POWDERKEG PODCAST TRANSCRIPT : DEREK ANDERSEN

Intro: Derek Andersen was a bit of a world traveller growing up, as his family split their time between several countries in Europe and their home in Tampa, Florida. He kept traveling as an adult, jetting all around the globe to build startup communities and connect with entrepreneurs, wherever they were.

These communities are part of Startup Grind, an organization that nurtures startup ecosystems through events, media and partnerships with organizations like Google for Entrepreneurs. Andersen founded Startup Grind in 2010 with one location in Silicon Valley. Today, it's active in nearly 100 countries around the world, including over 200 cities.

Over the years, Startup Grind has helped millions of entrepreneurs find mentorship, connect to partners and hires, pursue funding, and reach new users. Although Andersen is now settled in Redwood City, CA, it's pretty obvious that his influence reaches far beyond the borders of California.

In our interview, Derek talked with me about the beginnings of Startup Grind, how he gets the most out of every interaction at a conference, and why VC funding isn't always all it's cracked up to be. He's met a ton of famous business people over the years, and he also opened up about his favorite interviews and the fact that even tech giants are people, too.

Startup Grind has a ton of exciting stuff going on these days, including the rollout of their new event-hosting software (discussed in detail in this episode) and their 2017 Global Conference later this month. The conference includes an exhibition of 125 startups, and you can visit StartupGrind.com/startup if you want to apply to showcase your company!

Derek is a friendly, welcoming guy who's happy to help you with your entrepreneurial journey if he can. You can find him on Twitter @derekjandersen if you'd like to get in touch.

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If you like this episode, please subscribe and leave us a review on iTunes. You can also follow us on Soundcloud or Stitcher. We have an incredible lineup of interviews we'll be releasing every Tuesday here on the Powderkeg Podcast.

Matt: Derek, thanks again for being here, man. I'm really excited to dive in. I appreciate you being part of this beta for us in these awesome studios here. We have an amazing podcasting studio in Indianapolis—Edge Media Studios—that we're using for this today. It's my first time doing it professionally like this, so—

Derek: You look professional.

Matt: I know, right? I've got this sweet gear, and you're looking good yourself, man. I like the setup you've got over there.

Derek: Thank you.

Matt: Where are you tuning in from today?

Derek: I am on the West Coast. Redwood City, California, sort of right in between Palo Alto and San Francisco.

Matt: Sure, right there in Silicon Valley, man.

Derek: Indeed.

Matt: Well, I know you've been all over the world. You've been starting Startup Grind chapters for a long time. Now, I know you have a huge SWAT team that does that for you, so hopefully you're not going to the city every single time you launch a new chapter, but I know you were travelling even before Startup Grind. Tell me a little bit about your earliest memories of travel.

Derek: Well, I grew up in Tampa, Florida, and at 7, we moved to Europe and lived in France and Switzerland and Germany and, you know, every summer we would go back to Florida so me and my—I was 7 or 8, so it's kind of a different era now than even it was 25 years ago, but we would fly back with my brother and sisters and hang out in Florida for the summer and go home, go back to France. And so we did that, and then eventually moved back to the States, and I went to school in Provo, Utah, and now I live in Palo Alto, California.

Matt: How long have you been in Palo Alto?

Derek: I moved here in 2005 for an internship with Electronic Arts, and have basically lived here ever since.

Matt: Have you always been a gamer, or was it literally just a job, and you saw the opportunity and you went for it?

Derek: No, I've always been a gamer, yeah, absolutely. We always had the latest console. Working at EA was absolutely, like, one of my dream jobs. I love Nike, I'm a huge Nike guy, but I didn't really want to like in Oregon. I always loved EA Sports, always loved the EA brand, and it was a great company, so that's where I landed.

Matt: Are there any lessons that you learned there when you were doing game development that you apply now as an entrepreneur growing this global community?

Derek: I think about this a lot because I knew I wanted to be an entrepreneur, but out of college, I went and did the corporate thing for a few years, and I did it basically to build a security blanket for myself, so if anything ever happened, I knew I could get a job, I was employable. I'm not sure if it was a good decision or not. I made great friends there, so I wouldn't trade those relationships at this point, but if I could do it again, I probably would've gone to a startup, or a well-funded startup. I probably should've tried harder to work at, like, Facebook. If I made a list of the top ten startups that I liked, I could've been at some pretty special places at a pretty special time. This would've been, like, 2005, 2006. But, the thing I did learn working at a big company is I learned how to work with a big company, and I learned what it takes to be successful at a big company. That's helped me get deals with people like Google or IBM, or—I worked with Palm after I left for awhile, before they imploded. Atlassian, other people like that. It takes something—you kind of have to understand how to navigate big organizations in order to get those deals, and working in one of those places made it very easy for me to put myself in their shoes and get deals done.

Matt: So, the fact that you had been at a large organization like EA means that, now, when you're working with potential partners or your current partners, you kind of understand how to navigate that organization and get things done?

Derek: Absolutely.

Matt: Besides understanding the politics and knowing who to talk to, what are some of those things that make it easier to get things done at big companies?

Derek: If you're going to be successful at a big company, you have to do something that everybody knows about and talk about once a quarter. If you do that, then at the end of your year, you'll have great reviews, because you'll have four great things to talk about, and you will probably get promoted, and you'll probably keep going up the ladder. And the other thing is:

there's not much upside and there's a lot of downside to making mistakes. When you're working with someone at a big company, trying to clearly understand—What are your KPIs? What is going to get you promoted? You can't say that, but you can understand it based on their goals, based on what they talk about and what they care about. And then, basically, it's your job to make them look good. We try to do lots of things that—and build confidence for them that you are going to make them look good. And maybe more importantly, that you're not going to make them look bad. If you make them look bad, it could be career-ending for them. They could lose all their clout if they took a big bet on you. They could be putting all their political capital into your deal. So, you're just constantly reassuring them that this was a good decision. And it's not by saying, "This was a good decision." It's by sending them the updates, communicating so well, creating documents for them—not for them, but for them to send internally. These kinds of things that make them look good. If they look good, they won't kill your funding, and if they don't kill your funding, then they'll keep feeding your beast. If you think about, "How do I make this person look good this quarter or next quarter," and this is like the one thing everybody talks about inside the company, then your budget's going to get bigger.

Matt: Yup, that makes a ton of sense. And I imagine, too, that some aspect of it—being a startup entrepreneur or an innovative entrepreneur—in addition to making those Enterprise employees look good, you also probably want to instill some amount of the innovative or entrepreneurial energy into that company. I would imagine that part of what they're trying to borrow there is your ability to be nimble, be quick and take risks so that you can make the mistakes, and not them.

Derek: Yeah, I think working with big companies is all about solving problems. How well do you solve their problem and how affordably can you do it, and how quickly can you do it? And then, do you turn into somebody that reliably solves problems? I think it's easy to get one deal with almost any company. It's really hard to get something that doesn't end, that goes on four three, four, five years. If you do, it's like honeypot. And I think if you take that sort of mindset with your work, and you say, "Hey, I'm not doing this as a one-time thing, I'm doing this as a long-term thing," then you can turn a $10,000 deal into $100,000 for a couple of years, and it's not really that much work. And I think meeting with people in person and communicating—one thing I like to do is I like to send these people emails very late at night, because I want them to know that I'm working, and I want them to know that my team is working. And I respond—if it's an important client or customer, I respond within seconds, minutes. I drop everything and I respond as fast as I can so that they know when they email me, they're going to get a response. They won't get me on the phone very quickly, but they know in email—I just don't put it off. Even if I don't have an answer, they'll get a response. I'll say, "I'll deal with this and figure out how to fix it." That just instills trust, and then they feel like they can step out on a limb further for you as time goes on.

Matt: I imagine that's especially important in a world where everyone's trying to be—well, I shouldn't say everyone, but a lot of people in the tech world are trying to be more like Tim Ferriss and try to push to batching email and doing email once a day, or worse, once a week, if

they're putting some kind of auto-responder on, saying, "I only respond to emails at these times." If you're out there hustling and responding to an email real-time, within minutes, I'd imagine that really sets you apart.

Derek: If you're in sales—and every CEO is in sales—then it's, "How quickly can you get a deal?" If you wait, you might've just put another week on your cycle. And another thing, too: I think driving to a meeting, if you can drive, going an hour and driving can put you ahead by a week if you meet in person. You just gain so much by being in person, and you gain that credibility and respect. All of these things, they all start adding up. The corporate process—and I don't know if this is interesting or not—it's created to weed out the wrong vendors over time. So, if you get someone's verbal approval, that's like step one. And then there's five or ten more steps—contract, legal, security, all of these other things that you may or may not have to go through. It weeds out the weak, and if you don't get there, then you don't get there, and a lot of people don't. I think you just optimize that process. Most of those processes are the same in every single company. Once you get good at it once, you can pretty much replicate that, anyway.

Matt: I think that understanding how to navigate the Enterprise space and big company culture is so important for startups, because startups want those Enterprises as clients. Those are the lifeblood for any tech company, especially a B-to-B or B-to-B SaaS company. I go back to what you were saying about wishing that you had gone to more of a well-funded startup versus an Enterprise out of college, if you were to do it all again. Some of the companies you named were, like, Facebook and LinkedIn. I noticed that they're all companies still based in Silicon Valley. Can you talk to me a little bit about why Silicon Valley is still the place where you call home despite the fact that you've been to hundreds of cities and experienced the tech culture in all of these cities?

Derek: I've lived here longer than just about anywhere else. Well, I have lived here longer than anywhere else. At one point, I was in ten schools in ten years. This really is home to me now, and my wife's from California, so it's a good place—she's happy here, so I'm happy here. There's a high concentration—I'm 20 minutes from Google, I'm 20 minutes from Facebook. I'm 45 minutes from Uber and Twitter. These are people I can easily do business with, and I have an advantage if you're in New York, or you're in Paris or London. I can go see them. You can fly in once a month, but I can go see them once a week. And I can set up a meeting tomorrow and go see them in the morning. I'm going to win deals because of my proximity to them that you can't win outside—you can still get deals, but I can close it faster than you because I can speed up the cycle faster than you. That's a big advantage, but look: I make trips to L.A. all the time, I go to Phoenix, I go to Salt Lake City, I go to Seattle sometimes, I go to New York sometimes, D.C. We're fighting for deals everywhere, but there's a lot of companies here, and there's a lot of problems to be solved here.

Matt: I want to talk to you about how you're expanding and what you're doing now with Startup Grind, but I'd love to talk a little bit more about where you are right now. Silicon

Valley—obviously, great place to get deals done for the kind of organization that you're growing. What are you learning just by being out there in Silicon Valley, by these extremely innovative companies?

Derek: I say to my team, "The greatest success of Startup Grind is Startup Grind," because we hear all these talks and education, like you're doing with your podcast, and we listen to it and internalize it, and then we apply it. We're a product of our own advice, on our own stages, and that has helped us phenomenally. I credit that, in large part, to why we've been able to do what we do. Right now, what are people talking about? What am I learning? Everyone's a little more conscious about money right now, which is good. We're bootstrapped. We're one of the few companies here in Silicon Valley that is bootstrapped. I love when Dropbox says, "We're going to take back perks, and we're going to save money and try and get to profitability." It's like, dude, this has been going on for thousands of years. That's not some revolutionary new thing. Welcome to the club where most of us live. I had lunch with somebody yesterday who said—I was like, "Oh man, insurance is so expensive," and he's like, they have this big company, he's like, "Oh, well, my VC just pays for it all, so I don't really care how much it costs." I was just like, "You have got to be kidding me."

Matt: I saw that tweet.

Derek: That's the most insane thing I've ever heard. I was just shocked. I don't even know where to unwrap that. I'm not even going to try, it's such a ridiculous comment. So, there's the good and the bad, and it's expensive and it's competitive, but I'm a competitive person and I'm good at saving money, so you just take the good with the bad.

Matt: Sure, sure. I was actually doing a little prep for this show—obviously, I'm a huge follower of Startup Grind and I love reading some of the content that you guys publish through your platform, both natively and on Medium, and through the podcast as well. But, I was looking through your Medium posts and some of the most-shared articles—I had to notice some of the titles, and I wrote some of them down here. The top one, or most shares, was, "I'm Done Pretending SF Tech Is Visionary." The second one was, "I Got Scammed by a Silicon Valley Startup."

Derek: Oh, yeah, that one was crazy.

Matt: Right? That is nuts. That was a crazy, crazy story. I just couldn't help but notice there were was a little bit of a trend towards a little bit of disillusionment with Silicon Valley. Do you think that Startup Grind has kind of ridden that wave a little bit in terms of almost becoming disillusioned? You know, *Silicon Valley*, the TV show on HBO, and some of the jokes around the fact that Silicon Valley isn't the only place that innovation happens.

Derek: Yeah, there's lots of data to back that up. It's without a doubt true. The vast majority of venture capital—90% of all venture capital exits happen in Silicon Valley, so the Silicon Valley

money is going to be here and stay here for a long time, but you're now seeing people like Steve Case and Rise of the Rest, and people like Techstars and other groups who are really promoting—500 Startups—promoting entrepreneurship, not encouraging you to move here, stay in your city. And you're having great companies—Qualtrics in Provo, Utah is a two billion dollar company. SendGrid's in Denver, Boulder, and you've got New York with dozens of great companies, you've got D.C. with a bunch of great companies. I'm sure Indianapolis has great companies—

Matt: ExactTarget sold for $2.5 billion. We just had another $1.2 billion last year.

Derek: There you go. Is ExactTarget in Indianpolis? I didn't realize that.

Matt: Yeah. Well, now Salesforce.

Derek: Yeah. Wow, that's amazing.

Matt: The tallest building in our city is now Salesforce Tower.

Derek: Yeah, wow. So, that's happening a lot in a lot of different places. In Seattle, in L.A.—tons and tons of huge tech companies and great tech companies. I think the ones that get on all the magazines are still going to probably be from here because of all the reasons that companies do so well here, but you're going to see people make a lot of money and start really big companies in other cities, and you're going to see them get funded because VCs—you can't pay engineers, you can't compete with Facebook here for engineers, or Google. I mean, our engineering team's not here. I don't even try, it's too hard. We have people across the United States and Canada. But, it's just happening more and more. There's ExactTargets happening all over the place.

Matt: I would love to talk a little bit more about what exactly your engineers are building, because I'm very fascinated with that, but I'd like to go back a little bit to—before I jump ahead, I really want to learn a little bit more about the early days of Startup Grind, because I've heard interviews with you in the past, and obviously, it's one of those scenarios where it wasn't ever meant to be "the thing," right? Very similar to what Verge and Powderkeg was with me. I just had a company I was working on and wanted to be around other smart people that also wanted to learn. But, I'm really curious about how that traction started to happen and when that really started to catalyze for you. Do you remember the moment you realized, "Hey, hang on a second. This isn't just me getting together with friends and learning. I've really got something here."?

Derek: When we did our first fireside chat, this was in, like, February of 2011, and it was with Jason Calacanis, who's the guy from This Week In Startups—

Matt: Not a bad first fireside chat.

Derek: Yeah, no. We'd done events for a year, and I cold emailed him, and he agreed to come. He said, "Hey, I can only just show up, and you need to interview me," or whatever. We did it, and people really like it. And it was kind of like, "Hey, this is really cool." And then the next month, we had Naval Ravikant from AngelList, who drove down. And this is kind of very early AngelList days. People loved it. We filmed them, and the interviews were good, and the content was interesting. I think at that moment, it was like, "Wow, this is something." And the next moment came probably about a year later when we had this product we were trying to sell that we were working on. It was called Common Ret. No one really knew what that was or cared, but they always knew what Startup Grind was. So, we did an interview with the founder of Pinterest, and he almost never speaks, and it was some miracle that I got him. It was, like, 250 people. They had all paid a bunch of money to be there. News was there—NBC Nightly News carried our interview on their broadcast. All these crazy things happened that just don't happen. And you can't force it. They have to happen organically. That's why—like Powderkeg or Verge—the best things are almost always side projects for a long time, because there's no pressure on them, and it gives time for the dough to rise, or time to bake. And then, once it's had that time and that energy, and you can wrap your own mind around it, then maybe it takes off. Maybe it doesn't. But there's so many great startup ideas that start that way, that don't start as, "Hey, I'm starting a company." You just put so much pressure on yourself when you're starting a company, versus, like, "I'm doing this for fun with my friends."

Matt: I'm really glad that you were patient with it and allowed the dough to rise for Startup Grind to takeoff, because what has become so, so cool—and you're in, what, 200 cities now? Almost a hundred countries at this point? Just millions and millions—not million and millions, but at least a million members of what you're doing at Startup Grind. It's really awesome, and it's cool to have gotten to know you through that process along the way. One of the things I'm always curious to ask with people like yourself who have talked to a lot of people on a lot of different stages: who is the most interesting person that you've ever interviewed? I don't mean, necessarily, they're interesting because of their name and title, but the conversation was interesting.

Derek: I think Vinod Cosla is maybe one of the most interesting people I've ever met.

Matt: Why is that?

Derek: He's an investor, he was the founder of Sun Microsystems, he was at Kleiner Perkins through, like, the Google days. Now he runs his own firm. He's at least probably worth a billion, maybe multi-billion-dollar guy. He's in his late 50s, early 60s, and he's been very wealthy and successful, and yet he acts like he's 29 and he's just getting going.

Matt: I love that.

Derek: I asked him the last time I interviewed him, "Why do you have such a chip on your shoulder?" And he got chippy about it. "I don't have a chip on my shoulder." But he does. And it's like, "Well, you don't need to," but that kind of fire after so much success is pretty rare. I think he was incredibly interesting. I interviewed Eric Schmidt, the former CEO of Google, last summer. Brilliant guy, no prep, walked right in and gave some of the best answers I've ever heard to any questions. Very interesting, very articulate, probably doesn't get nearly enough credit for what he helped do at Google. But also a very normal person. Just from what I've read, his life is not perfect, he's got other issues. That's the thing I take away most from these speakers. At the end of the day, they're putting their pants on one leg at a time. They have to go to the bathroom three or four times a day, just like you do. If Steve Case, who you know very well from AOL, if he could start AOL—he could be your uncle, he could be your dad, he could be your brother. He's a smart guy, but he's not really that much different from you or I. That's really inspired me to say, "Hey, if this guy can do it, why can't I?" I hope people get that out of—they'll certainly get it from hearing this, with me, but hopefully you even get it with people that are billionaires and other people that are—they're really not that different.

Matt: I always say that's one of the things that's so magical at events like Startup Grind or at Verge pitch night. You meet these people that the industry tends to put on a pedestal. The tech industry puts them on a pedestal, they glorify them, they put them on the covers of magazines. They put quotes on their Instagrams about them. They're just normal people. Yeah, they're brilliant people, of course, but you can have a conversation with them in real life, face-to-face, not even just on Twitter, or on Facebook, or on Snapchat. You can grab a beer with them and grab a slice of pizza, or whatever the food is.

Derek: Yeah, absolutely.

Matt: What are some of the most magical connections that you've seen out of all the events that you've been to? Can you remember someone either you met, or even two people at an event. You're a masterful connector. We rode the Rise of the Rest bus together for at least a couple tours. How do you navigate those events when you're connecting people, and what's the most interesting connection that you've either seen, been a part of or made?

Derek: I would just tell people: if you're going to take the time and energy to go to an event—it doesn't matter what event it is—you better get something out of it. You're giving up your night, you're giving up—maybe you could've been with your kids or your spouse, or maybe you could've been working on your project. There should be strategic reasons to go to events, and it shouldn't just be to get free food. What I like to do when I go to these events is just say, "How can I help you?" Instead of sitting down next to somebody and pitching their brains out, listen and try to genuinely help them move their project ahead. I've found that if you do that dozens and hundreds of times, those things will come back around to you, and you'll be able to make them up down the road. It's sort of taking a much longer perspective. In terms of things that we've seen, I've hired a ton of people from our events that have worked with me for years and years and years. There have been cofounders, there have been funding investors that have

invested in companies, there have been lots of—some of my best friends, I met at Startup Grind. And not just me. There's lots of people like that. That's probably the thing I'm most proud about, is all these connections in all these different cities. People that run these cities—they're some of each other's best friends, and they really look out for each other. It's not like a company where you come in and you leave. It's sort of like you can always be a part of it. They're from all over the world, with different political affiliations and moral and other ideas of how life should be, religions and other things like that, but they become best friends. That's something that would not exist if we hadn't helped facilitate that.

Matt: Oh, absolutely. You mentioned—a great thing to do at any event is just ask, "How can I help?" What are some other ways that entrepreneurs or talented individuals can do to get the most out of attending an event? Whether it's a conference, or a meetup, or a pitch night—whatever. Maybe it's even an interaction at a coffee shop. If you're in Silicon Valley, you're just bumping into people left and right that are in tech. What are some of those things that people can do to get the most out of an event?

Derek: You should try to meet five people at each event. You should try to learn something from the people that are speaking. You should try to help those five people that you meet, try to do something for them. That's usually what I just try to do. I focus on meeting some interesting people, and I focus on learning something, and I think if you can walk away from two or three hours with doing that, then you've probably done a lot more than everybody else.

Matt: Mission accomplished. So, I'm curious because this is something I've experienced as well. Obviously, Powderkeg's got our Verge events that we do as well. Events is a really tough model to scale. It is a tough industry, and you're in the land of the tech over there at Startup Grind. I know you have your own product, and I want to make sure we talk a little bit about that, but why go the events route? Why did you decide to scale this thing?

Derek: People say, "I'm not interested in the events business," and I don't blame you. But I think the thing that's interesting about this for us, that maybe somebody can learn from, is that everybody told us that it couldn't scale. And everybody told us that, "Why would you want it to scale? It's not going to make any money." I think we just eventually said, "We don't really care. We're just going to do it because people are asking us to do this, and we'll sort of figure it out." You don't have to make $100 million to be successful. You don't have to—you can have a million-dollar business that's you, and you employ a couple of people, and you'll probably be one of the richest guys in your whole town. You may not make the magazine cover, you may not be on, whatever, TV, but you can be really, really successful, and you don't need a lot to do that. I think we just sort of took that mindset of like, "We don't really need to raise money. This isn't a venture-backed thing. We'll just run it." And I don't look down on that, I look at it as a positive. We could've raised money. We've been offered several times by people that we'd be very proud to take money from, but we've just decided to go it our own way, and that's given us the freedom to do what we want to do and not be worried about growing too fast. We grow at whatever speed our customers want us to grow at. We're pushing very hard, but I don't feel any

pressure to grow 100% year-over-year. We don't. We try to grow, like, 40-50% year-over-year, which stills seems like a lot.

Matt: That's great growth.

Derek: As the numbers get bigger, it's harder to do that. If we grow 20% this year, I'm not going to complain about that. We're going to work as hard as we can, and we'll grow as fast as we can, and whatever that is, let it be.

Matt: Talk to me a little bit more about that decision about whether or not to take funding, because I know a lot of our listeners have been at that point, or they've been at a company that's been at that point of, "Hey, we could take this money and really ramp things up and push, push, push, push, push, or we could keep going at the rate that we're going and cash-flow this thing."

Derek: It's totally up to the entrepreneur what kind of business they want and what they want to do. I think there's so many great examples of great businesses that did not take money from investors, and if you're not in Silicon Valley, you don't really have a choice, in most cases. I've raised a little bit of money—a few hundred thousand dollars in 2010. I built a video game. It failed miserably, and it felt horrible when that happened. It wasn't something I've really ever been excited about doing again. That might change, but that's how I feel today. If you have money, you control what happens. There's no greater feeling than telling a VC, "No." I'm just telling you, there's nothing that feels better, and you can only say it if your business is in a great place. It's not right for everybody, but you can build a tech company, you can build a software product that does not need VC funding—if you want to. You can also build one that does, but the day you take money is the day you should start preparing to sell your company or to give it away. And that's OK. Startup Grind isn't something I am prepared to give away yet. Maybe someday I will, but at the moment, it's something I could do for a very long time. The day you take funding, you just turn your hourglass over of, like, "Get ready: you need to sell this," because this person is not giving you money to be your friend. She's giving it to you because she expects a 10x return in that investment. So, it's not been right for us, but I'm not hating on other people that it's good for.

Matt: Sure, sure. You've clearly built an events-based business that is phenomenal, and you've done it without taking funding. Talk to me about some of the other events-based businesses or even conferences out there that you admire, that are not Startup Grind or even some of the summits that you guys have, which I know you've got some coming up here, soon.

Derek: I think TechCrunch's events are great. The Web Summit guys, Collision guys have done a great job at focusing on their big events and nailing huge events.

Matt: What do you like about those?

Derek: About those events?

Matt: Yeah, about those specific ones. The TechCrunch and the Collision ones.

Derek: TechCrunch is—they get great speakers. They're expensive, but they're cool. They're high-production. There's a lot of interesting, smart people that go to those events, partly because they're expensive. You know, TechCrunch is TechCrunch. I've never been to Web Summit or Collision, but lots of people have, and I hear a lot about it. What I like what they've done, I just like how they focused. They just do those begin events, and I think they've been smart to focus on that. They're sort of like the Taco Bell of the event business, where they, like, cookie-cutter their stuff, but they do it better than anybody. I mean it as a compliment. They've found a way to take it off the assembly line again and again, and do it quickly and efficiently, versus, like, crappy tacos. Actually, I like Taco Bell. I respect what they do, and I like what they do, and it's different from us. People always say, "Why do we need another event?" I don't disagree with that. I don't think the world is like, "If only we had another tech event." But if you've got something to offer—I prefer In-N-Out over McDonald's. They're both hamburgers, so we try to be In-N-Out, and some other people that I taste are more like McDonald's. If you prefer McDonald's, more power to you. My kids like McDonald's. I like their orange drinks, but I won't eat their food. Everybody has a different palette, and hopefully we have something that's worth trying out.

Matt: I would endorse and say it's definitely worth trying out for someone that hasn't been to a Startup Grind event. One of the things I've noticed is that you have created a repeatable process as you've scaled. Talk to me about the things that you did to—in a model where you don't have employees in every single city where you have a chapter, in fact, quite the opposite—how do you control that repeatable process, or do you control that repeatable process?

Derek: The biggest thing is we just keep it simple. When it's not right under the Eye of Sauron, you cannot control everything. So, I control my event. I attend one event a month or two events a month. You just have to find good people that match your values. That's critical: people. And then you have to have a simple process so that you never get it wrong. Our events are so simple. You have to deliberately try to mess them up to mess them up. And we do that on purpose. It's not because we don't like panels, or workshops, or whatever...

Matt: Derek, I think we lost you.

Derek: ...and by the same people, and everyone knows who they are and knows what they're doing, because they're just relentless.

Matt: I love it. I lost you there for a second, but I think we're back in now. It kind of lagged but then caught up, so thank you, internet. I would love to talk a little bit about some of the things

that you're doing behind the scenes to help scale events-driven companies like Startup Grind. Is that something you're talking about publicly right now?

Derek: Yeah, we can talk about our product. Of course.

Matt: Alright, cool. I wasn't sure, because I know you don't necessarily put it out there on the website or anything.

Derek: Yeah, you're right.

Matt: I would love to hear a little bit about—you mentioned that you've hired developers, and by the way, it's awesome that you've built a business that's cash-flowed enough to hire a development team and self-fund that software development. What are you building?

…

Matt: Matt Hunckler here with Powderkeg, and I'm with Derek Andersen from Startup Grind, and I am so excited because this is take two of a two-parter that we're obviously editing together. Derek, thanks for coming back after a long weekend.

Derek: Absolutely. It was my fault. Bad internet. So, let's do it.

Matt: It's the internet provider's fault. I won't throw them under the bus. But, it's the internet provider's fault. We were talking about your product, and I'm really interested in this. I actually have a demo scheduled with you, I think, later this week, so I'm actually going to get to see some of what you've built. Talk to me about why you're building software for an events-based company?

Derek: I think we've never seen ourselves as an event company. We've always seen ourselves as a technology company. Some people sort of laughed at us about that for a long time, like, "You are an event company." But, what we wanted to do is we wanted to scale this thing, and we knew—people said it wasn't possible to scale it, and we knew it wasn't possible because there wasn't good technology. We kind of cobbled things together for years and years and years, and then finally, a couple of years ago, I just said, "You know what"—I looked in the market, I looked for solutions, I would've happily used someone else's product if it was priced correctly, and I didn't find it. I just said, "OK, I'll just bite the bullet." We hired an engineering team. My CTO and cofounder has always been with me. He's always been there and sort of building the tools, but we needed much more than one person. So, in late 2015, we just started working on it, and we were in sort of, like—there's so many things that are needed from an events standpoint, from invoicing and sponsors, to newsletters, to the global website, to content, to a CMS, so many features. And it's like, "This is the worst idea ever—build a product with tons of features and then don't launch it for a year." It's like a recipe for disaster. But, the thing we had going for us is we knew what we needed. We were the best customer. We didn't really build

it for anyone else, we just built it for ourselves. And we launched it a year ago, so it took us a year. And we spent about a year beta testing it, and then a few months ago, I started talking to people. Matt, you and I spoke about it years ago. I said, "Hey, I think we're going to build this thing." We didn't talk about it for probably almost two years.

Matt: Right, at least two years.

Derek: Because that's kind of how long it took for us to get it to a decent place. Now it's in a great place, and it does all sorts of things, and it basically makes people's lives really easy that want to run these events or communities. On and offline communities is what I call them. You have the digital side, you have the offline events side, and it kind of brings all that stuff together in one place.

Matt: Can you talk to me a little bit more about the pain point? Because I obviously know it a little bit better than maybe the lay person would. Someone that hasn't run an events-first organization might not know. They might see—"Oh, I use EventBrite all the time, and Evite, and Facebook events, and Meetup. Why not use one of these things off the shelf?"

Derek: Those things are great to start with, but as soon as you start doing more than about four or five events a month, you start to just want to commit suicide using these tools. They're terrible. They're not built for heavy usage.

Matt: What's missing?

Derek: What's missing? They're just not—Eventbrite, what I'll say about Eventbrite, and I've done 4,000 Eventbrite events, I have great respect and fondness for Eventbrite. The thing that Eventbrite was great at is you never had a credit card payment stolen, and basically, your credit cards always went through. They have great processing in the countries and languages that it's available. The problem is it's only available in 13 countries. And the problem is that it's not really set up for the 21st century type of startup. They do accept PayPal, but they don't take credit cards in basically any other country. Our platform accepts payments in 60 countries. That's one aspect. The other thing is the event pages don't really reflect the types of events that we throw. Eventbrite—and everybody kind of knows this if you use Eventbrite, and I've heard that founders talk about it—it was designed by a business guy. Kevin Hartz. He's the guy that designed Eventbrite's first event page. It's terrible, and they know it. Kevin's an amazing business person—he's not a designer.

Matt: Right. Kevin Hartz the business person, not the comedian.

Derek: That's right. Exactly, yeah. Early investor in PayPal, he took another company public. You know, these are just not things they solved for, and that's OK. But, we need beautiful event pages, and we need the users to seamlessly move between MailChimp and Salesforce and all these other tools that we use to manage our customers and our users. Eventbrite's really

designed for the one-off event, and they have very, very deep functionality inside of those events, so that's great. But, we kind of need a more broader, more specific feature set for what we do.

Matt: So, you're two years into development now. You've brought on some early users. If you were to go back—and have a time machine—two years ago, would you do it the same way?

Derek: I would be more patient on certain things. We built everything minimum viable feature, and when you have to build five huge features to get to launch, there's a lot of sense to that, but...I would say the thing about when you're solving your own problem, you can pinpoint on the pain so much greater. Nobody hits it bullseye, but I would say we got it 80% right. Everything we did was 80% right. And some things were spot-on, 100% right, and we've never had to adjust them. But, on the average, like, 80% right. When you're building based on somebody else's pain, you'll probably build it 50% right. And when you're building without talking to customers, you're probably building it 30% right. I'm an optimist, so I'm thankful for what we did. We have things that we built a year and a half ago that we haven't changed, because we just don't have time. Luckily, we got it so close to the target that we haven't had to change it. There are other things that we built out of the necessity to move quickly, which we're now going to have to go back and redo to build to scale. But, in the beginning, you don't know. Are we going to be the only customer? Are there going to be other customers? You don't know. So, we built it as it was intended for us, and when we onboarded our second customer, it took us—it took us a year to onboard us because we had to build all the features. Then it took us six weeks to onboard the second customer. Full-time, five people, five engineers, six weeks. And our new customers now—we can get them up inside the product in an hour.

Matt: That's awesome.

Derek: And it's not all perfect yet, but we're getting to the point where, shortly down the road here, it will be in minutes, and they can get in and use the product, and they could, in theory, as long as they pay for it—sign up—then they can get in and start using it immediately.

Matt: Well, I'm eager to get the demo, because I would kill for something that's 80% right right now, in terms of the software for our events-driven organization. Definitely eager to see that, but I'm also eager to see one of your other products that you've already launched, probably your biggest product to date, which is your Startup Grind global conference. Can you tell me a little bit about that and what to expect? This is year, what—three—for you guys on the global conference?

Derek: This is year five.

Matt: Oh, there you go. I was way off.

Derek: We started in 2013. It was a way to bring our global community together. We try and have TechCrunch or Recode-level speakers, but at a price that anybody can afford. We have the founder of WhatsApp coming—founder and CEO of WhatsApp—we have the CEO of Oracle, we have Ben Horowitz, we have the founder of Tinder, founder of Waze, DraftKings, Zynga, Stripe, the CEO of YC, Dave McClure from 500 Startups. We cater to the person trying to figure it out, the person looking for funding, the person trying to get educated, the person trying to build a network and build relationships. We have a startup program with about 125 startups that we'll exhibit this year. It's an invite-only thing, and we just bring the best startups from our network in to show what they have, and it's right here in Silicon Valley. It's the beginning of the year, when VC dollars open back up, and flights are cheap, assuming that you can get in the country. It's been a really—it was just something we came up with in my garage one night and then launched it the first year. We're shocked that it didn't ruin us. It's been something we've grown on since then, and it's like our Super Bowl week. February 20th to the 22nd, and we'll have four different stages and 5,000 people. It's a great place to get close to some of these people that are inaccessible.

Matt: Besides the amazing speakers that you have there and the other attendees that you can connect with, what are some of the outcomes you can expect to get from a conference like this as opposed to just your local Startup Grind or similar tech meetup?

Derek: For the startups that apply, and if you're interested, just go to StartupGrind.com/startup, we set up hundreds of investor meetings for those companies. They exhibit, they meet partners and make relationships. We do a whole pitch day for a more curated group inside the 125, with our top 50. Several of them will get into 500 Startups, several of them will get into Techstars. 500 Startups and Techstars interviewed—between the two of them, they interviewed an average of 25 of the companies each last year. And that comes directly through us, so that's kind of like getting to the final round of interviews. We hand them off to them. We don't take any equity, we just try and bridge that relationship. Yeah, people raise funding, people meet team members and start companies, the speakers end up becoming advisors for some of these companies. We've had lots and lots of great outcomes over the years. I say, come, you'll get educated for sure, guaranteed, if you just show up and don't fall asleep. If you're nice, you'll meet a couple of great people sitting next to you or just walking around. And if you really hustle, then you could meet some investors, you could exhibit your startup and really push to the next level.

Matt: It sounds like an awesome lineup of speakers. I'm hoping that I can get out there. Not quite sure what February looks like yet, but every year that you've had it, and I did not realize it had been five years, but every year that you had it, and I saw it come through my social feed, and I missed it, I felt like I missed out. I really hope I can get out there in February this year. If people want to attend—and you mentioned StartupGrind.com/startup to apply—what if you just want to attend?

Derek: Yeah, just go to StartupGrind.com/conference, and that'll redirect you. You can see everything that it's about. The agenda's online, the details. We start Monday night, February 20th, with the founder of Zynga, Dave McClure from 500 Startups and Michael Seibel from Y Combinator. That's our opening night. The next morning, we just get going, and then we finish with Ben Horowitz that day, and we finish with the founder of WhatsApp on the second day. So, yeah, get a ticket. Come one out. We'd love to have you.

Matt: Absolutely, man. And we'll make sure we put that link in the show notes as well. Derek, if people want to find you—obviously, people can check out Startup Grind at all of the social profiles and at StartupGrind.com, but if they want to find you and follow your personal story and journey, what platforms are you on right now, and what's the best way to get a hold of you?

Derek: Well, I'm on Twitter, derekjandersen, with an S-E-N. If I can be helpful to anybody that's listening, if you've made it this far—I don't know if I said this at the beginning or not, but my email's just derek@startupgrind.com, and if I can be useful in some way—sometimes I can, sometimes I can't—that's my only main email, so I'm happy to be helpful if I can.

Matt: I really appreciate that, Derek, and I appreciate you taking the time in two separate days to help film this interview for us. I really hope that a lot of our community of Powderkeg listeners and people in the Verge community get out to the Startup Grind global conference. I know you've got some other conferences this year, as well. Do you want to tease?

Derek: We'll be in London and we'll be in L.A. this year. We did both of those last year, so we'll be doing that this year.

Matt: Awesome.

Derek: And maybe in one or two other places, as well. Yeah, if you're in Europe, come meet us in London, although that's soon to not be in Europe. And then in Los Angeles, which is a surprisingly amazing technology hub. There's just some incredible companies there, and VCs, and everything. So, come meet us down there.

Matt: Love it, man. Thanks so much, Derek. Appreciate you taking the time.

Derek: OK, thank you. Appreciate it, guys.

Matt: Bye.