

Hello friend,

Why you're getting this: *this is my Friends Newsletter, a brain dump of interesting things that I send to interesting people I've met and friends I want to stay in touch with. Zero pressure to stick around—just click unsubscribe if you don't want to get it (don't worry, I won't be notified).*

Here's what I'm thinking about...

- **How to succeed by failing (over and over again).**

I've started over a dozen companies.












I'm not bragging—most of them have failed.





But here's what I learned after twenty years of winning by losing.

Here's my track record:

(Ranked by success, failure, or TBD — my definition of success: profitable, sustainable, employed people, and with happy customers.)

- [Metalab](#) — product design agency —  Success
- [Ballpark](#) — small business invoicing software —  Success
- Tumblize — Tumblr theme agency —  Failure
- [Pixel Union](#) — Shopify theme business —  Success
- Flow — project management software —  Failure

- [Medeo](#) — virtual walk-in medical clinic —  Failure
- Famous Original — pizza restaurant —  Failure
- [Overstory](#) — local news business —  Failure
- HJ Mews — cat furniture company —  Failure
- [Supercast](#) — paid podcast software —  Success
- [8020](#) — no-code design agency —  Success
- [WeCommerce](#) — Shopify holding company —  Success
- [Tenzing](#) — investment bank —  Failure
- [Waking Up](#) — meditation app with Sam Harris —  Success
- Vibe — AI personal stylist —  Failure
- [Atoms](#) — habit tracking app with James Clear —  TBD

- [LabProof](#) — microplastics testing business —  TBD
- [PressurePros](#) — pressure washing business —  TBD
- [download](#) — social media agency —  TBD
- [Digital People](#) — AI automation agency —  TBD

Roughly a **40% success rate** with **60% failure**.

Trust me, I felt the failures. They sucked. In one, [I lost over \\$10 million of my own money](#).

But fortunately, when you average it all out, I've won.

The businesses that failed cost me far less than the profits (or exits) of the companies that succeeded.

My strategy for starting companies has changed a lot over the last twenty years.

When I first became an entrepreneur, I was impulsive.

I'd meet someone I liked and blurt out: "Want a job?" (this had a 90% failure rate, but this is how I started working with Chris—that story's in [my book](#))

Or I'd think of a business idea in the shower and have founded a company by noon.

I once heard Richard Branson use the phrase "screw it, let's do it!" and immediately latched onto it. An endorsement of my chaos.

I was yes before no. All gas and no brakes.

And once I started these companies, things got even more chaotic.

I'd run five businesses as CEO at the same time, barely able to keep track of what was happening in any of them.

Always rushing off to put out a fire in one to the detriment of another.

Sure, I had great people working for me, but I'd usually put the wrong people in the wrong roles and get the incentives wrong.

These businesses usually ended how you'd imagine. The list above is a graveyard littered with many failures. Basically, the world's most stressful real-world MBA.

Of course, this is the nature of starting companies. The reality is that most fail. Which is one of the key reasons why I switched to buying businesses.

In 2014, when I made the transition, I realized something simple but profound:

It's a lot easier to add more logs to a bonfire than to blow on embers to start a fire.

But as much as I've tried to focus on buying businesses, I've always been drawn to starting companies.

Why? Because starting a new business is a joy.

Manifesting an idea. Making stuff happen. Scratching your own itch.

Changing the world, even if it's in a tiny way that only you care about.

This is why I still start companies, despite the majority of my income now coming from investing.

While my main job is [buying wonderful companies](#) and trying not to mess them up, I can't stop starting new ones.

It's so much fun, plus I think it makes me better at my job.

Warren Buffett put it well:

"I'm a better businessman because I'm an investor, and a better investor because I'm a businessman."

Chris and I wouldn't be half as good at buying businesses if we hadn't operated so many ourselves.

We learned the hard way—sticking our forks into every electrical socket possible along the way.

Over time, we learned what separates good businesses from bad ones. Patterns emerged: what a healthy P&L looks like, where the hidden levers are, and which opportunities move the needle.

Books and MBA case studies can teach you the theory, but scars are more effective teachers. Every painful mistake enhanced our mental models.

Our experience taught us that businesses aren't spreadsheets—they're messy systems of people and processes. Many new investors miss this when they assume you can "just raise margins by 10%."

Two decades in, I've learned to spot signals that a business might work, and I've adapted my approach accordingly.

After twenty years of trial, error, and chaos, here's the pattern I keep coming back to.

My Recipe for Starting a Successful (Profitable) Business:

A simple, non-binary business model.

Think of it like going to the gym. If you're starting your first business, don't try to deadlift 300 pounds. Start with the baby weights. Something simple, profitable, and hard to screw up.

You can describe it to your parents and whether it does \$1M or \$100M of revenue, it can be profitable and sustainable.

I don't like businesses that are all or nothing. Most entrepreneurs are dopamine seeking, and I think quick positive feedback (revenue and profits) is critical, especially when starting out. Many shoot-for-the-moon types would disagree with me—that's ok.

For most people, the goal of starting a business is twofold: freedom and financial security. A low stakes, high likelihood of success vs. a venture backed startup is a far more likely way to achieve both.

Low competition and complexity.

The easier the business is to operate and the fewer smart competitors you have, the better.

Bad: An AI startup. Endless venture capitalists all funding the same or similar ideas to compete with you. High chance of failure, infinite competition, requires hiring top Silicon Valley talent and keeping them.

Good: You find out that all the restaurants in town have to clean their own grease traps and hate doing it. You start a grease trap cleaning and hauling business. Zero competition. Solid margins. High need that won't go away. Relatively simple to execute.

If you do choose to enter a high competition category, then you need to own distribution in some way or have an unfair advantage. For example:

A few years ago, we partnered with Andrew Huberman on [Mateina](#), a canned yerba mate business. Normally we would run screaming from space (highly competitive and misery inducing), but we had an unfair advantage: Andrew's reputation and authentic love of yerba mate. It was worth taking the risk because having him as our business partner created a brand halo, made distribution easy, and added millions in free advertising.

Obvious need.

It should be obvious why this business exists. You need to be solving a problem that people struggle with, and often the best business ideas come from your own struggles. Think about your life. What is making it difficult or annoying? Invert and work backwards from

there.

It's critical that when you explain your offering to a potential customer, they immediately know exactly why they need it.

Bad: A travel roller bag that has a built in red light therapy panel. Is anybody asking for this? No, and therefore you need to spend endless time educating them on why they'd want it.

Good: Pressure washing. Anyone can look at their driveway and see it's filthy and covered in moss. They'll pay money to make that go away.

A co-founder to operate the business.

This is one of my biggest learnings—a business cannot exist off the side of my desk.

I always have a bunch of business ideas floating around in my head, and I sometimes spend years quietly watching out for a co-founder to start them with.

For example: I own a bunch of small local businesses (a restaurant, a deli, a hotel, a pub) and for the life of me I couldn't find a good social media agency for small businesses.

For years, the idea of starting a social media agency bounced around in my head like a pinball, then one day I was at the local university speaking to some business school students and two of them approached me: Aiden and Hiroko.

For a class project, they had helped a beloved local business with their social media and significantly boosted their following. They showed me the videos they made and I was really impressed.

They had great taste.

Then it clicked in my head—I'd met my co-founders! A few weeks later, we'd launched [download](#), a social media agency.

(If you need web design or social management, they are amazing - you should [hire them](#))

Bad: A founder or co-founder who is half-in. They have a day job and they're just doing this for fun. Or maybe they're already financially secure. Wins don't mean that much.

Good: Young and hungry, with a deep desire to win. They have something to prove and the business is all they can think about. When they get their first dividend check, it's a life-changing revelation. They care 10x more than you do.

Important detail: Your co-founder must read books or otherwise have a mechanism for improvement (mentorship, support groups, podcasts, etc), otherwise they are doomed to fail. I've seen this time and time again—anytime I co-found a business with somebody who isn't a learning machine, the business fails.

*This is what works for me because of my personality—you might be focused enough to not need a co-founder at all, or need a different type. See below.

The Visionary and the Integrator.

This is something I've only recently been able to formalize—and it's been a revelation.

Earlier this year, [I got diagnosed with ADHD](#) and suddenly my entire way of being made sense.

I'm an inch deep and a mile wide. I come up with more ideas than I can act on, and I have boundless optimism.

But I'm *terrible* with details and follow-through. I forget what was just agreed to the moment I leave the room and get overwhelmed fast.

This has always made me strong on strategy and bad at execution. I know all the dance moves, but can't stay focused long enough to perform them.

The way I've solved this is through delegation. I've *never* been successful without a team of incredible people around me who don't have ADHD as a counter balance. Serious operators who care about

details, push back when needed, and actually run the machine.

This used to frustrate me. I'd think, *if I just read more books on management or optimize my systems, then I'll finally become a great leader.*

Turns out, I just needed to stop fighting my wiring.

After twenty years, I've realized: nope. That's just not me.

Last year, we implemented a system called [EOS](#) (Entrepreneur's Operating System) in one of my companies. I was skeptical—another management fad promising to fix everything. But to my surprise, it worked.

In fact, it's made me happier at work than I've been in decades.

EOS leans into what founders actually are: *manic chaos agents bursting with ideas*. The “screw it, let's do it” types. It says every great company needs two roles: a visionary and an integrator.

The visionary sets direction and ideas. The integrator makes them happen—turning chaos into order, creating structure, and driving execution. (Think Steve Jobs and Tim Cook.)

We hired a consultant, [Jay Evanow](#), to help us set it up. In our first session, he really pissed me off.

Every time I volunteered for a task, he said, “Andrew, you're the visionary—you don't own any tasks.”

“F*ck you, Jay!” I thought, as my cheeks reddened. What am I, totally incapable of doing anything on my own?

Then it hit me. Had I ever been good at running the details of any business I'd started? The answer was a deafening no. Jay was right.

A year and a half later, my work life is unrecognizable. I get to laser-focus on what I love—vision, ideas, and driving opportunity—with almost zero deliverables or deadlines.

It's the highest level of delegation I've ever achieved, and it's made

me a far better entrepreneur.

Because once I saw this pattern in myself—the need for an integrator to channel my chaos—I started spotting it everywhere.

A visionary without an integrator, or an integrator without a visionary = failure.

If any of this resonates, and you are an ADHD type, you need to partner with someone who can counter balance your chaos.

Incentives

The final, and most important ingredient for business success is the right incentives.

Even the best ideas die when the incentives are wrong.

In the early days of Metalab, I used to tear my hair out, wondering, “Why am I the only one who cares about driving profit?”

In retrospect, the answer is obvious: because I was the only one who benefited from it! As soon as I changed that (bonuses based on our net profit), *everyone* cared about the growth of the business.

Here are the key things I focus on with incentives:

- 1. The P&L must deliver tangible rewards**

If your co-founder or employee closes a big deal in December, they should get a big fat dividend or bonus in January. I see way too many people pay bonuses out annually, or even reinvest the cash. Sometimes this can make sense, but I think it’s critical that a newbie founder/entrepreneur/young executive gets to celebrate and feel their financial wins.

Remember: often they have turned down some post-college job offer to do this business with you. Their friends are starting to make money. They *must* feel they are winning, not just see they’re winning on a financial statement. That’s just a number. They need it to hit their bank account.

I've always noticed people's behavior change towards profit when they directly benefit from it.

2. **Equity based on shared risk and outcomes**

For a business started from zero, I think it's a requirement to give a co-founder equity. But a critical mistake is forgetting reverse vesting and tying it to results.

I've had many businesses where I start something, give a co-founder 30%, then they leave 6 months later after adding no value. Reverse vesting plus the option to buy them out if they leave is critical. Remember: every % given up = a % of all future profits for life. They need to deliver their side of the bargain in order to get that equity.

Young people often don't understand the value of equity, so I think it's also important to walk them through what their equity could be worth in different scenarios.

I remember giving an early employee an equity grant worth hundreds of thousands of dollars, then weeks later he walked in and said he wanted a raise. I pointed to the equity. His reply: "I can't buy a couch with equity." He didn't get it because I hadn't explained it.

3. **A scoreboard that drives wins**

KPIs. OKRs. Metrics. EOS calls these key numbers the "scoreboard", and company goals "rocks". These are the numbers and milestones that drive the business, and it's critical that everyone within the company, from leadership down, knows how they contribute to these numbers and what they get if they grow them.

Example: Someone in marketing might be aligned and incentivized on the number of inbound leads coming in per month. This number gets looked at weekly, and huge bonuses get paid when certain milestones are hit.

- Of course, this is just my recipe. There's a million different ways to think about starting companies, but these are the lottery numbers

that worked for me.

Your path will be different, but I wanted to share the story of how a lot of failure has driven long-term success.

Fail a bunch, learn the patterns, and always keep adding logs to the fire.

- **Single parenting is brutally hard. Emotionally, financially, and physically.**

Doing it while trying to make ends meet can feel impossible. I have insane respect for anyone who pulls it off.

Since 2023, Zoe and I have been proud to support [1Up Single Parent Resource Centre](#) here in Victoria, an incredible organization that helps solo parents with food, legal support, and community when they need it most.

Right now, they're running a fundraiser — and we're **matching every donation, dollar for dollar, up to \$25,000.**

That means your \$25 becomes \$50.

Your \$100 becomes \$200.

And together, we make life a little easier for families doing it alone.

If this newsletter has ever made you think, smile, or learn something new, pay it forward here.



[Donate Here](#) - we really appreciate your support.

PS: If anyone donates \$25,000 USD or more, I'll happily take you out for lunch and do whatever I can to help you or your business :-)

- **Typing is slow.**

I've been using [WisprFlow](#) to dictate all my text messages and it's unbelievably good. You just tap a little mic icon on your keyboard and talk instead of tapping out texts. Highly recommend. [Get it here](#)

- **I bought inflatable pants.**

I play a lot of tennis and pickleball and my legs are constantly sore. My friend Rob recently recommended these really dumb looking inflatable pants, the [Hyperice Normatec 3](#).

Basically, you put these silly things on your legs, connect them to this little pump unit, and then it inflates them. They're SUPER tight and they basically massage your legs for an hour. It feels amazing and is very relaxing.

I don't know if there's any solid science behind them, but I will say I've worn them almost every day since I bought them and I feel like my leg soreness has improved.

Plus, you look cool as hell.

[Check them out here](#)

- **Lately, I've been letting people down.**

And I'm absolutely loving it.

In my last email, I talked about [The Courage To Be Disliked](#). The idea that if you try to please everyone, you'll live an inauthentic and miserable life.

I realized that, in an effort to not upset people, I have a habit of overcommitting. I say yes to too many things months out, then wake up and groan when I look at my calendar and realize that I have to spend my day doing things I don't want to do.

One of the worst things I do is commit to trips I end up not wanting

to go on.

You know how it goes: you hear about a conference. It's in six months. Your friend is going. It sounds kind of interesting.

You say yes without really thinking of it.

But then, the week before you have to go to the conference you're dealing with a big project at work. Your kid is sick. You just got back from a weekend away somewhere else.

You don't want to go. But you have sunk cost fallacy—you made the commitment and you think of yourself as someone who does what you say.

Your past self wrote a check, and now your future self has to cash it.

My new solution is this: whenever someone asks me for a commitment, I give them a maybe.

I tell them no worries if this doesn't work for them, but if they'd like me to come speak at their conference or something, I'll let them know 2 days before the event. So have a backup plan and count on me not being there.

I think this bothers some people. I get it. It's frustrating to be juggling a million details and have someone no-show. But I've realized that this is the only way I can enjoy this stuff.

No more bad checks that my future self has to cash.

The same goes for email. Every time someone sends you an email or text message, it's a tacit deadline.

Respond within 1-3 days or you're an asshole.

I do it myself. When I send an email and someone doesn't respond, I often build a narrative in my head.

"I bet they hated my email and that's why they aren't responding"

or

“They’re probably ignoring me”

I get the feeling, so I project it onto every message I receive. The problem is, I get too many messages to ever respond to all of them let alone do so in a timely manner.

So now, I’ve set the expectation that you can’t depend on an email response from me. I set up an auto responder that says I don’t monitor my email and recommend different people to contact for various problems. My assistant combs through and points stuff out to me—somebody reads them—but the default expectation is no response.

Same for text messages. I let them sit. Sometimes for weeks. I’m always friendly in my responses, and I usually do respond eventually, but I’ve set the expectation that I don’t respond quickly.

I’m sure that this has negative consequences, but this too has made me so much happier.

Who knew letting people down was the secret to happiness?

- **Aritzia, but for men.**

I never understood Aritzia. Every woman I’ve ever met is obsessed with their clothing, and whenever I ask why they say something like “they just...get it.” Over time I gleaned that Aritzia had nailed a trifecta of qualities: on trend, affordable, and comfortable.

Now Aritzia has their own men's clothing brand. A few years ago, they bought [Reigning Champ](#), and I have to say, they’ve really got it dialed. I would say that at least 70% of my new clothing is RC, and they have once again nailed the trifecta, but this time for men.

Very nice.

[Website](#)

That's all for now...

-Andrew

Did you enjoy this newsletter? Say thanks by checking out one of my businesses:

- [Find a designer on Dribbble](#)
- [Make the perfect morning coffee using an AeroPress](#)
- [Review a movie on Letterboxd](#)
- [Get hyper-caffeinated on Mateina](#)
- [Buy a bronze bust of Charlie Munger or Warren Buffett](#)
- [Hire Metalab to design or build your next app or website](#)
- [Or go check out one of our many other business](#)

Follow me on Twitter/X: [@awilkinson](#)
Forwarded this message? Sign up [here](#).