

How to Build a Better Brain, Brand & Business – Patrick Schwarzenegger – #947

Dave Asprey:

You're listening to the Human Upgrade with Dave Asprey. I promised you that I would tell you exactly what you're going to get in an episode, so you can decide whether it's worth your time to pay attention to it or whether you want to listen to a different episode, because there's almost a thousand of them to choose from. You might as well make the most of your time, because I really value it and thank you for listening. Today, you're going to hear from a very successful entrepreneur named Patrick Schwarzenegger and we're going to talk about how entrepreneurs build brands and also like health and wellness and biohacking at every age. So you're going to learn something about health, nutrition from someone who grew up, steeped in that, as well as, some stuff about brains and Patrick's new business, which is brain focused, which I'm really excited about because it's taking brain awareness to the mainstream and some things about Alzheimer's. That's what we're going to get in this one, it's going to be cool.

Patrick's a very, very knowledgeable entrepreneur. We've all heard about DNA. I've talked about a lot on the podcast and I actually think that DNA or maybe some other thing, carries through from parents and from your ancestral lineage into people. So if you assume that I might be right about that, Patrick knows a lot from his family and it's just about activism, acting entrepreneurship, and it's all kind of wired in. So you get it from your upbringing, but you also just get it from like, it's in your genes, right? If your parents were nerd, you're likely to be a nerd. It is how it is, right? So welcome to the show, Patrick.

Patrick Schwarzenegger:

Thank you, man. I'm excited to be here.

Dave Asprey:

I remember I sat down with you a few years ago at the Beverly Hilton and you were working with Blaze Pizza at which you've now moved on from, but you had like an enormous number of franchises and you built that and you're a pretty young guy like you got going. So walk me through what you've done as an entrepreneur, because I don't think a lot of the public necessarily knows all of your entrepreneurial successes, which is really cool. You and Paris Hilton even, both are like, as your own entrepreneurs, you're like both badasses but then you have like a public presence and people kind of know you as a celebrity versus that, so tell me like what an entrepreneur you are.

Patrick Schwarzenegger:

Yeah. Well, first off, my first company that I invested in and got to help grow was one called Blaze Pizza and I knew that I was this kind of struggling customer when I was 16, 17, and my parents had split up and I started to buy groceries and go to the Whole Foods and everything like that with my mom, and I was always looking for the healthier alternative. I was looking for all the foods that we weren't allowed to eat, growing up in our household, but could I find the ones that were the healthier alternative. At that time, someone was coming to pitch me a company called Blaze Pizza, which was quote unquote, the healthier Domino's and Papa John's and they were following the craze of Subway and Chipotle and allowing customers to customize their dinner and their pizzas and know where the ingredients are coming from.

Have transparent glass instead of opaque to see the people making the foods. I was like, "You know what? This is really smart. Pizza is largely consumed in the US and I'll try it out." So I actually got a

loan from my parents at the market rate because if it was anything lower then it would be considered a gift tax that I would have to pay, and I couldn't afford that at the time. I went in and learned about this business. Learned about the food business, learned about ingredient sourcing learned about business operations, operations management, actually franchising, opening a store and I got hooked on it. I decided to open up my own franchises myself, I was part of the corporate company and then we opened one at the Farmers Market here in Los Angeles, then down at USC where I went to school.

And later on, I realized that the franchise model wasn't the best thing for me, but the overall corporation we grew to almost 400 stores, and that's what really decided my next stepping stone in the business space, because I saw this opportunity of health and wellness, continuing to grow as our customers came to us and they no longer wanted the Snapple Tea, they wanted the Pure Leaf or the Hones Tea. They no longer wanted the Lay's Chips. They wanted the kettle or the baked ones. They no longer wanted the normal dough. They wanted to have these cauliflower crust and keto crust and all these different things. I was like, "You know what, this is really growing. I'm going to sell out a Blaze Pizza, take all the money I made and go and start my own funds and invest solely into entrepreneurs and companies that were providing Americans with the healthier alternative."

Dave Asprey:

Your mom, Maria Shriver came on the show and we talked about Alzheimer's and I've been a meaningful donor and raised money to support the Women's Alzheimer's Movement because twice as many women as men get Alzheimer's but we don't talk about it and you're really interested in brains. Did you get that from your mom's interest in brains? Where did that come up for you as an area to focus, especially with MOSH, which is your newest brain brand?

Patrick Schwarzenegger:

Yeah. So my mother lost her dad, my grandfather to Alzheimer's. I think for me, I mean, I remember the whole experience with my grandfather and watching him lose his memory and his brain, and become someone that he wasn't and it was obviously very difficult to watch, but also from my mom's side, she was devastated by it, but also so intrigued by why this is happening, how this is happening and she went into full research mode and obviously started the Women's Alzheimer's Movement and started to write books about Alzheimer's, started to do documentaries, started to do papers partnered with the Cleveland Clinic. She was so obsessed with it and that got me intrigued and interested in learning about the brain, but it wasn't until COVID started, when it was February, March of 2020, I moved back home with my mom.

She was eating certain types of foods and certain types of diets and taking certain types of vitamins and functional mushrooms and everything like that. Her whole non for profit organization kind of came to a halt during COVID. There were no more events. There were no more donations really coming in at that time. I said, you know what, why don't we take my experience in CPG, in consumer product goods and food and beverage and mix it with your expertise and knowledge in the Alzheimer's space and create a mission driven brand, something that actually goes out there and educates consumers about what they eat, what they drink, impacts their brain health and I'll handle all the logistics, operations, et cetera, for you and I'll kind of bring this dream of yours to reality and we'll go and raise a bunch of money and impact a bunch of lives.

Dave Asprey:

I love that. Are you operating the company? Because I mean, you're an actor and you're also running an investment fund. You're kind of a busy guy and you're young too, right? You've got to be what, how old are you, 35?

Patrick Schwarzenegger:

28

Dave Asprey:

There you go.

Patrick Schwarzenegger:

28.

Dave Asprey:

28, dude, you're killing it. So how do you manage your time between that? So are you CEO of MOSH? What's the setup there?

Patrick Schwarzenegger:

Yeah. So I fully run MOSH right now.

Dave Asprey:

Okay.

Patrick Schwarzenegger:

It's a whirlwind. I mean, some days, we have acting and I have film work. I was in Atlanta this whole last year filming this new HBO mini-series called Staircase, and I remember there was a few weeks when we launched, where I just really did not sleep because we were filming night shoots, and then during the day I was on calls with people in LA and in Colorado or our manufacturing was and the R and D side. It was a really fun but terrible few weeks, and we had issues going on and problems with supply chain and an ingredient malfunction of the chemistry with the functional mushrooms, with the fats. So it was a nightmare, but it was also the best learning experience for me. This is a vital step in my career because I've been investing and helping these different companies grow. We have over 20 different companies.

It's always been from 5,000 feet up. Then, for this company to really be in the weeds of it, of having to deal with customer service, to the co-mans, to ingredient sourcing and all this stuff, it gives me a new perspective on my investing and on my compassion towards entrepreneurs and business in general. Yeah, I'm running the show and we'll see where it goes, but I think from that zero to one million, takes a certain type of entrepreneur and attention, and then, now going from one to five million is going to be a new step. Once we go above that and go into retail, as you know, it's a whole other monster, so we'll have to bring on help and sales and all that kind of force.

Dave Asprey:

So you have a business degree from USC and did they teach you how to be an entrepreneur?

Patrick Schwarzenegger:

No.

Dave Asprey:

Wharton didn't teach me that either. It's not in there, right?

Patrick Schwarzenegger:

It's probably one of the most frustrating things I would say. I took the entrepreneur class at USC. My teacher was great. The school was fantastic. However, they don't teach you. There's a lot of things that they don't teach you and I'm actually a real believer of the best way of learning is to just immerse yourself into a business and actually go out there and try. It's always kind of like action is greater than motion. So actually, going out there and putting yourself in that situation is the best way to learn rather than just learning from a teacher or always planning. So, no, they don't teach it and something that I hope that I can do when I'm older is probably go back to my high school and teach a class on entrepreneurship and put them through some sort of course, and something for kids that really want to learn about business and about how to start a business and all the different steps it takes.

Entrepreneurs are getting younger and younger. I mean, there's people that are dropping out of college to start companies or people that aren't even going to college to start companies, people are learning from people like you or on YouTube. How do I start a business? What are the first steps? It's amazing that we pay 30, 40, 50 plus thousand dollars a year to a college and you want to focus in business and they don't really teach you those elements.

Dave Asprey:

It's funny, you're talking about the cost of college. I started my first company, which turned out to be the first company to ever do eCommerce. It was out of my dorm room before eCommerce had a name, but it was, because I couldn't pay my tuition. I'm not making enough scooping ice cream at Baskin-Robbins so I'll start a T-shirt company and I'll find some way to sell, right? So sometimes because you went to school, you have to become an entrepreneur just to pay for the school even though they didn't teach you to be an entrepreneur. So I love it that you're calling that out and there's a nonprofit ... Yeah.

Patrick Schwarzenegger:

That's same with my dad. I mean back when he was going to ... he couldn't afford college when he first came out to America and in order to do so, he started a brick lane business. He was a body builder and it was something that continued to allow him to work his muscles and to work out and also learn business about getting the bricks, buying the bricks, then making the profit on it, doing the actual brick laying in Venice. Meanwhile, he was going at night to college to learn business, but it was kind of the crossover of actually starting and learning about business while taking business classes and to pay for it so that was kind of a mix.

Dave Asprey:

I feel like the idea of apprenticeship is missing now and there's a lot of people ... like me, I'm early 20s, starting companies, because I'm just going to go do it. When I look back on it, I'm kind of, fortunate that my career took me to Silicon Valley where I did get ... it wasn't technically, we didn't call it an apprenticeship, but I got to work for some real bad asses who taught me the ropes so that I could, I could scale. If you could provide advice to other people in their 20s about being an entrepreneur, is it better to work for an entrepreneur for a couple years to see how they do it or is it better just to take the plunge the way you did?

Patrick Schwarzenegger:

Well, first off, I didn't just take the plunge. I mean, I kind of did exactly with what you said. My parents were always big believers of, it's not necessarily what you do right away, it's who you learn from. Success leaves clues. There are people out there that are extremely successful and you can learn from them and take things that you admire or you love and learn from things that you don't. So I worked for a guy named John Davis who was a film producer and crossed over into the business space. He was someone that made a lot of money in producing films and then started companies like Wetzel's Pretzels with Rick Wetzel, and that's actually how I got into Blaze Pizza. That was another company they were doing. Now, we have another company called Dave's Hot Chicken.

So that relationship with him, I got to learn from him about film and about business and the crossovers, and he actually brought me in on the business deal. Then, I went on to learn from another guy named Rick Caruso, who's currently running for Los Angeles mayor actually. So I really value during my high school, internship years and going into college about who I could learn from. Then of course I had my parents, which was a bonus to learn from as well.

Dave Asprey:

Of course.

Patrick Schwarzenegger:

I think it's really important to take steps and to really learn from people you admire. I mean, if you could find someone that is your quote, unquote mentor or someone that advises you and helps you with things, I think that's a huge bonus and yeah, I don't want to dissuade someone from making the leap. If you really see an opportunity or a problem out in the marketplace and you have something that's going to address that problem, then you have a viable potential business and you should go into it.

Dave Asprey:

I have a question for you about ego.

Patrick Schwarzenegger:

Yeah.

Dave Asprey:

When I was 25, I had lots of people reach out. I was in Entrepreneur Magazine. "Hey, Dave, you weren't really fat." I'm like, "Well, here's my picture from Entrepreneur Magazine where I'm 280 pounds." I'm pretty sure that some people saw that so yeah, I was fat. I had too big of an ego to ever take advice from the people who reached out. I was like, "I'm going to do this myself. It would be a form of weakness and then I'll owe you something." Frankly, that was all ego. Now, here you are. You're an actor, you shirt off pictures all over the place. You come from a family of accomplished people. How are you not that full of yourself, that you're willing to go out there and learn?

Patrick Schwarzenegger:

Well, I just always really do want to learn. I mean, there's people out there that are way smarter than me, way better at business to me, way more intellectual, that are way more in shape, way more everything. So why would I not want to have a trainer that pushes me to get better, teaches me something new? Why would I not want to have a nutritionist that could tell me something new about

my diet or my body or how my body reacts to certain foods to optimize? Why would I not want to learn from someone that has went ahead and sold their food and beverage product to thousands of Targets and Whole Foods and everything, and could help me get myself in those doors or I could learn something from them. Like I said in the beginning, success leaves clues.

I would much rather go and learn things from people that have been there, that have accomplished, and that could help me than not. I mean, it just doesn't make much sense to me. You look at Kobe Bryant, he continued to have a trainer and everything until probably the day he passed away. Tiger Woods continues to change his grip and learn from his trainer. Baseball players continue to shift their hand rotation and stuff on the bat to continue to optimize from their coaches. So even the best in the business, look at ways to get better. I mean, that's really what you do, right, is you're always telling people how to optimize their brain and their body and get better, and I think people listen to you because you're knowledgeable in that space, you're an expert and you continue to read from other people because you want to continue to learn more about the brain and body as well.

So I guess it just stems from me wanting to get better and to get more intellectual and to continue my passions in my career.

Dave Asprey:

Well, it takes a level of maturity that maybe I was slow to get that, so kudos for, I would say staying humble and I don't know if anyone who manages to do that knows exactly how or why, but I imagine it's something to do with parenting and maybe just the nonprofit side of just giving back to people which has been founders of the Peace Corps in your family and all. So just that notion of giving back, but something landed even when we met him. I'm like, "Wow, this is an interesting guy, because I wouldn't have been as grounded as you are during that phase of my entrepreneurial career." So kudos man and that's just genuine like wow.

Patrick Schwarzenegger:

Thank you. I appreciate that, and I appreciate the first time I randomly messaged you and you were willing to come meet me during ... I think it was just hours before your speech or hours after, and you met me in the hotel and talked to me for an hour, so back at you.

Dave Asprey:

It was really cool, and I think you've already got the vibe that you're helping entrepreneurs as an investor and an advisor and it feels good to help people you, but it always does and it makes you a better person as well, which is something that they didn't teach me that in business school either. In fact, it's sort of more extractive, what they're teaching but the reality is if you can start a company that actually helps people, you're actually getting the energy from doing an active service. The reason that I wanted to have you on was to pick your brain about entrepreneurship, but also you started MOSH with your mom, the brain brand, which is protein bars. This is the first time that I've seen something besides some of what I did when I was at Bulletproof was more performance, but you're straight up the brain brand. So like, "Oh look, we're selling protein bars not to people who want to get thin." You're selling them to people who say, I want my brain to work.

That's like ... hold that in front of the camera. That's a pretty big innovation. What made you think people would do that? Because it's hard to sell brands. It really is.

Patrick Schwarzenegger:

It is, and we went back and forth and our first name was something that actually incorporated the word, mind and brain into it and ultimately, we went with MOSH because that's my mom's initials Maria Owings Shriver Health.

Dave Asprey:

I didn't know that.

Patrick Schwarzenegger:

Yeah, and she thought it'd be more personal for her and go more to her story, and we really want it to be a brand that was created out of a mission and out of the why, and not so much the what. The mission of our brand and the story of her with her father and everything like that was the stepping stone for this whole brand to really ... to go off and we really wanted to see do care, do customers care about brain health through food and through beverage. We don't want to be a protein bar company. We want to be a brain health company and similar to what you did, how do we do that through bars or how do we do that through nut mixes or hydration powders, or morning routines, or nighttime sleep aids or supplements.

Everything kind of in that realm and how do we do something like that, but also educate consumers and raise money and donate that to the Women's Alzheimer's Movement. So it's been an amazing journey. I can't believe how many people are interested in brain health, and I think that grew from COVID as well, and after. People are trying to optimize whether you're my age or your 50s and 60s and you're worried about cognitive decline, it's gained a lot of popularity and gained a lot of interest from people that are really trying to stay focused, sleep better, work out better, every different which way.

Dave Asprey:

So you sat down and said, "I want to make a bar for the brain," and one that's designed for the mass market that's accessible to everyone. What did you decide to put in it? Kind of walk me through the pieces.

Patrick Schwarzenegger:

Truthfully it's not mass market yet. That's something that we have to work on and that will come with scale but right now, our price of a bar for us to buy the specific ingredients like the grass-fed whey protein aspect of the collagen or the Ashwagandha, Lion's Mane, incorporating the vitamins, you know very well, it's not cheap. Especially right now with our ingredient prices up double digits from last year when we first started. So it's my goal to bring down the price, to make it accessible towards everybody. I don't think we'll ever get to a kind bar or our X bar of being at 149 on the shelf. It's just not possible right now, but that is our goal, is to create other products that are more accessible, but we're more premium bar right now.

We're at \$3 versus like I said, some of the other ones that are half that. Yeah, those are some of the ingredients we went with really kind of a brain healthy diet that my mom was eating, which was low sugar, healthy fats, good source of protein. So the protein being from the almonds, the grass-fed whey, the collagen, the chia seeds, the flaxseeds, the healthy fats coming from, again, the almonds, the Omega-3s, the flaxseeds, the chia seeds, the MCT. Then, we have the different vitamins and functional mushrooms, like the Lion's Mane, Ashwagandha, Vitamin B-12, D3, et cetera. So it's something that we're really proud of, that we need to continue to innovate on and quote, unquote, perfect but it's been going really well.

Dave Asprey:

If it gives you any hope in the early days of Bulletproof, when we got into Whole Foods, we were out selling our X Bar with a bar that was \$3.99 and that was first you facing and it's skew guys like each flavor of bars, so our bar had like 20 flavors, so we had three, so it's not like we sold more bars than they do, but for every space we were selling more, even at a premium price. Part of the change that I'm working to make in the world and many others is that people ... instead of saying, "Oh, the first place I can cut costs is on my food, so we're all basically eating kibble," or I can say the last place that I want to cut is on my food because it lowers my healthcare cost and improves my quality of life so much.

So I think there's a lot of people out there who are happy to pay \$3 for a bar that has MCT oil, that has collagen, that has Lion's Mane in it, which is expensive in it of itself. So you're saying, "Oh, I've just got more benefits, so it was worth it," right? Maybe if you only have a dollar, you buy a bar, that's pretty much a sugar bomb with a bunch of grain in it but if you can do \$3, you always do, because it's better than spending it on fast food. So I think there was a space for it. I saw that there was space for it, but we did have to be on price down to reach more people, so that was over time you do that.

Patrick Schwarzenegger:

Exactly. That's our hopes as well.

Dave Asprey:

You're all eCommerce right now?

Patrick Schwarzenegger:

Only, eCommerce only through our own website moshlife.com, and that was a very ... we took that decision because we wanted to really have the ability to talk with our community. We had things that went wrong in the beginning. We had things that went right in the beginning and for us to be able to one on one, communicate with our customers and make things right, make things whole figure out what are they loving about the bar? What are they not liking about the bar? Is the flavor great? Is it not? Is there after the taste, is there not? Do they care about grass-fed whey? Do they not? These little details, it's the best way to learn when you have it through your own website. We can control pretty much everything when it is through that. Eventually we'll grow, we'll get to Amazon, we'll get to Thrive, we'll get to retail, but one step at a time,

Dave Asprey:

Well, I would say, go talk to the guys at Erewhon. They're super high end food stores, grocery stores in LA. They were the first retailer that I had, when I was running Bulletproof. It was really cool to work with those guys because they're a good place to launch a brand in retail,

Patrick Schwarzenegger:

They are. They're really great and the other thing I just want to say in case there are entrepreneurs out there that are listening, one of the biggest reasons we stuck to online and to our own website was the education factor that we could really educate consumers about what these ingredients are and about our mission, about where are we giving back? Who are we giving back to? Why are we giving back? What's the story from my side and my mother's side that made us want to even start and embark on this journey? So all of that you can do through online, and when you're just there on a shelf in retail, it doesn't have the same impact.

Dave Asprey:

You're right. My experience from talking with a bunch of consumer package goods entrepreneurs is that you can scale eCommerce up to about 40 million revenues. And after that, you just hit this wall where the cost of getting a new customer in the door is really hard and that's when you cut over to retail, I probably did it a little too soon because what I realized is that the team that can sell a retail product to manufacturers is just different than the eCommerce team. So you want to be half and half, but then you end up having to hire a whole new team, who knows how to go to grocery stores. It's a whole different ballgame and consumers don't have any idea that any of this happens in companies, but it's a really big thing. If you're going to go into a grocery store, because you're saying, "Well, how much you're going to pay for a bar?"

I don't know, I buy it online, I buy it here but for an entrepreneur, it's millions of dollars of investment in order to earn the right to offer something that's worth it for consumers and stores. So I think you're on the right path with eCommerce, but I want to pick rain because you started out as a franchisor and a franchisee and you moved into consumer package goods. Okay. I am kind of the opposite, where clearly I grew Bulletproof very substantially and it was eCommerce and then grocery. Now, in my portfolio, I've got Danger Coffee, which is my new coffee company with added minerals. That's an eCommerce only CPG kind of thing, but I know that game, right? I also have a franchise, which I haven't done before. So I'm doing it in the opposite order as you. So Upgrade Labs, we've sold a good number of franchises and we're in the middle of that.

By the way, ownanupgradelabs.com. They're a clear plug. This is my first time as a franchisor so I've hired a team from Orangetheory, like people really know what they're doing, but what advice would you have now that you've tasted CPG, but you really know franchise, what are the differences between being a franchise owner, operator and being CPG entrepreneur?

Patrick Schwarzenegger:

I would say the biggest difference is the word profitability.

Dave Asprey:

What are the differences between being a franchise owner operator and being a CPG entrepreneur?

Patrick Schwarzenegger:

I would say the biggest difference is the word profitability. That's the biggest difference. When you're a consumer product goods company and you're in growth mode, profitability, what does that even mean? No, one is really that profitable in the beginning, especially when you're in growth, whether you're a direct consumer, whether you're going to retail. You bring in money to go and try to grow and get that top line of revenue as high as possible. Show that if there's a bigger fish out there that can maybe buy you, increase not only the revenue, but the margins and thus make it profitable. When you're talking about franchises, you need to be able to tell a franchisor, "Hey, you're going to make your money back and start profiting within 24 to 36 months. You're at risk for the beginning, and then you're going to really start profiting."

So profit becomes a real thing, right? You need to try to get that double digit. You have to pay attention way more to labor percentages, to ingredient cost of goods, to your rent. All of those different kind of factors become way more pertinent basically to the overall business success. The reason why I really didn't like being a franchise was it wasn't my day to day thing. It wasn't like I was a franchise expert. I was there every single day, running the show, knowing exactly what it is for people that this is their bread and butter, and they do it as their daily job and they own one, two, three, four, five, six plus

franchises of something, and they are kind of a well-oiled machine. Then it really makes sense, but for me, I was just ... my head was spinning when one week the cheese cost was this and then the next week, it was that.

When the rent was going up and in California or in Los Angeles, the cost of labor was going up and we weren't allowed to increase the prices because there was this corporate rule on the prices, when we couldn't increase it in LA and not increase it in Washington or Texas, but in Texas or Washington, the labor laws were way different than in LA. So, I don't know, maybe I have a bad opinion about it because of being in LA, it's extremely tough with wages, cost of good and rent prices but yeah, I would say the biggest difference is just the idea of EBITDA and profit.

Dave Asprey:

Is LA a good place to do business now?

Patrick Schwarzenegger:

I can't imagine, I won't do any ... I mean, right now, it depends actually for you in your coffee shops, I would chuck it up as a marketing campaign, right? You probably don't really care that it's a big profit margin and you're just, "Hey, LA is very dense. The population is massive. Let's get this brand identity out there. Let's really build it. It's okay if the store is neutral and doesn't make any money. We'll use this to build it, and then we'll go and open in other places throughout America." Sure That works, but to really go and open a business here, I don't see how it's going to be really worth the risk right now. I mean, like I said, the labor is going up. The rents are continuing to go up.

The taxes are going up. People don't want the prices to go up. The ingredient costs are going up. Your margins are going to be slim to none. That's why you've seen a plethora of people, moving to other places, Texas, Florida, places throughout middle America, Ohio, in hopes that they can have open businesses there and it's more accessible.

Dave Asprey:

It is more accessible. I've had the Upgrade Cafe open now for seven years in Santa Monica and sometimes, it makes a little bit of money, but it's a labor of love and a community building point. It's not what's paying the bills. If it pays its bills, I'm exceptionally happy and we've got a couple Upgrade Labs locations there. Like I said, labor costs, regulation. It's a sort of thing that if that was what I only did as an entrepreneur, was those three things in the LA market. I would be sort of thinking, how am I going to afford my airfare to get down there? It would be really, really rough. So I know that with Upgrade Labs, we're growing and it's worked really well, but LA is the toughest place to do business right now. So I'm a little worried about that. They're going to have to fix it.

Patrick Schwarzenegger:

LA is tough. It's really tough and that's not to say you can't do it. I mean, there are tons of successful businesses and brands that do work in LA. I just don't know if you're going to really start a new company, is that the best place to start? I would say it could be, if you're really just focused on brand building and identity and you want to show proof of concept to go and then grow it elsewhere.

Dave Asprey:

I like your perspective on that and as an eCommerce brand with MOSH, with your bars, it doesn't really matter. So you can be in LA, but your team can be all over the place. Are you doing a virtual team or do you have like a headquarters? What are you doing for that?

Patrick Schwarzenegger:

Yeah, we work out of our office here in LA, in Brentwood, out of my mom's office as well, but look, I've been part of a bunch of different direct-to-consumer companies and everybody had that exact thought that you just said, once COVID hit, they said, why are we spending all this money on offices in LA when we're doing everything through virtual zooms and performance market. Everything is direct to consumer. I know pretty much 95% of the companies that are mostly direct-to-consumer focused, moved. Moved out of the country, moved to Florida, moved to Texas, moved to places that they didn't need to spend a lot on large offices. Didn't need to spend as much on taxes and the cost of living was better in other places. So when you're direct to consumer, you could be spread out all over.

Dave Asprey:

So what do you say to people who say, "Look it's easier for you to be an entrepreneur, you come from a prominent family. You're also an actor. It gives you an unfair advantage in all that." Do you think you work as hard as an entrepreneur who doesn't come from a well-known family?

Patrick Schwarzenegger:

Well, that's kind of two parts, two part question. No. 1 was the idea that I come from a family that I'm very fortunate to, that they're financially stable and things like that. So does that help me as an entrepreneur? Of course.

Dave Asprey:

Yeah.

Patrick Schwarzenegger:

There's not going to be ... I'm not going to say having parents that didn't give me my first loan to get into Blaze Pizza, wasn't helpful. Of course, it was, that's what started my career. There are tons of entrepreneurs out there that don't have anything that go on to be extremely successful like my dad. I mean he came to America with no money to his name and someone had to pay for his ticket out here and he became extremely successful because he didn't have a safety net. He knew that he had to do everything he could to go out there and make it. When you talk about how hard do I work, without trying to brag or to boost my whatever, I work. I work hard.

Dave Asprey:

You work your ass off. I've seen it and that's what I want everyone listening to hear. Just because-

Patrick Schwarzenegger:

I do it because I like what I do. I'm passionate about it and I have a big vision of where I want to go with my career and with our brands, and I love it but it's funny because people always ask that kind of stuff and with my working out, I'm always the first person at the gym at 5 AM, 5:30. I always tell people, "You know, you want to come work out with me, come in then. There's a reason why I'm the only person there in the mornings, because no one wants to get up as early as I do." I like to do ... I have a very set

routine and there's ... I don't go out, I don't drink, I don't do drugs. I don't really party and stuff, and I have things that I really love, and I have things that I don't love and I've found ways to really optimize my days and get the most out of them.

Just discipline and routine was something that was embedded so much into us kids when we were growing up. Our parents were so strict with that and they were very adamant about it, if you're not going to do the work, no one is, with everything at our house. If we didn't turn off the lights, my dad would unscrew the light bulbs and we wouldn't have electricity for our rooms. If we didn't make our bed, he would throw the bed over the balcony or take away our covers, if we didn't do ... clean up the shoes or the laundry, he would throw it in the fireplace. He was very much of like teaching us rules that we had to do and we weren't allowed to take hot showers over a certain amount of time, or he would turn off the heat in the house or just so many different little things that was all about teaching us kids that we have to go and do the work from the smallest little parts to the kind of macro side.

It was always about do the work and he didn't care what the work was. If You wanted to be a priest, great. If you wanted to be a teacher, great. If you wanted to be a plumber, you want to be an actor, you want to be a businessman, whatever you want to do, I'll support you but you have to be working your ass off in that field and try to be the best that you can.

Dave Asprey:

Well, it seems to have worked because all my interactions with you, I can see that you're working really hard to be a successful entrepreneur because the people are saying, the reason you're successful is family. Sure. It helps on the start, but you cannot in my experience, be a successful entrepreneur and be flaky and not disciplined and all that. So, the fact that you've been successful here, I think it's because you're ... like you said, you're waking up early and you're doing the hard work and I see a lot of that towards me. They're saying, "Well, Dave, you're some rich white dude." I'm like, "Hey, I'm not as rich as you probably think. I used to put auto parts in boxes for five years, every summer to help pay for my school," right?

There's something in the US particularly, that's like how dare you, but what I'm seeing is the people who want to make a big difference, still work their asses off and it doesn't matter where you come from, either you do it and you do it right and you do it consistently and then, you have a chance of succeeding or you don't do that stuff and you have almost no chance at all. So I want everyone listening to just see that, you're waking up every morning and you're doing it because it's inspirational, but it's not a guaranteed ticket to success to have some financial backing or anything like that. You still have to be an entrepreneur and I think you've proven yourself even at a relatively young age on that front.

You're continuing to do it with this ... the new brand. When have you failed as an entrepreneur? Has that happened to you yet?

Patrick Schwarzenegger:

Well, look, I have a very opinionated idea of the word fail, but we've had mistakes that have happened in our entrepreneur journey and with MOSH specifically, and with other brands. It's only a failure if you do that same thing again, or if you don't learn from it and fix it and grow from there. So people always say, failures are what makes you better, but it's really kind of ... if you learn from that quote, unquote failure, then it's not a failure, it's a mistake and you've learned from it and you've grown. I've had companies that have ... like I said, that I've invested in, that have went from one million dollars to hundreds of millions of dollars. I've had companies that have gone and just became absolutely nothing.

We've had stuff with our company here with MOSH that we were out of inventory for six to eight weeks. We had things that happened with our ingredients malfunctioning inside the bar, having

like I said, a chemistry reaction that made the product taste off in the first batch. We had things that ... We had so many things that went wrong and that was kind of the fun part was learning about that and finding ways to fix it to anybody out there. That's wanting to be an entrepreneur or that's embarking on that journey, you're going to have speed bumps. You can do as much homework as you can and want and try to perfect everything before you launch, but things come out of left field every single day.

Things that you can't control. Things that are just out in the ethos, from the shipping to the actual manufacturing side, to the ingredients sort. There's just nonstop, something that's going wrong, and it's fun to learn from it and find ways to get better and make the customers happy, but yeah, we've had a bunch of problems throughout my entrepreneurial career.

Dave Asprey:

That's something, I think people who haven't yet run a company, don't really see. There's been times where I've almost run out of money at Bulletproof and we got around that. Like you, there was one time we ... our vanilla had gone off. We're using real vanilla beans and it changed the flavor. We threw away, I think a \$100,000 dollar's worth of bars that were ... they just tasted bad, even though there was safe to eat, like we can't give these to people but that can be a death blow to a tiny company, but fortunately, we wrote enough of a scale where I could make those mistakes. So it's pretty touch and go when it's a young company, and I think you've learned that already and it's good to share that with others that no, it's not like everything just works.

Everything you touch, doesn't turn the gold, you work your ass off and sometimes it does, but along the way, it might be led for a while.

Patrick Schwarzenegger:

Yeah. I remember when that first happened, I was on set and we were shooting night shoots and I just had finished ... it was my birthday. We finished work at like 6 AM or something like that. I went back home and I got one of the products that was ... had a malfunction and I couldn't go to sleep. I mean, my heart was racing. My anxiety levels were going through, just being insane and luckily, we were able to fix things fast and make the bar really delicious and stuff and anybody that did get something that they weren't happy with, I personally reached the out. We did handwritten letters. We did things to win them back, to make them happy, to give them free new product. Everything that we could, that was in our control. We took advantage of, but yeah, it's not all rosy and shiny once your product is on the shelf, there's a lot of things that are happening in the background.

Things that are going great and things that aren't and that's the fun, that's what they say about entrepreneurialism, right? You leave a 9 to 5 to work from 5 to 9. It just doesn't stop.

Dave Asprey:

How do you balance out the health side of things? So many entrepreneurs, especially, I look back at my entrepreneurial stuff in the 20s, I would stay up all night long, growing companies and doing what I did, but it was maybe taking a toll on my health. How do you manage not burning out, given the acting side and the entrepreneur side, you talk about night shoots, which are the worst, you got bright studio lights.

Patrick Schwarzenegger:

Yeah. Yeah.

Dave Asprey:

You want darkness. What's your secret for managing your health through all that?

Patrick Schwarzenegger:

Look, I prioritize my health more than anything and everything, about what the stuff is that I consume and eat, to the amount of sleep I'm getting, to the working out, to every aspect. Yes, I wake up at 5, 5:30. I'm in the gym and stuff. I'm asleep by ... I'm in bed at 9:30, so I'm still getting the rest that I need and the quality hours, and I do things to enhance that. I'm wearing my Oura ring, my Whoop band, my Apple watch my ... every single thing.

Dave Asprey:

All three.

Patrick Schwarzenegger:

I got all these different things to always trying to find ways to optimize, but you need the sleep, right? There's a lot of impacts that sleep have on your body and on your brain, on your mental health, on your life. So when I say that I'm up really early, it's not to brag that, "Oh, I got this little sleep." No, I'm still getting six to eight hours every night, but there is a burnout, right? There's a big idea of burnout amongst entrepreneurs and amongst employees, right? You don't want to burn out your employees or anybody part of your company because you want them to be motivated and happy and interested in the success and the longevity of their own life, but of the business life. Yeah, so I definitely value those things for our employees, for myself and there's certain days that it might get squeezed, of course, like everybody but for the most part, I try to prioritize that.

Dave Asprey:

So I don't know, because I don't follow all the celebrity rags, what's your relationship status right now?

Patrick Schwarzenegger:

I have an amazing girlfriend. I've been with her for six, seven years now.

Dave Asprey:

Okay. You guys are pretty serious.

Patrick Schwarzenegger:

Yeah. We're really serious and she's great. She's my R & D test buddy, because she's from Alabama, Birmingham and I always like to see what she's willing to eat or what she's not willing to eat, because she's got a whole different diet and palette than I do. She just moved to LA about six, seven years ago. She had never heard of 99% of these ingredients or products or anything that you're finding at in Erewhon or Whole Foods here, etc. So it's always interesting to get her perspective and stuff from a mass market point of view. So, she doesn't like tasting a lot of the products that I deal with, but it's always-

Dave Asprey:

I love that.

Patrick Schwarzenegger:

It's always fun to work with her on it.

Dave Asprey:

So the reason I was asking is that you mentioned that you're putting your health first. So, many people including me, I would put my career ahead of my health and I'd put my relationships out of my health. How do you manage a relationship, where you're saying, look like my health is core to this. So how do you balance relationships versus health, not even counting the career?

Patrick Schwarzenegger:

Well, luckily she does as well. We have things that are very ... we're opposite in a lot of ways and then we're similar in a lot of ways as well. She's always about going to sleep early, waking up early as well. She loves working out. She eats way more sugar than I do. We go get coffee in the morning and she gets her Kouign-Amann or almond croissant or whatever the heck, but overall, we get to do activities together that prioritize our health while still being able to be with each other and hang with each other and stuff like that. So it's not like I'm having to choose health over her or her over health. There's ways to always bring things together, and I think that's what brands are doing today, right?

We're seeing a lot of rise of here's activities that you can still do that are socializing that are also benefiting your health. I mean, that's the whole craze of group workout classes. I invested in one called Rumble and that was it, like, "Hey, let's make it so you can still socialize and have fun, but you're also working out," and there's other aspects of, even on the whoop you get to do things that compete with friends and family members, that you're kind of bringing both of them together, or there's the craze right now of non-alcoholic beverages and beers and wines and stuff like that. So you can still go out and socialize and prioritize socializing and friendships without having to sacrifice ... having to drink and putting toxins into your body and stuff like that. Look at the coffee movement, right? That became a whole so social thing as well and a health thing as well.

So, there's becoming a mix and people are blending the idea of you don't have to choose health over family or friends or career. There's ways to intertwine them and to kind of benefit all aspects.

Dave Asprey:

I love that perspective, like look, in your relationship, you do stuff together that makes you both healthier, so you don't have to prioritize, and I wish more entrepreneurs and people in your relationships would get the message you just shared there, because if you sacrifice your health, you're going to be a crappy entrepreneur and your relationship probably won't work well either. So many entrepreneurs, I see them at conferences and some of my friends, they're carrying 20, 30, 40 extra pounds and they're tired all the time and it's because they're working really hard and then, they have relationship issues. It's because they're working really hard, but they didn't put their priorities in order and you definitely-

Patrick Schwarzenegger:

Businesses are doing that more and more too. I have businesses that I'm part of, that are now doing weekly yoga classes at the office or workout, group workout classes in the morning to keep people healthy in their mindset, clearer and paying for those different aspects or giving them certain coupons towards healthier meals and restaurants or changing the snacks that are in the quote unquote cafeteria and different things to help bring health to the forefront while they're still at work and everything like that.

Dave Asprey:

What do you look for when you're hiring people as an entrepreneur? Do other people prioritize health? Do they have to believe in that? Is it skills? Is it something else?

Patrick Schwarzenegger:

I mean, really hard work is at the top of it. Are they really wanting to learn and to grow. I worry less about what's their GPA, what school do they go to? Anything like that. I just had this rockstar girl that worked for me for the last few months and she had never done anything in CPG food and bev. She was a lawyer and she had written me this letter saying that she really wanted to learn about CPG and food and bev, and would do anything to come to work with us and just to learn. So, she came and learned and worked with us and was fantastic and after six months, she said, "I'm going to go look for a new job. Would you help write a letter recommendation?" She got a fantastic job at a food and bev tech company here in LA.

It was just someone like that just really was putting in the work and wanted to do everything they can to learn. Had no background in food and beverage. Had no background in entrepreneurialism and entrepreneurship, but just was willing to do the work and that's really what I look for. Are you really hungry and wanting to get better and are you believer in the mission. At MOSH specifically, every single person that works with us, has a direct relationship towards Alzheimer's. Everyone either has a family member, a father, a mother or a sibling that has Alzheimer's or something in that world. So that has become really important because they're very bought into the mission. They're really understanding of what we trying to do?

Why are we trying to do this and they're part of the team. So that was a really kind of cool and fun aspect of mosh and about all of our employees,

Dave Asprey:

It feels like you have to hire true believers, mission driven and hard workers for maybe the first five million in revenue for a company. Then, you realize, if there are people who are true believers, but they haven't been in an industry for a while to learn all of the pitfalls, you can make a mistake at a million dollar level, that might cost \$20,000, but if you're doing 10 million revenue and you make that same mistake, whoa. So over time you start evolving the team where you keep the mission, you keep the true believers, but you start bringing in people who, "Oh, I have 10 years selling protein bars," right?

Patrick Schwarzenegger:

Yeah. Yeah.

Dave Asprey:

So then they can bring lessons learned and that's something that no one ever spelled out to me, but it just kind of happened organically and maybe I was too late to do that as I was going Bulletproof, because it's really helpful to have someone who's just done it for so long and they can just up their phone and call the chairman of whatever manufacturer and solve the problem. So you end up getting the relationships somewhere, but if you start out with someone like that, they don't know how to do the scrappy stuff. So you're hiring-

Patrick Schwarzenegger:

Exactly. That's why I said, it's very different to have people work for you in a brand and stuff, that's going from zero to one million, than from one to five million and then five, 10 to 50, it takes different types of people and if I were to go call a top veteran in the bar space and ask them to come and run this company from zero to a million dollars, they probably wouldn't be as motivated or interested. Also, they wouldn't probably be getting the salary or anything. Those are the risks of going in on the startup. So yeah, you have to be very wary of the types of people you're hiring at the type of level you are with the business.

Dave Asprey:

Okay. That's a very nuanced and aware answer. I love it. What about when you're looking to invest in a company? What's your filter there look like?

Patrick Schwarzenegger:

So I always tell this to people because some of it is skill, some of it is luck but so many people have asked me, "What is your secret? You're 28. You have a few companies that have exited for a few hundred million. You've made a lot of money. Tell us what you do to bet on these companies." I don't have any magic formula. I don't even know what I was doing when I invested in Blaze or Liquid IV and stuff like these early on. I was investing in the person. My business background didn't give me a very, in depth, intricate way of modeling out the business and projecting where it was going to sell and all these different things. I really bet on the mission, the why and the entrepreneur behind it, and were they someone that was extremely hungry and wanted to bring this mission out to the world?

I thought that there was an opportunity in the marketplace for it, and it checked all those boxes, I was it. So with Liquid IV, they were a mission driven company. Their mission was to go and hydrate the world and so many people were dying from diarrhea and dehydration and they wanted to go and do a one for one model and hey, we're going to be what Gatorade is, but with half the sugar. I was like, "Boom, I'm all in." Super coffee was how do we take the Starbucks Frappuccino and take away all the sugar and spread positivity? Boom, I'm in. Blaze Pizza was how do we create the healthier version of Domino's and Papa John's but through the transparency of the Subway Chipotle model. Great, I'm in. So all of them have missions and whys behind the company and the entrepreneur behind it is willing to do anything to spread that mission.

It's less focused on the actual product and that's what I do. That's what I really bet on and I always try to find those healthier alternatives and are people craving that other version of what's out there and if so, and I think so then I bet on it.

Dave Asprey:

I very much love that. I worked for a venture capital firm on Sand Hill Road in Silicon Valley for a while, I got to sit on partner meetings and I saw many dozens of pitches from startups, and I always joke that you could have reincarnated Steve Jobs and a clone of Elon Musk in pitching a startup. And as soon as they walk out of the room, the partners will look at each other and go, "I'm not sure about the team," right, because it's all about the people running the company, and it's about the idea second and the other thing they're always going to say is, "Oh, the market size is too small."

Patrick Schwarzenegger:

Yeah.

Dave Asprey:

It's a three trillion market. No, it's not big enough. So there's like standard things that they worry about, but when you really peel it back, what you said first, it's about the people you're backing a person with dollars, right, and then they're going to change their idea if it's wrong and they're to navigate all the obstacles, those same ones you talked about before. "Oh, our manufacturing didn't work right. There's a defect in a bar," whatever. They're going to fix it because they care because it's the right person, but if you back the wrong person with the right idea and it never goes anywhere. So you're saying, you want things that are healthier than what exists. Maybe not perfect, but a step in direction and you are looking for the right people and the right mission. When you see those, you get excited and you come in on it.

Patrick Schwarzenegger:

Yeah. Yeah. Exactly.

Dave Asprey:

I think you've got the right investment template. Did you just stumble into that or did someone teach you that?

Patrick Schwarzenegger:

No, I think it was kind of like ignorance is bliss. I didn't know what I was doing in the beginning. This first company that I invested in, I had just sold my clothing company for a small amount of money in high school and that's when I really wanted to go into ... get into food and beverage and like I said before, this Blaze Pizza idea came and the guy had a great track record. He had done Wetzel's Pretzels but it was just the idea of what they wanted to do, that was so interesting to me and why they wanted to do it. So I don't think I knew anything about financial modeling and margins and what a business really was. I didn't really understand all of that, at that point in my career, I was 16 years old.

So it was just like, "Oh, this guy is really smart and his idea is really cool and he's mission driven, I want in." It just continued to work out and of course, there'll be times that it doesn't work out and I always tell that entrepreneurs and people as well, that everyone is expecting these insane numbers to happen in their business to blow up overnight and it just doesn't happen. Blaze Pizza took us eight plus years to see a dollar. Liquid IV was over a decade, I believe. These things ... people see it once it's successful, but they don't see all the years it takes to get there. How long was it for Bulletproof? How long was it from the time you guys became really a massive well-known company from when you actually started it?

Dave Asprey:

It was pretty fast because it was very disruptive in the-

Patrick Schwarzenegger:

Yeah.

Dave Asprey:

The language I was using around upgrade your health and hack yourself, we didn't talk like that. It was allowing people to have more power and control over themselves. Now, that's just in our language everywhere, which I'm just so happy about that. That was really what I wanted, was for us to like, "Oh, we have control," because if you feel helpless, you see junk food, but if, "Oh there's something I can do," so it wasn't even about health. So because of the, almost inflammatory language in biohacking, like

hacking, like hackers break into stuff, like how dare you? I did get some flak for that. It came on pretty quickly so within, I think ... Yeah, within three years of starting without external funding and about 50,000 of startup capital, we had 27 million in revenue.

Patrick Schwarzenegger:

That's fast.

Dave Asprey:

That's super fast and then, we raised from venture capital firms and anytime you're taking on outside professional VCs, it's always kind of a deal with the devil as an entrepreneur, because it means you're going to have to sell the company and it's going to influence how you grow it and what happens. There's other kinds of investors who come in, who aren't professional VCs who will have less ... like they'll push less to make the company do things and maybe as a founder, you don't want to do, but they also write bigger checks. So I sat down and I said, "Well, if I really want to reach a lot of people, I'm going to need this capital," and the funny part was I called friends who are VCs and I said like, "You're never going to invest in this company."

"It's in too many segments. I know how you think," but you should give me 50 grand for coffee inventory. Literally that was my pitch and they came back and said, "How about eight million dollars?" And I'm like, "Holy crap. I'm a tech guy." I have no business doing this, but I had to do some soul searching. Is it going to let me reach a really big audience, not to sell them stuff, but to teach them stuff, just like you're doing with MOSH where it's about education. That's always been the motivating factor for me. So we did grow really quickly and it was right product, right time, right message and huge amounts of hard work that no one who wasn't a part of it will probably ever understand just like for you, with all of your businesses, you work your butt off but people just see whatever they see on TV or in an article in this interview.

You can say I work hard, but do they believe you? I don't know, I believe you and I've never seen it, right? It's still pretty tough.

Patrick Schwarzenegger:

Yeah, 100%

Dave Asprey:

Well, I appreciate you coming on and even more, I love it that you're building a brand around brains. You're actually making a big bet that people now care as much about their brains as they do about their abs. The world wasn't like that 10 years ago. Even just talking about smart drugs and nootropics, wasn't a thing. Lion's Mane, Mushroom at a mainstream.

Patrick Schwarzenegger:

Yeah, no.

Dave Asprey:

Even mainstream bar. No way, Lion's Mane was nowhere to be found and no one even knew what it was or why you might use it and now, it's something you can use as an ingredient. I think that's actually really cool. So you're going to make a big change, especially ... and I've got to say this, so of course, pretty much everyone's a fan of your dad, right? One of the things that made me super excited about

Upgrade Labs is we put our building, our restaurant and labs is right underneath his office, right? I was like, "Holy shit, we actually have space near the Arnold, because he's such a cool guy." I haven't met him but you obviously ... he is part of your family, so you have your own filters for him.

I was like, "This is cool, because he's like the pinnacle of physical fitness." And I'm like, "How do we move it forward into brains?" Because it's really this, if you have a lot of muscles, it's going to help your brain but, if you have a lot of brain, you can grow the muscles. I love seeing that you're kind of taking the message around health and moving it from where it's inclusive of muscle, but it's also the brain and this is a sea change and consciousness for people. So putting that behind MOSH, it's a big bet but I think it's a good bet and I'm so behind you getting that message out there, so that's something I wanted to just thank you for because it's time-

Patrick Schwarzenegger:

Thank you. Thank you. I appreciate it. It's really nice to hear that from you and yeah, I mean, it's a big, a big mission and we're going to learn a lot along the way and make my mom happy and proud and really continue to do what she's doing each and every day, which is educating consumers about brain health and that they're in the driver's seat. There are things that people can do today that will help their brain health tomorrow and I'm just really fortunate and glad to be along the ride for it.

Dave Asprey:

Well, thanks again for being on the Human Upgrade. You're definitely a walking vision of an upgraded human and just getting going, which is incredible. So I look forward to next time we get to chat and have a great day.

Patrick Schwarzenegger:

Thank you, man. Appreciate it.