

NOTES FROM: *The Sweaty Startup*, by Nick Huber

SUMMARY: The reason I'm so philosophically aligned with Nick Huber here is that his approach to business and lifestyle design has led to a great deal of success in my own life as well. This is a business book, primarily about pursuing unglamorous opportunities for wealth creation in unfashionable industries, but it's also about consciously choosing your own path forward in life, and not just falling in line with what the people around you are chasing. It's about saying no, resisting cultural gravity, and carving your own path.

What Huber calls "boring businesses" are things like landscaping services, storage units, and a variety of other things that will never have much "viral" potential. No one dreams about one day opening a business helping college students store their stuff, but it's that exact business that made Huber something like \$30,000,000. So maybe it's not the worst business idea in the world?

There's also so much untapped opportunity in businesses and sectors like these because of that very reason. Everyone else is getting excited about going into venture capital, or building the next Instagram, which, although it might be cooler than mowing lawns for a living, comes with horrifically low odds of success - financial or otherwise.

To be wildly successful, you don't even need to have some revolutionary new idea, or be at the head of some miraculous innovation. Nick never "revolutionized" the self-storage business, he just examined his competitors honestly, saw where they were weak, and outcompeted them on his way to a multimillion-dollar net worth. A great idea with horrible execution can only lead to disaster. But a boring idea with powerful, precise, and professional execution can lead to the accumulation of obscene wealth over time.

"I told them, 'Students here on our campus can't stay in the dorms all summer. We're going to pick up their stuff and store it when they leave in May, and we'll return it to them when they get back in August. I'll answer the phone, do things a little better than the competition, and I think I can make some decent money.' They shook their heads. 'That isn't scalable,' they told me. 'It'll never be big. There are already a lot of companies doing it.' But if I didn't have 'a vision,' I did have *vision*. I saw a company in my college town doing pickup and delivery storage and making a lot of money doing it. I guessed more than \$600,000 in revenue per year at 30 percent margins. They probably made almost \$200,000 per year in profit just in Ithaca, New York. And here's the thing: They weren't very efficient at doing the actual work. They used clipboards. They didn't accept same-day appointments. Their employees sat around a lot. They didn't do much

marketing. Their website was terrible. *Yet they made great money.* My professor was right. The model wasn't scalable. It could never be 'big' like Uber or Airbnb or Apple or Google. And there were more than twenty companies already doing this same work across the country. But \$200,000 per year was nearly three times the amount of money I stood to make by getting a normal job after college like all of my friends were doing."

"Entrepreneurship isn't about trying to change the world with the next scalable idea. It is about starting small, looking for a way to make good money doing something simple, and copying proven strategies that work."

"I'm not afraid to talk about money or net worth, and in my opinion you shouldn't be afraid either. You can discuss things without sounding arrogant if you frame them in the right way and bring them up at the right time with the right people."

"I don't say all of this to brag. I say it because we live in a world where people (rightly) take advice and weigh it according to the strength of the source. So I would be doing myself a disservice not to tell you where I'm at in this game before I try to tell you how to win it."

"Business is dynamic. There are a thousand ways to win. People win in different ways every day."

"A lot of games that are glamorized by society aren't actually worth winning at all."

"Before you go into a specific career or a specific business, pick your head up and look around. Look at the corner office. What is life like for somebody who spends fifteen years winning the game you're about to play?"

"What winning means to me is choosing a career with a high return-on-time so that I can have freedom. A high return-on-time means that I work now and potentially get paid for a long time after the work slows down or stops. That leads to freedom. And if you have freedom, you can build a great life. Without freedom, it is virtually impossible. If you are easily replaceable, do not own assets or shares in your company that make you money while you sleep, have no other options, and have people waiting in line to fill your spot, you have virtually zero leverage and your life will likely suck. But if you are hard to replace, own assets or shares, have a lot of other options and nobody to fill in for you if you leave, you have a lot of leverage and you will be able to call the shots."

"It is ten times easier to build a great business when you aren't strapped for cash in your personal life. If you can run your company without worrying about paying your bills or putting food on

the table, it is a massive advantage.”

“How do you know you’ve made it? You get to stop doing business with assholes. You have the leverage to remove yourself from any situation of your choice.”

“If you don’t need to take money from assholes, you can rid your life of them completely. And when you never have to do what another grown human tells you to do if you don’t want to, that’s when life gets fun.”

“There are two questions you should be asking about any opportunity you are considering going after: what is the return, in dollars, for an hour of my time today, a year from now, and ten years from now? If I stop working, do I stop getting paid, or will I keep getting paid?”

“The amount of money you earn is not correlated with how hard you work. It is correlated with how hard you are to replace, and thus how much leverage you have.”

“If you have \$50,000 a month coming in from three sources you control, and you spend \$20,000 per month on your life, you have all the leverage you need. There won’t be a single human being who can control your life enough to mess it all up if you don’t do what they say.”

“Actually, 99 percent of professions have zero leverage. There are a few like wealth management, insurance, and sales that create passive income into the future long after the work is done - I love those careers. But for the most part, if you work a W-2 job, you will forever be trading your time for money. So what is your first goal? How do you get started? You start small. You get \$2,000 per month coming in from something you own (either a side hustle or a small business or a piece of real estate). Then keep doing that thing to turn that \$2,000 into \$5,000 over the course of a few months or years. Then \$10,000. Then \$20,000, and suddenly you can tell your boss to go shove it next time he tells you to do something you don’t want to do. And then you have the leverage.”

“Ultimately, it doesn’t matter how many dollars you have in the bank if someone else has more control over your life and time than you do.”

“The venture-backed startup was the highest odds of making \$1 billion. But I didn’t have a goal of \$1 billion. I didn’t need the status. I just needed \$30,000 coming in every month without being chained to a desk. It was a singular focus. What opportunities was I going to chase to maximize my odds of making \$30,000 per month within five years? That was my goal and that was my big question. It wasn’t a job. It wasn’t a tech startup. What was it? It was a sweaty startup. A boring business. I picked up boxes and dropped them off and charged people money for it. I got out and

I got after it.”

“Execution is a thousand times more important than your idea. Hiring. Delegation. Selling. Logistics. Communication. The boring stuff. That’s what the winners get right.”

“The weight and risk of decisions increase with time. At the beginning, mistakes won’t set you back as far as you think. I made countless poor decisions and boneheaded moves in 2012 during that first year in business. But I’m here. That’s because real entrepreneurs try stuff out the same day they think of it. They go ask customers to pay them money. They get their hands dirty and get sweaty trading their time for money servicing early customers. They fail quickly and start again if they can’t make it happen.”

“Business is all about momentum. In my first year in business, I was driving trucks and moving boxes up staircases. I ended the year with about \$15 per hour in earnings. In my fifth year in business, we built a storage facility from the ground up for \$2.9 million that is now worth more than \$10 million and has made me and my partner double-digit millions each. In my tenth year in business, I acquired \$50 million worth of self-storage and raised more than \$17 million from investors. In my eleventh year, I co-founded RE Cost Seg, which is on its way to becoming a very large real estate services firm. And, finally, in my twelfth year in business, I negotiated the purchase of a \$52 million company. Over the course of forty-one days, I raised \$20 million and recruited and hired an executive team to run the company. If you had told me in 2012 where I was headed, I would never have believed you. And if I could look into the future now, I might be less shocked, but I’d still be surprised by the opportunities, relationships, and money that I plan to acquire during the next few decades. The point is this: If you play this game well, the opportunities come at you faster and get larger in scale. They get more exciting. They get more stressful. The stakes get higher. But they get better and better and more fun to chase. You can handle it.”

“Your job is to collect the money. Period. So here’s your assignment: Go out and figure out how to make \$500 *this weekend*. Collect a deposit. Sell a service. Get somebody to hand you cash or send it to your bank account. Convince them to give you their money in exchange for your work. Go get sweaty. Here is a rule I live by when it comes to entrepreneurship: Unless you are already wealthy, your first business needs to be making money right away. Therefore, you have to ask for money *immediately*. And if people refuse to give it to you, your idea sucks. People don’t actually need what you’re offering, or they don’t trust you to deliver it. There are very few exceptions to this rule. If you can’t get money, you aren’t solving a problem. You need to go back to the drawing board. Start small. Start boring. Mow grass. Move something. Clean something. Make it a full-speed race to make \$500 in profit. That’s it. That’s the beginning. Then you just have to put one foot in front of the other for five years and watch the opportunities grow.”

“A business that has strong competition plus low profit margin plus high amount of failure equals bad business. For example, an app startup. If you want to build an app, your competition will be Stanford graduates with millions in venture capital. The margins are nonexistent for the first several years. And 99.9 percent of apps die before they make a single dollar. This is a bad business. You’re looking for a different sort of equation. Unsophisticated and/or weak competition plus high profit margin plus low failure rate equals good business. For example, a self-storage facility. Much of your competition comes from contractors, farmers, people without websites, and folks without college degrees who don’t answer their phones. The profit margins, industry-wide, are about 60 percent. I know all this because we operate sixty-eight self-storage facilities at about a 40 percent expense ratio today - 60 percent of our revenue is net operating income. And I’ve never seen a bankrupt self-storage facility. Not one. This is a good business. A note: all of this is region dependent. There are great operators in certain cities, and a shortage of companies in others.”

“There will always be people who think that stronger competition means a bigger potential reward. And sometimes it does. But they are forgetting the odds of success and the weighted value of taking that chance. A 70 percent chance at making \$30,000 per month of profit versus 0.5 percent chance of a \$50 million exit.”

“I’ve met incredibly rich folks without college degrees who don’t know how to ‘reply all’ to an email. It’s not so complicated. All they had to do was pick the right game to play with the best odds of success, and so can you.”

“Remember, if you are charging a lot of money to a few specific customers who want the best service on a fast timeline, you can build a business. In some of these industries, you can create a viable business that delivers your \$30,000 per month with as few as ten customers.”

“Pick up the phone and call your potential competitors. It is unbelievable how few people do this before investing a lot of time and money in a new venture. This takes ten minutes per idea. *Don’t skip it.* Go down your list and do this with all ten of your business ideas. Google the service. Call the companies. Talk to the owners or the salespeople. Ask them questions to get a feel for how busy they are and how eager they are to earn your business. Take notes and use your intuition to eliminate six of your business ideas that either aren’t realistic for you or are too competitive.”

“You don’t get extra points for playing the entrepreneurship game on hard mode. You win by building a boring business based on a proven business model that will allow you to be wealthy, healthy, and free.”

“Do something well for ten years, and it’s hard not to be successful. Play a game where most of the people who stick with it end up winning, and it is likely that you will win if you stick with it, too.”

“To succeed in this world, you must have the cooperation of other people.”

“Sales is a numbers game, pure and simple. Even if your close rate is 2 out of 1,000, if you make 100 calls a day for 10 days, that is 2 new customers. The key is consistency.”

“With confidence and enough tries, you can sell anything.”

“One thing I’ve found to be true in any business is that 20 percent of your customers will generate 80 percent of your headache, and 20 percent of your customers will generate 80 percent of your profit. The sooner you realize these aren’t the same customers, the sooner you can build a great business.”

“Do things today that will reward you seventy years down the road.”

“If it were easy, the world would be full of fit, happy, rich business owners.”

“The more stress you can handle, the more money you will make.”

“When it comes to entrepreneurship, people are the ultimate form of leverage.”

“Business is hard and stressful. There is nothing worse than being surrounded by the wrong people when the going gets tough.”

“Pessimists sound smart. Optimists make money.”

“If you become a person who can help others, other people are much more likely to help you. Become worth knowing. Focus on your craft. Learn how to manage people. Build that capital and operational ability and watch your network take care of itself.”

“This is the natural mistake of the entrepreneur: we assume everyone sees the world the way we do, and thrives on the same type of uncertainty. The truth is that people who have jobs want to be set up to succeed. They want to know what to expect. They want to know that if they do a certain thing well, the results will follow. They want to do a good job, be recognized for their work, and get paid every other week. They want to have happy customers and happy co-workers. This can’t exist in an environment of chaos. So establish structure and rules. *Tell people what to do.* And

then hold them accountable for doing it.”

“Surround your A players with A players.”

Chris Powers: “Your company’s performance will fall to the level of incompetence that you tolerate. The choice is simple. Fire your low performers or watch your high performers walk away. If you tolerate C players, your company will become a C-level organization in the blink of an eye.”

“A company is not a family. It’s a sports team.”

“There is a level of discipline that is required in marriage and parenting that bleeds over in good ways to other areas of life. Especially your career.”

“There won’t be a video game system in my home under any circumstances. Plus, if you can keep your kids from getting into video games before the age of about sixteen, they’ll be so far behind their friends it won’t be fun for them. The chances will be virtually zero that your kids grow up to be adults who spend twenty hours a week on a computer casting spells.”

“My dad was hard on me in a lot of ways, but he never tore me down. He always made me believe I belonged, had talent and skill, and was good at what I was trying to do. That made a huge difference for me. You can start this at a very young age. Every night, right before they fall asleep, I ask my kids if they want me to tell them a story or tell them all the things I love about them. They pick the love, and I go on to compliment them for about thirty seconds straight. *I love how hard you tried today when we were swinging the golf club. I love how nice you are to your sister. I love how you always listen to Mommy when she asks you to do something. I love how fast you can run.* I build them up and give them confidence, and it bleeds over to every part of their lives. They absolutely love it. To this day, they’ve never asked me for a story.”