

Introducing Rob Drydek:

Let's bring Robert [Drydek]. This guy started in reality bullshit TV and a skateboarder. This guy's got no business becoming the successful person that he is. I want you to really listen to when he talks about money and the different kinds of money. He became a media mogul with the number one show on MTV for 16 years. He's done private equity business with hundreds of millions of dollars in transactions.

To get a TV show, you just gotta be a good reader. You got to be a good reader of people.

Oh no, I just got lucky. Hey, the good reader of people is the fact that I still have shot so many episodes, and then had so many different shows, and somehow at 47 are still on MTV when you swore at 38 ain't gonna be on MTV when I'm 40. That's crazy.

How did you get that first show?

The first show that I wrote? I wrote a skit for a skateboard video. So I had a footwear sponsor. I was a professional skateboarder. And I wrote this concept of when I go out to skate in the streets, the security guards always kick me out. So I'm going to bring my own security guy. And that's when I met big black and brought him with me to when I would go and skate places. And that blew up in skateboarding. And then Jeff Tremaine who did Jackass was like, "Man, you guys should do a television show". And that's really what led to the development.

It was just marketing for my skate career. Because there was so much pressure on my video and I wasn't as good as everybody else. So I wrote this really creative skit. That became the biggest thing in the video. Because it's everybody's dream to have their own security guard to deal with security guards when you go skate in the streets. And then it just blew up. And then, even when they initially asked me I'm like, "Man, I don't have time to do a TV show." Like I'm doing all this because I was still working on all my other business stuff and everything that I was doing besides that. And then I had to learn TV.

Seven Core Capabilities of Business:

I look at businesses through the seven core capabilities: brand, product, media, marketing, sales, operation, finance, and leadership. That's how you build a business in a holistic fashion. So when I look at building a company, you know, I'm

evaluating someone's skill set in general...knowledge in all aspects of the seven core capabilities.

Now, the problem is you'll have a great marketer, credible, great, amazing storyteller that does not understand how to develop product...[and] certainly doesn't know how to operate a business. And is not making any decisions through the lens of the financial viability of the opportunity. So a great marketer can actually be a big hindrance when you're creating a business if you don't have the rest of the business fully balanced out. You know, but again you're playing the same game. The marketing is where your awareness comes, from where the demand creation comes from. That's how you build a business. You've got to do it. But if you got a business with bad unit economics, and a small market, you're just never going to have a great business. Right? So I think holistically.

Creating a Vision for your Life:

What I implore every entrepreneur to think about is what do you want your life to look like? What's the vision for your life, and then how does your business idea integrate into that?

Because look, I can tell that you can live an extraordinary life with a business that does \$5 million in revenue that kicks off \$2.5 million in profit. You know what I mean? Like it all becomes relative.

You got to explain it to me when I have an extraordinary life with under those conditions.

Well, look, it's relative...right for you. It's not because you gotta get your jet. You gotta get your helicopter. I mean, cash flow, baby. I mean, cash flow. And it's like, you know, for me it's relative to who you are. So when I make an insane amount of money, both in long term capital gains, ordinary income, and, my fully depreciated multifamily buildings that I have...it's all sort of relative to my lifestyle.

So I like to keep my lifestyle on how I live within the range of my cash flow in real estate. I like to keep five years of cash on me at all times. That's expensive, but what that does is give me incredible peace of mind and harmony in my life. It doesn't matter how much money I make, I try to stay within that

formula. And so for me, that was the way I designed my life and that's what's allowed me to live an extraordinary life. So when I go back to that 5 million kicking off \$2.5 million...if you live in Idaho, and your dream is to have a \$1.8 million, 6000 square foot house in the nicest neighborhood, having ordinary income of \$2.5 million dollars and paying \$1.3 million in taxes, getting some write-offs and ended up a lifestyle that you can live. A very nice lifestyle for a million plus dollars a year, that can be someone else's dream come true. But it's relative to your ambition, your identity and ultimately, what you want to do.

I was lost and confused in 2012 because I was so ambitious. I had started multiple companies, professional skateboarding, and multiple shows on television. All the signature products and all these mega endorsement deals... making millions of dollars, starting thing after thing, hoping that one of these was going to be big enough that it defined me, and then I would find happiness, balance, and peace.

Start at the End:

But what I realized in that process is that it's never going to work and **I read a business book called *Start at the End*, and this idea of whenever you build a company, decide what you want the final outcome to be and build a plan backwards. And then I realized I need to do that.** It was my life. And then part of that was getting a real understanding of... I just... I didn't understand the money.

Tony Robbins reached out to me to help him promote *Money Master the Game*. And when I read *Money Master the Game* it completely opened my mind because I realized **I just always made money [but] never asked like what do [I] really want out of money.** I realized, "I love this lifestyle." And then that's what puts pressure on me is when I invest a high-risk.

Do all these ventures get cash? And then boom, now I'm in this super dangerous spot. Then another season gets picked up. [I] got another show. Like you're just in this constant battle.

The stability of cash flow:

And that's what really led me to what I ended up doing. I really liked the stability of the cash flow. And to balance out the high-risk side that I was doing on my adventure and business development, all of which was built around the identity that I've created for myself as it were related to the

lifestyle that I lead— the cars I drive, the houses that I live in. I did a deep evaluation of that and then built a plan on how I could build a sustainable cash flow system that I could begin to scale my lifestyle based off of that.

[Interviewer] So how did you how did you start taking money from the TV shows, the skateboard career, the other businesses? How did you allocate or think with how much money you were going to move to multifamily as an investment when that money's gone? You know, you can't go access it today.

I'll go a step further like I do the syndications role. Never touch that money again, right because I 1031 (*A 1031 exchange occurs when you sell a business or investment property, in which you would normally have a taxable gain, but because you are reinvesting the proceeds of the sale in a "like-kind" or similar property, the gain on the sale is deferred*) You're just trying to get that dependable, indestructible cash flow to offset the risk you take in your career, or in television where you can get cut or skateboarding where you can get hurt.

I look at my whole life and I run my life as stable as your multifamily cashflow. And I run it probably a level deeper, right where I wouldn't put money in a building that's not fully integrated. I wouldn't go out and buy the building and leverage against it cause I don't have time. I would never invest in a building beyond 65% leverage. I'm love fully integrated...I like management teams because what you have there's a nuance of how to operate great product. Ultimately, I want somebody that has the experience to ran through the crisis. I want to know, what was your percentage of delinquencies during the pandemic? Because that's gonna show me what type of operator you are and the quality of product that you have. Deep within when you think about that on the level I co-find these businesses and I fund them from, you know, a million to \$10 million, because I'm trying to have as much equity as maturity because I want to build and sell a business to 300-400 million.

That's sort of the game that I plan on that. And then as it relates to how I build television, you got to do episodes of television here, but I haven't so optimized that it doesn't compromise lifestyle.

I get the long term capital gains, still painful, but not nearly as painful as what it feels like to live on ordinary income in the state of California. I look at how am I making money

Time, Energy and Effort...and don't forget about Taxes:

Where's that money coming? How is that money going to be taxed? At the end of the day, all of it ladders together to time, energy and effort. When you push it all the way over to the buildings, I do nothing. It takes zero time. It's only in the diligence of it. Then when you look at my television show, I optimize it to a point where it takes up very little energy. Then the companies that I build, it goes from a lot of energy to less and less energy as they scale and mature and find product market fit.

[Interviewer] So Robert, what would you recommend someone map out? Clearly a lifestyle right. I keep hearing you talk not just about the money, you're not talking really about the money? The money is funding a lifestyle. **What would you suggest to someone about taking two or three days a weekend or whatever it takes to build out the ideal and determine the money necessary? What kind of money, because you're talking about different kinds of money: earned income, investment income...passive income. 99% of people don't even know if they understand the terms, much less take the time to do it. What would you tell somebody about that?**

Yeah. I mean, you got to. At the end of the day, you know, I just think cash flow. If you can get to the point where your passive income covers your lifestyle, you're truly free. And your risk is mitigated, depending on where you put that capital. And where that cash flow is generated from.

The Six Core Systems of Life in Harmony:

When I think about life, you end up with these core systems that need harmony. **It's your health (including your mental health), your financial health, your career health, your relationships, your self, and your adventure and lifestyle health. These are the six core systems that integrate and make up your life. How those systems operate together in a harmonious way is the quality of your life.** And so you first simply just ask what would what would be ideal for my health? How would I feel on a daily basis? If I was perfectly healthy, what would I feel like? What would I look like? Then it's like, what do I need to do to get there?

The first one you got to know you can do, that's your first goal. And you do the same thing with your mental health. Different systems need harmony. You are bound by time, energy and capacity. You've got the same 24 hours a day so you've got to design to make them efficiently, but you also need balance in all those those six core systems of your life in order to create a happy, fulfilling life. Because everything that you're doing today is basically a result of what you've done in the past. What you're experiencing today is because of all the decisions that led up to today. More often than not, we have so much dysfunction in our existence that we tried to get healthy for a little bit. We tried to save for a little bit. We were going to go get that new job rather than looking at everything, building a plan for all of it and then patiently evolving and growing towards your real idea of life. Because the truth is, I say start at the end again. Who I am today is so different than who I was two years ago? Completely. And when I built this master plan and launched it in 2016, who I became in six years is so mind numbing, like I couldn't even meet me.

[Interviewer] That you're actually farther ahead than you thought you would be six years ago?

But here's the difference. It's not about being farther ahead. Six years ago, here was the goal. What I didn't realize is you expand...the depth of your knowledge, your understanding and who you are. You thought you were going right here, but you're actually right here, that has helped you expand. You evolve and grow and learn more. You get more intuitive. You have clearer plans. **Your vision for who you are continues to evolve and get clearer as you learn more and evolve, right? That's the thing that I think people just underestimate.**

[Interviewer] You can't know Rob until you do it. What you're saying is if people don't believe it's really real, you know where I'm trying to get. It's so important to me in that moment. **And I think what I'm hearing you say is there's a lot of wide benefits to making this journey. It's gonna be harder than you think. It's gonna be this, but it's gonna be way better than you believe, if you do the work and you're patient.**

To me, you only quit if you lose belief. And you leave when you're not progressing towards the milestones that eventually get you there. You're continually seeking clarity, and building your plan, and refining your plan as you learn more. And as you evolve you can be patient. You can have patience with purpose when you have a better understanding of where you're going. Even if it's incrementally evolving and growing towards your goal, you're still going to believe it's possible, you're still going to have faith, and you're going to still keep pushing through the hard times. You cannot have patience when you have no idea where you're headed. When you're just hoping you get there and wishing you're gonna get there, it's super easy to lose belief because you don't actually believe that you're making progress towards getting there and how important you think it is.

How to gain capacity:

Whatever it is, when it's just you, you have a limited amount of time, energy and capacity by which you can execute. So the first thing that you're going to do is and here's how you gain capacity: 1) you're either automated or so what a lot of people end up doing is that they haven't learned enough, or evolved enough and 2) they rely on that which they think can help them but they weren't able to evaluate. And sometimes you bring on that person who's super smart, super capable, but they just aren't what you actually need to be able to scale your capacity. They actually pull capacity from you, because now you're micromanaging and needing to deal with them. Right? **So, again, I'm finding great people but also being a great visionary and your ability to assess what you actually need and then hiring the right great people is when you can actually scale efficiently and gain back capacity and reach further towards what you're trying to do.**

[Interviewer] If you were starting over today...didn't have the shows, didn't have the skateboard career, if you got a little bit of money and you want to be an entrepreneur, would you start a business from scratch? Or would you look to buy business that exists in somebody's head?

Assuming you could find the same business, is it something that you're looking for and I think it boils down to this idea of

like what's the right fit for you. Right? Like to me, it's so hard and when you're young and trying to be an entrepreneur, what you got to do, you've got to burn through the fire. You've got to forget about, it's not about what, it's not about not knowing, it's like you have no clue how insane building a company actually is. Because you just look at how cool the product is and how great it would be to be a successful entrepreneur. Right? Like you don't have any clue. MBAs at least have learned the foundations to get burned by the fire and gotta go through multiple cycles a lot of times before they find success. I quit high school. All the companies that I started and everything that I did when I was young, it was like I was marketing over everything, I got to put it on TV. You know even when I did fantasy factory I saw what was happening to all the companies that I own. I did a deal to own my integration rights. I used a platform to launch multiple businesses. I did deals with Microsoft. I made millions off of owning because I said I wouldn't do the deal unless you gave me the integration rights. And this is before they put a stop to that. It was right ahead of the curve.

I would start one from scratch. I would work. I would go back. I could make \$5 million, whatever they are, whatever the thing, whatever.

That's not how you invest in real estate. In real estate, you're investing in something that's already been built, functioning as a business, and cash flow.

Look, I know it's hard. It's so much deeper than that. That's why real estate is a beautiful framework of numbers. You got comps, you got price per unit, you've got all of these things that you guys flow. You got cash flow. Even though we're all getting squeezed right now, you're gonna be able to pull cash out in the next few years. Real tight and then all of a sudden, it's like we're back. You know, so it's had this really interesting wave that's also been fruitful since 2010. That's the scary part about this era of multifamily is very little pressure.

[Interviewer] Where are you investing locally to Southwest, right?

So, I tried to stick with fully integrated operators that our expertise in area

[Interviewer] What does 10X mean to you?

But I do think 10Xs, and what you've created ultimately is like, you know, think bigger to achieve bigger. **And how important you think it is for people that think bigger. I mean, it's they should think bigger. It is the only way for you to achieve the life that you desire. You have to put it out there, and put a stamp on it, and begin to build the plan even if it's uncomfortable to you. But at least if you start thinking that way, the universe will start to conspire around you and things will begin to present themselves to you new things are going to teach you and you're going to be like slowly being pulled towards it.** But if you don't think big in the first place, it's just like anything else. Like if you have no idea where you're going and you just start driving, you're not ever gonna get anywhere. But if you decide "I don't know how long it's gonna take me to drive from Florida to California, but I know that if I just keep going from state to state, I'm eventually going to get there." **That's sort of the mentality of how you've got to plant the flag and put a vision to what's possible, and then force yourself to learn the pathway to get there which will give you the courage to take the next step, and the next step. Whatever you pay to be part of this, that next step will be returned to you 10 or 100 times if you take action. I just promised you that because I know what's happened with me.**