very quickly discovered that it was much harder than we expected to get them excited about it.

[06:07.4]

What we noticed is that music really resonated with them. But as many new parents are, we were pretty much terrified of exposing our kids to tv, to phones, et cetera. And we wanted to find a different way for them to engage with music that didn't require a screen. So we kind of took Joe's solve your own problem approach and we developed books at Sync so that they could learn through music and at the same time develop a love for books. We started with the Kickstarter campaign to find our first run of Spanish language books.

[06:24.5]

And yeah, here we are today. Awesome. Marina, are you. Tell me, are you. Is this your full time job? This is not my full time job. This is my nights and weekends. This is your side hustle. What do you do? What do you do during the day? I am a user experience researcher. I actually work for Meta, which has been very valuable for me as just a way to learn, too, about how ads work. So that's been awesome because Facebook ads are actually one of the best ways for us to generate revenue and attract new consumers to our brand.

[06:44.1]

So that's been kind of an added bonus. What's the goal for the business? I mean, do you. Do you see this as sort of a fun side business, or do you see this as something that you can maybe shift and transition into full time? Oh, that's a very tricky one. You know, I love my job. I actually really enjoy my day job. I love my night job as well. It's, you know, it's so interesting.

[06:59.8]

I think maybe this comes from kind of the way I grew up, but I have a very unique combination of, like, entrepreneurial spirit and risk aversion. And so it's very hard for me to take that kind of like a leap, you know, growing up with my parents moving here when I was 4 and kind of seeing, like, how hard all that was. I do think maybe someday down the line that would be something I'd love to explore, but it's not in my kind of, like, immediate plan.

[07:15.6]

And so are you and your husband writing all these books or doing all the design and everything? That's actually been one of the most rewarding pieces of this is no one wants me to be singing in any book. I can promise that that would not keep any babies happy. We'd be like lots of grindbabies. But we work with artists and illustrators from around the world and musicians from around the world, and we work together to select songs that resonate, that people can connect with, and then kind of have them bring them to life, bringing in some of the unique aspects of their cultures.

[07:36.9]

And of those songs. I mean, I've got a bilingual family, so we're. My kids both speak French, but we did that because we forced them into French schools from the time they were little. But this is a great way to expose kids to language. There's no question about it. Tell me your question for us today. Yeah, so my question is, we used to sell on Amazon, but we moved away from it actually this year. As a mom, I love Amazon. They've saved me. Yeah, we found that the fee structure at our volume levels just didn't pencil.

[07:54.3]

It was cannibalizing our website sales, which is where we can actually generate a little bit of margin, where we can get Better feedback from people because we get kind of that two way conversation. But I know that when a competitor comes up on Amazon, people are likely to gravitate towards the option because of just how easy Amazon makes everything. So my question is, how can we build a brand to withstand potential Amazon competitors? Or should we embrace Amazon and just focus on finding ways to thrive there?

[08:10.0]

And if so, how might we approach that? That is a very tough question and specific one. All right, Joe, thoughts about first? About Luffy and friends. Yeah, it's very cool. I was just looking at the website. This is a very cool idea and you know, there's a lot of people out there who are looking for things to get their kids that don't have a screen. So I think you're in the right space. Now. You made a comment just now, a guy, which perked me up about potential competitors.

[08:26.9]

Are there competitors today or are there potential competitors? There are competitors in the Spanish language and they're obviously books that are musical in English and we did really well on Amazon the first year and then saw a number of Spanish language competitors come. So our Spanish language performance hasn't been very strong since then. I see. Is your customer, I'm going to guess their moms.

[08:43.6]

We do obviously have a lot of parents, but one of our big customer segments is actually grandparents. So we have a lot of grandparents who maybe immigrated to the United States and had kids here who are wanting to pass the language along to their grandkids. The books really resonate with them because a lot of our books feature traditional songs. And then we do also have a segment of parents that are just interested in exposing their kids to second language.

[09:00.0]

Even though they may not have had that exposure themselves or maybe had it later in life, they are very excited to share a piece of their culture with, with the next generation. Can you give us a sense of roughly like what your sales are every year? Are you selling more than 10,000, $20,000 worth of this year? Yeah, actually. So we took it slow the first few years, but this year we are on Track to hit $200,000. Wow. So very excited.

[09:15.1]

We've had a good year. Awesome. Obviously our margins, you know, could be better, but we're, you know, we're profitable and there's room for growth, I think. So you have a really nice, you've got some traction and, and have you sort of, I mean, I'm assuming you're gathering information or at least emails from the people who are ordering. Yes, absolutely. When they make a purchase, they can join our newsletter. We Also have other ways of collecting at different stages in their journey with us online.

[09:31.4]

So you got a newsletter and you're communicating with your users, with your customers regularly. Regularly would definitely be a stretch the goal. Yeah. I mean. I mean, because you want to remind people that there are other languages and there are other kids to buy these for. Right. I mean, it seems to me that that customer retention, that is often more valuable than customer acquisition, right? That. That. That's really where. Where you actually grow and expand by retaining customers initially and then.

[09:48.7]

And then keeping them happy and then, of course, pursuing an acquisition strategy as well. Yeah, that's. That's a great point. And I think something we definitely need to put some more effort behind. I do find that people will connect to that one language and kind of not necessarily think of us on other occasions. So we definitely could do a better job of giving them a nice little nudge. Joe, what do you think? I mean, I think that she's got to be on Amazon. It seems that way at this stage.

[10:04.0]

You know, I think the idea is that eventually, for time, you build a brand that people recognize and you grow out of your eyes on a platform like Amazon and you have your own distribution channels that are independent. But I think at this stage, you know, if it's about reach and sales and growing the company, I wouldn't be too picky about where somebody wants to buy my book. You go everywhere, right? You'd be everywhere. I think I do. Everywhere. I would try to, like, figure out how I get this in front of my core customers.

[10:19.5]

If that's the grandparents or the parents, obviously it's like, you know, is it on, like, one of the morning shows or somewhere where they're, like, consuming content and you get to appear? And I think now as I'm looking at your brand, I'm reminded of one of Seth Godin's books. It was called All Marketers are Liars. And this was like. Like my template early on when I first started back in 2005, 2006.

[10:34.6]

Somewhere in that time. I think it's probably worth reading that. Cause it would really might spark an idea of how you can take the brand that you already have, which is already a great spot, and elevate it to the next level, get people's attention and the kind of thing that, like, what would get you on a morning show? Yeah, and there's a way to do that, Joe. I mean, I've got a. I'm not trying to promote it, but I've got a whole kids podcast and a Whole kids science business. And we just release, like, toys.

[10:50.2]

So we've got exploding volcanoes and stomp rockets, and they're sold in shops on Amazon. And we basically did a whole day, two, three days of just back to back to back local news interviews. Me and my partner, Mindy Thomas. You know, you just basically hit up every local news channel talking about this. I mean, your story is great. And local news needs to fill time. I promise you that.

[11:05.6]

You can go to every. I mean, from South Carolina all the way to Eugene, Oregon, and beyond. I mean, it's going to take a little investment. Not as much as you think, though. Great. Yeah, definitely. We'll look into that. I know we looked at it a little bit early on, and it felt like it was a huge investment, but maybe we're ready for that. Yeah, get. Invest in marketing. But those. That might come back to you. One thing real quick, because I'm thinking about the Seth Godin hat on of, you know, the Purple Cow, making something that's really distinctive and really stands out.

[11:21.5]

The songs I saw in here are expected songs, which is great, because that's maybe how you could learn. But what if they weren't expected songs? What if they were, like, very unusual? Like something that would, you know, be very unexpected. To be in a children's book and translate into another language, that people would turn their head and go, wait, what was that? They need something that's gonna think to stop people in their tracks. That would get you very easily onto Good Morning America, for example.

[11:37.1]

Yeah, I love that idea. We experimented a little bit with creating our own songs for our Spanish language books, and we have songs about routines, but that doesn't. That's not like a stop in a tracks kind of thing. So I love that idea. It's very inspiring, fun. All right, Marina. The business called Luffy and Friends books to teach kids how to sing in foreign languages. Good luck. Thanks so much for calling in. Thank you so much, Guy and Joe, I just really appreciate all the inspiration today.

[11:53.9]

Always can't wait to put these ideas to life. Good luck. Take care. Bye. Bye. Yeah, you could do, like, when you said, like, weird songs, I was like, like, you know, like Shel Silverstein, he has some weird poems. Like, people think of, like, where the sidewalk, like the giving Train. But, like, you go into his back catalog, there's some weird stuff in there. Like, he was super countercultural, like, some of that stuff. And so I'm thinking, like, what if he had a song that was super weird like that, you know?

[12:09.3]

Right. Yeah. Or something. I don't know, like something iconic that you just would never expect in a children's book. Yeah. And there's a lot of iconic stuff that is does not require any license anymore. So worth a try. We're gonna take a quick break, but when we come back, another caller, another question and another round of advice. I'm Guy Raz. Stick around. You're listening to the advice line on how I buil lab.

[12:31.8]

Welcome back to the advice line on how I built this lab. I'm Guy Raz and my guest today is Joe Jebia. He's the co founder of Airbnb and we are taking your calls. Let's bring in our next caller. Hello, welcome to the advice line Yarn with Joe Jebia, co founder of Airbnb. Please tell us your name, where you're calling from and a little bit about your business. Kai and Joe, thank you so much for having me. My name is Ray Ricky Rivera. I'm the founder operator of Norwalk Brewhouse, a self distributed craft beer brand we launched in January of 2022.

[12:51.9]

Nice. And we work with local established breweries to produce our product and then we wholesale direct to retail. And I handle all of the sales, distro, marketing, branding, all of that. Everything. Everything. You are, you are the, you're the, you're the company. You're the whole company. I am. Can you call one person a company? Yeah, absolutely. Okay. I'm a one man company. But you know, on your business card it should say account executive so that people, people think that's a really big company.

[13:10.4]

I'm Ray. I'm an account executive with no house. So my brother in law did that when he started his business like 30 years ago. It's a very smart idea. All right, so tell me about the beer. What kind of beers are you making? So we're a, what I like to call a Latino forward brand. So I like to tell the entire world that this is owned and operated by a Mexican American because there's not that many of us in the craft beer industry or in the beer industry rather. But we make light lagers, Mexican style lager.

[13:27.7]

Our flagship beer is called BDBD Blonde Blonde, which is a blond ale. So, you know, in general it's your typical beer styles that tend to do well in the market. Awesome. And before we dig in a little more, tell us what your question is for us. So obviously I'm tiny, but I've been having some success in my local market. I have decent demand this in the la, in like LA area.

[13:44.1]

Yeah, in Los Angeles County, a little bit of Orange county as well. But I've been struggling with scaling. I've had some great opportunities to land bigger retailers, but I haven't had the proper capital to scale and really take advantage of these opportunities. I've been coming my way. When I launched this brand, the seed money I gathered from selling off old DJ equipment, I launched a small indiegogo crowdfund campaign and off I went.

[14:02.5]

And my issue is I don't have any established credit, I don't have bad credit. I don't have any established credit, so I can't get a loan. I've been applying what feels like for over a hundred grants. Back in 2022, I managed to land one, which was amazing. But other than that, it's bootstrapped, super lean, super scrappy. And I need help or ideas in that area, like what are my options for finding funding?

[14:19.4]

This is an interesting challenge. Okay, before we get to tackling this question about cash, Right, tell me how you got. Because you mentioned that you sold DJ equipment to finance this business. So I'm assuming you were at one point making some money as a dj. How did you get into brewing? Like, how did this start? So I have like a solid 20 years of being in the music industry. Nice. And back in about 2012, 13ish.

[14:35.0]

I was managing local bands here in the city of Norwalk and I noticed that there was no local venue to book these live acts. So I thought, hey, maybe I'm. I'm the one to open up a venue and book local venue live entertainment. That sort of led to me thinking that it could be a bar and grill serving California craft beer. Fast forward to 2014. My wife was giving birth to our daughter.

[14:50.3]

There was some issues there at birth. And we found ourselves 45 days at the hospital. I needed something to do, picked up some books. One of the books was brewing up a business by Santa Jodfish Head. He was on the show. Yeah, that's right. I love that episode. Anyhow, that book really inspired me to think about potentially building something more than a bar and grill. And in 2015, I co founded a homebrew club called the SoCal Ceros, which became the largest Latino based homebrew club in the country.

[15:10.9]

Nice. So as I'm diving deeper into the homebrew hobby, I'm starting to realize there's this huge void in the industry. There's not very many Latinos on the ownership side. So I saw there was like a potential opportunity there for a brand to come to come out and really speak to the Latino consumer. And during all this time, I'm managing and I'm DJing on the side.

[15:27.0]

So when the pandemic hit, any DJ work that I had happening was completely gone. So I just figured, hey, here's an opportunity. I might as well go after it started selling off my equipment, microphones, mixing boards and speakers. I made a few thousand bucks, launched an Indiegogo campaign, and I think I got somewhere around 20 grand and launched this brand. Amazing. I love that story, Joe. All right.

[15:42.5]

Ray is a crossroads. There's demand, but he's got to raise money, he's got to raise capital in order to try to, you know, scale this thing. But he hasn't any luck with loans and he, you know, he's trying to figure out what to do. I have some thoughts. Where should he, where should he start? Yeah. Hey, Ray, great to be with you today. My question is, what percent is selling for tap to bars and what percent is retail and cans to consumers?

[15:59.1]

Well, if I'm selling a keg to a bar, they're purchasing that for me for about 180. It's probably costing me between 120 and 130 a k depending on the style. At retail it's cans only. And I think my margin there somewhere between 40 and 60%. Right, right.

[16:14.4]

Yeah. I just want to get a sense of. You think there's more upside in the Future on the B2B side, or is this more of like a get to retail stores and expand there? Is that the opportunity? I feel the real opportunity is to be in direct to consumer and long term, that has been my, my plan. I really want to open up Norwalk Brewhouse, the physical location. And you know, if we're selling beer direct to consumer over our bar, then our margins are the biggest.

[16:31.1]

There's So the reason why I chose to go the contract brewing route was because it was lower risk, lower investment. But it's a really tricky time right now. When the pandemic hit, everybody went from on premise to off premise. So retail sales were through the roof. Yeah. Now a lot of that has shifted and on premise. So going after draft accounts, it's super hard. It's a challenge because, you know, I've had experiences where I've managed to land accounts and then the bigger distributor will come in and remove my cake from the tap.

[16:49.9]

And with what you're doing, you gotta work with a big distributor, otherwise you get swallowed. And just out of curiosity, are you in or have you. Have you Approached like some of the retailers like in California, like BevMo or Total Wine or any other places I have not. And it's mainly because I, I'm confident I could land those accounts. But if I do land those accounts and I'm gonna have a huge purchase order that's gonna take significant, you know, capital up front that I don't have. Yeah. So I've, I've been slow to go that route.

[17:06.7]

Well, yeah, I think, right. I, I look at you now as a, you're a food and beverage entrepreneur and you know, that's a, that's gonna attract a certain type of investor that's, you know, not a tech investor. It's not selling value. But there's more investors for food and beverage, obviously. So I feel like that's the space that I would go network in and explore and really try to surface the names of like who's out there, who's, you know, even local to you, kind of, you know, regionally based or expand beyond that.

[17:24.0]

And I don't know, I would start reaching out to people. I would start to find connections to food and beverage investors, probably at the angel level, but maybe at the PC scale and I would start to have conversations with them to just put your idea in front of them and start to make pitches. Right, so what you're saying is find somebody who's in Food and Bev, maybe another founder, like somebody who created the Obama O's.

[17:39.5]

Somebody like that. Somebody like that, yes. Somebody with definitely more experience than the guys who created the Obama's. Touche, Joe. I think that's really good advice. You know, Ray, we did an episode, you may have heard not too long ago at Athletic Brewing, which is a non alcoholic beer and nobody want to work with him. You know, he couldn't even find a brewmaster to work with him because it's a non alcoholic beer. And he went around every single person he knew, teachers, friends, family, friends, anybod.

[17:55.7]

Ask anybody to invest in the brand. You're now working on a product. I mean, look, let's be Mexican beers having a moment. And so there seems to me like there's an opportunity here with what, with what you're doing, you know, you're doing it Mexican style beers, lagers, IPAs. I don't even know if anyone's doing Mexican style IPAs in the US right? Technically that's not a thing like a style, but we can make it a thing, right?

[18:11.9]

Exactly. Yeah. Like my flagship bdb, Blond Blonde. And for all the Latinos listening, they, they'll understand that reference. Bdbd. Blond Blonde. We market it as a Mexican American Blondale. Technically, that's not a actual style. Yeah, but I'm saying, hey, I'm a Mexican American and this is our beer. So there you go. This is our beer. You're making the style, right? You're making the style. So. So in terms of, of fundraising, I mean, look, the reality is everybody has a network, even if you think you don't.

[18:31.1]

And it's. It's, you know, the person that, that you see at Starbucks or, you know, a friend of a friend or someone's parent or someone at your, like, church or what communities are some. Somebody. There are people that you can talk to and, and find out if they'd be willing to put in a small investment. Because I, I get it. It's hard. Ask people for help. But here's a trick I use. If you think of what you're doing, which it is as a mission, it's not about Ray getting rich or Ray serving himself or his interest.

[18:50.3]

It's about the mission that you are pursuing, which is building this brand that you believe in, that you believe a lot of other people will believe in and get value from. And just putting yourself in that mindset might actually help a little bit when you're asking people for help. I mean, it's the hardest thing about fundraising. It's asking. Most people have a hard time asking for money, but it's. If you can get past that and just be prepared to hear, you know, 99 no's for every yes, it's eventually going to succeed.

[19:10.7]

Yeah, I think you'll eventually find that person. And I don't have the sense that, Ray, you have. You have an issue with asking people for help. You're on the call this right now as an example. I'm definitely getting better at it. I do struggle with asking for money, to be quite honest, but I know it's definitely necessary and it's something that I just got to do. Well, right, this is your call to adventure here, because if you're going to be an entrepreneur in this space, you got to be comfortable asking for money.

[19:27.3]

And look, you got a lot of no's and you got to. I will share an equation with you. Actually, this is when I learned back at school, I snuck into an entrepreneurship weekend at Brown University. This guy was giving a presentation on failure, and he put up this equation, SW squared plus WC equals mo. And he broke it down and he said, when you're selling a product, you're asking for money. In this case, some will want to give you money, some won't.

[19:43.2]

SW squared plus wc, who cares? Equals mo. Move on. You just gotta keep going, man. Like, and I think you just gotta get out there and start cold emailing people showing up at events like, yeah, this is where the hustle. You gotta go in the hustle mode to cross the bridge between where you are now and where you want to get to with regards to fundraising. That's good. Thank you for that.

[19:58.4]

Yeah, that's helpful. Brand is called Norwalk Brewhouse. Ray, Ricky Rivera, we're rooting for you, cheering you on, man. Guy and Joe, I appreciate it. Thank you so much. Cheers, Ray. Thanks. Thanks, Colin. I gotta say, we can do the website. He's. He's got. He clearly has authorship. You know, he knows how to create something distinctive. These cans are really nice. There's been the loterias from the cars, from the Mexican Game Loteria.

[20:13.7]

It's cool. There's authenticity to it, which is working in his favor. I feel like he's not too far away from reaching. There's cult brand status for him out there somewhere. I think so, too. If you can just get to the right investor. Yeah, I think so, too. And that's how it starts, right? For sure. All right, we're going to take another quick break, but we'll be right back with another caller. Stay with us. I'm Guy Raz and you're listening to the advice line right here on How I built this Lab.

[20:38.8]

Welcome back to the advice line on How I built this Lab. I'm Guy Raz, and today I'm taking calls with Airbnb co founder Joe Jebia. So, Joe, let's. Let's bring in our next caller. Hello, welcome. Please tell us your name, where you're calling from, and a little bit about your business. Hello, Guy Jo. J.L. thorpe, founder and CEO of B& Day Social Apparel. Thank you so much for having me on the show. I'm excited to be here. The company's based in Sioux Falls, South Dakota. We launched in 2021 to produce top quality trend forward sports apparel exclusively for women.

[20:58.5]

And to date, we're Featured in around 2000 retailers across North America. Wow. And these are, just to be clear, these are sport sports for college professional. Both our licenses are with universities, currently universities. Okay, so you have licenses with universities and you make sports apparel primarily for women. So, so like, if you. It's Michigan, it would be like Michigan sweatshirts for design for women. Yes, yes, precisely. That was probably a massively underserved Market.

[21:15.2]

When you tell me how you started this business, how did you get about. Yeah, well, no, big time. So my background is small brick and mortar retail. I really cut my teeth in the fashion industry owning a women's boutique. And through that, I started producing few graphic tees for a local university. And that really came about. There just was never anything that my friends and I wanted to wear to games. What was it? What was university, by the way? South Dakota State.

[21:30.9]

Nice. Okay, so you start making them just for you and your friends, like cool shirts and sweatshirts that look bad because a lot of them are really kind of designed for the male fan, right? Yes. You understand my industry perfectly, it sounds like. So I own these two women's stores in South Dakota. And so I started producing shirts to sell through the stores. And I think pretty quickly I recognized there just was a much bigger opportunity than what we could sell to South Dakota State.

[21:48.0]

Amazing. And tell us, before we ask you more questions, what's your question for us today? Yeah, absolutely. So, like I said, we're about four years in, and we've experienced a pretty incredible sustained growth rate. And so as we get the right people and the processes in place to just create stability and to continue to grow, I keep looking at the next stage, and I just know that that scrappy mentality that got us from zero to here is not going to get us from 0 to 50 million.

[22:06.6]

And so, as we consider growth, I would just love to have a conversation with both of you on how you recommend that we assess the opportunities that come our way. Before I bring in, Joe, just can you briefly give me a sense of what is your revenue right now? Around 10 million. $10 million? You must be the biggest small business we've had on the advice line. That's amazing. That's incredible. Congratulations. I mean, most of the businesses are doing, you know, 10 to 50 grand a year.

[22:22.7]

Okay, Joe, I want to bring you in. First of all, amazing story, really is. It really is. Well, I still have plenty, plenty to learn. That's why I'm here. So, jail, like, when you think about what I'm always curious, when people think about their company and their brand, what do you think is the core idea behind your brand? I mean, really, Guy kind of summarized it. It's product built exclusively for women.

[22:38.6]

And so, I mean, what I love about you and your background and what you built and the disruptive nature of it is that the whole idea was design. A lot of where that started. And so to me, it's all about design and quality and as we scale, that obviously gets more difficult to preserve that design and quality. But I think that's. I mean, that's our. Our secret sauce is just creating products that are so unique and distinctive that they stand out.

[22:54.0]

That all makes sense. I want to push a little bit further, though. What is it about Game Day Social that a woman buys from you and not somebody else who also makes for women, women's wear? Well, I think one. One area that we spent a lot of time on is the fit and the silhouette. And I think that's really what it comes down to for women is when you pick up a piece, it's all about how it lays, how it feels, how it drapes. And a lot of the sports apparel out there is really men's garments with a little bit different spin.

[23:12.9]

So when you talk to your customers, I'd be curious, like, what are they saying? They feel like what is wearing one of your garments do for them emotionally? What have they said to you over the years? Yeah, no, I love that question. We say that. So our tagline is we're for the social fan. And the reason that I picked that is because I personally am not. I'm actually not a sports fan, which is kind of funny that I wound up in this industry.

[23:29.5]

But honestly, that's kind of really part of what makes us special is that I wanted to be able to go to games and feel like part of that environment, part of that social experience. I don't know anything about the team. I'm not paying attention necessarily to what's always happening on the field. And so I think really what we're able to bring is this just sense of belonging in that community to a female fan, but also just in an elevated way where she's representing her own personal aesthetic.

[23:45.2]

I feel like I'm looking at your website here and looking at all these different universities, and the designs are. My assumption was you just have these cookie cutter designs with different school names. Every single school has different designs, which is pretty remarkable. Thank you. And they're really cool. And are they sold? Are you selling? What's your main channel? Are you mainly wholesale or dc? We're very predominantly wholesale.

[24:01.0]

That was the strategy that we started off with. We love to grow the B2C side, but that's a slower build. And you are. So you're sold in, like, shops on campus or around the campus. Campus stores. We sell to a lot of boutiques, small amount and pop shops. That's my roots, so I'm faithful to that customer base. But we also work with a lot of national retailers as well. And have you taken on any investment yet? No, I've been able to get to this point by.

[24:17.5]

Without diluting the equity. So the goal is to keep it that way. So you own 100% of the business? That's correct. Wow. So now. All right, so you're talking about where to go next, right? Because obviously you want to grow. Joe, what do you think about. I mean, there's a lot of. A lot of different directions you take this in. Like, do you. Do you seek out investors right at this point? Do you slow down growth? Do you speed it up? We were about to have an episode where I interviewed Michael Rubin, founder of Fanatics.

[24:33.9]

Right. Biggest sports apparel brand probably in the world. And you're going to be a lot for you, learn from that episode. But, you know, multibillion dollar business, Joe, when you think about. About growth at this stage, $8 million brand, really good category, college sports, it just seems like there's endless growth. What do you think? What should be thinking about? Well, jail. You've already done the thing I would advise, which is to bootstrap as long as you can.

[24:50.3]

You know, that was one of the best things that we ever did Airbnb, is that we built up value, you know, scraping by without giving out, you know, too much of the company too early. And so as we went to fundraising, as we knew it was time to scale, as we proved out our model on our own dime effectively, it allowed us to go into investor conversations, having a real seat at the table, having a full hand of cards to work with as we got into discussions with them.

[25:07.8]

And it seems like you maybe at that time, you know, you've got years behind, you've got clear, you know, success, you've got, you know, no revenue. And I'll give you one other piece of advice, which is the best time to go raise money is when you don't need it. And so if you're in a position where you've got, you know, ramen profitability, where you're able to cover expenses and your costs, and it's effectively unlimited. Runway. You have a unique advantage to go out to see investment at this point.

[25:24.7]

And so I think it's really where I would start is what. Where do you want to end up? Like, what is your biggest dream for where you take this company? And I've worked backwards from that. Yeah. And honestly, that's. I mean, I would love to hear more from you about that process of, like you said, when you got to that point where you had the hand of cards and you had the seat at the table of also just looking at what, what, what did that, what, what were you guys looking for in terms of that investment?

[25:40.9]

How did you weigh those opportunities? What did that kind of look like? Well, we needed a seed round so that we hire people. It was still just the three of us working out of a three bedroom apartment. And so we went out to, to meet a couple of investors and sure enough, one of the first two that we met with wanted to take a big bite of the apple. And you know, the fact that like we didn't necessarily have to take the money, it's not like it was sink or swim.

[25:55.9]

Our life didn't depend on it. You know, it gave us some leverage in those conversations. And it sounds like you may be in a similar position. Yeah, no, that's, that's extremely, extremely helpful. You know, the other thing that I was thinking about when I was just thinking about you and your story and that like diversification and looking at new revenue streams or categories, I was. I would love to hear you talk about your decision as an organization to add experiences.

[26:11.4]

What was the decision making process where let's add experiences to the platform and not vehicles or office spaces or something else, if you're willing to share that experiences was born out of us listening to our customer base and also our own vision for wanting to offer more than just a place to stay. A trip is many things. The stay is just one of a dozen things that people need in order to have a great vacation.

[26:27.3]

What are all the things that we could do through our lens of providing local authentic accommodations or local authentic experiences? How could we extend our platform to allow hosts to offer those experiences when you travel? Really just answering the question that people have. Okay, help me get here now. What can I do? And let's answer that in a very on brand way by allowing our hosts to host. Yeah, that's awesome. I think that makes a lot of sense, Jill.

[26:43.0]

I think. And sort of, you know, doubling down Joe's point here, you know, you have. How many employees do you have now? We're a team. About 20. 20 people. That's awesome. Okay, so 20 people. And I'm assuming you are, are you profitable? Yes. Yes. Okay. But probably your margins are not. They're probably still not super high. Not quite yet. Yeah. Correct. Yeah.

[26:58.2]

Apparel's tough. It's tough business. But with, you know, bringing a good strategic investor and you want to think really carefully who that is. Right. You're going to want somebody who experience in apparel if you bring somebody on or experience in licensing and design, that that gives you the opportunity to really scale up the designs. Right. Because I'm sure that's a, that's a challenge, right? Is you probably don't have enough designers. You know, that's actually something that we've really managed to create processes around outsourcing to be able to scale that out, which I am proud of because again, that's so critical to our brand is the design.

[27:20.5]

I would say though, the piece to that, that we need to scale out, that that's just taking time, is to diversify our manufacturing base. We really need more manufacturers and that's a long process. And so, yeah, I would say those are definitely would be important pieces. Yeah. And of course, given the, the political sort of winds have changed, you may have to think about where you get those manufacturers. Of course, if there's issues around tariffs.

[27:35.9]

So that could pose a challenge. But you know, there's obviously solutions to that as well. Yes, we've been talking a lot about that and yes, a lot of our manufacturing right now is happening in China, but we've added a great partner in India and again, that's a lift. I mean that just takes time and cash and so yeah, no, this is super helpful. Cool. J.L. thorpe. The brand is called D and B Social. Congrats. It looks like you're doing a lot of things right, so good luck.

[27:51.8]

Keep, keep it going. Thank you so much. This was such a treat, guy. My 10 year old son, a budding entrepreneur and I love to listen to your show together. You're just so exceptional at what you do. And Jill, really enjoy your perspective and just love that you took the time to do the show. So, so good to meet both of you. Take care. Thanks y'all. Thanks. Awesome. I love that business. I love that idea. There's a product, it's serving a lot of people, right?

[28:07.3]

I mean, sports apparel, college sports apparel, it's such a massive business and it seems like it just never stops growing. No, there's always more alums graduating from school. So I want to stay connected and people spend so much money. We had a whole episode on a hotel company that you may know of the graduate hotels. You know, it was really started out in college towns. He just, Ben Wepburn just started a hotel. He's like, hey, you know, parents, alumni, people come to visit.

[28:23.7]

Why don't we make a hotel in the college town but decorate it with the college like colors and themes and sports heroes. And now there's like 50 hotels they sold it to Hilton, you know, so people love college that they're so committed to it. So. Well, there's probably more. More out there besides college, WNBA and others, you know. Exactly. Joe, before I let you go, it's a version of a question I ask everybody who comes on to help me out here, which is, you've got Samara and you've learned.

[28:39.8]

I mean, I'm sure because you learned so much with your experience. Airbnb, you probably went into your, you know, into this business with obviously a lot of experience and perspective, probably still made mistakes. Everybody does, you know, but if there was something that you could have told yourself back in 2008, you know, when you were building Airbnb, that that might have made things a little easier or giving you some perspective, is there something that you can think of that would have been helpful?

[28:58.3]

Well, I'm gonna answer that by saying the piece of advice I give myself is to have more mentors. Because starting something as exciting as it is and sounds, it's also at times, extremely lonely, especially if you're doing it for the first time and especially if you aren't exactly sure what you're doing. And I eventually found mentors, of course, along the way.

[29:14.6]

I just wish I'd found them earlier. I feel like they. They, once I did find them, they really help me avoid pitfalls and some. Some landmines on the road of entrepreneurship. And I'm like, man, I wish somebody told me earlier on, take the time. Go reach out to people and find some folks who have seen the movie play before and can provide advice, perspective, so that you're not on your own.

[29:30.3]

That's good advice, Joe. Jeb. Yeah, Co founder of Airbnb. Thanks so much for coming on, guy. It was a pleasure. And by the way, if you haven't heard Joe's original How to Build this episode, you've got to go back and take a listen. We'll link to it in the podcast. Episode description. And here's one of my favorite moments from that interview. We ended up going from zero to 800 homes in a matter of four weeks. And I have to tell you, I thought that this was it.

[29:46.1]

Like, this was our rocket ship to the moon. You thought, we made it, we're here, we got it, right? If you build it, they will comment. Look what's happening. And so we get introduced to 20 investors in Silicon Valley. 10 of them reply to our email. 5 of them eat us for coffee, 0 invested in us. Hey, thanks so much for listening to the show this week. And by the way, please make sure to check out my newsletter.

[30:01.5]

You can sign up for it for free@guyraz.com or on substack. And of course, if you're working on a business and you'd like to be on this show, send us a one minute message that tells us a little bit about your business and the questions or issues you are currently facing because we would love to try and help you solve them. You can send us a voice memo@hibtid.wondereat.com or call us at 1-800-433-1298.

[30:17.0]

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[30:32.4]

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