

# **The Tim Ferriss Show Transcripts**

## **Episodes 30, 31, 32: Tracy DiNunzio**

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Tim Ferriss:

Hello, ladies and gentlemen. This is Tim Ferriss and welcome to another episode of The Tim Ferriss Show. Thank you for listening. I'm going to start off with some Japanese trivia since a number of you, quite a many of you have asked for more Japanese tidbits given that I lived there in high school. It was in fact my first extended overseas experience, going from Long Island to Tokyo, Japan for a year.

I was the only American student in a high school of roughly 5,000 students so I thought I would give you two recommendations. The first is a song and you may think it's cheesy, everyone in the country of Japan was in love with this song when I was in high school and it's called Shima-uta.

Shima-uta is by The Boom, the name of the band and Shima-uta literally means "Island song." Shima-uta is, more generally speaking, a genre of songs thought to originate from the Amami Island.

There are two versions of Shima-uta, Shima-uta by The Boom. There are two different versions. The first is in Japanese, what we know is Japanese. It's actually hyojungo, so hyojungo is basically Edo dialect, Japanese, in the same way that Mandarin, what people think of as Chinese, is also just a dominant dialect of Chinese. That's why it's called Hanyu.

Hanyu is the language of the Han people, that's what many Chinese would describe Chinese or how they would identify it. You have hyojungo version of Shima-uta, regular Japanese and then you have an island dialect. I always thought it was Okinawa-ben but I could be wrong, but it sounds nothing like normal Japanese. Absolutely nothing. You can listen to both versions, it's very, very cool. That's the first, Shima-uta.

The second bit of trivia or recommendation that I'll make for those Japan fans out there is a comic book. I learned to read and write and speak Japanese through a few different avenues. The first was Bukatsu, so I was in a Judo club and I could be Tarzan while still picking up bits and pieces here and there.

Primarily during the classes that I couldn't understand, I would read comic books, manga. Specifically, I read a comic book series called Rokudenashi Blues. Rokudenashi Blues is Rokudenashi Blues and that literally means, roughly translated "Good-for-nothing blues."

Rokudenashi is good-for-nothing blues and it is a series basically based on high school gangs and martial arts and it has incredible artwork. In my mind, very reminiscent of some of the early Jim Lee work and it's spectacular. I haven't read it in a very long time but I was obsessed with this particular series and you can go online and search Rokudenashi Blues, R-O-K-U-D-E-N-A-S-H-I. Roku also means six, just like the device that you can use to watch Netflix and so, Roku six.

Rokudenashi Blues ... and you can look it up and look at the images on Google just for instance and I think you'll be very impressed. It was a huge hit in Shonen Jump, the Weekly Shonen Jump for a very, very long time.

Now, all of that having been said, this episode is very exciting to me, extremely exciting. I hope you guys love it as much as I did. It is with Tracy DiNunzio and Tracy is the CEO and founder of Tradesy. Tradesy, T-R-A-D-E-S-Y.com is a start-up that I am involved with and I invested through syndicate that I created on Angelist.

If you want to see other deals that I'm involved with or will be involved with in the start-up world and how I select them and so on, you can go to [angel.co](http://angel.co). This is, [angel.co/tim](http://angel.co/tim) and check it out.

I ended up investing in Tradesy along with a number of people you might recognize, Sir Richard Branson, John Doerr and Kleiner Perkins. He's legendary in the world of venture capital. He joined their board. Now, the reason that I think Tracy is very, very interesting to talk to right now, among other reasons, is that she is in the trenches right now.

Unlike some of the people I've interviewed on this podcast who are just megastars, they've sold 60 million plus albums, they've sold millions of books, they've accomplished these incredible things that some of you have said, "It's hard to identify with."

You find it inspiring but from a tactical standpoint, it's intimidating. You're not sure if you could ever get to that point because you get the

picture from A and then you get Z but perhaps some of the steps in between are missing.

Tracy is currently building a huge company. They're growing extremely quickly. They're facing all of the challenges that a bootstrap or a venture-backed company would face. In many instances, both sets of problems. She is not technically trained from the outset so she does not have a computer science background or anything like that and had to scrap really hard and hustle and train herself as an autodidact to develop the skills to become a very competent, high velocity CEO and founder.

She's right in the middle of this right now, so I'm catching her... we are catching her at an inflection point. I really think that Tradesy could turn into a huge company so to have an eye on the ball, to look through that window now, I think is a very unique opportunity. That is part of the reason that I'm so excited that you'll get to listen to this interview, which went a little long. It's going to be broken up into multiple parts.

This is part one and I did decide to have some wine. I don't think it affected my judgment and my ability to speak as much it did with Kevin Rose, for instance, but I think you'll really enjoy it. The last thing I'll say as always is this podcast is brought to you by the Tim Ferriss Book Club.

To support the podcast, if you want to see a handful of books that have had a huge impact on my life, you could listen to at least one of them for free, typically by trying Audible so you can go to [audible.com/timsbooks](http://audible.com/timsbooks). Go to [audible.com/timsbooks](http://audible.com/timsbooks) and you can hear samples of all of them. You can get one for free if you try Audible or you can just download them as audio books and enjoy.

Without further ado, here's Tracy and thank you for listening.

Hello ladies and gentlemen. This is Tim Ferriss and welcome to another episode of the Tim Ferris show. I'm very excited to have Tracy DiNunzio with me. Tracy, how are you this evening?

Tracy DiNunzio: I'm doing well. Thank you. How are you?

Tim Ferriss: I am great and this is an exciting occasion for me and it's been a while since I have had wine on the podcast. I'm not going to overdo it like I did with Kevin Rose, where I got to a fairly disgusting level of intoxication.

Tracy DiNunzio: Come on, overdo it.

Tim Ferriss: I am going to celebrate and people always want to know what type of wine, so I'm having a Kay Brothers, K-A-Y, Amery Vineyard Block 6 Shiraz, vintage 2010, which is delicious. The reason that this episode is exciting to me, and I'm hoping to everyone listening, is that oftentimes on this show, I interview people who are perhaps 5, 10, even 15 years out of the trenches. Meaning that they hit their apex of professional or creative careers at a point well in the past.

In hindsight, they can give a lot of technical advice but sometimes, it's very, very high level and listeners have trouble identifying with those folks or feel that it's so out of reach that they could never experience and replicate the successes of those people.

Tracy is the CEO and founder of Tradesy. No relation. Just kidding, I have to make that crack.

Tracy DiNunzio: It was not on purpose.

Tim Ferriss: T-R-A-D-E-S-Y.com. This is a company that I've invested in, a company that is doing fantastically well. Tracy is absolutely in the trenches right now, doing a really fantastic job in my opinion and we'll dig into all the back-story specifics. I wanted to have the chance to really talk with someone who's on the front lines and someone who in my opinion and of course, time will only tell but I think that Tracy, you are at a major inflection point in your life and it's a rare opportunity that I would get to chat with you in this particular window in your development and growth.

It's also fun for me because in many of the interviews that I've done, these are people who have been exposed to the media and the public for a very long time, decades in some cases and it's hard to uncover stories that people have not heard before. I think we have a lot of fertile ground to cover.

Thank you very much for taking the time. I know you are a very busy founder and it's probably at the tail end of a very full day but I appreciate you making the time, first of all.

Tracy DiNunzio: Of course. Of course, I'm excited.

Tim Ferriss: I thought just for people who may not be familiar with you and your story, we could start close to the beginning and you could just give people a snap shot of where you're from, where you grew up and some of the exploration or adventures that you had prior to Tradesy.

Tracy DiNunzio: Sure. A short version of that is going to miss out on a lot of the fun but I grew up on Long Island, suburbs of New York, like deep suburbia. Ran away the minute I turned 18 and went to school in Manhattan for fine arts. I have a bachelor's degree from the School of Visual Arts in fine arts and then, after I graduated from college, I was doing some painting exhibits in Manhattan and because I was young, I decided to run away to Mexico and get a master's degree in Mexico.

I also have an MFA in painting from a university in Mexico which is definitely not the typical CEO and founder kind of resume. For about 10 years like most of my 20's, I was a painter and I traveled all over South America and Europe with a backpack on my back and a bunch of canvasses rolled up in a suit case and sold my work and lived that way.

As I got to be kind of closer to 30, I thought about doing something that had a little more stability than painting. There are very few things that have less stability than painting so I started up even though they're kind of notoriously risky. It actually felt like a really secure path for me.

Tim Ferriss: At that point, when you decided to phase shift and start a start-up, what type of business did you start at that point?

Tracy DiNunzio: It was in ... let's see, 2009 that I launched a peer-to-peer market place for everything wedding related. Primarily, wedding dresses and then decorations, and accessories, etc. It had the same exact business model that Tradesy now has.

Tradesy is a peer-to-peer market place for fashion, kind of like eBay but easier, safer, simpler, faster to use. Tradesy was really an outgrowth of that first company, which was called Recycled Bride, and kind of lived at my dining room table for a few years.

Tim Ferriss: How did you make, just even mentally, the leap from the travelling artist to entrepreneur? Peer-to-peer is a term that even now, many people wouldn't be able to define if they're not immersed in business or text.

What type of education or self-education did you embark on before deciding to start such a company?

Tracy DiNunzio: It's interesting because peer-to-peer isn't really a layman's term and I don't even know if I knew that term in 2009 but I had been living this kind of like barter lifestyle as an artist for such a long time. I always sold the stuff that I wasn't using or wearing to make money to continue on and get new stuff and have new experiences.

I think in that way, the transition was very natural because I was just kind of thinking about my own lifestyle, imagining that some other folks might be interested in living similarly and built a web platform around that content.

Tim Ferriss: Got it. It's really at that time, maybe in the mind's eye, being viewed as a market place?

Tracy DiNunzio: Yes.

Tim Ferriss: How did you bootstrap that or how did you finance that?

Tracy DiNunzio: Painfully. Investors, traditional investors, aren't really lining up to give painters with no track record a whole bunch of money. I started with some credit cards and a couple of thousand dollars of my own money that I made from selling off the last of my paintings and some of my nicer clothes.

It was a true bootstrapping situation like I hired back-end developers but I thought myself how to do everything else from design, and marketing, and customer acquisition, to even a little bit of front-end code and writing some crude scripts for functionality of the site.

I was really in a learning process and I was bartering the hallway through. At one point, I had a web developer living in my underground storage unit in exchange for work. That's how scrappy it got.

Tim Ferriss: How did you find that particular developer? Do you remember?

Tracy DiNunzio: Believe it or not, he was a roommate who couldn't pay his rent and so, I said, "Well, I got to get a roommate who can pay rent" but you're welcome to go down to the storage unit if you can continue working on the project. That was for about a year or so and then in early 2010, I heard about this

new website called Airbnb and at the time, the concept of renting out your home to strangers was kind of foreign to a lot of people but I thought like "Great, that's right up my alley."

I did have another roommate at the time and I decided I was going to sleep on my couch and rent out my bedroom in order to continue funding the company. I got really lucky because the very first guest that I had back in September of 2010 is now my husband.

Tim Ferriss: Wow.

Tracy DiNunzio: Yeah.

Tim Ferriss: I'd like to know that part of the story.

Tracy DiNunzio: Yeah. We were Airbnb's first marriage and we're probably Airbnb's first funded company too, I would imagine.

Tim Ferriss: That's incredible. You bring up a really fascinating point and I should ask you before I get to what I think is a very fascinating point. Of course, I suppose, I have an elevated opinion of my own opinions, especially when I'm drinking wine, but could you define for the audience what you mean by front-end and back-end?

Tracy DiNunzio: Yeah. Of course.

Tim Ferriss: A lot of techies are listening, but I want to make this understandable to people who are looking at your journey and realizing you went from having no familiarity with these terms to now, obviously being very comfortable with them. What does that refer to?

Tracy DiNunzio: Really simply put, the back-end technology is like deeper technology and in the case of the platform that I was building where we're using a number of different languages to create different functions. It would've taken me a long time to catch up and learn how to handle back-end coding. It's just more not simple I guess you could say.

Front-end coding has more to do with like the UI functionality and is often layered into the design that gets handed off to back-end developers. Front end development is most just HTML and CSS, two pretty basic languages, not that they're easy to learn and I never mastered them. I was able to play with the code enough and watch it and make changes by switching from

browser tab to browser tab, to learn where I could plug in different color codes and different basic tags to change and update what was there.

Tim Ferriss: I appreciate that. I should just say and UI, user interface for people wondering and front-end, back-end, another way to potentially think about it and I've spent some time with for instance, Derek Severs who's just a brilliant awesome guy. He was the founder of CD Baby and became very well-known as a PHP developer, then also got into many discussions about Ruby on Rails. He sat down to describe databases and sequel to me at one point and did it in one page. He's a brilliant guy and even better teacher.

Another way for folks to think of front-end and back-end is almost if you were in construction of a house and the piping, the electricity, the structural engineering involved in the architecture could be thought of as the back-end and all the stuff that makes the house work. Then the front end, this is not entirely a fair comparison but would be then, all of the interior, exterior, interior design that is the look and feel of the site.

There's definitely a functional component and there's a lot of science and art but that's another way to think off, absolutely.

Tracy DiNunzio: That's great analogy. Yes.

Tim Ferriss: Yeah. The division of labor. There's the form versus function, it would be another way to look at it although, again, I don't want to short-change the front-end developers who have to think about how a user or a customer interacts with every element.

Now, at that point, you have this company Recycled Bride and where does that company go? What is your goal with that company when you started?

Tracy DiNunzio: Gosh. I didn't know when I started that company about this whole sort of start-up world. I didn't know what a VC was, I didn't know how to use Excel and create a forecast for our financials. My goal at that time was to have a business and, shockingly enough in the start-up world, I just thought that a business made more money than it's meant and so, that was my goal.

Tim Ferriss: Shocking. Shocking observation.

Tracy DiNunzio: Yeah. It's really focused on driving a revenue, which was something that was impossible in the first year or so as we were growing and then I was



building in the future to allow us to monetize and side talk to profitability after about a year and a half and profitability, just meaning that I was earning more money per month than I was spending on maintenance and improvements.

My goals were really shifted as I went so it feels like along this whole journey, every horizon that we finally cross, suddenly you realized once you've crossed it that there's another bigger, much more exciting horizon ahead.

I never dreamed of an IPO. I never even dreamed of a company the size of Tradesy today, but those dreams just started shifting with a grinning milestone ahead.

Tim Ferriss: While you were keeping this company afloat for a year and a half, just to clarify, when you say that you didn't have much in terms of revenue because we're focusing on growing, what were you growing in lieu of revenue at that time?

Tracy DiNunzio: Traffic and members. In the first year, the day that the site launched, I kind of sat down and went "What the heck have I done? How am I going to get anyone to visit this thing?" At the time in 2009, I literally Googled how to get free traffic to your website and started to understand that there was organic search and there were social media and that those could be two very promising channels for getting people to come to the site.

I started blogging on the site and promoting it via social media. I became a Twitter ninja and I also wrote a very crude script for search engine optimization and it took about a year for all of those things to really start bearing fruit and for numbers to get big enough where I thought "Okay, if we put some paid features into this, experienced people might just be willing to give us their credit card number."

Tim Ferriss: Got it. Right. At that point, you can hit a critical mass for the revenues in meaningful number and the profit hopefully also a meaningful number. When you were starting from scratch, I guess two things, number one, how did you keep the company afloat financially during that period where you're not generating profit?

Then secondly, how on earth did you go about learning how to develop scripts and these technical skills that you had in your back ground and what books or resources did you find most useful?

Tracy DiNunzio: I kept the company afloat just barely, that's how. Meaning, I'm scrambling to pay rent every month. I borrowed the same \$8,000 from my parents like four times over that year. It was a true bootstrap effort and in a way that whole kind of market place or peer-to-peer company really came into play for me and my life.

I live in a large building. I had a lot of really interesting neighbors and friends and I would solicit their support or their help, whether it was "Can you bring me food for a week and I'll help you figure out your social media?," because I didn't have money for food sometimes, or just asking people to teach me things and trying to do favors or give them big smiles in return.

Tim Ferriss: You continued to use Airbnb, as well, as a source of revenue during that time?

Tracy DiNunzio: I started using Airbnb about a year into it.

Tim Ferriss: I see. Okay.

Tracy DiNunzio: Later on, when we started turning a profit, but of course the moment you start turning a profit you see that there's so much more room to turn more of a profit that you need to invest probably more than you're making. That was where Airbnb came in. I was able to fund some of the features that let us monetize with Airbnb.

After my first guest, who I'm now married to, he stayed. My roommate moved out and we ended up renting our spare bedroom out and over a hundred guests over the following year.

Tim Ferriss: Wow. The point I was going to mention earlier is that I'm so encouraged and excited by the fact that within the sharing economy, and I was the first adviser to TaskRabbit, I think that in some ways, ahead of the curve and they've done some really amazing things.

Then in terms of what people refer to as collaborative consumption, picking up this sort of excess capacity of cars, in the case that we refer for instance, excess capacity in the case of housing, Airbnb that to start a

start-up or to found a company, because I don't want to imply that everyone should get venture capital, which we'll talk about.

If you're starting a company, you can use other start-ups to get the money to start your company and I think that's just so incredible and there are many, many instances where I've been say, taking an Uber home late at night and I always talk to the drivers. In some cases, there are students who are earning their entire tuition by driving at night for Uber, for instance.

It really opens so many possibilities for people who don't or can't take on new full-time employment, because it won't leave them any space for starting a company, that with the flexibility of turning your rentals on and off via Airbnb, or working any hours that you want via a ride sharing company like Uber, that you can extensively fund at least the prototyping and testing of a company just through a few avenues like that, in any case.

Tracy DiNunzio: Yeah. One of the core values at Tradesy is that you already have everything you need. If you think of ... Do you remember that guy who turned a paperclip into a house by constantly trading up?

Tim Ferriss: I do. The red paperclip. Absolutely.

Tracy DiNunzio: Yeah. The red paperclip, one red paperclip. That's one of my favorite stories because I think in a way that idea that you already have everything you need becomes more and more true, no matter what you actually do have as a philosophy, as all of these platforms proliferate and we get these new and exciting ways to connect with people.

Share, I think is a misnomer because it's not sharing, it's really buying and selling in that kind of non-corporate paradigm. I see people now even using Tradesy in that same way that I use Airbnb and it's like the most heart-warming thing in the world.

We have two women who are launching an alternative modeling agency in Chicago, so models who don't look like your typical idea of a model but who are rather interesting or unique or specially athletic. They're selling a lot of their closets and I think some stuff that they're picking up at estate sales and all of that on Tradesy to help finance their dream.

I really like the idea of spreading the idea that you don't need all these things to start what you want to do. You just kind of start and piece it together from what you have and there are always great platforms around that let us do that.

Tim Ferriss: Definitely. Could not agree more. I just think it's never been easier to start a company. It's also, on the flip side, never been harder in a way to develop a critical mass of customers. Some people would dispute this but the reason I say that is that because of the low barrier to entry, whether it's through people acquiring start-up funds through Airbnb, Uber, etc. or just the ubiquitous access to infrastructure-on-demand like Amazon, web services, Heroku, etc. You have more players, you have more participants in promising markets. Right?

Tracy DiNunzio: Yes.

Tim Ferriss: You have to develop an unfair competitive advantage with say, SEO or messaging, or branding, or whatever your secret sauce might be. I'm curious to know with that business, what were some of the key lessons you learned and you don't have to give away the secret toolkit obviously, but what were some of the "ah-ha! moments" or lessons you learned that you then carried into Tradesy?

Tracy DiNunzio: First, I couldn't agree more. It is noisy and crowded out there on the internet. That low barrier to entry is a beautiful thing but it means that there's more competition, more smart people throwing their hats in the ring. Here's an interesting lesson that I learned from starting then, so I was able to leverage social media back in 2009, 2010 to build a really nice following and driving decent amount of traffic to Recycled Bride.

In the year since then, I've seen this sort of ... I'm now fairish on social media as an acquisition channel for e-commerce companies because I've seen that in 2009 or 2010, if you were a brand talking to customers on Facebook, that was like revolutionary. That was surprising. It was shockingly warm to receive a message in your Facebook newsfeed from a company or an organization whereas now, it's very common place and more often than not, monetized.

Between the kind of noisiness and the crowdedness of all consumer-phasing spaces and most B-to-B spaces, paired with the monetization of most of our social platforms, it's become more expensive, more time-

consuming and ultimately, not always a great return in investment to put time and energy and money into social media channels as acquisition channels.

I think if I were starting over today and I knew what I know now, I would skip right over social media, which sounds a little radical and counter intuitive, but that's what the numbers say, at least in our sector and for the companies that I advise.

In terms of a kind of secret sauce that was really impactful, social media was for us in the beginning, as well as the SEO. Without revealing kind of the secret sauce, although I think we're at the stage now where probably it doesn't matter.

I saw a huge opportunity in search engine optimization because we have user-generated content, meaning that all of the products that are for sale on our site, they're not products that we have there and it was true for Recycled Bride and of Tradesy. They're products that individual people have in their homes and are posting online for sale.

We have zero cost of inventory. We don't pay to have listings but if those listings describe the product in a way that's very accurate and also, it mirrors the way that people who are searching would describe that product, then you have this incredible volume of content that people can find when they're searching on the internet.

Simplest way to explain that is if you're searching for a Kate Spade black alligator bag and Tradesy has one or ten, chances are we have it at the best price. We have a really interesting description that's unique and when you accumulate all of that content, it becomes easier and easier for Google to recognize your site as a valuable result for searchers.

Tim Ferriss:

Definitely. I should also point out, just to folks who are listening that just because you chose that avenue, does not mean that someone else should use that avenue. I think that there are few observations or assumptions that at least I keep in mind when working with companies or working on my own projects.

The first is that you have, in effect, goals, strategies, tactics, and then tools in that particular order work together very well. If you try it in the reverse, i.e. you choose the tools, you say, "Oh my god, everyone is using

Pinterest. I need to use Pinterest" and then determine your tactics for improving Pinterest subscribers and then trying to figure out your business strategy and then sort of reverse engineer what your goals are based on what you've now selected ad hoc.

The outcome usually is not very good and that's in direct proportion to the persistence or the likelihood of those things changing. Your goals can remain very, very constant if you choose them well. Let's say, week on week growth, or any number of things. The toolkit however, whether it's crayons, or markers, or oil paints, or whatever it might be, just using as an artistic metaphor will constantly change and evolve. The underlying skill set and the goals will not change as much

The reason I raise that is I think that positioning is often under-emphasized in terms of importance. People use the term "Branding" which can get very confusing and it's overused to the point of almost being meaningless and there a lot of agencies that will take advantage of start-ups to charge an arm and a leg for branding.

Really, what we're talking about is differentiation and positioning. How did you make the jump and why from Recycled Bride to Tradesy? If that was a straight jump, maybe there are things in between and ... well, we'll just start with that and then we can revisit the positioning if that seems relevant. What was the evolution or jump from one company to the next and why did it happen?

Tracy DiNunzio: Like everything, it was actually a slow and painful jump so that's kind of like the first rule too.

Tim Ferriss: More of a hobble and a drag, less than a jump.

Tracy DiNunzio: It was a crawl. It was not a jump, it was a crawl. I would say that when I was a little over a year into Recycled Bride and the system, the kind of business model foundation of the peer-to-peer economy that had been iterating on really started to work.

I thought "Goodness, why am I just doing this for weddings?" when there are two and a half million weddings a year in the US and every year, you lose your customers and you have to get out and get new ones because people usually don't get married twice or at least, they don't get two big white wedding dresses.

I had my eye on the fashion space for probably two years before moving into actually launching Tradesy. In those two years, I spent a lot of time improving myself, really, improving my own skills. I thought "Gosh, I want to move into this much bigger market." We've got instead of two and a half million weddings, there are 50 million women in the US alone in our target market for a fashion market place and that's a much bigger and more exciting opportunity for this peer-to-peer market place system that's already showing that it works.

I started asking some people I knew, "What do you think? How would I make this leap?" and met with some investors early on who probably were just horrified at how green I was. Eventually, I applied to Launchpad LA which is an incubator accelerator here in Los Angeles. It was a blind application, I didn't know anybody involved with the program. They gave me kind of like a mercy interview and took me as what they would now call like their biggest risk ever because I was a single founder. I didn't have a tech team and Tradesy wasn't launched yet and that was the opportunity that they were really interested in.

As part of getting into that program and moving towards making the value proposition more attractive to investors, I thought I'm going to put it all back on the table and include Recycled Bride in the overall entity that also includes the future website, Tradesy.com, so that we have the ability to either run both or merge them together and the investors that I'm approaching already get a valuable asset included in this deal.

After two and a half years of bootstrapping to a point where I can finally pay my rent, I said "Okay. Well, why not throw it all back in and take another big risk?" During the four months I was in Launchpad, I met a slew of early-stage investors, embraced our first financing of \$1.5 million, that was in the summer of 2012, and started hiring a team and building Tradesy.

Tim Ferriss: The jump to Launchpad, I want to visit that for a second. Launchpad implies of course, that you're going to be taking on investment, probably choosing the venture-backed start-up game as your game. Why did you choose that as opposed to trying to bootstrap your way into this larger market?

Tracy DiNunzio: I had developed an appetite for something bigger at that point and there was already competition in the market but even if there hadn't been

competition at that point, the market was just so big that the bootstrapping efforts would have taken so long that if the opportunity was as big and as timely as I believed it to be, someone else was going raise a bunch of money and beat me to it.

I really believe that like the scrappy bootstrapper can be bloated with funding big start-ups in some cases. When you're looking at a market that's huge and an opportunity that feels like it's up for grabs at any moment, having fuel in the tank is kind of necessary. A VC once told me something that's just so true. It's crazy true.

The only reason that a business ever fails is because it runs out of money. I had kind of integrated that idea and realize that this kind of month-to-month, paycheck to paycheck thing wasn't going to give me the breadth of opportunity that we needed to move quickly.

Tim Ferriss: Got it. I know. That makes sense. What were the influences, people, books, articles, anything, that inspired you to make that leap into the venture-backed world and to apply to Launchpad?

Tracy DiNunzio: Gosh. I wish I had a really impressive sounding list of mentors and influences but I was really kind of flying blind at the time and effort and concentration that it took to learn all the things I needed to know in that couple of years of bootstrapping and to get the business off the ground and run it and play every role within the company.

I probably didn't do enough exploring of what it really meant to take venture capital, so in a way, I backed into it. I just thought I need funding. Who has funding? Looks like people called VC's so I'll go talk to them. I didn't know and I didn't understand all the trade-offs that come with venture capital at the time.

Tim Ferriss: What are some of these trade-offs? I'd love you to elaborate. Obviously, I'm not asking you to ... I think these are going to be within tighten its inside baseball community, very well known, but for a lot of people who might end up in your position whether you're considering different avenues, they might not realize so it would just be helpful for you to elucidate that.

Tracy DiNunzio: Sure. The biggest trade-off is the dilution. You start off owning 100% of your entity and then as you take on the investment capital, people own a



few pieces of the company and you own smaller pieces of the company. That's a trade-off, although it's not something that I ever really saw as a negative trade-off. I saw this as a really positive trade-off because the amounts of money ... like I think in the VC world and in that sector, people get a little bit cynical about the actual amounts of capital we're talking about.

The first time that I saw \$1.5 million dollars hit our bank account, it was so overwhelming and shocking and it's a tremendous amount of money for someone to trust you with and put in your hands to make something out of nothing. When I say trade-off, I want to kind of couch in ... it's a decision you make.

Every decision you make in life is a trade-off. I'm really happy with the trade-offs that we've made so far in terms of both dilution and partnership. Then the other trade-off is some people would call it control or at least influence over the direction of your company but again in our case, I feel like the investors we've worked with have brought us nothing but good input and really impactful help.

Both of those trade-offs have been very, very good ones for us. It's not always that way and that's why everyone tells you to be really careful about choosing your VC partner, which I always found funny because for many years, I wasn't in a position to choose, it wasn't like they were lining up.

I think like people find alike people and I've been really lucky to find investors who share the same values and vision that myself and my team do for the company. I don't even actually know the exact percentage of the company that I still own today because I don't care about the percentage. If it's a billion dollar company and I own 5%, right on.

Tim Ferriss: Right. You've assembled an incredible handful of investors and I think we will get into that but before we do, what were some of the mistakes that you made at Recycled Bride that you vowed not to make again with Tradesy?

Tracy DiNunzio: Too many to count but that one that stands out is that once upon a time, there was also a website called Recycled Tyke and it was a disaster. Six months into Recycled Bride, I decided that I needed two websites, not one and so, first rule or lesson there is like if you don't own the market in the

area that you initially focused on and set out to build within, then expanding into another market and spreading your research is even thinner, doesn't usually work out in your favor.

I launch this Recycled Tyke, which was the same concept of the peer-to-peer market place, but for baby and kid stuff. I think, one, the loss of focus was a huge mistake but even more importantly, I didn't listen to the customer.

I had probably 10 or 15 girlfriends who were moms and I talked to them about the idea and at first blush, they were all like "Oh, that would be great. That's something I would use" but as the conversations went deeper, they all told me what a lot of the potential issues would be and I didn't listen because I was so excited about the idea of two websites, like two is better than one.

I launched it, I put a lot of time and effort into it. It definitely slowed down the growth of Recycled Bride to some degree. It didn't take off the way that Recycled Bride did and so, in the two-ish years since we launched Tradesy, my co-founder, I have two co-founders who came on when we were starting Tradesy, my co-founder, Sash Catanzarite who is our chief product officer was always the great sort of focus police and anytime I would come in and say, "Hey guys, I have this idea. We should be producing a line of handbags." He just shuts it down and says, "Remember, we haven't accomplished our first bill yet."

I think that's a really important mistake that I made and a big lesson that lets me listen to Sash now and realize that he's right.

Tim Ferriss:

That's a valuable sounding-board to have. I like a few things that you said, I think that our important to underscore that the first is no matter what you do, there are trade-offs, you're making compromise. Just because you choose to bootstrap doesn't mean you haven't made sacrifices in certain areas like you pointed out and that's always been just a fascinating fork in the road to help different people navigate or to watch different people navigate.

Because if you're ... let's say for many, many businesses, I just spoke to a journalist at the Wall Street Journal about this and I fear that this person will omit some of my caveats related to venture capital.

Tracy DiNunzio: That never happened.

Tim Ferriss: Yeah. Never. Pro tip for people, if you can ever ... if it's going to be a print interview, try to answer questions via e-mail so you have proof of what you also said.

Tracy DiNunzio: I second that.

Tim Ferriss: Also, advice from Mike Shinoda in one of his songs with Fort Minor but that's a separate point. The point is that many companies, especially if they're not in a winner-take-all market could go to Kickstarter and, if they're really good at what they do and the product actually has demand, raise a few million dollars and be in great shape.

If the goal is to create, in effect, a lifestyle business, all that means, we're a very profitable business. This doesn't have to be maligned as a lifestyle business, something that generates a lot of free cash flow that puts money in a bank account that you can use without the objective of being acquired or having an IPO - an exit event.

If you're in a market like you said where there's competition, it's going to be very tightly vied for with resources coming to bear on the situation from outside investors, then you kind of have to go big or go home. That's an observation and a recommendation I'd like to make to folks is a very short book I recommended before called "The 22 Immutable Laws of Marketing." Of course, all rules are made to be broken but these are pretty good rules for most people to at least start with. One of them is choose a market where you can be number one or number two.

Ideally, number one and if you can't be number one, you need to thinly slice it a bit further. In the case of Paypal for instance, they didn't start off trying to boil the ocean, they started off trying to dominate the beanie baby eBay power-seller space.

You have to define your market finely enough so that you can dominate it and just as importantly, acquire customers in a very targeted and affordable way, whereas saying "I want every mother in the US," even if you were to attempt that, which I wouldn't recommend, would require doing massive advertising spending that a start-up can't afford nor should you be able to try to afford.

Tracy DiNunzio: Exactly.

Tim Ferriss: Why did you choose an accelerator as opposed to going directly to venture capitalists? The reason I asked is I don't know how Launchpad is formatted but typically with these accelerators, and maybe this is public, if it isn't, please talk about it.

Tracy DiNunzio: Sure.

Tim Ferriss: They will give you fifty grand or maybe in some cases less for, say, 5 or 10% of the company. Is that how Launchpad works?

Tracy DiNunzio: Yes. At the time, it was fifty grand for 6%. I think, it's a little bit different now. I think, it's actually a hundred grand for new companies. It was the best fifty grand I ever got and the best 6% I ever spent. I think, it would be easy to look back and at our current valuation and say, "Oh, goodness, I gave away 6% of the company for \$50,000 and it wasn't that long ago." I don't feel that way at all.

The tools that I learned while in the Launchpad and the exposure that I got to such a wide variety of investors and mentors, I couldn't have continued on the journey without that. As for why I chose to go that route, again, I really wish that I had a more impressive answer. It was in my Facebook News Feed. Somebody posted something that said, "Launchpad now offering \$50,000 to all incoming companies."

I, at the time, that day had decided that I needed \$50,000 to launch Tradesy, which was wrong. It was dead wrong. I needed a way, way more than that but at the time, that was what I thought. I thought new platform, some new technology, I could handle the rest, and so I saw that number and just blind applied.

In retrospect, I could definitely invent a good answer for why one might go the accelerator route. I do think it's extremely valuable because, for me, it's one reason only. There's mentorship and there's learning and there's community and all that can be valuable but I'm a little bit of a weirdo introvert in certain ways. I like to learn on my own by reading stuff.

While all that was valuable, I think, the most important thing is that for four months I sat in a shared office space with the other Launchpad companies. Every day, three to five investors came there. If I had to reach

out to those investors or try to plow my network for introductions, that would have literally take in that whole four months and you're pre-vetted once you're in the incubator so the investors are more likely to give you more time and see your prospects as better.

For that alone, if you're like I was and you're getting started, you see a big opportunity but you're not hyper-connected to these network of investors, that alone makes it more than worth the trade-off.

Tim Ferriss: What are the skills that you alluded to just a moment ago that you acquired or developed while at the incubator? Aside from the obvious access to investors which I do think, at least in some cases, is one of the benefits of an accelerator. What were the skills that you developed that ended up being crucial over that period of time?

Tracy DiNunzio: There were two. One was pitching, which I was miserable at.

Tim Ferriss: Pitching investors.

Tracy DiNunzio: Pitching investors. It ties into the investor thing but it's a sales skill that you need for a number of different things. It helps with doing press. It helps with selling candidates on joining your company at a certain point when you're ready for that kind of a thing.

The art of pitching investors, there are a lot of different aspects to it but the one that was most valuable to me and that I see a lot of entrepreneurs struggling with is that it's very hard to tell your own story succinctly, and in a way, that people can digest easily when you're in it.

When you're on the inside, you've got all these data and all these numbers and all these ideas forming that whole bucketsful of stuff into a coherent, clear story that's inspiring and exciting is probably one of the biggest challenges. Sorry, I had a little background noise there. It's probably one of the biggest challenge-

Tim Ferriss: That's okay. That's a very tech-appropriate noise. It's okay.

Tracy DiNunzio: Yes, exactly. That was what I spent a lot of time learning at Launchpad and failing at miserably. If anybody listening is going to go out and pitch investors, my advice is to make your first ten meetings with investors that you don't really want funding from because you're probably going to suck in the beginning. I sucked for a really long time.

The other thing that I learned there was forecasting and financial modeling. I started Launchpad in January 2012 and I had never used Excel. The investors who ended up leading our seed round, ... venture partners, there was a guy named Jim Andelman who's now on our board and led our first round, who was involved in Launchpad and he would come in every week, meet with me and say, "Well, you know, you need a financial model" and I put something together and he'd show me what I did wrong and I'd go back and try again and try to act cool like I didn't stay up all night trying to make all those numbers fit together.

Two things happened there. I learned how to forecast and how to use Excel, which was a really necessary skill. More importantly, I saw how thoughtful investors approach an entrepreneur at the early stages when so much is uncertain.

I looked back on that and I see that to have a really quality investor come in and really be your partner, you do have to build a relationship that progresses. It's always good to start that relationship early and to go back to every meeting with them, having made some progress on the very specific things that you talked about last time. I learned how to model and I also learned how to prove myself to investors through that process.

Tim Ferriss: In the pitch itself, the Tradesy pitch or the presentation depending on how we look at it, what were your biggest mistakes that you made? I agree definitely with the fact and, I think, it is fact that pitches fail from too much information, not too little information. That's true for writing and teaching also. Aside from just concision, if that's the right word, conciseness, I have no idea. I'm no writer or anything.

Tracy DiNunzio: One of those.

Tim Ferriss: Yeah, one of those. Brevity, there we go. Pull a porky pig substitute. Aside from that, just really tightening the valves and making it more concise. Aside from that, what were the biggest mistakes that you made in your pitches before all the practice?

Tracy DiNunzio: That brevity thing is number one. I won't belabor the point but it reminds me of a quote that's often mis-attributed to Mark Twain, "I would have written you a shorter letter but I didn't have the time," which just alludes to the amount of laboring it takes to take your very big, wonderful, long idea and shorten it down into something adjustable.

I think, the other big mistake that I made was two things. One, I obsessed over metrics that are impossible to derive. I probably spent three weeks trying to figure out the size of our target market. Realistically, it's just ... It sounds so simple but I see entrepreneurs doing this all the time because you get really stuck on that uncertain, very big number that seems very far away.

I just had this idea that everything in my deck had to be so defensible that I would fall down rabbit holes and waste time, researching things that didn't really matter. I think, don't make that mistake. Rather, keep the focus on telling the story because the story is really what ... If you overestimated your size of market by 20%, nobody else has to find that number anyway so it doesn't matter. You could just as well say it's huge as long as it is and everyone understands. That's a small thing.

In the actual pitches, I just had no confidence. It was early, it was all-new, I was just getting my feet wet and I was really eager to share a lot but I didn't know how to play it cool and surface the headlines and sit back and wait for the investor to demonstrate interest in certain areas so I could expound.

I would just dive in and try to tell them everything I knew about every little point because I wanted to prove that I was knowledgeable. If you've gotten the meeting, you're probably knowledgeable enough. It's better to go in with the baseline expectation that everybody assumes everybody else is qualified to be here and not overdo it which, I think, does reveal lack of confidence.

Tim Ferriss: Which, by the way, for people listening is also true and I hate this term but will use it for lack of a better substitute. In any type of in-person networking and I'll just call it socializing that might become professional, the eagerness and - not to stereotype - but guys usually have trouble with this more than women, not always, is this desire to prove that they are the smartest person in the room by just brain vomiting information at people. It is not endearing and it does not help.

Tracy DiNunzio: It's not impressive.

Tim Ferriss: Yeah.

Tracy DiNunzio: By the way, it's also true in dating. The same dynamics apply. The eagerness, I think, that's relatable for a lot of people because a lot of people who might have figured out how to deal with dating but haven't figured out how to deal with entrepreneurship, you wouldn't go on a first date and run up to someone and be like, "Listen, I have all these great qualities and I'm going to be a great dad."

If you wouldn't do that, the same applies to an investor there. They are a human being. They want to feel there's other interests out there like you're not falling all over yourself, you're not desperate. Because if you have a quality business, you'll feel desperate at times but you don't let it show.

Tim Ferriss: How to date a venture capitalists, that's a headline that somebody could use.

Tracy DiNunzio: Good.

Tim Ferriss: Terrible but also incredible click bait.

Tracy DiNunzio: Yes.

Tim Ferriss: You mentioned the importance of story, telling the story. What are some of the aspects of your story that resonated most with investors? You can give me the exact verbiage if it helps. I mean, it might be a little past that point in your development. What are the pieces of the story that really struck people and got attention?

Tracy DiNunzio: Sure. I think, everyone told me that I needed to focus on a story and so I thought of it as something linear. I would start my pitches by telling people where I started and how this all started.

Tim Ferriss: Like Dr. Evil style, so use of chronological array.

Tracy DiNunzio: Exactly and that was a misinterpretation on my part of what story really means and I had a big breakthrough when I surfaced the vision to the front of the pitch and the vision being, what if everybody in the world could instantly access the resell value of anything they own via their phone or their desktop or whatever other devices we're using. How might that change our concept of ownership and the way that we interact with commerce and the durable goods and products that we consume in a capitalist society?



When you start to pitch like that with a clear vision of the future even if it's a question, I always pose it as a question because I don't know the answer. I just think it would be really exciting to find out but that really tends to capture everybody's attention because if there's one thing that VCs love it's the potential for something huge and transformative in society, in culture and commerce.

Leading with that vision, all the other pieces of the story fell into place because then I could walk the investors through. How do we get from here to there? The whole thing took shape.

Just like SEO won't be everybody's golden ticket and lots of other things that I did aren't the exact things that will work for everybody but, I think, that in many cases if there is an underlying vision that feels transformative, that can be really exciting to lead with.

Tim Ferriss:

Definitely. A couple of very closely-related thoughts, the first is to learn how to pitch a start-up is the same as learning how to pitch anything. At the end of the day, pitching a start-up is persuading. You are persuading someone to do something, whatever that next action is. That could be talk to me after the presentation. That could be click my headline to read an article. I think, Seth Godin is one of the pre-eminent masters of short form content and his headlines, it's unbelievable.

I mean, everything he puts out gets a few hundred shares on every platform. It's incredible. You can learn a lot about headlines, opening slides in a deck, or questions by looking at what Seth writes. Another way to do that, and this is going to get a couple of laughs I'm sure, but look at a homepage like Yahoo. I actually look at the homepage of yahoo.com almost every day just to see how they're testing headlines because I find it so fascinating.

Then, lastly, I would say watch Ted Talks that have amassed more than three to five million views. Why three to five million? Because there are a lot of people out there who recognized that a good Ted Talks could be the meal ticket to a book deal or whatever so they manufacture one million views even if they have to pay for it, which is disgusting but it's true.

Look at people who've had three to five million. That outstrips most people's budgets and what you'll notice is that they're selling an idea. It's

not a company but they're selling an idea and the process is the same. This would be just a few thoughts on that.

Now, you get this funding then what? What happens? What are the most important decisions in retrospect that you made with that money?

Tracy DiNunzio: I'm going back again to July 2012 with the 1.5 million appearing in the bank account. At that time, I had already brought on my first co-founder, our Chief Technology Officer John Hall.

Tim Ferriss: How did you find John?

Tracy DiNunzio: Craigslist.

Tim Ferriss: Really?

Tracy DiNunzio: No joke.

Tim Ferriss: Wait a second. Did you just click on Los Angeles and then do looking for a job and boom, there he was?

Tracy DiNunzio: I posted a listing seeking a CTO and-

Tim Ferriss: That was the headline, seeking CTO.

Tracy DiNunzio: Something along those lines, yeah. It was a creatively written listing and he responded. Of all the people who responded, he was virtually the only qualified one.

Tim Ferriss: How did you know that he was qualified? What did he put in that response that made you know he's qualified?

Tracy DiNunzio: He was at the time the West Coast director of technology for Cars.com and before that, he had been a director of technology at Shopzilla. Just based on his resume and the fact that both of those companies are market places of sorts, I knew that he had the chops. I was not qualified to interview a CTO because I didn't understand enough about back-end technology at the time to even really vet his skills.

I did something funny. I was still using my outsource DefShop here in LA to do all of our technology work and I just brought him in to meet the guys that had been helping me with Recycled Bride for a few years and they

helped me vet him. I hired him in the first meeting really. The vetting came after and more than anything I got incredibly lucky because I really didn't know how to go through a proper hiring process but it's worked out beautifully and we're happily ever after.

That was the first very important thing but that did happen pre-funding because a lot of the investors that I was meeting with and even Launchpad at the time, they were concerned that I didn't have a tech team and I didn't have-

Tim Ferriss: I can understand the concern.

Tracy DiNunzio: Yes. They were like, "Well, how are you going to build this billion dollar company using that DefShop?" I had made an agreement with Sam Teller the director of Launchpad when I signed on. It's actually a funny story because, initially, after our first meeting, I could tell that he had some doubts and I knew that his biggest doubt was the fact that I didn't have a technical co-founder, which was a prerequisite of Launchpad.

That night I stayed up late and I made him a mini-deck called No Technical Co-Founder, No Problem and just outlined how I would go about finding one as soon as I was into Launchpad and how the Launchpad credentials would help me attract a better partner.

Tim Ferriss: That's genius. I love it.

Tracy DiNunzio: Yeah, it was good. I'm glad I did that.

Tim Ferriss: Yeah, a very good move on your part.

Tracy DiNunzio: It's a night well spent. Bringing him on was the first feat that helped actually get the money in the door and then once we raised, we were operating out of my living room. I would say the most important decisions, it's all about people and so those first five or six hires are all still with us and make up the core, heart and soul of Tradesy. They all came on between July 2012 and our launch in late October 2012 and those were all the most important decisions by far.

I think, a few other strategic decisions that we made when we saw how much competition there was in the market, we're also important. For example, we have the lowest commission of any of the resell market places and we did that for two reasons. We wanted to be competitive but I

also had a bunch of data from Recycled Bride that suggested that a higher commission led to sellers engaging in negative behaviors.

They would either try to transact off platform to avoid the fee or they would inflate their pricing, which destroys the beautiful, fair market value integrity of a market place in order to compensate for those platform phase. We made some radical decisions around our business model in the early days that were all based on how we saw the market shaping up and those ended up becoming our key factors in our positioning.

You were talking about positioning before and, I think, that we made positioning decisions in those early days very aggressively that really worked for us.

Tim Ferriss: A few follow-up questions, no big surprise coming from me. The first is you mentioned your Craigslist post for your technical co-founder. It was creatively written. Could you please elaborate and give perhaps an example?

Tracy DiNunzio: Gosh, I wish I remember more but it was something along the lines of like, "Do you have a taste for adventure and an appetite for risk? Come on a crazy journey with a Launchpad LA backed company. You'll be the second person on the team and we'll take it all the way."

Tim Ferriss: Cool. I dig it. I think, it's Shackleton who was recruiting for his ... God, I'm going to mangle this but Antarctica expedition and his classified ad went something like, "Return uncertain, glory guaranteed, seeking rough men, ready for danger and high risk."

Tracy DiNunzio: I just was reading something about how the army is now doing much better at recruiting or maybe it's firefighters. Gosh, I don't remember but one of those two has been doing really well at recruiting people because they've changed their positioning and their ads are now all about how hard it is and how noble it is. It's like, "Can you handle this?"

Tim Ferriss: That's awesome, yeah.

Tracy DiNunzio: It seems to be really working and their rates of application are going up.

Tim Ferriss: Not only that but they're going to get more qualified people, right?

Tracy DiNunzio: Exactly.

Tim Ferriss: They're going to do less vetting after the fact which is, yeah, huge savings. Yeah, I can't let the cat out of the bag yet but I'll be launching something soon. It'll have all of Shackleton-like caveats for people who signed up for it. Something I'm excited about though.

Tracy DiNunzio: The suspense.

Tim Ferriss: The suspense, oh, the suspense. You take this money, you start building. Now, as a side note, do you think that as far as accelerators go, I'm sure it goes without saying that not all accelerators are created equal.

Tracy DiNunzio: That's true.

Tim Ferriss: You have very hot debate at the moment, at least among technologists, Peter Thiel being certainly one of the extremes on one end about the value of a college education. I think, this applies strongly to many people with developed computer science abilities or a predisposition in that direction. A lot of people would argue that college is worth it, other people would argue that college is not worth it.

Then there's a contingent that would argue it's not worth going to college unless you can go to say the top twenty or thirty-five because they give you a certain mark of credibility that gives you a whole pass which is ridiculous but it is what it is where everyone assumes that you're smart based on this association.

Do you think that also holds true for accelerators where if you can't get into the top three or five accelerators that you should not go to an accelerator?

Tracy DiNunzio: I don't know. I think that on the college thing I'm absolutely on the radical side where at least on this sector, I think, that the college education has become virtually obsolete even if it's a top twenty school. The day you graduate everything you learned is already obsolete. Things move so quickly. However, I think, with accelerators that can be, I don't know. I don't know if that's true with accelerators because the number one thing that I would look for to get out of an accelerator would be the connections to early stage investors.

I've noticed that even though not all of the accelerators here in LA are ranked high - they don't make the top ten list, etcetera, at Launchpad does

but some of the others don't - the people running those incubators still have great connections and the VCs who come to town still stop in.

I also know that when you're as early stage as companies that are applying to accelerators, the accelerators have a really hard time figuring out who's going to be successful so you might have a great thing and not get into one of the top tier accelerators and I don't think that necessarily means that you should just scrap the whole idea because everything is just one foot in front of the other.

Something is better than nothing. As long as the deal you're getting feels fair and you think it's going to be a stepping stone, why not?

Tim Ferriss: This is difficult perhaps in some cases to objectively assess but what would Launchpad consider their most successful companies to date that have come out of their classes? You don't have to speak for them. You could say what do you expect someone at Launchpad might say about their most successful companies today.

Tracy DiNunzio: I hope I don't butcher this. I know that we're one of them now which is nice and there was a company in our class called Chromatik that's doing quite well. There was another company in our class called Big Frame that recently had a healthy acquisition and another called ChowNow that's really thriving. That was just in my class.

I can't remember some of the better companies that came before us and the two classes before but I know that there were a few and Sam Teller will be sad that I don't remember all the names of them.

Tim Ferriss: He can leave some intelligent yet angry comments on my-

Tracy DiNunzio: Yes, angry comments.

Tim Ferriss: On my blog that relates to this. I just noticed I'm looking at the website that one of the companies was Listen in the Spring 2013 class and I love that company. That was actually started, in this case, female founder who read the *4-Hour Workweek* so I've had a lot of interaction with her.

On that note, I just have to ... Let's slay the pink elephant in the room because I want to get it out of the way since a lot of people will be wondering. This relates to what is it like to be a female founder question. I just have to vent for a second about this because I've supported a number

of female founders and I've been told on multiple occasions it's really good that you support female founders.

That rankles me and it pisses me off because I really could not give less of a fuck about the genitalia that someone has. I only invest in people who are good founders, period. I have non-profit activities, but investing in start-ups is not one of them. I don't do charity investing.

I'd love to and you can expound on this in any way that you'd like but what are your thoughts on being a female founder of a tech company?

Tracy DiNunzio: Yeah, it's funny. We're like the mystical unicorns of the tech world and everybody always asks me and my first response is I have no idea because I've never been a male CEO and I don't have any data. I don't have any basis for comparison. I can't say whether I've had a harder time fundraising because I'm a woman because I would have to go and do the same pitch with a penis in order to really know.

The negative response is and there were plenty of them if they were at all related to the fact that I'm a woman. I will say my views on this have softened a lot so the whole women in tech conversation is ... It's always a headline. It's good click bait and people are interested and for a long time, I said it's irrelevant because in my experience it has felt irrelevant.

At this point, I have met enough female founders and also women who are working on the technical side of start-ups and who have experienced things that while nobody can ever say definitively that it wouldn't have happened if they were a man. You get the impression that there's something going on.

I don't want to disparage or belittle my sisters in arms by saying like, "Hey, it's no big deal." Although if I'm being honest about my experience, I can't say that I've encountered anything that's felt improprieties or negative. In some ways, there are benefits too because you're certainly along the journey. I got some invites to some dinners last minutes where I knew that it was just because they looked at the guest list and went, "Holy shit, there are no women coming. Let's get it. Who do we know that's female?" I got to go some cool events because of that.

I think, there's an effort. I guess that the one thing I would say is that I think that there's a real difference between overt sexism, which I don't

believe exists that much in the tech sector, and subtle behavioral discriminatory stuff, which I do think does exist even if it doesn't exist in my world.

It's a difficult beast to battle because it's not obvious and it's not always clear. I'm on the fence about the whole thing. I guess one other thing I can say is that until recently our team was actually very guy heavy. It was like we have a female CEO, two other women and all men on the team for a little time. Now, it's much more balanced.

I think that as a female-led company, we attract really evolved men both as investors and as team members. I have to say that for the men that are in my world and maybe there's-

Tim Ferriss: Wow, I've never been called the "evolved" before. I'm very excited about this.

Tracy DiNunzio: I think you're evolved, I mean, it's amazing. The more I talk to various investors, many of them have daughters, many of them have wives who are powerhouses in their own right. Our team, most of the guys who have families, they seemed to have a very healthy respect for the women in their lives.

We get a lot of guys going home and asking their girlfriends and their wives for feedback about what we're building and taking their opinions very seriously. Our world is good for women. The Tradesy world is a good place for a woman to be and I hope that the rest of the tech sector evolves to a place where that's the way all women feel about their workplace.

Tim Ferriss: I should point out also that Stephanie Tilenius who's the one who introduced us and she's, of course, involved with the Kleiner Perkins Caufield & Byers, one of the more notable Silicon Valley based venture capital firms, also she's on the board of Coach, if I'm not mistaken.

Tracy DiNunzio: Yes.

Tim Ferriss: She's just a killer in her own right. Yeah, she's awesome. I don't want to beat a dead horse here but I think it's worth exploring a little bit. The composition of your team, for instance, you said was guy heavy. How much of that, if any, do you think is attributable to the fact that a lot, at



least, let's just say for the last 15 years and this could change but it seems to me when I talked to guys who are extremely adept at computer science that they were socially awkward in high school, spend a lot of time alone and as guys they were less physically developed than females, less emotionally developed than females, generally speaking.

Tracy DiNunzio: Yeah.

Tim Ferriss: Either decided they wanted to create video games because they spent a lot of time alone playing video games or Dungeons and Dragons which I hate to say that that was my choice and it seems to be the wrong path and hard to monetize the 20-sided dice-throwing ability it turns out. It seems to be a supply chain issue on some level when you're looking for technical hires.

I'm wondering how do you think that's going to change and how important is it that it changes? I know that's touchy way to phrase it but I worry that sometimes people are either asking the wrong questions or two, getting so emotionally loaded that they take positions that they don't reason themselves into.

If they take positions that they don't reason themselves into, it's impossible to reason them out of those positions. That's a bit of a long self-indulgent question.

Tracy DiNunzio: No, but I get what you're getting at.

Tim Ferriss: Because I imagine you've had more conversations about this than I have, how do you think about these things and how do you feel about these things?

Tracy DiNunzio: When we were eighteen people, and we're fifty now, myself and two other women who were both in junior positions and the rest of the team was all guys. That is 100% directly attributable to a pipeline issue. Meaning, that at the time we were hiring a lot of developers, a lot of product people, and the applicants for those positions were overwhelmingly, if not exclusively, male.

We were a fast growing start-up, super time-crunched and really I shouldn't even have to say that we have always hired the best person for the position regardless of gender. I think that that is the best way to approach this whole issue in general because nobody wants to be a

"charity hire" and it does a disservice to women too, if you hire women just to be able to publish your diversity in numbers.

The pipeline issue goes all the way back to how do little girls perceive their abilities and their interests and is it nature or nurture that drives more women into creative fields and more men into technical and engineering type fields? I don't know the answer. Nobody knows the answer definitively. I mean, I'm 36 so I'm old now. I don't know that my growing up even applies to-

Tim Ferriss: Old?

Tracy DiNunzio: Old-ish.

Tim Ferriss: Come on.

Tracy DiNunzio: Old-er than I was yesterday. I know that as a young woman, I reached a certain point because I was a terrible studier but I was good in school... anyway, but I reached a point where I felt like being a woman and being smart, it was being a neurosurgeon in a marathon. It's nice to have but it's not really applicable to what you're supposed to be doing. That may also speak to also where I grew up and etcetera but I definitely got messages that being a super smart woman was not the best thing you could do with your womanhood had that being like attractive and cool might be-

Tim Ferriss: You mean, for mating purposes? That sounds weird but for finding a mate or for professional purposes or both?

Tracy DiNunzio: Even before finding a mate, it was a thing on my radar just as a young girl. Just for life purposes, it didn't feel like ... I see it with them, with kids today too a little bit. You just tend to look at a young girl and say, "Oh, she's so cute" and praised for being tough or smart. That's just definitely something we do.

Tim Ferriss: That's because little boys are not cute.

Tracy DiNunzio: They're not, I think, no. I think, that the pipeline problem definitely has to do with some societal and cultural influences on young women as they're developing their interests. You can just imagine if you're an eleven-year-old girl and you like to sit in front of your computer and hack away all day. It's not going to make you popular. It's not going to make people

respond to you as well as if you were in training for your debutante ball or whatever people do.

I think that that's a larger cultural and societal ship but I see a lot of really amazing people of my generation raising young ladies to be incredibly technical and renaissance women and I think we'll continue to do that and move in the right direction.

Tim Ferriss: What was the trigger for you to become so analytics and data-driven? See, I would never have imagined in a million years that you came from sort of a play with dolls, act dumber than you are to be popular. I'm putting words in your mouth, so correct me if I'm wrong.

Tracy DiNunzio: Yeah, it's ...

Tim Ferriss: But I never would have imagined that coming from you because you have a tighter hold and more masterful grasp of analytics than the vast majority of CEOs I've ever dealt with, regardless of gender, regardless of ethnicity, regardless of fucking whatever, doesn't matter. The fucking was courtesy of wine.

Tracy DiNunzio: The wine, yeah.

Tim Ferriss: But I'm also from Strong Island so I should just point out.

Tracy DiNunzio: Let's put on our accents.

Tim Ferriss: God no. God, I've spent so long trying to beat it out of me. I used to have rat tail. My accent was ... Yeah, anyway that's a whole separate story.

Tracy DiNunzio: That is cool.

Tim Ferriss: Rat tails were pretty rad back in the day.

Tracy DiNunzio: They were very cool.

Tim Ferriss: If there was a particular shift, how did you become so data comfortable to put it one way? Is that something that your parents instilled in you? Is that something that came much later? How did that develop?

Tracy DiNunzio: Well, I think that in general any kind of obstacle or hardship and everybody has them in their life and along their journey, you're forced to

learn things and like acquire new tools. I had a crazy kind of healthy problem that I was born with and very early on realized that doctors didn't have all the answers, believe it or not.

Even from the time I was a teenager, I was doing a lot of medical research about things related to my own condition and a lot of that research was really data driven because I was looking through medical journals at the library before the internet and then later on online. Reading a bunch of stuff that wasn't my field and trying to assimilate it and then put it to practical use, which is just the same exact sort of pattern of starting a business in a field that you don't know anything about. You collect a lot of information and data. You try to retain the things that are important and apply them to a practical usage.

I think it's a big cliché to say that your hardship is your greatest gift. Everyone says that but I think it's so true. I didn't know it at the time when I was afraid that I wouldn't be healthy and I needed to learn this stuff that the methodology would actually carry through for the rest of my life and be useful.

Tim Ferriss: I know the answer but I have to ask on behalf of everyone who's listening and going, "You're killing me, just tell me what it is." Are you comfortable describing or just mentioning what that condition is?

Tracy DiNunzio: Yeah sure. I was born with spina bifida, which is a congenital birth defect where your vertebrae don't form around your spinal cord, so that cord that hangs down the middle of your spine that's full of all these really sensitive nerves that control all the functions of your body and help you walk and do all the great things that humans can do. It's left exposed and usually there's some damage to the spinal cord at birth because of that.

I was really lucky I was born by cesarean section, not because they knew that I had this but just because I wouldn't come out apparently, which meant that I didn't have so much damage at birth and I was able to, through a very long series of surgeries and more surgeries and different therapies, be mobile and health throughout my life in a way that most people who are born with spina bifida are not able to.

The reason that I was born with spina bifida is likely attributed to my dad's exposure to Agent Orange when he was in Vietnam. Agent Orange is a chemical defoliant that our country sprayed in order to kill the brush in the

jungle in Vietnam because the Vietcong knew their way around and our troops didn't, so they needed to clear the way so that everyone was on equal footing. Those chemicals ended up being very toxic and they're still in the soil and the water supply in Vietnam and causing these kinds of birth defects in a fifth generation now.

I started off looking for ways to improve my own health. Then I got really interested in learning about why I had this thing and how I might be able to contribute to helping other people not be born with this thing. Also, while I was painter, spent some time, I don't know if you'd call it as an activist, but I did a lot of artwork that was based on my father's photographs from Vietnam. I did a lot of painting series when I was recovering from surgeries, so I had to use interesting techniques, like crawling on the floor to make the painting because I couldn't stand up. There was so much research that went into all of that. Yeah that's the story.

Tim Ferriss: God, you're beast, in the most complimentary way possible.

Tracy DiNunzio: Yeah, took it.

Tim Ferriss: I'm very impressed with how little you complain. I don't know if I've ever heard you complain explicitly about anything. I feel like that is such an undervalued skill or attribute because complaining does not fix the problem and ...

Tracy DiNunzio: Yes, so it's a skill. It's not an attribute, it's a skill. I used to complain like crazy.

Tim Ferriss: Really, okay, I want to hear you talk about this.

Tracy DiNunzio: ...

Tim Ferriss: I want to hear you talk about this because I was reading recently about Hell Week within buds, so that's the part of the Navy Seal qualification and training. They go many days without sleep. They're exposed to freezing cold water. They're just basically tortured and put through hell to force them to give up, which they do by ringing a bell among other things. One of the general tenets of Hell Week is keep your suffering to yourself. Meaning, like don't bitch and moan about your pain because it's contagious and it will affect the morale and success rate of the other

people. If you're suffering, if your legs are tired, if you're fucking cold, if you haven't slept in two days, keep it to yourself.

I'm not saying that's always the best policy, but I feel like complaining has become a national pastime of the United States and people are very eager to be offended because it gives them a reason to spout off, instead of doing whatever the fuck they should be doing. I would love to hear how you trained yourself because you have what I think everyone would consider legitimate reasons to complain, to be bitter, to not proactively do all the incredible things that you've done. How have you trained yourself not to do that?

Tracy DiNunzio: Yeah, I tried like complaining and being bitter. It didn't work. It was just terrible and I was definitely bitter. I definitely went through my ups and downs. Okay, so Stephen Hawking actually has the best quote on this and also the best like legitimate story of, you know, has the right to complain probably more than anybody. He says that when you complain nobody wants to help you and it's like the simplest thing and so plainly spoken. Only he could really say that brutal honest truth, but it's true, right?

If you spend your time focusing on the things that are wrong and then that's what you express and you projection to people you know, you don't become a source of growth for people, you become a source of destruction for people. That draws like more destructiveness. I think that because that was how it felt for me when I was thinking about how I was in pain and talking about how I was in pain, it started a momentum that went in a negative direction in my life. At one point, I would say, I don't know, probably in like 2006-2007, I just decided to, it's kind of like Tim Ferriss challenge, but I didn't know you then. But, I put myself on like almost a complaining diet, where I said like, "Not only am I not going to say anything negative about the situation I'm in, but I'm not going to let myself think anything negative about it." This coincided with, I had lost feeling in my feet because of the surgeries, so I don't have any feeling in my feet, so I have to keep my eyes open when I walk.

At the time, I was reading about how plastic the brain is when it comes to filling in the gaps where you're losing information and starting to understand just scientifically how plastic the brain is, I thought, "Well, I refuse to have negative thought and I only let myself have a positive thought, eventually that's going to change my brain, I don't know how long it's going to take thought." It took a long time and I wasn't perfect at

it, but I definitely feel like ... Not only did replacing those thoughts helped me start moving my life in a better direction, where I wasn't obsessing about what was wrong and I was just thinking about what was right, it also made me not feel physical pain as much, which is very liberating and kind of necessary if you want to do anything because if you're in pain, it's really hard to do anything else but feel it.

You know probably more about this than I do the way that the body processes pain and how pain is in a way just a thought. Yeah, I did this experiment where I tried to control my thoughts for some time. It just started things in the right direction. It doesn't mean that everything is always good. I definitely have days where I am still like, "This sucks, I wish I just had like normal feet and could go, run around and not think about all the little things that I have to think about." But for the most part, I just don't think about it anymore.

Tim Ferriss: Yeah, no, it's just taking me a second for it all to soak in for me. First of all, I owe you a thanks for a very extensive email that you wrote to me subsequent to my contracting Lyme disease, which I really appreciated.

Tracy DiNunzio: Of course...

Tim Ferriss: It's been impressive to me how methodically you've deconstructed, not only your condition, but the symptoms and how to address all of them. That's coming from someone who's made somewhat of a career of doing weird experiments on himself. For those people interested in the no complaining challenge, there is a post that I wrote at one point called the 21-Day No Complaint Experiment, which is something I borrow for a pastor actually, which I would encourage everyone to check out. But, I think you're very good and I'm astonished, we still haven't hung out in person, but I didn't meet my first full-time executive assistant for four years. Hopefully, it won't take that long in our case, but I feel like you're very good at inspiring people.

To flash forward from your round of funding that you explained not too long ago, you ended up with a \$13 million Series B investment led by Kleiner Perkins, John Doerr, who is of course one of the most famous venture capitalists of all time joining your board. Stephanie, who we mentioned earlier, joining as well. Richard Branson ended up investing and then a bunch of previous investors and then little old me ended up investing as well, which I was very excited about.

How the hell did that happen? I mean it's an incredible roster of investors, excluding me, but ...

Tracy DiNunzio: Including you.

Tim Ferriss: I would love to know what happened in between those two funding rounds that enabled you to make that quantum leap forward. I'm not saying the previous investors weren't incredible, but you added a lot of really I think global MVPs is what they would be considered by a lot of people in the startup game. How did that happen? What were the things that happened in between those two periods and what enabled you to close that type of round of investing?

Tracy DiNunzio: It was wild. We closed that round in May and I still kind of can't believe it. It's really cool. I'll tell you actually the slightly longer version of the story because I think that there's a good lesson there.

Tim Ferriss: I've got half bottle of a wine left and I'm in no rush, so please continue.

Tracy DiNunzio: Tradesy grew quite a bit in its first year. Flash back to about a year ago, September of 2013, we were growing at a healthy clip. We were growing at between 10% and 15% month-over-month and we were running out of funding. It was time to go back out on the campaign trail and raise more money.

I spent last fall up in the Valley and in New York, talking to a bunch of VCs. We were trying to raise \$6 million. It wasn't an easy fundraise. We weren't getting a lot of momentum because that 10% to 15% a month, it's very solid, but it doesn't blow anyone's hair back. It doesn't make them say, "Oh gosh, this rocket ship is taking off and we've got it get on this." There's so much competition and noise in our market that it just wasn't enough to really differentiate us.

I had given initially all of the VCs we were talking to a deadline of Thanksgiving and said, "We need to know if you're in by Thanksgiving." We had three funds that were still interested, but not ready to make a decision. I extended the deadline to Christmas and on Christmas Eve day, all three passed and we only had ...



Tim Ferriss: Sorry, I'm only laughing because that interested but not ready to make a decision shit is so just like textbook VC, it makes me insane. Please continue, sorry.

Tracy DiNunzio: It was so painful, but in all honesty I think that those funds were excited and interested and I don't blame them for being on the fence at that moment because there was a leap of faith component at that moment. I was predicting a huge uptick in the beginning in 2014 based on a lot of the metrics we were seeing that were indicative that we were poised to have a huge have step function growth period. But, it's very hard to believe like one person who has a vested interest in raising this money, saying we're about to blow up and so ...

Tim Ferriss: You have a bit of a bias.

Tracy DiNunzio: They all passed and I spent most of Christmas in bed. I might have shed a tear and I just thought what we had about 18, 20 employees at the time and I thought, "What am I going to do, we only had about two months of runway." I me to deal with our existing investors, ... venture partners and ... ventures where if we hit our goals of 20% month-over-month growth in the first quarter, they would give us another million dollars that would let us go out and raise the next round and keep us afloat.

We had this goal of 20% month over month growth in Q1, but we still didn't have enough money to make it through Q1. I rounded up the six members of our senior team and I said, "Hey guys, we make up more than half of payroll and we either need to all take a salary cut or one in half of us needs to get fired and I don't think we can do this without all of us here, so go home, talk to your wives and girlfriends, come back on Monday and tell me if you can do a salary cut."

Immediately that same day, every single one of them came back to me and offered to take a bigger salary cut than what I was proposing.

Tim Ferriss: That's amazing. Now, just I hate to pause it because you're on a roll, but what do you attribute that to?

Tracy DiNunzio: We believe very heartily in our mission and in our vision and we love working together and we don't want it to end. I think that part of it was a sense of like team and duty to do that and then part of it was like, "Hey if this thing goes away, we're going to have to go back to working at other

companies.” Nobody wants that. It was our Hail Mary and we all said that we can do this. I had a really carefully articulated plan for making that money stretch out through Q1 and starting January 1<sup>st</sup>, as predicted we hit this huge growth spurt and we started growing first 30%, then 40%, then more month-over-month.

Not only was our cash flow actually really good because we are a revenue generating business, so we had more runway than we thought, but, right at the end of January, I said, “We weren't going to raise yet, but this is it, this is the moment to go do it, I'm going to go back to the Valley, I'm not coming back without a term sheet.”

After about a week up there, talking to some new investors, targeting a larger raise, we started to get some momentum and the mechanics of the Valley machine started to kick in and we became a hot deal.

Tim Ferriss: The irrational hysteria you mean. I'm kidding, I'm kidding, not irrational. It's not irrational in this case. Question I have for you is why did you predict a massive uptick in January, February, March in Q1? What would cause that because you think of the gift giving season, the buying season, let's just say in publishing, it makes sense that you would have Black Friday, Cyber Monday, October, November and even December is large shopping months, but why would your Q1 pop in the way that it did?

Tracy DiNunzio: It's kind of boring and technical and its multifaceted, which is why ...

Tim Ferriss: My favorite, all around.

Tracy DiNunzio: It's not like a neat story, which is also why it was hard to convince investors because I was a little bit of mad scientist. I was like, “Look, look at this number, it's indicating that this could happen next.” There were just a number of components. I think probably the headline that's like easiest to understand is that Tradesy isn't the ideal place to shop for gifts because not everybody feels comfortable giving something pre-owned as a gift and it's ...

Tim Ferriss: Wait a second, but it's the ideal place to get rid of your gifts that you don't want.

Tracy DiNunzio: It sure is.

Tim Ferriss: I love it.

Tracy DiNunzio: We were seeing that we were achieving some much better rankings on search but that they weren't paying off in traffic yet because of that probably seasonal factor and what people were searching for when they were in gift-giving mode versus come January, it's back to, "What am I going to wear?" There's some differentiation there and a lot of what was happening with our retention numbers. We had a much smaller user base, but we had started doing some retention marketing initiatives that were paying off in spades and all we need to do is increase the size of our user base to really see that have long term effect.

It was those two things that are the headlines, but there were all these other smaller things that contributed as well.

Tim Ferriss: The hit list, the listing of big names, John Doerr, Richard Branson, holy shit, lion's mane and everything, what were some of the tipping points or moments where you snagged these folks? What made them say yes?

Tracy DiNunzio: A few things happened with Kleiner in particular. We had four term sheets and we liked all of the investors...

Tim Ferriss: Term sheets, for those who don't know, is just a formal offer for investment with specifics.

Tracy DiNunzio: Yes, yes, so we had these four different funds that we were willing to invest and lead around of anywhere from 10 to 15 million. It varied based on the fund and the term sheet. I had known some of the folks at Kleiner. I had never met John Doerr and we connection with him kind of late in the process. They invited us to partner meeting and it was our last meeting of the raise. We were prepared to make a decision. We were happy with the four term sheets we had and we went to the Kleiner meeting because we were still interested in hearing what they had to say. But we thought it might be too late for them to be able to move quickly. Honestly, I was just so excited to go sit in a room with Mary Meeker and John Doerr and Randy Komisar. It's like the Mount Rushmore of venture capital. It was a fun moment.

I didn't know if they would be interested in the investment either, they're not necessarily known for investing in fashion e-companies. Part of what

was great about that was that we walked in with four term sheets in our pocket, so it was easy to do a great pitch.

Tim Ferriss: Yeah, you have nothing to lose.

Tracy DiNunzio: Yeah, we were very secure and then in that meeting, I don't know if we had a preconceived notion of Kleiner, but I definitely didn't expect them to be as warm or as thoughtful as they were. Having met with tons of VCs, there were plenty that would play with their phone in the meeting or ask questions that seemed not like the most intelligent questions. The Kleiner team just asked the smartest questions in that meeting. They were so thoughtful. They were so impressive and my cofounder and I left saying like, "Wow, they're every bit as awesome as they're cranked up to be, if not more."

They came back very quickly and offered us a term sheet and we had 24 hours to make a decision. We took a bit of a risk because we didn't know them as well as we knew the other funds, but of course we knew their reputation and John Doerr's reputation kind of precedes him. He was signing up to be on our board and that's a once in a lifetime opportunity. We took it. I negotiated the term sheet with John Doerr, which was all under time pressure, which was actually probably the most intense and bizarre wild experience of the whole thing. Yeah, we signed. They actually facilitated the introduction to Richard Branson shortly thereafter. I got to go meet and hang out with him, even have a few drinks with and pitch him. He was awesome and agreed to invest and was excited about the vision.

I think more than anything what got them so excited, of course the numbers were going up quickly and thank goodness, knock on wood, they still are but I think it was the larger vision that we were talking about earlier that really excited them. John Doerr said to me when he called and offered to invest, he said, "We really believe that you're building a category, not just a company and we want to be part that."

Tim Ferriss: That's high praise from the priest himself.

Tracy DiNunzio: Surreal moment...

Tim Ferriss: That's a big statement. Randy Komisar, I have to just mention that when I was graduating from school Randy Komisar knew a professor of mine

named Ed Zschau Z-S-C-H-A-U, who was a congressman for one or two terms in Silicon Valley, competitive figure skater, also took a couple of companies public, I mean really my kind of guy. I sat in on Ed Zschau's last class at Harvard Business School, where he also taught. Randy Komisar was a guest speaker. I ended up with a copy of *The Monk and The Riddle* by Randy, which had a huge impact on me. That was, I have to say, it came out probably between 97 and 2000, at a very frothy point in the Valley's activity, not unlike where things are now.

Just as a side to it, I would like to recommend to start-ups that your ability to raise funding is directly inversely proportional to your need to raise money. You should raise money when you do not need it. You need it dig your wells before they're dry, sort of account for the worst case scenario, which I think a lot of people are bad at doing. You raise this round with a bunch of iconic folks, again excluding me. I've got a lot to prove before I get there, but with a bunch of really just incredible brand name folks, so you mentioned earlier that 1.5 million hits your bank account, holy shit 1.5 million. Now, you have, how much was it, 13, 15?

Tracy DiNunzio: 13.

Tim Ferriss: Okay, so now you have 13 million hit your bank account, how do you use that money and how do you not succumb to the temptation to rapidly misspend that money, which I think is a common issue with a lots of startups, where they have limited resources, limited cash, limited headcount and they have to evaluate every decision very carefully. They get a bunch of money and then they misspend it very quickly because they feel like they're in land grab with competitors and they just flash a ton of money down the toilet.

Tracy DiNunzio: Totally.

Tim Ferriss: Bam, \$13 million hits the bank account, what now?

Tracy DiNunzio: Well, we spend it and we spend it fast, but not stupidly. I think that where a lot of companies misstep and overspend is in their marketing budget because if you dump a lot of cash into customer acquisition and those customers don't convert and create long-term value, then you've thrown that money away. Google and Facebook are the only ones who win.

A big part of how we avoided that pitfall is really just built into our

business model, where the majority of our customer acquisition is organic and well ...

Tim Ferriss: Organic meaning search traffic?

Tracy DiNunzio: Search traffic and other sources that don't cost money, so referrals etc. Because that's kind of built into our model and it's self-perpetuating, the more products we have, the more organic traffic we get, the more customers we have, they list more products and we get more traffic. It's this flywheel of growth that was always built into the model. We were never a company that thought that we would pay to play. Even now that we spend what would probably be considered a modest amount, but a lot for us on marketing every month, where we match it very carefully to how our growth is going on the organic or free side, so that our overall pool of customers still ends up being worth a lot more than what we spent on marketing.

For people who are in the industry, it's like we keep our blended CPA really low, but look it goes fast. I mean the first 1.5 million went shockingly fast. This 13 million goes shockingly fast. Luckily, we're seeing returns for it, which means that it won't be a problem to raise more. But, it's certainly a challenge to not overspend and I also tend to be very liberal when it comes to compensation packages for our team. I think that all of our best people, which is really all of our people, they're all doing the work of three people. We keep a very very high bar for performance and we compensate our people accordingly. Much more of our funding is actually going towards people and paying people salaries and perks and bonuses, than to us marketing, which I think is the real kind of black hole of where you have a risk of not getting enough value out of the spend.

Tim Ferriss: Absolutely, yeah 100% agreed. If you focus on recruitment and retention of top talent, your ability to create an impressive number on a revenue or profit per employee basis is really a very very high. I read a biography of Ryan Air at one point; this was probably five to seven years ago, very very impressive on those types of metrics. What positions are you currently looking for and where can qualified folks learn more about these positions?

Tracy DiNunzio: We've got a jobs page, Tradesy.com/jobs and we have ...

Tim Ferriss: Is it a backslash or a forward slash, I hate to be a jerk about it?

Tracy DiNunzio: Gosh, I think it's a backslash, pretty sure it's a backslash, but that kind of rocked my world. Now, I'm not sure. Try both, it's the first test to see how interested people are in working for Tradesy if you can figure out the front or the back slash. It's part of the hazing process. Right now, what would make my life so nice would be a killer retention marketing manager. I met someone who runs mostly our email marketing, helps us to target and segment our lists better and really digs into the business intelligence around our existing customers to see how we can serve them better. That is like killer marketer, growth hacker, if you will. We're definitely on the hunt for someone like that and we're never turning away a good Full Stack engineer. We're hiring lots of those.

Tim Ferriss: What's the jobs page again, one more time?

Tracy DiNunzio: Tradesy.com/jobs.

Tim Ferriss: Awesome, I'm extremely bullish on you guys, not surprisingly and I do want to ask you a bunch of questions, are still okay on time?

Tracy DiNunzio: I'm good.

Tim Ferriss: Okay cool, you're three hours behind, so I'm willing to burn the midnight oil.

Tracy DiNunzio: ...

Tim Ferriss: This is where the witching hour gets really interesting, my Lord. I apologize to the world at large for any stupidity that comes out of me from this point forward. I would love to ask you million questions, but I won't ask you million, but I would start with your recommendations for people who are, let's just assume that they're smart, they're willing to do their own homework, they're hard-working, let's just assume those things. What resources or books or anything else would you recommend they consume before starting their startup? That doesn't mean venture-backed necessarily, it could be in that but if there were two to three books, two to three sites, two to three article, whatever it might be.

Tracy DiNunzio: My dog has some strong opinions about that.

Tim Ferriss: No, I know, your dog rightly so. That's okay, what kind of dog do you have?

Tracy DiNunzio: She is a little mutt that we adopted about a year ago. She's also the team Tradesy resident dog.

Tim Ferriss: I love it. I have huge dog envy, so I'm going to be getting a rescue in the next a couple of months, which I have been saying for a while, but I need to get there.

Tracy DiNunzio: Our office has anywhere from 6 to 10 canines every day.

Tim Ferriss: Oh my God, I need to come visit.

Tracy DiNunzio: We're extremely dog friendly, so yeah if you need a dog fix, we're definitely the place to stop in.

Tim Ferriss: Totally need a dog fix. Half the reason I live in San Francisco is because there are more dogs than kids, so I can always get my dog fixed. Resources, books, if you were giving a commencement speech and had to recommend to the small army of would be entrepreneurs a few resources, what would you recommend?

Tracy DiNunzio: There's like the classic Good to Great, which I think, most people cite it as their favorite business book and I read it almost begrudgingly because of that and I have to say ...

Tim Ferriss: Jim Collins.

Tracy DiNunzio: Yeah, it's too good. That's definitely a must read. I just finished the book about Amazon, The Everything Store.

Tim Ferriss: I've heard great things about it.

Tracy DiNunzio: Oh, wow, you know why I think it's a great book and especially for people starting out, so in the beginning of the book, Jeff Bezos says to the author, "How are you going to avoid the narrative fallacy?" Meaning when you tell a story of something that became a great success, you have all this information about what happened along the way and you just lean towards piecing together the bits that sound like it was inevitable and you kind of leave out the parts where everyone stumbles and falls or things just get murky for like a really long time. I think the book does an incredible job of avoiding the narrative fallacy. It's a great read for anyone who's in the internet business. It might not be if you're not in that business because it's a pretty detailed granular tale of, "Then we did these 10 things and this



one was okay and that one was great, now these two sucked.”

It doesn't glorify or glamorize the process of building a huge company and I really appreciate that because I think a lot of books about this do. People like to think, looking back, like a lot of people tell me now, “I knew that you were going to take it really far.” It's like nobody knows, it's all just primordial soup in the early stages and it continues to be. If it doesn't feel like you're on a magic carpet ride to inevitable success that doesn't mean you're not. It doesn't really feel like that. I don't think, so I love the Amazon book for how it details two steps forward, one step back process of building something. I definitely think that's a new must read.

Then, just for like online resources, for me early on, I leaned a lot on the stuff that the guys from AngelList published, so now I'm ...

Tim Ferriss: Yeah, are you talking about Venture Hacks, are you talking about Angel List itself?

Tracy DiNunzio: Yes, yes, Venture Hacks, yup, like that was how I learned what the terminology and the lingo were. That was my lay of the land. I think I paid \$7 for a download and it was like a great \$7 at a time where \$7 mattered. I definitely recommend that for getting your feet wet about what it means to take investment capital and how to think about your plans for that. I am not good at the resources thing because I've done a lot of things in a bubble and I don't think that's necessarily the right way. I get a little bit obsessive about what I'm working on and building the stuff I'm working on and don't take enough time to get the advice of people who've been there. I'm trying to work on that.

Tim Ferriss: I'm not convinced it's a bad thing. I think that oftentimes on one hand you could say that what you don't know you don't know is what hurts you, but same time there are many examples of people who've done this supposedly impossible because they didn't know it was impossible in the first place. I think there's no argument to be made both ways and the Venture Hacks tip I would definitely endorse, has nothing to do with the fact that I'm an adviser to AngelList because they're entirely separate. But really ... they had some unpleasant experiences in the world of venture capital and realized it was very opaque world for the most part and really strove to present a transparent interpretation and list of suggestions for how to optimize in that venture-backed environment.

What would your advice be to those sitting down, late at night, realizing they don't like their current job, they're considering a change that could be a change of job, it could be starting their own gig, they're not sure, what would your advice be to those people?

Tracy DiNunzio: I think the worst thing is to be static. Not everybody who quits their job and takes a risk is going to be financially successful, just not true. A lot of people are like, "Hey, chase your dreams and it always works out and you'll get there." Well, a finite number of people can actually get there, whatever there means, but I think the journey is a lot more exciting when there is some risk and when you can be a master of your own destiny to some degree. I think there's like a lot of fallacy around the idea that you're going to do it after you have this or that after you have a certain amount of money or a certain amount of knowledge because anything that you acquire in the pre-planning stages is going to go faster or be less relevant than you think. The only way to do it is to do it.

It's harder when you have more at stake. I didn't have a whole lot at stake. I had like a stalling art career, 2008, nobody was buying paintings. I think that you hit it on the head when you said, "When you don't know what you're risking or what the odds are against you, it can be sometimes easier." But you can make a choice to be ignorant about those things and just do it if you feel a real calling to it. But it's not easier necessarily and it's not always it's all cracked up to be. It's a decision to be on a journey and have an adventure, not necessarily a decision to move towards an outcome because the outcome is uncertain no matter what.

Tim Ferriss: Very sage advice for a young woman. No that's great advice, advices I could also incorporate myself more so in a lot of things. How can people learn more about Tradesy and help Tradesy?

Tracy DiNunzio: Well, you could ...

Tim Ferriss: Can I, as a male, go on your site and sell a couple things that I have been dying to sell like a gorgeous Dainese black and red leather motorcycle jacket?

Tracy DiNunzio: Here's the funny thing. We don't have a men's section yet, we will in 2015, but if you go on Tradesy and you look in certain categories such as outerwear, like you've got or watches, we've got this insane amazing collection of men's stuff that's probably in our women's category. Clearly,

there is some supply out there and I think some demand, so we are going to have an official sanctioned men's category soon. But in the meantime if you want a list it in the women's category, I think a lot of women are shopping for men. I bought my husband a really amazing Moncler blazer on Tradesy the other day.

I think that there are so many women on Tradesy that have husbands and brothers and boyfriends that are shopping that we're receiving men's inventory move. You have my permission to list in an unsanctioned women's category until we have the men's category.

Tim Ferriss: All right, I'm on it and how can people most help Tradesy or find out about Tradesy?

Tracy DiNunzio: Come visit us at Tradesy.com or download the app. We're on the iTunes Store and we'll soon be on Android and just start using it. I mean the average woman has only worn about 20% of what's in her closet in the last year. I think even if that particular statistic doesn't apply to you, everyone's got something they're never going to wear again and nobody I think doesn't need a few extra dollars. If you're so inclined, list an item for sale, tell your friends and spread the word.

Tim Ferriss: Indeed, yeah, I just recently moved into a new place and I have so much crap it is unbelievable. I mean the number of boxes that I've unpacked that really don't deserve to be unpacked because I haven't needed them for five months is incredible. Folks out there, no ...

Tracy DiNunzio: There's another thing kind of when we went through our branding exercise, which we finally did, there's this sense of unencumbered living, like stuff freaks me out, I don't like accumulating stuff. It makes me feel like I can't go where I want to go and do what I want to do because I have all this responsibility. It's a very sharing economy kind of thing, like get what you want when you need it, use it for time and then don't have the burden of ownership. But I feel liberated having a heavy small closet, having few belongings. I live in a tiny apartment with my husband. We don't keep a lot of stuff and it's really refreshing. I'd say even more than coming to Tradesy and using Tradesy, being part of that kind of movement toward more light weight living is something makes us happy.

Tim Ferriss: Absolutely and it's not a San Francisco's limited Burning Man/mushroom-infused euphoria that leads to people to scuttle a lot of that excess

nonsense. It's really liberating process that almost anyone can engage in and I think that this documentary, it's not the very professionally made thing but it is an entertaining film called Tiny about tiny home living that I think elucidates lot of these issues. For those out there interested in simplifying, check out Tradesy.com T-R-A-D-E-S-Y.com. Tracy, any parting comments before I let you get back to your fine evening?

Tracy DiNunzio: No, I thank you so much for the time. This was so much fun and that's it. It's been really a pleasure.

Tim Ferriss: Awesome, well this has been great. I think I shall do more of these, very tactical, very deep in the weeds in a good way and hopefully helpful for folks. Are you personally on Twitter, Facebook, where people can tell you how they feel about this episode, anything like that?

Tracy DiNunzio: Yeah, I'm on Twitter, I'm Tracy DiNunzio on Twitter. I'm on Facebook, I have ...

Tim Ferriss: That's with a D-I...

Tracy DiNunzio: D-I-N-U-N-Z-I-O, it's a whole lot of name.

Tim Ferriss: @TracyDiNunzio?

Tracy DiNunzio: Yeah, I'm on Facebook and we have a Tradesy Facebook page where we welcome all kinds of feedback. I'm pretty easy to find.

Tim Ferriss: Awesome, Tracy, you're a trooper. You, I think are going to do great things, so for everyone involved and that includes most of the planets, I think, if you fulfill the vision of the company. I appreciate you taking the time to chat with me this evening, so thank you very much.

Tracy DiNunzio: Thank you so much Tim.

Tim Ferriss: All right, guys, all of the relevant links and what not will be available on the blog in the show notes, so visit if you would like to find links at [fourhourworkweek.com/podcast](http://fourhourworkweek.com/podcast). Tracy, we shall be talking, so thank you so much for the time and we need to meet in person, so I can get intoxicated in a more civil fashion.

Tracy DiNunzio: Yes, I'm sure.

Tim Ferriss: All right, thanks for listening guys, talk to you soon.