

## **Georgia's Business #432**

### **Enterprising Entrepreneurs Edition – Q&A Session with Andy Levine**

**Richard Warner:** Welcome, this is after the show. We've just finished a half hour interview with Andy Levine, the CEO of SixthMan. I'm Richard Warner, and now with our audience joining us we're going to take some questions from those audience members. How do you think it went?

**Andy Levine:** Fast.

**Richard Warner:** Well that's the sign of a good show.

**Andy Levine:** Yeah, that's what I hear.

**Richard Warner:** Why did we do this show here?

**Andy Levine:** And not on a cruise line?

**Richard Warner:** And not on a cruise ship, yeah what are we doing here?

**Andy Levine:** It would have been rowdier that's for sure.

**Richard Warner:** Well we're taking some questions, yes sir go right ahead - you're on the air.

**Question 1:** Andy it's a fascinating story, thanks so much for sharing it with us. I'm fortunate enough to be able to know a little bit more on the insight than the average person, but you touched a little bit on one thing that I'd like to hear you talk a little bit more about: You mentioned real quickly that we got a \$99 deposit and moved on, and took some payments. So what are you doing to sort of combat this recessionary environment to help create the experience, or make the experience affordable for your guests?

**Andy Levine:** Well, the first thing that we've done, is we've taken the cruises that were 5 days - we've made them shorter, so that it's more affordable we're focusing on price point. You know, our deals with the cruise lines have gotten better and we're actually having a lot of luck with the artists that we're working with. Hey, you know, the corporate shows aren't there, things aren't there like they use to be, we all got to work together. If you're having the time on this thing that we think you're having, let's all work together, take a little bit less, and get that price down from \$699 to \$499 or \$599. And so we're doing that, we're trying to be super in tune with our guests through our forms, our message boards, and we've put together like little focus groups and to kind of see how are you impacted? You know, is this the thing that you care the most about? In the office, we say that we're not competing against other cruises, we're competing for any major purchase. And so I've been telling the staff, I'm like, "We have to be the thing that people are most passionate about. We can't be something they're on the fence about. There has to be no

doubt that this is the last thing that they grab when they run out of the house on Friday, this is the last thing that they're going to pick up and take out with them," and we just don't have a choice. On our recent cruise, I had a couple come up to me and say, "We had a family meeting and chose between putting a down payment on a car, or coming on this vacation," and that was the best compliment that I had had all year. And I was like, "That's who we're fighting against." You know, no offense, sorry to hurt the auto industry but...

**Richard Warner:** Your colleagues call you "Fun Bobby." Fun Bobby, for those who don't know, is a from an episode of Friends, the sitcom. And as it turns out, Fun Bobby's not so fun.

**Andy Levine:** Not when he's not drinking.

**Richard Warner:** Are you uh...

**Andy Levine:** Well what happened - alright so on the first four cruises we did, we didn't plan so well so there were always, like, fires to put out, so I was busy putting out fires. And we got to our first cruise in 2006 where I really didn't have a lot to do, and there were no fires to put out so, I just started walking around and having drinks with the customers and everything and all of a sudden people were like, "Wow this is great," and all of a sudden I was able to get all these jams going with the bands it was like, "Hey what are you doing? Get over here." I was able to get out there and just try to make things happen and so they said, "Andy that's a great role for you, you're Fun Bobby," so they really tell me, "Get out there Fun Bobby, go have fun. Get the bands to play,"

**Richard Warner:** Go drink

**Andy Levine:** ..."Yeah get the bands to jam and go buy some drinks for people." I was like, "Hey, I'll take it." So that's where "Fun Bobby" came from.

**Richard Warner:** Go ahead.

**Question 2:** Ok, Andy I have two questions: What is the single most important lesson that you've learned since starting this business? That's the first question. And then, do you play a musical instrument?

**Andy Levine:** Ok so the most important thing that I've learned...you know I just recently learned it. And that is get a CFO when you start taking in lots and lots of money. Get someone who's going to help you understand how to, how to leverage that. And how to make it work for you when you're sitting on it all year and how you're going to plan for it. That was a big thing is just understanding, yeah, the product is great but how the disciplines on that side of things, that was on the business side. And then an instrument, yeah I play acoustic guitar, I played in a band, I actually played -

**Richard Warner:** There you go, now's your chance

**Andy Levine:** This is it, I was hopin' I could use this. I was in a band in college, it was called "Waterdog." That's where they put the headliner.

**Richard Warner:** It's good, they can see it.

**Andy Levine:** And we had a band called Hootie and the Blowfish open up for us. And we paid them \$100

**Richard Warner:** Yeah!

**Andy Levine:** And they went on to huge success, they had tremendous success, and I said maybe I'm in the wrong business. Maybe I'm on the wrong side of the stage. And even worse, I wasn't even very good at playing the acoustic guitar. I booked all the gigs so the band let me play in the band, but they told me after a year I wasn't even turned on. I was only plugged into the monitors, so I was up there thinking I was really changing people's evenings, you know, with these powerful riffs. And no, not so much. But anyways, that's my story. But my kids think I'm awesome.

**Andy Levine:** Yes, go ahead.

**Question 3:** Perfect lead in. You said you have kids.

**Andy Levine:** Yes

**Question 3:** So I also saw a wedding ring, so I assume you're married and have kids and you know women always talk about this "life balance" thing. So first I was wondering if you just got married and have do you transition, you know, you seem sort of like someone who had just gotten married, you seem really young. But now that I know you have kids, so that even ups this question: How do you balance it all? And do you involve your wife and kids in the business, or is it totally separate, you know, work and then come home and wife and kids and soccer matches and all that stuff?

**Richard Warner:** It's a great question.

**Andy Levine:** Yeah. Well next month I'll celebrate 9 years with of being married.

**Question 3:** Congratulations

**Andy Levine:** ...with my wife who's amazing. And some of you guys know her, she is the better half, no doubt. And we have two kids; we have a 6 year old daughter and a 3 year old son. And you know what's funny is that when I was managing bands, it was more intense than this. I was traveling more, I was unavailable more, you know working late, out seeing shows, and things like that. Now, the good news is I wanted to find an industry where I'm working with people who also have kids. And so in the cruise industry, I'll travel (when it's not the cruise season) I'll probably only be gone 2 or 3 days

a week. Which is enough for our marriage to really have that good balance. Because if I'm home too much, she's like.. "you're driving me nuts. Get out of here." So it's that good "Miss You" balance. So I think it's been great. I started coaching my sons soccer team, and that's been a blast. And so it's been fun. My priority is there, I definitely love my job and have to pull myself away from it. But they don't - to involve them in the business, they come on the cruises every now and then. They just came on a cruise, and it's so great to have them there. But they know it's work for me, so it's hard for me to spend time with them, but yeah they don't really want to hear about cruising. That's the last thing they want to hear about.

**Richard Warner:** It's like working at the pizza restaurant, you don't want to eat pizza again.

**Andy Levine:** I'm like, "Honey I got tickets to see Coldplay," "[sighs]", I'm like, "Honey it's Coldplay," you know what I mean? It feels like work for her. She's like, "I don't want to go somewhere where you'll be thinking about how many people are here and what kind of light show is that," and you know all that kind of stuff.

**Question 3:** One other fun question is, has anybody ever told you that you are ADD and if so have you ever taken medication for ADD, and if so has it helped?

**Andy Levine:** You know, I know I'm ADD, I asked my doctor a couple years ago and he's like, "Yeah, I was gonna talk to you about that." And so we talked about medication, and he said, "You know, I feel like you've learned to build a life around you that works. And you're probably getting more out of it being that way than not." So that's a huge joke. In my office they'll be like, "Oh look a shiny butterfly flew by...Andy lost his train of thought." But we build the team that way and so they kind of know that's the role I play, and so once I come up with an idea I'm like, "Alright, I'm out. I've contributed as much as I can possibly contribute to this particular project."

**Richard Warner:** The entrepreneurs who have trouble are the ones who can't do that. Who just are so involved in a million things that they can't ever get traction with any of them.

**Andy Levine:** Yeah I have no problem letting go. I mean I've been getting that feedback from people, they're like, "How do you do this?" I'm like, "I know I'm not good at it, I know it needs to be done, and when I feel the pain on a guests face or an artists face or feel that pain because we overlooked something, didn't anticipate...that's enough motivation for me to say, "You know what, I need to find someone that knows how to do this well because I clearly can't. And I love that." Because there's people that get excited about that part. I use to think everyone only is excited about having the idea, but that's not the case, that I'm seeing. People love - they don't want to have to have the idea, they want to get the idea and bring that to life. And so it's a good balance.

**Andy Levine:** Go ahead.

**Question 4:** Well as a fellow ADD suffer I have about 20 questions but I'll try to narrow it down to about 1 or 2. On the less fun side, towards the business side, right now you're risking a lot of your own capital on these trips - basically chartering the boat for a million dollars. Are you going to move away from that sort of model to a consultative model? Doing this for country music, VH1, etc? Or are you going to still focus on risking your own capital?

**Andy Levine:** We are getting away from risking our own capital. We've actually made a major step this year, we did enough business with the cruise industry to kind of go and say, "Listen, if you want us to keep growing..." They were like, "How can we help you grow?" I'm like, "I'll tell you how you can help me grow, quit putting me on the hook for these ships, you know." So the partnerships we've structured with VH1 and the Grand Ole Opry and the cruise lines now, we all go at the same. We all kind of go in together and there's kind of a, I don't want to say joint-venture because that's not the right way to put it, but we're at a point now where we have much less capital at risk. Instead of being the last one's to get paid like we had been in the past, we're getting paid along with everybody else. So everyone is motivated to do well. And we do 90% then everyone had an OK day, if we do 80% then everyone takes a little bit on the chin. And so we've been able to structure that relationship with the cruise lines and the future partnerships and I can sleep much better at night knowing that, so that's a great question because it was hard.

**Richard Warner:** My company does business with Fox, and we're proud to have the relationship with them, but it's been said that Fox is a law firm that produces entertainment shows. You're dealing with American Express, you're dealing with Carnival, you're dealing with big companies - VH1, you're dealing with big companies. How is it for an entrepreneurial organization to work with these gigantic companies with a lot of money and a lot of high-profile visibility, is it tough? Or is it working?

**Andy Levine:** You know the first one we did was VH1, so it was Viacom. So it took about 4 months to get a deal in place that passed all their tests. All their lawyers tests, and once we got that in place and got through that-and they were really motivated. We use to joke - they're treating us like a real company. We go up to New York to have these meetings, and I'm like, "God they're really like on egg-shells," and I'm like, "It's just us we're just like this little company from Atlanta." But they see us as kind of understanding this part of the business that they're really intrigued by and so I think that they were excited so that helped make it less difficult. But once we got that template done and that agreement, any other agreement that we've done, we just make sure we've structured similar terms and then it's so funny - I'll send the contract to the Grand Ole Opry or someone and it passes all their tests and it's like because Viacom already wrote it. Viacom beat it up, you know, if it passes Viacom's test it's going to go through. So that's been refreshing, I was really scared of that. So it's been, you know what, it's been great. They see us as the Little Engine That Could, and we're like this little secret weapon and we're having a blast with it.

**Richard Warner:** And they would probably, most of them, love to work for you.

**Andy Levine:** Yeah, I have these awkward conversations after we do it a year, and one of their star people will be like, "Hey so are you guys hiring?" I'm like, "I can't, I can't go there." We recruited one person from Carnival and before we did it - she approached me first - and then we went and got the blessing - all the way to the President of the company. But yeah I asked for the blessing before I made her an offer, and it was a big deal. But yeah I got to be careful with that.

**Richard Warner:** Go ahead.

**Question 5:** Your company looks like a lot of fun, you're to be commended. You've done this start-up, you seem that you're enjoying the success of growth in a bad economy. You're on a razor in your office - it looks like fun. I'm wondering though, on the serious side, have you set up from the beginning or in the middle or in the future - I know you mentioned that a CFO was real important to you, and it was a lesson that you learned recently - have you set up a formal board and how do you direct things within the office from a President's point of view on down. How do the decisions fall in your company?

**Andy Levine:** Well I have an informal advisory board of a few people. I'm a member of E.O. which I've been a member of for 2 years, and that has been one of the most amazing things for me to be a part of. There's 10 other entrepreneurs and so we get together once a month and we share challenges, and that's been powerful for me, number one. And then as far as inside the company, it's pretty clear. There's a thing out there called a Results Oriented Work Environment. And so I've learned, the more I can give people an understanding of how they can impact the company and what responsibilities they can own, as little as remembering people's birthdays and anniversaries to as big as, you know, revenue management. Making sure that we're charging the right amount for our cabins. The more I give people a clear understanding of how they can impact the company, a lot of that stuff goes away. I have directors that work with their individual team but it's mostly about giving everybody a clear understanding of, "Hey I own this. This is my baby and we have a staff meeting and I'm going to talk about how this is going." I've had a lot of luck with that, a lot of luck.

**Richard Warner:** Go ahead.

**Question 6:** Ok I have a question, and a statement. My question is what are most of the bands trying to get their music into, like what rating for games, T? M? And my statement is I'm in a band called Silence.

**Andy Levine:** Awesome. Well first of all, if this ever happens...consider another career. No I'm just kidding. You know, the gaming thing is interesting because another example of the music industry looking for non-traditional ways to expose new artists and you know gaming is obviously huge. And people are playing the games over and over again so when a song is in there it's just the same as hearing it on the radio. Probably even better because you're more focused, you know, you're not driving down the street or whatever you may be doing. So it's very coveted. There's a department at EA that just

deals with music licensing. And so they find baby bands, they put them in there, they hardly get paid anything, but they get exposed and they go on tour and they help promote them. So it's very coveted. It use to be all the bands wanted soundtracks, "Get me in a soundtrack." Now, it's like, get me in a game. Get me in the new Madden game so that my song plays every time someone scores a touchdown. That's going to be pretty strong.

**Richard Warner:** Supply and demand: not that many games, or popular games anyway.

**Andy Levine:** The big ones, right.

**Richard Warner:** Yes ma'am go ahead.

**Question 7:** Hi, I was wondering how you make money besides selling tickets for the cruises. Do you have advertisers, do you have cross-promotional marketing? Maybe you promote certain products to your audience? Just curious about that.

**Andy Levine:** Yeah, selling tickets is the primary revenue stream. So we'll make 80% of our income from selling the tickets. And hopefully that price that we collect for the tickets exceeds what our expenses were. We do offer travel insurance, and we're able to make a modest commission on that. We can earn bonuses if the guests on our ships spend more than guests on a normal cruise line (from the bar, the casino, and things like that). So we're able to motivate the artist to actually go and do Dune Buggy rides or fishing with an artist. Or taking photos. So we can earn money that way. As far as traditional sponsorship, it's been kind of slow. We had a couple years that were great but right now it's just in a weird time. So we haven't seen that be the premium that we would hope for. But our primary revenue stream is selling tickets, and then secondary is our on-board revenue bonus, and then third would be our travel insurance. We sell a little merchandise, but I'm trying to make a case in the company right now that it would be cheaper for us to give everyone a free shirt than to try to sell these things. Because when I left the office today we had about 600 shirts that we'll never be able to sell and I think of all the time that went into the design and the shipping then back and forth - those shirts have been all over the world, we should probably sell them on that bases: "These shirts have been all over the world!" You know what I mean? And it's back here and it made it. But I'm trying to convince the company that we'd be better off giving everyone a free shirt then to try to sell it.

**Richard Warner:** Well there's certainly a buzz factor, you know, in that.

**Andy Levine:** It's interesting.

**Question 7:** Thanks for answering my question.

**Richard Warner:** Yes, ma'am -

**Question 8:** What's the story behind the name of your company?

**Richard Warner:** Yeah!

**Andy Levine:** Okay, so SixthMan. The most notable...the most popular definition of SixthMan is from the basketball reference. You know, not a started but very instrumental. First one off the bench. Hustles, scrappy, make a difference, impact the game. When I was in high school, that was my role on my basketball team. And so I looked back when it was time to name the company, so I had this basketball high school thing where I wasn't good enough to be a starter but I came in and I was the first one on the floor diving for balls and kind of impacting that way. And then I go and I get in a band and I'm not good enough to play in the band but I'm on stage and I'm booking all the gigs. And then I start managing a band, and I'm really paying attention to that connection between the fans and trying to be an extension of the band the best I can, so it came time for a name and I'm like, "Here I am. I'm not good enough to be the starter, but let's do this, let's call it SixthMan." And then now as every day goes on, it seems like it's a perfect name because now we get together with a community and kinda be the sixth man for them. And it really wasn't intentional, I was just looking at common threads in my life, so.

**Richard Warner:** So there you have it. A half-hour show with Andy and a half hour Q&Q with Andy. Thank you all for being with us. And Andy Levine from SixthMan, thank you and goodnight.

**Andy Levine:** Thank you, I had a great time. Thanks. Appreciate it. Thank you guys