

Bruce 00:00:03 If your interests are aligned with your customer's interests, that's the best position to be in, which is our entire customer base could literally cancel tomorrow with no ramifications. Every single one of them could call and say, we're done. And that would be the end. However, they don't call and say that because we're delivering value.

Ryan 00:00:38 This is dare to disrupt a podcast about Penn state alumni, who are innovators, entrepreneurs, and leaders, and the stories behind their success. I'm your host Ryan Newman. And on the show today is Bruce Erno. Bruce is the executive chairman of EO uncle a 13 year old performance-based advertising company, whose mission is to connect consumers with local businesses. IE local specializes in the home services, legal medical, financial, and insurance verticals. Bruce serves on the executive committee of HomeServe a multi-billion dollar UK based public company. Bruce is also a partner Rocklin capital or real estate investment and management company. Previously, Bruce was managing partner of manager's investment group, a multi-billion dollar investment management company, as well as a partner at PWC, where he originally started his career for graduating from Penn state in 1987, with a degree in accounting,

Ryan 00:01:43 Bruce, thank you so much for joining us today. I normally start these discussions by asking for some background, but in our case, I have the privilege of having met you and known you for quite a long time. So I'd like to actually start where I first had the pleasure of interacting with you. I was a student leader at the time and the Smeal college of business. And you were on the alumni society board at the time you were, uh, just, just joining roar asset management. And so you were probably in kind of your early to mid thirties. And what really struck me about you was just how much of a command presence you had in a large boardroom and for somebody of that relative young age really kind of struck me. So maybe can you start there? And in other words, telling us the, where you were so early in your career, is that the place where you thought you'd always start out being, or was that something that came about by virtue of as much surprise to you as it was maybe for other people in the room?

Bruce 00:02:42 Yeah, so it is interesting how long we've known each other, but my career started in public accounting, which is not necessarily the easiest place to shine. I started with 90 people in my starting class in Philadelphia, but quickly found my groove and was able to make partner relatively early in my career. So I was in a position in my late twenties where I was in board rooms with people that were much older than me, much more accomplished than I was and had to have some level of gravitas in those situations. So I was forced to develop a sense of confidence that maybe I didn't even have at the time, but was just representing. And eventually you grow into that role. You do it enough, it's the classic. You fake it till you make it, but eventually you start to feel comfortable in those shoes. So by the time that you and I had met, I had already been a partner for several years at Pricewaterhouse Coopers and then had just joined roar asset management in a CFO role that ultimately evolved also into a COO role. So I was feeling pretty good at that point, just professionally and sitting on that board. So, no, I didn't really have a set path, frankly, that was probably half. The problem is I was sort of going as I went along, but that was really, I think the time when I was really starting to feel the most confident in myself and my abilities and what I was hoping to do with really the meat of my career,

Ryan 00:04:14 Starting with that moment of you and I first connected cause I was so impressed. And quite frankly, you were still at that early part of your career, but you were really carrying yourself with tremendous confidence, but for the benefit of our listeners, we really need to go back to the beginning. So why don't you start for us, give us a sense of where you went to high school, how you selected Penn state and what it was like when you first arrived at state college, obviously some 10 or 15 years earlier.

Bruce 00:04:41 Sure. So I probably wasn't the typical track in that I grew up outside of Philly and Elkins park. Montgomery county went to Cheltenham high school, which is --

-- a pretty decent size school district. So I was graduating with, I don't know the exact number, call it 500 plus or minus. And I was not a standout student. I didn't even graduate in the top 25% of my graduating class. Didn't do particularly well on the SATs. Wasn't really putting myself out. And, and frankly, I ended up at Penn state because it was familiar. My uncle at the time was on faculty in the engineering department and I knew Penn state didn't require an essay at the time. And that was pretty much my criteria. And it was the only school I applied to. I felt like I could do much better. I just hadn't applied myself. And so I had set my goals of making Dean's list because I had heard that that was sort of a bar.

Bruce 00:05:38 And I said, okay, that's something to strive for. So first semester I got always, which I had never done previously at any point in my academic career, going all the way back to grade school. And they gave you a program and it showed the various awards for getting 4.0, if you get it for one semester, the next bar was three semesters. So on and so forth. And you can see it thin down as you went along. And I said, well, okay, let me see if I can get this next award, which was always after three semesters. So I then did that long story short, I graduated with a 4.0, which again was if the probability of that happening was about as close to zero, as you could imagine, but it's, it was sort of motivating, you know, the success was motivating for more success, which has really been sort of the story of my career.

Bruce 00:06:25 You get a taste of what you're capable of and you want to repeat that. I'm embarrassed to say that I ended up in accounting almost by default. I knew there were good job opportunities. So I sort of fell into that. I started out in public accounting, specialized in financial services, and then ultimately ended up going to one of my clients that I had really gotten close with and was excited by the things they were doing. And that was for asset management. I spent a decade in that business and candidly sort of grew tired of that. It's a highly regulated business. It was up and down times and it was come 2008 when the market was getting ready to roll over. And I said, I really need to do something different. I don't know what that's going to be, but it's not going to be this.

Bruce 00:07:10 So I stepped back and at the time my brother was incubating an idea for internet advertising, connecting small businesses with consumers, and the idea had some legs, but they needed someone to really get it to the next level because my brother's a career salesperson, not an operator. And he and his partner at the time who was also his best friend from Penn state said, Hey, Bruce, you don't know what you want to do. Why don't you do this? And I decided for the first time in my professional career to really take a flyer and really do something entrepreneurial, because even though I felt like I had been entrepreneurial up to that point, it was hard to really say that I was doing things that were that risky. And that became eLocal, which has now been 13 years in the making.

Ryan 00:07:57 I'd love to kind of dig in a little bit to some of this. So the first question that certainly on my mind is did the person that applied to Penn state because he didn't have to write an essay that also then graduated with all straight A's all four years, which is remarkable. Did that same person have to really dig in and do a lot more work? Or was it really just a matter of relying on your natural smarts that allowed you to get to where you were academically through those four years?

Bruce 00:08:25 I think a little of both. I mean, I think it was applying myself when I looked back, I really wasn't applying myself. And I think that's the case in a lot of elements of life, certainly in business is that you don't always have to be the smartest so much as just pure execution. It's just doing what you need to do. Being smart helps, but I don't profess to be the smartest guy in the room. Sometimes I am, I guess it depends on who's in the room, but as a general rule, that's not, that's not my superpower. I think it's quickly getting to the hardest something and, and just figuring out what needs to be done and doing it. So I think I, I learned fairly quickly what was required in order to succeed, at least at that point in college, what did you need to do in --

-- order to study properly and efficiently? I was trying to be more smart about it.

Ryan 00:09:14 And so when you were a student and I think that's the key term right there, you said trying to be more smart about it. You've always struck me as somebody that finds a way to work smarter, not necessarily harder. And it's served you very well, but when you were a student at Penn state, did the concept of entrepreneurial-ism, did that even cross your mind? Was that even sort of a debate for you as to whether to go into one of the big four big five, wherever it was at the time accounting firms versus doing something entrepreneurial out of school?

Bruce 00:09:42 So I would say thinking back, I don't think in the eighties, people thought much about being entrepreneurs because there weren't a lot of entrepreneurs, like you didn't see it, that office. So you just weren't wired to think that that was even really an opportunity for you.

So what you were more thinking about was if you were money motivated, which I was not going to lie, I didn't grow up with money quite the contrary. So there was some level of money motivation. So it was a question of, well, what's a good career in order for me to have some level of sort of longterm success and, and accounting really method. I, and, and I'm a little jealous in the sense that I wish I had grown up, you know, 20 years later and really thought that being entrepreneurial was, was an avenue. And whether that was being at yourself, right, that you were the catalyst or that you would hit you wagon to someone else who was a catalyst, right.

Bruce 00:10:39 Find some interesting, new idea that resonated with you and then try and pursue it. You see that in spades now, like that's, if I work, we're counseling, someone coming out that that's really something to think about, right. Do you want to work at a big organization that's highly structured or would you rather work in a startup locking arms with half a dozen people trying to turn some, some idea into a business? Those are two wildly different things. Uh, and some people are, are made for one of those pursuits versus the other, because they are very different. And I think I was wired more for being that entrepreneur, but just didn't know it. And it took over 20 years for me to get the guts to do it

Ryan 00:11:28 Incredible though, is that when you were at Cooper's or then Coopers and Lybrand, and eventually PWC, the, the ability to be successful in that organization and to accelerate very quickly in your career is really no worthy because on one hand it requires a certain degree of gumption and courage and putting herself out there. But on the other hand, and these organizations that are very well structured and there are very, you had to be careful that you don't kind of cross the line. Otherwise you get sort of viewed as almost like an outcast and not somebody that could be admitted to partner. How did you walk that fine delicate balance and obviously very successfully in your career? Early on,

Bruce 00:12:07 I was very bad at walking at walking that line. You are right about that line. I was constantly crossing and I was constantly getting reprimanded for crossing it, but I think I had so much gumption and I was good at what I did. And I knew I was good at what I did by that point. I had a, a level of, of self-confidence in what I could do that my feeling was, look, this is who I am. This is what I do. Some of the stuff that you guys are are spouting, I think is BS. So I'm not just going to tow the line. And if you don't want me here, that's fine. I'll go someplace else. Like it's I never was in fear of my job, even though I'm sure at different points in time, there were people behind closed doors saying, should we get this guy the hell out of here?

Bruce 00:12:55 It seemed more hassle than he's worth. And eventually I sort of grew into that, right? I was always that guy, I never changed. I think I got more diplomatic. I think I got better at, you know, how you get your point across. But I was always that guy that was pushing the boundaries and crossing the lines and questioning the status quo until eventually you sort of develop enough in Yardi and enough clout that now you become the voice. So people start to say, well, Hey, what Bruce said might make some sense. Maybe we should kick that idea around versus in the early days, I was constantly getting slapped in t --

-- he back of the head, you know, trying to get me in line.

Ryan 00:13:36 What's fascinating is that you had this phenomenal career. You essentially could talk about essentially the first two chapters of your career. The first chapter being a partner at a big accounting firm, the second chapter being a COO CFO at a major asset management firm, which then parlayed into another asset management role. And then you essentially walk away from that take stock and decide to take the ultimate entrepreneurial leap. So you referenced this, but let's go into detail about what was really the drivers. And decision-making that led you to really say, I'm going to take the plunge. And by the way, I'm going to take the plunge at a point where I'm sort of midlife in my career and from a financial standpoint and a professional standpoint, it's really as big, if not a bigger gamble than somebody straight out of undergrad at that point.

Bruce 00:14:24 Yeah, it was, it was, it was sort of a bizarre, I would never have counseled someone to do it. Let's put it that way. It was a, it was a choice that made a lot of people in my life nervous, uh, because it was sort of one of those seriously, what are you doing? Because at that point I was in my early forties, had really good experience, could have gone to any number of different places. Corporate could have gone back to public accounting on, but more on the consulting side at that point, or for that matter could have been partner in an audit practice. There's a lot of different things I could have done, which would have made me at least at that time, a lot more money. And ironically, I talk about that. I was money motivated in my twenties. I became less so in my forties, you know, I, I had had a good run.

Bruce 00:15:15 The asset management business had been good to me. So I had banked a certain amount of money. So at that point I had decided it was more about personal satisfaction than money because I had gotten to the point in my career that I wasn't enjoying it anymore. I wasn't enjoying getting out of bed. There was a time when I used to pop out of bed early in the morning, couldn't get, couldn't wait to get to work. And I had lost that. And what I would tell people is there is no trade for that. There's no amount of money that someone can pay you, that, that you can trade that it's not worth it. So, uh, and, and interestingly, while I had been at, uh, in the asset management business, I had done some entrepreneurial things sort of inside of the larger company. Uh, it created a workflow product that we had spun out into a separate company and then ultimately sold it to sci to help, help them launch their solution for, uh, servicing separately managed accounts.

Bruce 00:16:21 So, and I really enjoyed that part of the business, but the reason why we spun it out, it was a distraction, right? It was a distraction to the bigger business at that time. But the work that had been involved was, was particularly interesting. So when it was presented to me, Hey, do you want to try and launch eLocal.com literally from scratch? We had, I think at the time, you know, let's call it \$10,000 of monthly revenue. If that not even enough money to pay anybody, let alone, you know, pay me for, for the work that would be done. I thought this sounds really interesting. But at that point in my career, I hadn't done anything that had failed. Right. I had graduated top of my class from college, you know, became an early partner, then succeeded in the asset management business. I didn't have any black marks.

Bruce 00:17:16 And I thought to myself, this will be embarrassing if I crash and burn doing this. And I had to get over that. I had to say, who cares? Like does that, does that matter? Uh, and, and, and once I got over that sort of personal fear, uh, I threw myself into it and said, look, this is similar to the story I told you early in my career, which is, I know that I'm good enough to do what I want to do. So if this fails, then I'll just do something else. So what, that's not necessarily a reflection on, on me that doesn't, um, tarnish what I've done or what I can do. So, so that was really the, uh, the inflection point for me to do that. And plus it was the concept of working with my brother was, was enticing because we, I never envisioned that whatever happened cause our, our careers and our lives were so divergent at that point. So that was --

-- sort of an interesting side note. And ironically, we did better in that business than I likely would have done with any of the other shore things granted that's in hindsight, but it, it does make the story a little sweeter and that I did, I did what I wanted to do, and it ended up turning out to be the more lucrative thing in the end. Anyway,

AD 00:18:53 The invent Penn state summer founders program provides the funding. Startups need to allow them to work full-time on their ventures over the summer. As part of the program founders receive the mentorship and resources early stage startups need to turn their business ideas into reality. Are you interested in supporting this program through a tax deductible donation? We'd love to have you involved please contact Heather Winfield at HPW. One, one@psu.edu to learn more.

Ryan 00:19:29 Let's talk more about each local. What is the business problem that each local is setting out to solve? And what's the degree or traction with which it's been able to actually address or solve that problem?

Bruce 00:19:40 So what we're trying to do is we're trying to connect consumers with local businesses and in many ways, the other way around, right? So we view our customers as the local businesses and not just local it's turned into local, regional and national big national businesses effectively helping them find, find customers. So for example, if you're a plumber, we're trying to connect you with people who need plumbers or lawyers or dentists or whatever it happens to be. There's a lot of people that are trying to do that, right? Google's doing that. The old phone book did that, uh, you know, any place the billboards are doing that, any place where you would see some form of advertising, they're trying to do the same thing. Uh, the only difference or the big difference is we are only charging the business when we are able to make a bonafide connection, right?

Bruce 00:20:36 So for example, your personal injury attorney and you go and, uh, and buy space on a billboard, people can pass that all day long, see it, uh, you all kinds of eyeballs, but nobody makes a phone call. You're going to still pay whatever you had to pay to have that billboard for the month. And that will be a totally wasted money. In the case of a local, you only pay when we're able to make the phone ring. And not only that, we're when we're able to make the phone ring by someone who actually needs your services. So it's, we call it a pay for performance advertising, which when we started was fairly unique, you're seeing more of that, but it is still fairly unique. Most people expect to be paid. Um, regardless, you know, Google, you know, charges, granted, they now have the ability to charge for phone calls and other things. But in general, Google is a model where someone clicks on your ad, you're going to pay for it, whether that's your competitor, clicking on your ad or someone clicking on it by mistake or someone who's looking for a job clicking on it, or whatever it happens to be, you're going to pay for that llocano you don't. Plus we have no long-term contracts. We have no setup fees. Uh, we've made it a very compelling proposition for businesses. Uh, the only legitimate reason to not use us is you don't need any business.

Ryan 00:22:06 Well, that's, that's quite a compelling way to get somebody to sign up. For sure. It also puts a tremendous amount of pressure on the business because you don't really have those built-in incentives or more importantly, those installed bases of revenue and, and predictable cashflow that come from whether it's set up fees or ongoing retention fees. So, uh, in typical Bruce fashion, it seems like you set up a business, that's living as much on the edge, as in some ways you've thought about your own career yet, clearly it's been phenomenally successful. So can you talk about the, both the perils or risks of setting up the business this way, but also what's allowed the business to be so extraordinarily successful and perhaps it's one in the same.

Bruce 00:22:49 So you are right. It is, uh, you don't have the benefit of that known recurring stream as if you would, if we, if everyone was in a one-year contract or better yet a three-year contract or whatever, it had to be. Our original business model, I should say, was that right? It was originally subscription advertising with no guarantee of results whatsoever --

-- er. And that worked fine for the early days. However, the business ended up growing exponentially. Once we changed the model to be the pure pay for performance. And, and the reason why in my opinion is because we aligned ourselves with our customers, right? I think if your interests are aligned with your customer's interests, that's the best position to be in, which is, uh, our entire customer base could literally cancel tomorrow with no ramifications. Every single one of them could call and say, we're done.

Bruce 00:23:53 And that would be the end. However, they don't call and say that because we're delivering value. And what, and what we've said is if we get to the point where we're not capable of delivering value, you shouldn't do business with us. What we've instructed our salespeople from the very beginning is if someone does not want to do business with us, give them their money back. Like I don't, it's not worth it, right? We've, we've worked really hard to deliver a good product. If for some reason it's not working, what we try and do is figure out what do we need to do to make it work. And if not, then we shouldn't be doing business together, you know, and what we are in the early days, you'd have people call up and say, you know, I want my money back. And most companies reaction to that is I'm sorry, you can't, you know, let me point you to this page on my website, that, that proves that you don't can't get your money back.

Bruce 00:24:54 So now you're in a fight you're immediately in a, in a fight with your customer. What we have instructed our people to say is no problem, happy to give you your money back. However, can we spend a couple minutes talking about sort of how the program is working or not working for you and see if we can sort of figure this out. So you've immediately disarmed the conversation, because now you've said to them, I'm not going to fight you about this, but I want to see if, you know, we can make this work. And many of those conversations not only end up turning the situation around, but you look back years on that account. And that account ends up growing ends up being one of your best accounts, ends up creating referrals. So when every one of these situations, we said, if we can't make the business happy, right. If we can't make this work for them, shame on us, then we shouldn't be doing business together. And that's the end of that. That's why it's worked incredible.

Ryan 00:25:55 Can you talk about the, the ability to scale and grow the business and ultimately where the business is today versus where it started. In other words, what have been sort of those hallmarks or signposts of success in terms of how you would describe the business as what it is today versus where it started?

Bruce 00:26:13 Yeah, so, so the business has evolved in a couple different perspectives. One is in the sense of just fundamentally what we're trying to deliver, right? So we're, it's a simple business in that we're trying to make your phone ring and granted that we might also be trying to make your email inbox full. It depends on how we're generating these leads for you, but regardless, we're making a connection. So we've gotten better and better at filtering out the junk, you know, and, and the junk again, is the stuff that you don't want to pay for. Like, I'll give you a real life example. One of our categories is pest control exterminator. And what we found is when you do ads online, sometimes people were calling for a wildlife removal, right? Under quote, unquote, pest control, most exterminators, if not all, are not interested in wildlife removal, right?

Bruce 00:27:16 So if you send them a hundred calls for that, you can't stand up and say, Hey, look at what a great job I did. I generated a hundred calls for you. They're going to say that's complete garbage. And not only that you wasted my time and having to answer all of those telephone calls. So what we figured out is we need to be better at sort of stopping that at the source, but then secondarily, there is somebody out there who actually wants a wildlife removal call. So if you can find those people and sell them just that, right, you sort of scrape off th what, what is garbage for the one customer is now something really interesting for someone else. You've now done two things you made the first customer happier, and you've created a second subset of people that you weren't even do --

-- ing business with before.

Bruce 00:28:10 So that, you know, that whole process of refining what you're sending to someone has been an evolution. And a lot of that is through automation and through, um, through, you know, developing algorithms and whatnot. But then the, the second piece has just been the expansion of who you can do business with. So we consider ourselves category agnostic, right? We believe we're, we're there to make connections. And so, so over time, some, some through organic, some through acquisition we've continued to grow and grow. Right. When we first started, our first category was plumbers. You know, then we did, uh, roofers and electricians. Then we jumped to lawyers, which was a whole different animal, but now you look, we're in dental, we're in insurance, we're in mass torts, you know, where we're all over the place. And really it's, it's a matter of taking a system that works well and just applying it in a variety of different areas. And really it's, it's a matter of taking a system that works well and just applying it in a variety of different areas.

Ryan 00:29:25 So what lies ahead for each local? What is the, what does the future hold in terms of what comes next for the organization?

Bruce 00:29:34 So we want to continue to expand existing categories, right? So we're in, we're in huge categories, we're in categories that there are some people that that's all they do, right? So homes, you know, Angie's home services does just home services. They don't monkey around with insurance or dental rights. So you there's, there's plenty of runway in each of those individual categories. Uh, we're still looking for opportunities to expand, but then we also want to go deeper into home services in particular. So in 2019, we were acquired by home serve, which is, uh, one of the largest companies in the UK. They do both home warranty, as well as what we consider on quote unquote on demand services, which is what I've been describing, which is just connecting people when they have a need. So what we want to do is go deeper into home services. As part of that relationship, we want to be doing more on behalf of the consumer. So we want to be doing more vetting of those contractors. We want to be able to, because we have done vetting offer some type of guarantee to PR to provide additional peace of mind to the consumer for wanting to come back to us again. And again,

Ryan 00:30:57 I want to thank you, Bruce, for taking the time today to share your entrepreneurial journey with me. Now, we'd like to hand things over to a current Penn state student who is in the midst of his own entrepreneurial journey and is very active within the Penn state entrepreneurial ecosystem. Jake Graham is a senior at Penn state studying business administration, his startup table, rock markets, bridges the gap between farmers and digital business by directly linking consumers with local producers. Nice.

Bruce 00:31:26 Hey Jake

Jake 00:31:27 Hey Bruce. I, I really enjoyed hearing your story here and all the different events that you went through to, to getting to eat local from your high school career to college. Uh, just an excellent story. And I have written down here. I really like how you shared that you don't need to be the smartest person in the room and that you just need to work hard. You know, that's something that really resonates with me in the sense that, ah, I surround myself with some really talented people, uh, but I try to make up in the hard work and dedication in the entrepreneurship world. So, so thank you for saying that. Now I have a few questions here to ask you right now in a tape rock markets where they're in a little bit of a pivot, uh, we've seen some opportunity to, um, do something a little bit more hands-on with our customers, as far as building them custom websites. Right now we have our generic e-commerce system up, but some of them want their own webpage. Uh, and this is, uh, a pivot that we've discovered just through talking directly with customers. And so my question to you is that, was there ever a time that you guys pivoted and if so, how did you decide to on what to pivot towards?

Bruce 00:32:35 Sure. I think, um, and I think your idea actually sounds really interesting. It's sort of eerily similar, you know, just in a different vertical, right? But we had to make some pretty big pivots. Actually. You know, one of the most notable was i --

-- in the early days, we relied on almost entirely organic traffic from Google, meaning, you know, you weren't paying for it. You showed up in the search results because Google deemed you the most relevant. And for years, we were on the first page, if not the top organic result for plumbers, roofers electricians, and literally one morning. And it was one of those one mornings you wake up and Google made a change and you were not where you used to be. And it was one of those, oh, shit moments, you know, in the salespeople are coming, knocking on our door, what what's going on, what's going on.

Bruce 00:33:31 And, and it was an existential crisis of saying, oh, what now? And that was very much associated with the pivot to pay for performance because what we ended up having to do is evolve our model to going out and paying for leads effectively that we used to get for free, right? Google used to deliver them for free and we would monetize them. And we had to say, okay, that's not gonna work anymore. And, and, and it's a much longer story about all the different ways that we figured out how to go source that traffic. But what was interesting about it is when you, when you get something for free, you're not always as diligent about how you choose to price it and sell it. Whereas if you have to go out and pay for it, you really have to think about what kind of margin am I going to get and all of those things.

Bruce 00:34:33 But what you also realize is once you're paying for, if you can then develop a relationship with, with your customer, where they will agree to buy, as much as you can produce, for lack of a better term, you now have variable costs, but you also have, you know, incremental revenue for each of those variable costs. Whereas in the old world, people were paying us a fixed fee. They didn't care how much we paid or didn't pay to deliver what we were delivering. They were paying a fixed fee. So if I could get more for them, I wasn't priced in such a way that they were paying for more. So there was a complete imbalance in, uh, in my business. So it was a complete transformation. Um, but I, but I think you're on the right track, which is some of the, the most interesting pivots come from just asking your customers what they need, either asking or observing.

Bruce 00:35:34 Right. So someone would tell you using apple as an example, they didn't ask people, you know, do you want a phone that takes pictures? Right. Most people would have said, oh, I have a camera. And I've found, why do we need a phone that takes pictures. So they sorta looked and decided, Hey, we believe that this is what people need. Um, so whether you're observing your customers and seeing inefficiencies in their business or things that you could help them, or just flat out asking those become some of the most exciting pivots, right. I've seen situations where you could find out that a couple of years from now, you know, doing one of these ancillary services is now bigger than the original core business.

Jake 00:36:16 Yes. It's exciting. Um, and how, when you kind of turn over that rock and see that opportunity and how it can, you know, differentiate from what you're doing before, but still kind of align in your mission and what you're trying to provide value in. Um, and so as you guys have progressed at , and when I originally found out about y'all, I was wondering, you know, what differentiate you from other search engines? So, uh, that was something I wanted to ask, you know, how have you guys built a moat or defended your self Kent's, either search engines or, uh, like you said, Angie's list, you know, companies that are very specialized, right?

Bruce 00:36:50 So, so I would clean it. So we're, we're not a search engine. It's easy. I can see why you might think that because sort of when you go online, it, we, we come up as a directory. However, the reality is, is that very little of our revenue comes from our directory back in the early days, it was a hundred percent right now I would put it at 2%. And where we really play is that we find people or places that have consumer demand, right? So in other words, the place where a consumer needs a plumber, whether that's Google, whether that's a blog that, that writes about Claude drains, whether that's, um, a manufacturer who, who, who sells faucets that need to be installed, whatever it happens to be, there are places throughout the, you kn --

-- ow, the ether that, uh, have access to consumers that need plumbers.

Bruce 00:37:57 However, they might not have any relationships with plumbers, right? That's a whole nother expertise. So we try and find those people or those places. And we then we'll take that consumer interest and we will then monetize it against our network of plumbers. And whether that be our network, or we have relationships with other places who also have networks. So if we can't place it direct, we place it indirect. You know, it's, it's become a fairly complex ecosystem, not, not too dissimilar from the stock exchange, right. It's, it's literally, we're playing, we're playing market maker in many senses of the word, as it relates to matching up these consumers with, uh, with businesses,

Jake 00:38:47 Just, uh, you know, making those endpoint connections. Was that kind of going back to the last question, part of your initial business model, what was originally the directory and you kind of pivoted towards

Bruce 00:38:59 That's exactly right. The, the original was literally, we're going to throw up a directory. We're going to rank on Google. So you could, at that point, you know, call us a second tier search engine, right? The search engine takes you, and then they throw you down one, tier two to us as a directory. And, you know, and, and that's what it was for years. And, and frankly, had I known then what I know now we would have been so much more successful even in those early years. Right. We just didn't know what we didn't know, but no. And, and you say, well, what's the moat in many ways, the moat is that it takes a lot of time and effort to build up that network, uh, on both sides. Right? So now you have to be on both sides of, of the market for lack of a better term, uh, and then execute it. So it gets back to my original point, which is, there are plenty of people who can do that, but they just don't execute well. Right? So if, if you can do that and do it well, and do it consistently, people aren't that motivated to want to find alternatives. And when I say people meaning the, the businesses that are looking for the consumers and, or the, the, the places that have access to them in the first place,

Jake 00:40:17 And you guys have built that relationship directly with them and they feel comfortable continuing with you guys. That's right. That's really valuable. You definitely have my gear spinning right now. And thoughts and ideas of how I can take the lessons I've learned from you here today and apply them to table rock markets. Uh, so I'll finish off with one more question. And that is, uh, as you were building a local, uh, were there ever times of doubt? And if so, how did you get through those points?

Bruce 00:40:45 Look, anyone who tells no matter how successful you are, anyone who tells you that they don't have crisis of confidence is lying. And, and look, the, sometimes they're big and sometimes they're small, right? The big ones were, you know, on day one when I said, okay, I'm going to do this. And the reality was, I had never done this before. Right. I had been very successful, but you know, when as, as you either know already, or we'll find out very soon when you start your own business, you are starting from the ground up, right. You got to figure out what general ledger system you're going to use. You got to develop, you know, some type of policies and procedures, maybe not on day one, but eventually, and then you're going to hire someone. And then they're going to say, oh, and by the way, when do I get benefits and how are you going to pay me?

Bruce 00:41:38 And then you have to go out and find a payroll service and do all of this stuff that most people in their professional career take for granted. Right? So, so those things become sort of daunting when you're like, oh God, like, I'm the only one sitting here. Like, I'm not surrounded by a bunch of people and you have no money to hire those people either. So you have to just figure it out. So, so those early crises of confidence, and then look, you end up at inflection point. You're no matter where your business is, you're always going to end up at various inflection points where you say, uh, I can go, right. Or I can go left and it's rarely clear cut. So you got to pick, right. You got to pick right or left. But when you pick, usually you're sitting there thinking, oh, crap, maybe it should have --

-- been left.

Bruce 00:42:29 Well, I'm not sure. And then like, you know, a couple months later, you're thinking again, uh, God, if I only had gone left and you know, and it's hard, you know, what you really have to do is you have to almost become immune to some of that type of stuff. You know, one of the expressions that I like is fail fast, right? I'm not afraid of failing. What I am afraid of is delaying decisions and failing really slowly and painfully. So once you become, you almost have to have the mentality of, you know, a relief pitcher or, uh, an NFL quarterback or whatever, where you have to say, okay, I just threw an interception. Um, but I'm going to have to get back on the field. And I'm going to have to put that out of my mind because otherwise it becomes impossible to, to go on to the next thing.

Bruce 00:43:23 So I would say sort of embrace those, those things and embrace the failures, learn from the failures. You know, the most I've learned over the course of my career are from those fairly painful moments because the things that go really well, you sort of pat yourself on the back as if you're a genius, but sometimes it's just as much luck as, as anything, you know, pay more attention to the things that didn't go quite your way, you know? And, and, and could you have done anything different because the answer might be, the answer might be no. Then in other words, I made the, I made the right decision. I'd make the exact same decision in hindsight. It just didn't turn out the way I hoped, which is fine. Not everything's going to turn out the way.

Jake 00:44:10 And in that sense, uh, you know, I love the SA saying failures, your greatest teacher. It is true, Bruce. I really appreciate the opportunity to be here today and to discuss with you and hear your story. And Ryan, thank you for allowing to have me here on the show. It's been an honor. Thank you.

Bruce 00:44:28 Well, good luck, Jake.

Ryan 00:44:35 That was Bruce Aaronow founder and executive chairman. And eLocal, if you haven't already be sure to subscribe to Derrick's disrupt wherever you listen to podcasts and look out for next month's episode. Thanks for listening.

--