

How many of you have made some decisions today?

Who's made a decision like "man, I gotta start thinking bigger."?

Grant's Biggest Mistake:

That is the number one biggest mistake I've made in my entire life was not thinking big enough. Thinking bigger will solve every problem that you have: every problem, all the customers you lost, the friends you lost, the employees you lost if you would simply just think bigger.

How many chips do you have?

You need scale, folks. You got to think big. Okay? You don't have a choice.

This is not an option.

For you guys that sit down and have a conversation with your team or your spouse, "Should we go big?" You ain't got an option. I don't even know why your having a damn conversation about it.

Introducing Tillman Fertitta:

The gentleman I'm about to bring to the stage. **This guy is a big thinker, recognized as a leader, a world leader in the dining and hospitality entertainment space. A super competitive environment, restaurants, casinos. 600 restaurants in 38 states in 16 countries. When the economy was going, like crazy, he wrote a best-selling book that hit every single major book list. As number one, called "Shut up and listen!" This is a \$6 billion man who bought the Houston Rockets.** I'm gonna ask him how the hell he makes sense of that, to pay the price that people said he was crazy to do.

Ladies and gentlemen please break the stage for Tillman Fertitta! Let's go Let's go!

I was eating in his restaurants when he was 40 restaurants. It shows you the difference between things. This is what how many restaurants later, 600? There's been a lot of dollars generated in the last 30 years.

[Grant Cardone] How important is sales in there in that hospitality restaurant?

It's All About Revenue!

[Tillman Fertitta] **It's all about revenue. Because you can always cut your expenses once you've created revenue. And that's what I tell everybody. You got to get your revenue up.** Because if you don't have revenue, you can't cut any expenses if you need to. The pandemic was a plan for opportunity for people who wanted to get rich. And it was a time, even though we didn't know it in the beginning, for the rich to get richer, which is what happened honestly.

[Grant Cardone] Your career in restaurants started with your dad not right or wrong.

It started with working at his Dad's restaurant, learning from the ground up

[Tillman Fertitta] My dad had one restaurant. I learned how to kill shrimp, learned how to walk the lot, work the line, but then I broke out on my own. I never was in business with my dad. Because I was so successful after my fourth restaurant that I had on my own, my dad said "You're making more than a couple of million dollars a year. Why would you go risk that?" I said, "because I want more." I always want more.

[Grant Cardone] Do you think that the people in the room should be thinking about more as actually a strategy for success?

Figure out your talent:

[Tillman Fertitta] Well, at some point it has to become sport to you. And now it's just a competitiveness. And it's just this is a game. **People say "why do you not retire? Why do you get up and go to work every morning?" Because that's my hobby. And I tell everybody out there, "God gave us all a talent. Okay, I don't care what it is. But the first thing you got to do is find something that you like doing, okay, and find out that God-given gift that God gave you because as talented as we are, there's so many things I can't do." Okay, there's so many things I can't do. But I found out what I could do, and that's understand business. And so it's my hobby, and that sport every day.**

[Grant Cardone] So your dad, was he more of the saver? Was he more the to reduce expenses, and you had this idea—I need to grow and scale the revenue?

Don't be a seller!

[Tillman Fertitta] Well, my dad was an entrepreneur but he still thought in a small way. And in the sense that if you can take \$1 off the table. You never get hurt making a profit. My theory has been if somebody said **how did you become worth so much money? It's because I've never sold anything. And I've watched the value of real estate and assets go up and up and up. And so I'm not a seller because I think great wealth is created by not being a seller...just look at the appreciation and inflation of everything.**

[Grant Cardone] So now there's 600 restaurants, you own the real estate underneath them too?

Location, location, location

[Tillman Fertitta] **I own the real estate of probably 80 to 90 of them because you want the best locations. And that was always my thing. Go after the best location. With the best locations, you know on the water, with a port, or on a mountain, or wherever you need to go, that's the best location. But always buy the real estate if you can.**

Well, what's happened is everybody has realized the real estate is worth more than anything and so when you go when you're trying to say acquire a casino, I want to sell the property first to a REIT. And then we'll sell you the option then you just become a tenant like you would in a restaurant. Like MGM doesn't own any real estate under their properties anymore. You know, Cosmo just sold. The real estate sold for \$4 billion and the business sold for \$1 billion. But now you're just a tenant. And so I own all the real estate under all of my casinos. So now that's Lake Charles, Las Vegas, Biloxi, Atlantic City.

[Grant Cardone] what's the best market?

[Tillman Fertitta] Lake Charles, Louisiana because you're two hours in. In Las Vegas each one of those casinos do over \$100 million in EBITDA.

[Grant Cardone] When did you start when did you start making big money?

[Tillman Fertitta] When did I start making big money? What's big money?

[Grant Cardone] Will you tell me? You know? How would I know you're not worth six times?

"Don't Ever Spin Before You Take Care of Business"

[Tillman Fertitta] When I was when I was 22 years old, I bought my first \$100,000 CD and that was big money. But that's a long time ago. Let me tell you something. Anybody out here, the first jumbo CD you buy, you stand in that mirror and you tell yourself "I'm a smart son of a gun because you are okay." The first 100,000 is the hardest. **The first million is the hardest. And once you get it going, that son of a gun just keeps going if you keep working hard. But I did learn this from my dad, "Don't ever spin before you take care of your business." So many people start making a little bit of money and they start taking it out and living on it and then they don't take care of their business where if you would have put that money back into your business, your business continues to grow. All businesses need equity. And so just keep living like you are because growing your business is a bigger thrill than going on any trip or buying a little bit bigger car or doing anything else. There's nothing like watching your business grow.** And that's what I always did. Then I sneak me out a few crumbs to live well. Yeah. But I always put the money back in my business and I'm still putting the money back in my business.

[Grant Cardone] How in debt did you go on the way to scaling? Like 100 restaurants

[Tillman Fertitta] Right now let me just say this, in 1993, I went public. Took my company public but I owned 100% of it. And so you wake up and you got a company doing \$7 million in EBITDA and that's when restaurant companies are all getting these high multiples when you wake up and you're worth \$100 million. So I didn't really have any debt at that point. But as I've grown and I took the company, private in 2009, so I was public for about 17 years, and then I went private again. I took

[Grant Cardone] So tell me what happened. I don't understand that. So you went public. You still own it. How do you still own it if you go public?

[Tillman Fertitta] Because I took it private during the crisis of '08-'09 when everybody stopped. Went down. I used that as an opportunity to buy my company back again. I made a tender

offer to all the outstanding shareholders. But I was already still a majority owner. But that very seldom happens.

Shareholders vs Private Equity

You have shareholders so but let me tell you why. People said “well, why don’t you take a partner and take private equity.” And I said if I’m gonna take private equity then they get a seat at the table with you. If you take on shareholders, they call and they want to complain about something...”Goodbye, I’m going to sell the f*ing stock.”

So my whole deal was I don’t have shareholders but I would never have a partner. When I went public, the banker said, “take some private equity money, see how you like it, put a couple of seats on your board.” Put some people on my board? What do you mean? I always want to control what why is that so important? The worst thing you can do is let a professional board seat come in and start telling you how they think you should do it. I just never went that way. It worked out for me. I’m not any smarter than you guys out there. Okay. I am not that smart. I just know what I know. And that’s what you have to do is you have to know what you know, and focus on that. Like people tell me “Hey, should I go get my MBA?” and you know what I tell them? “You know if you need to go get your MBA.” I didn’t need to get my MBA.

Focus on What You Know

[Grant Cardone] So you got out of high school and did what?

[Tillman Fertitta] I went to school for a couple of years, three years, and then I went into business. And I dropped out at the University of Houston after my junior year because I was making so much money. But I’ve been chairman of the board of regents there now for the last seven years. It’s better to be chairman instead of a student.

[Grant Cardone] He dropped out. Give a big 10x Dropout. So when you when you buy the shares back you saw the shares getting crushed...

[Tillman Fertitta] Everybody shares got crushed. I still own all the stocks that I bought in ‘08-’09. Oracle at \$7. Cisco with \$6. MGM at \$5. The whole world got crushed. And that’s why I’ll always be a cyclical player. You might feel good about your real estate investments right now because they’re going up, but always save

**The importance of
good credit to building
your business**

capital for the downturn. That's where I've made most of my money as I've always been the cyclical player and kept liquidity because remember, the strong gets stronger when the strong get weak. And I've always taken care of that in the beginning

[Grant Cardone] Tillman like when you didn't when you weren't rich? 28 years old. 30 years old, you're building. You thrown it all in then. You weren't keeping a bunch of dough around.

[Tillman Fertitta] I was building my business but that's different. As you get the opportunity. Let me tell you something. **I built my fifth restaurant in San Antonio, Texas. I was using credit cards, everything right to build but you gotta remember, you know what always made sure I always made sure I had good credit. So I must have had 20 Bank of America cards and Visa and I made my payments because that was one of my ways for capital back then. But credit is the most important thing you can have. Pay your bills on time. Okay? Because as soon as you don't pay it on that 30 day and it's the 31st day you are a past due. Don't ever be past due. When my whole world was shut down and every one of my businesses were shut down. My basketball. My restaurants. I had an \$80 million bond payment due to two weeks later, I didn't even think about missing that payment. Okay, I didn't even think about it, because I wanted all my lenders to know I'm as strong as ever. I'm the bull and you're gonna get your ass paid.**

[Grant Cardone] Come on, come on. Look at this is a billionaire right here. Legit 6.8 billion, probably 8 billion since he woke up this morning. Who knows? Last night he went to sleep at 6.8 wakes up at 8.2 today so I just want to be clear to the audience. Okay guys, what I'm hearing him say is on the come up, he was willing to use his credit cards, 20 of them, to bet on himself.

**Don't ever invest your
money with somebody who
has less**

[Tillman Fertitta] Is that right? 100% always bet on myself. Like people today ask me, will you invest in this, will you invest in that? I'm still doing deals myself. Why would I go invest in your deal? Okay. But this is advice that I've given everybody when I've talked to NFL players or anybody. **I'll say, "Don't ever invest your money with somebody that's got less money than you. Think about when I'm telling you. You never invest**

your money with somebody that's got less money than you. Because they need your money. You want to invest with people who don't necessarily need your money. Okay, think about what I'm saying there.

[Grant Cardone] 2020 Every business you had got shut down. Every single one. Not one of them was open. Not one of them. But dude, how scared were you?

How did he handle the pandemic shut down:

[Tillman Fertitta] **There was about two or three weeks there that I was scared shitless just like the rest of us. When you have been...I've been around a long time. And this is what I realized is you got to make quick decisions. And I caught a bunch of crap. Because I laid off 40,000 employees the first week. Well, Disney, MGM, all these big companies did it six months later, four months later, because they were hired-in CEOs and they didn't care. Everybody I called me crap because I did it so quick. I watched other downturns. Remember I've been in business since the mid 80s. I built my first hotel when I was 26. And I've watched downturns and I watch our government trying to handle unemployment and they're not set up to handle unemployment. And so the people that get to the line quicker and they start getting their unemployment checks. I had many employees thank me that they were able to get in first plow and they're all hired back today. Okay, but you got to do what you got to do and you got to make quick decisions. You sometimes you can't save the world. So you try to save a few and you got to always remember that. Bad things happen.**

[Grant Cardone] Yeah, so some you guys remember he's got 600 restaurants, casinos. How many countries you have

[Tillman Fertitta] About 12 countries and 41 States.

[Grant Cardone] Every single business that he had.

[Tillman Fertitta] And remember those basketball players still want to get paid. James still wants his \$47 million. Okay. He wants his money, but you got to pay it.

In the beginning, you're not fighting anybody because the world shut down. And so there's no one to fight okay. You're fighting a loser. You do what you do for a year. Thank God I live in a conservative state, and in the end. Houston. Because I grew up in Galveston and Houston, a large part of my business from amusement parks, restaurants to hotels, you know, I probably do 25% of my revenue in Texas. We opened up on May 1 while the West Coast was shut down for the next 18 months. I was on Governor Abbott's committee. And as you can see, Texas and Florida don't have any more cases than anybody else. But yet we opened up. Now don't get me wrong, I believe in the vaccine. I believe in masking. I'm not an extremist. Either way. I'm a conservative, though, but you do whatever you want to do. If you want to come in here and everyone y'all have on a mask. I don't really care. Texas was smart enough because we hadn't proven the science. And the governor was having all these experts talk to the committee that we opened up and said, let's see what happens. Our hospitals weren't full. Everything was fine. And I think it proved right that Florida, Texas opened up ahead of everybody else.

No, absolutely had to do it [lay off 40,000 workers]. Because remember when they told us "oh, we're going to shut down for two weeks." I'm smart enough to know I've been around the viruses and it's going to...you think they're going to open it up as it continues to rise? That when I said "oh we're just going to shut your casinos down everywhere." For two weeks. "Oh, but you still have to have all these people there because it's a gaming property, it's still costing you probably \$100,000 a day with all your employees gone, because you still have to have surveillance and security and all this BS to protect the money." And I knew it wasn't going to be for two weeks. It was unpopular to everybody. I mean, you know, what we did to people I think is a crime...the mental illness and I know more people that died during the pandemic not of the virus. Okay, now I still take the virus seriously. Okay, I'm serious about it, but I'm just not an extremist about anything. And I thought we took it to the extreme side.

[Grant Cardone] There was a period of time where you sold vitamins. It is still around today like they're like 100 year old company or so.

[Tillman Fertitta] You know, the greatest thing about a direct selling company, and I did this when I was 20 or 21 years old. And selling vitamins teaches you how to get in front of people and speak. Teaches you how to cold call people. It just taught me how to keep books and business and everything's a lesson in life. Okay, is as smart as I might think I am, I get up every day and you, and I could go sit in the back room and talk for 15 minutes. I'm gonna say you know what Grant told me something I've really never thought about before. I have to sit down with anybody in this audience, and you're gonna tell me something that I hadn't thought about before. Because we all are very intelligent. We're all very intelligent.

[Grant Cardone] How important is the sales game? Learning that and having that experience young, you know, at a young age... to owning 600 restaurants. What are your gross receipts a year now?

[Tillman Fertitta] All my businesses? Right at \$5 billion in revenue a year

[Grant Cardone] Goddamn, that's a year!? That's more money than most the whole room might see!

The sales thing How are you using that today? How do you transfer that?

[Tillman Fertitta] Everything. Even you know. When I went public, you're selling equity, you're flying and meeting with the people that buy equity and shares you're selling. When you got out of the equity game and public and you're a private company, I have debt to trade. So like I don't go to the bank and borrow money from your local bank. Selling your company and everything is credibility. **Everything is credibility.** During the pandemic, I was the first person to go and do a leveraged finance loan with every business shut down. And a borrowed \$300 million and everything and people criticized me because of the rate. Okay, because I usually borrow 33 or 4% And somebody said, "Oh my God, he's trying to buy all the businesses are shut down. He's

borrowing, you know, 12% money.” But you know what? I was able to borrow it and nobody else could. Okay, and I never spent a nickel of it. But I knew that the cash that I had and \$300 million more that if nothing of mine opened up fully until December 1 that I would be one of the survivors. And then I would eat everybody else alive.

[Grant Cardone] Tell me where does that come from? Where did you develop that?

[Tillman Fertitta] I mean, that’s just what you do. It happens over a period of time. And and I think that you play in high stakes. I mean, my company’s worth \$10 billion. But that don’t I mean, I have billions in debt. **I would rather have debt than partners. And I had the ability to borrow the money. So I would rather do that. You know, now you’re still have all your covenants and everything, but I would rather have that than partners.**

It’s easy to get along here. 30% equity loan to value 70%. But I never finance real estate projects. I always use my company. A lot of money. A little guys like we got to use.

So I have a lot of debt, but I never do project financing. I never want to get in trouble with project financing. Because if something goes wrong, then I can just shut it down if there’s a horrible depression, and then start it up again. But we have projects that I want to be in control. I never want a bank telling me you know, “oh, you’re behind schedule, you’re ahead of schedule, you’re over budget or under budget.” **So everything is done internally where the money comes into the company. But remember, you got this big cash flow machine tell that’s the difference.** I was with a guy the other day that has built so many condo projects in Houston. And he said, I’ve always wanted to be like you and I’ve always admired him for the last 25 years ago. He said, but I build these high rise condos, I sell them and the profits that I make, I’ll keep and I use that to run my overhead until I build my next project. I’ve never made any money because then I use it. I’ve always had cash flow businesses that gave me the ability to borrow money at the company level and then I can do what I want to do.

[Grant Cardone] What is the difference between being a millionaire and a billionaire?

[Tillman Fertitta] Huge difference. I'm just gonna be honest with you, you don't have yachts and jets and you know, you can fake a lot of things, but you can't fake jets and yachts, especially if you don't lease them. You truly own him you know. You have the ability to do more from an investment standpoint. I have the ability to continually to grow my business in a big way.

Always have liquidity

It's kind of like when the pandemic happened, somebody said, he's a multimillionaire. Why don't you just keep paying your employees? A lot of your net worth is in the equity of your business. You have a business that's worth a billion dollars, \$10 billion, and you might have \$4 billion in debt on it. So there's \$6 billion of your value and the Houston Rockets are worth \$2.7 billion. We'll only have \$300 million in debt on them. I mean it's equity, but that's not money. Right. You know, nobody has billions in cash laying around, you know.

That hotel cost me over \$400 million. I don't have any debt on it. But I mean, this is what happened in the pandemic, this is what everybody forgets. When you have 60,000 employees, your payroll tail the day that the pandemic stopped. I knew that I had two payrolls coming up that were \$100 million.

Because remember, I'm like everybody else, my business pays yesterday's bills with today's dollars. Your payroll was for the last month, and you're taking in money every day and that's how you're gonna pay it just like you pay last month's bills with today's paycheck. And that's what people don't understand is that when the world shut down, all those bills are still there. I still owe all these people a paycheck. And so you always have to have a lot of liquidity but nobody ever has as much liquidity when somebody is worth \$10 billion or the guy worth \$40 billion he might have a billion in cash, right? S

Return on Investment, cash on cash return, is the thing that you should look at the most. Unless you're buying a sports team.

[Grant Cardone] And when you buy there's never been a sports team sell for less. Okay.

[Tillman Fertitta] They never sell for less. They don't lose money. The New York Yankees sold for \$10 million in 1970. The Dallas Cowboys '95 sold for \$200 million. Okay, I tried to buy the rockets in 1992 with a partner for \$80 million and I lost out okay to somebody who paid \$85 million over the next 25 years. I built my business and became worth billions of dollars.

And I paid \$2.2 billion and that's real money. I mean, I had to write out a check for \$2.2 billion. Okay, and how I did it was with cash I had on hand, but because I owned 100% of my business, went to my lenders and said, "Hey, y'all loan me another \$2 billion. And I'm going to take a dividend now and it's like you have an equity in your house. I have equity in my business. So most people can't do that because they don't own 100% of their business. So now nobody else could do that. You got to be a legitimate person. You can't have a criminal history.

[Grant Cardone] The book shut up and listen. Why did you write that book?

[Tillman Fertitta] Because a I always thought about it but always wanted to do a tell all book but a big time publisher came to me and said we want you to do this book. And we want it to be all business. We don't want to hear stories about people or anything like that. You know who's a piece of shit out there or who's great. We want it to be about how you became successful.

Say you're in this hotel today and you wake up and it's 11:02 and you say I'd like some scrambled eggs and some toast and bacon. "Well, I'm sorry, we don't serve breakfast." It's 11 o'clock. Well, you have a pan back there. You got some eggs, drop a couple of eggs in there. Take a fork, move them around. I know you've got some bacon for that club sandwich. Throw it on the plate. I know you got some toast with that club sandwich. You're gonna make the wait on a plate and send it up to my room. "I'm sorry, sir. We don't serve breakfast." That happens everywhere.

So it's all about the customer. There are no spare customers. And it's things like that. **Don't assume because you tell somebody to do something that it's done.** Okay, right. **When**

you think everything is never going to be bad again, it will when things are so good. You never think they're going to be bad again, you know?

That's what made me successful. That's what was good. No ghostwriter. I truly wrote the book and anybody that read the book, everybody that worked for me that read the book or listened to the audio, they said "God Almighty, that is you. It's everything you preach. It's everything you'd say."

I'll tell you what, I've done a failure. Because people ask me every week can I come follow you around? Or will you mentor me? Will you give me an hour will you give me a day and I just can't do that.

Okay, number one. I can't talk about what I need to talk about in front of you. And it just doesn't work. And so it's kind of my way of truly being honest and talking about the mistakes I made and what mistakes you shouldn't make. And, you know, I'm not trying to promote the book because it's already been on the New York Times bestseller list. It's just a really good book. It's just a really good book that you can read in two and a half hours. That's not written over anybody's head, because I can't talk over anybody. I'm not smart enough. So it's written where I can understand what I could write it and you can understand it.

[Grant Cardone] With everything you're involved in, what advice would you give this audience as they leave here this weekend, to go out and scale their business the way you have?

Don't mistake luck for success:

[Tillman Fertitta] **You got to have scale. Don't think you know you everything. Don't think you're successful because you had a little success. People think they're successful because the first real estate deal they did, they made money.** It's kind of like, I watch people go in and they think they figured out the casino and they're up a couple \$100,000 on me, but yet later that night, they're down a couple of \$100 Okay, none of us have everything figured out. And this is one of our biggest quotes..."there's a paddle for everybody's ass okay."

And there's a paddle for mine and I make sure that paddle don't get me anymore, okay. But the deals that I do today if I take a paddle and that mofo is gonna hurt, okay? So, don't ever think you're smarter than you are.

**Know the worst
case scenario**

People make a mistake. When you go to the bank and you're trying to borrow some money. You give the greatest performance in the world. You be aggressive and you do whatever you have to do. But you better have a case which is the worst case scenario, and you better not fail on that deal under that worst case scenario model. Or shouldn't do the deal. That's what I've always done. How bad does it have to get that this deal still works for me.

[Grant Cardone] What would the term 10x mean?

[Tillman Fertitta] You put money in a deal and you're gonna make 10 times.

[Grant Cardone] How else would you apply that to what you've done because you are truly a 10x person? You are the top of the food chain. A guy that came from very little, and you've done unbelievable things.

[Tillman Fertitta] It's so funny because when you make that first \$100 million, it's the hardest, but then you got to that first billion and it's much easier to get to that second and third billion. I'm thinking about this when I bought my first casino in 2005, I paid \$317 million. My gaming business today is worth somewhere between \$4.5 and \$5 billion. So that's better than 10 times!

[Grant Cardone] Any other advice you give these people as they leave here?

**Make a decision,
Work hard,
Do what you say,
Expect the unexpected,
Always have liquidity!**

Tillman Fertitta] **Just decide that I'm going to get from point A to point B and I'm going to work hard and do whatever it takes. Okay? But always do what you say you're going to do. If you're in business, always do what you say you're going to do. When I go buy something for somebody, you say you're going to deliver this on this day, I expect you to deliver it. So always, always leave yourself room because nothing happens the way you think it's going to happen. If you think you need to make this much money out of a deal, then make it 20% lower or don't do the deal. Always watch for the unexpected, because the unexpected always happens. Always keep liquidity. Liquidity has saved me. Always, always have liquidity.**