

Gui Costin

The Dakota way

WITH GUI COSTIN

The Marketing Stir Podcast

Welcome to The Marketing Stir podcast by Stirista where we chat with industry leaders and get their take on the challenges facing the market, and maybe we'll have a little fun along the way. On this week's episode of The Marketing Stir, Vincent is joined by Gui Kostin to discuss his experiences as founder and CEO at Dakota, the importance of good company culture, as well as Gui's new book, The Dakota Way.

VINCENT PIETRAFESA: Ladies and gentlemen, welcome to another episode of Stirista's The Marketing Stir. I am your host, Vincent Pietrafesa, the vice president of B2B products here at Stirista. It's a new year, ladies and gentlemen. Thank you for listening to our episode so far, going into this new Jan-Feb year. Love it. I hope everyone has their resolutions going. I did not make a resolution. Who knows? We'll talk about it. I don't know. Maybe get better physically, like everyone says. I think I look OK, but anyway.

But welcome to the podcast. Who is Stirista? If you're just tuning into the podcast, we don't take any advertising, but I'm just going to talk about Stirista just for 12 seconds, 15 seconds. We're a marketing technology company. We own our own business to business data, business to consumer data. We also have the technology to push to that data, to help you get new customers through email marketing, through display, connected TV. Email me, vincent@stirista.com. I'm crazy. I just gave all of these listeners my email. You're using it not always for what it's intended, but hey, you're listening. That's all I can ask for. Thank you, ladies and gentlemen. Also, my co-host, Mr. Ajayay Gupta, cannot be here today. I know. We're all sad. I'm sad. But we will have some tales and stories of me going down to San Antonio and visiting with everyone soon, so stay tuned. But I've got an amazing episode for us today. I have got a founder and a CEO, ladies and gentlemen. I know you love those because we always hear from our listeners. We love all of our guests, of course, but you love the founder's

story. We're finding that out from people, and we've got a great one today. He's the founder and CEO of Dakota, Gui Costin. What's going on, Gui?

GUI COSTIN: How you doing, Vincent? So glad to be here.

VINCENT PIETRAFESA: It's great to see you again, my friend and also author. I love that. My listeners are going to go nuts. Not only a founder, not only the CEO, but an author of *The Dakota Way*. New book coming out, so look for that, ladies and gentlemen. But Gui, tell us about your role as founder and CEO because that can mean so many different things when it's your own company. Talk to me about that. Talk to me about the company in general.

GUI COSTIN: Well, I would say my role, I probably don't get asked that a lot. So the way I think of it is I'm the keeper of the culture, right? So you've got the vision, but you're really how-- I mean, every company is how you take care of your people and how you treat your people, and that's really my number one responsibility. Obviously, customers are 1B, our teammates are 1A. A lot of people go reverse that, but I always feel the people are the number one thing, removing obstacles and making sure that I'm doing my part in treating people the way I want everyone else to treat one another. And then just to make sure we're on point, and we're growing, and we're focusing on what matters most, that we have a lot of core principles called Dakota-isms. And the number one Dakota-ism that's the umbrella concept is focus on what matters most. So my role is to make sure, at every level, everyone is doing exactly that, and that's in everybody's best interest.

VINCENT PIETRAFESA: And I love that one of the first things that you and I talked about, Gui, and it shines through of when you talk-- people,

making sure your people are taken care of, making sure people are being nice. I want to get into that in a moment. I'd be remiss if I didn't ask this question because our listeners will get mad at me. How'd you get started in this business, coming up with the concept of the company? People love that. Let me hear it.

GUI COSTIN: So we have two businesses, one I founded in 2006 with a partner, and we raised money for investment firms. We were hired in 2006 by an investment firm, as an outside company, to come in and help them raise capital for their investment funds. Today we work with five funds. We have 10 people on that team. We've raised between \$25 and \$30 billion. So a lot of money, very successful. We've done it through a sales process called The Dakota Way, which the book's about. And so, in order to build that business, we created a database in salesforce.com of investors all across the country. These are institutional investors, not high net worth, not individuals. We do consider the institutions, and then we did something really fun that your listeners might enjoy is that we took that database in 2019 and we commercialized it. And we basically turned it into a product that someone could go online, type in our URL, login, looks like salesforce.com, and they can look at all of our accounts and contacts. So they can now have a fresh CRM to go set up meetings with potential investors. So we let other investment firms and their salespeople subscribe to our database.

VINCENT PIETRAFESA: That's amazing. Would you say that's how Dakota has evolved since 2006?

GUI COSTIN: Yeah, absolutely. Because our main business, which is amazing, is the services, business, sales, and marketing. Whereas Dakota Marketplace, the database is a full-fledged company with

everything you can imagine from HR, product, data, operations, community outreach. It's got all the elements of a company, which is really exciting. But we have about 65 teammates on that team, so that's a much bigger team than the core business, but it's been really fun to build and develop.

VINCENT PIETRAFESA: And let's talk about the book. This is a new book coming out. What made you start wanting to be an author in general, Gui? And then talk to us about what made you want to write this book.

GUI COSTIN: It was just really important that we got the message out of how we believe you should raise money. We do podcasts and shows called Rainmaker Live where we talk about the four core principles of fundraising. And that's what the book is about. It's the four core principles, and they're very easy to follow, hard to master. But if you follow them, you're almost guaranteed to have a lot of success. But they're easy to understand, and they're emotional to implement. But if you do them, we've proven time and time again-- we've built two businesses based upon these principles. Many, many people in our industry have followed these principles and had a lot of success. So it's the four core principles, and it's all around setting expectations with your boss. That's one. Two, establishing your TAM, know who to call on. It's one of the most important things of any business is, where do I go to sell my product? To whom? Three, once you get the meeting to sell your product, are you a master messenger? In our business, investments are complex. The goal is to simplify the story. So three, you got to be a master messenger. And then four, you need to use a CRM to 10x your leverage. Good salespeople set up a ton of meetings. The problem is they use Excel spreadsheets, sometimes yellow pads of paper to track all that. That's a failed strategy. If you use a CRM, you can do quick

retrieval, which can result in 10x in your productivity. That's what the book is about.

VINCENT PIETRAFESA: I love that because a lot of questions that I get asked, Gui, at some of these conferences from listeners, which again, I appreciate that they come up to me. They say, hey, you have a lot of different C-level executives on. You have CMOs of these huge companies, but no one's talking to me as far as how to get that investment. My company is small. I'm not Nissan. I'm not some of these large companies that we had on like Pepsi. How do I get this? So this is going to be great for them. So check that out, ladies and gentlemen. The Dakota Way coming out. I love this concept, and it makes me smile because when you talk about it, you smile. Right? So kind versus nice, core principle of yours. How does that translate into your company culture? Talk to me about the difference there. you

GUI COSTIN: There's so many reasons why you want to have a great culture, OK? But if you just step back, culture, in my opinion, is how you treat people. And most people spend the majority of their time, of their life at work, with their colleagues at work. And there's reasons they make shows like The Office and cartoons like Dilbert because it's crazy town, right? I mean, how people treat each other at work is like full crazy town. And in some ways, it can be really good, and people have very fulfilling careers, and they love the people they work with. The environment's great. But that's not the large majority of these situations. Leaders give themselves permission to speak in different ways and act in certain ways. My goal was to create the single greatest experience that you could have coming to a company. And I realized as we were scaling it, you had to be kind. Nice, unfortunately, means you might not have tough, difficult conversations. So being kind, I have to have tough conversations. I have to be direct with people on certain

things. Why? Because it's in their best interest. It's in our customers' best interest. If I was being nice, I wouldn't be being kind. It wouldn't be doing the right thing for them. So we combined two concepts, kindness as a culture with super hard charging. So we're super hard chargers playing at the highest professional level we possibly can, always aiming for excellence every single day, but doing it with kindness. The two can work together. We're proving it, and I have to love everyone I work with. I want people, when they come to work, to treat people like I treat them, which they do. And then the key thing here is you got to keep your best people. If you want to have a thriving, growing organization, it's going to be because of your people, and it's because they love coming to work. They love how they're treated. They love the upward mobility that they have. They like the fact that a leader clears out all the BS, so they can just do their job and get stuff done. And losing people is what kills a company. Losing good people is what decimates a company. And why is that? One reason. Institutional knowledge. If you lose the people that know how to get the job done, it's very hard to quickly replace people. The next person can figure it out in 6, 12, 18 months, but it takes time. So you want to keep your best people, and culture is one key driver of that.

VINCENT PIETRAFESA: Those are some examples you've given me. Gui, give me some more examples how you're maintaining a competitive edge in a competitive field.

GUI COSTIN: So the number one thing that we do is ask why. So it doesn't matter what you're doing, right? Why are we doing this? Customer calls, they have a problem. You want to solve that problem, but it might be with the product. Sometimes people are like, OK, this customer wants this, and everyone drops everything and starts working on something without asking, why are we doing this? There's always a

reason behind everything of why. I think if you ask why seven times on a problem, that's how you solve the problem. You'll eventually get to the answer if you keep asking why. That is the primary way, is, number one, are we focusing on what matters most? That's number one. Number two, when we're doing any activity, do we have the answer to the why? And I just had it happen today. The team was working on a project, and I started asking a few questions like why. And then I think I got to the second why, and it's like ice on a lake cracking open. You know what I mean? And it's in everybody's worst interest to be going down the path we were going down. You know what I mean? And so that's the kindness. It's like, we're wasting time here, and so we reversed course. But that problem could have been solved because every business is kind of around projects. There's things you have to do on a day-to-day basis, but there's a lot of projects and things that need to get done. If you could increase the efficiency of getting things done by 10%, 20%, 50% because you cut out the wasted time, most wasted time of trying to accomplish any project is because people don't have crystal clarity on why they're doing what they're doing. If they're really clear on the intent, they're like, man, well, I really didn't need to do those three things. They weren't important. No, they weren't. Why were you doing them? Well, I just assumed, right? You kind of see that, and so that's one of my biggest jobs, is asking and have everybody asking why they are doing something and having a really good answer for it.

VINCENT PIETRAFESA: Gui, one of the things I like about you is you always give straight answers. You're direct. This next question I'm going to ask you; it's something I've never asked any guest. But you and I were having a conversation about it, so I wanted to ask you. The CMO role, why is the average lifespan of a CMO around 18 months? This is controversial because we have a lot of CMOs on this, a lot of people listening to it. I'd love your take on that.

GUI COSTIN: It's a loaded question. And with all due respect to CMOs, they know it, so they know the answer too. Number one, the CEO wants to outsource the problem, just make it go away, just do it all, right?

Well, there's about 30, 40, 50 different big-time roles and activities that a, quote, unquote, "CMO" plays. So let's just start there, so it's a unicorn. It's really hard to fill. Now, I've listened to some podcasts of some really, really good CMOs. They don't talk like CMOs. They use language like of a salesperson, a revenue person. They think like a salesperson because their job is-- but let's just assume, for the most part, people get this big title called a CMO.

The hardest part about this is, number one, all the different facets of the job requires, and a lot of people don't think of marketing as what it is.

The head of marketing needs to know as much as the head of sales of where the sales team is focusing their sales efforts and their sales process. OK? How many marketing people would you know that thinks and acts just like the salesperson? And then, conversely, most CMOs will redo the website branding. OK. So you have left brain activities, brain, and analytics, right? Marketing is analytics, tons and tons of analytics, because you need to know what's working and what's not working, tracking. So you have to have this deep analytical mindset and interest. But if you're a creative type and that's because you're in marketing. If your creative type, that's not going to be of interest because you don't want to be told that your marketing isn't working, right? So you're not going to dig into the analytics because you're the creative type, which I agree. Artists don't like their artwork panned. And so you just have these conflicting-- if you break down the activities of a marketing person, anybody on this call, and you just wrote down, what do you think the activities of the head of marketing are, right? And you start to do that. I just mentioned analytics. Then you have website design, but is it really website design or what are we looking to get out of our

website? What are the results? And so, again, that's back to the why. So marketing is as much a sales and go-to market activity, like a sales activity, then it is like generating demand. Marketing is you're generating demand. So understanding your TAM because the head of marketing needs to understand the TAM, because you need to know where the sales team is going to spend their time and why. You need to understand all the analytics, the financial analytics-- ROI, unit economics, all where you're spending your money and why. What kind of return are you getting? And then you need to be able to project out three to five years. Marketing needs to understand that. So now you need to have almost a CFO mindset. So you start to think about these skill sets that are required. It's just very, very difficult. So I'm not here to bemoan or put down a CMO. I'm just here to tell you, if you're a CEO right now and you're like, oh, go hire a CMO. I'm going to tell you, you're going to hire them and fire them. Not because they're incompetent, because you're hiring for something that's not hireable for. As a CEO, you have to think about what you're hiring for. What are you looking for that person to do? When someone says CMO, you know what they're doing? I have a problem. It's called marketing. I don't know what to do. I'm going to hire someone to solve the problem, and the problem is going to be three letters, or the solution is going to be three letters, CMO. That's the extent of the thinking. They hire a headhunter. They say they were CMO of blah, blah, blah. OK, good. Go. It just fails time and time again, not to the fault of the CMO though. It's just a mis-hire. You don't understand what you're hiring for. It's no different than the simple tool analogy. You're not going to use a hammer to screw in a screw. A lot of people hire hammers screwing the screw, and they wonder why they're firing them. Well, you have the wrong tool in your hand. Come on. Right?

VINCENT PIETRAFESA: Well, yeah. I seem to think that it's a lot of people now. It sounds like it's just a role that there's so many moving parts, right? You even see it now with they're calling it like a Chief Growth Officer, right? And that person, there's some marketing. There's some sales. Yeah, it's hard to find. And a lot of times, my experience at other companies that I've worked at, a CMO comes in, the first thing he or she wants to do is redesign the website. It's like, well, wait. OK. Why? Is it buying you some time? What is that? What's happening there? But yeah, I know. I knew you'd have a good take on it. You touched on sales, and a lot of salespeople are listening to this podcast as well. You have a background in real estate. You have a background in sales, mutual fund sales. How has that diverse background set you up as a leader? Do you think everyone needs to do sales at one point in time to understand the trenches? What's your thought about that, Gui?

GUI COSTIN: Well, just the age old adage is everyone's a salesperson, right? The CEO is a salesperson. And it doesn't matter if the CFO got promoted to CEO, you're still a salesperson representing the company all the time. And you're a salesman to the employees, the teammates. You're a salesperson to the customers. I don't know if everybody necessarily needs to be in a sales role, but I will tell you, if you can learn early in your career how to acquire customers-- because I don't know of business that exists today that doesn't acquire customers, doesn't have a skill set in acquiring customers. I know that sounds incredibly obvious, but that's what a sales job is. You're learning how to acquire a customer, right? And so you start to think about, then, what does that take to acquire a customer, given our product, given who the target customer is? Learning that skill set young and early and learning it the right way is invaluable. When I look at our sales team, that's what I tell them all the time, that you're doing the hardest job because it's emotional, because all you're getting all day long is no. You're sending 35 emails and maybe

getting 1 response. But that 1 response, and then you add that up over the week. And then maybe you get 2 on 1 day, and you add it all up, and then you set up 8 first time meetings, and then you do the math on that. If those eight meetings all convert, let's say, for our business, \$120,000 in revenue. And then if it's a 20% to 25% conversion rate, then you start to add up the revenue. And you're like, wow, just that 1, right? But did I go to college to send emails, write in cold emails? Did I educate myself, spend all that money in college to send cold emails to learn how to acquire customers? That looks like no fun. I hate that. I can't stand being rejected. So not everybody, right? But it's those people that learn how to acquire customers. And by the way, I would say to our team, who talks the most to the CEO? Top salespeople. Why? Because the CEO's generally calling them, asking questions. What's working? What's not working? What are people saying? You're not calling the worst salesperson, right? And then they're telling you, this is what's working. I'm tweaking this. I did this. Yeah, this is what they're saying, right? And so if you want to have direct connectivity to the CEO, get a job in sales, become the number one sales person. And also, no, as I always say, I didn't coin this phrase, but it's a beautiful one, is that people not getting back to you, if they're to meet you face-to-face, they're going to love you. OK? Let's just get that straight. But they're getting 150 emails a day requesting, requesting, requesting something. We're not dropping you in Fallujah with a 90-pounds pack on your back, facing live ammunition. This is simply cold email. But if you can master it and become a sleuth and figure out how to get that reaction back where you book the meeting, that's a skill set that's going to be in your DNA for the rest of your life.

VINCENT PIETRAFESA: I remember being in college and some alumni coming up and meeting me. And I was a communications major with a focus on marketing and also broadcasting, and a lot of them were

meeting me. They're like, no, man, you're going to be in sales. Your personality, you have a great personality. You're just right for it. And I was like, what, are you crazy? I don't want to, you know. And here I am, and I love it. And it's the field that I've been in for many years, and you're right. Yeah, it's a skill set. And also, our founder and CEO, my co-host, Ajay, when he founded the company, that's what he did. Out of his comfort zone, but he had to do it. And he was the one going out and looking for customers and talking to people. And now, 13 years later, what the company is now, it's incredible. You're absolutely right. Gui, I want to talk to you about a few things that-- you know, I want to get to know you personally, but what's a LinkedIn message that gets your attention, and what's one that you just hate?

GUI COSTIN: Well, there's a couple guys that I follow that I think just add a lot of value. So I really don't like self-promotion. I just think self-promoting on LinkedIn-- please just stop. No one cares. It's not Facebook. You're making yourself look horrible, right? People can see through self-promotion or, hey, it's our 20th anniversary of our company.

VINCENT PIETRAFESA: Yeah. Is it a one-person company? What is it? Yeah, yeah.

GUI COSTIN: But it's like, who cares? Where's the value? Where's the value to the reader in that? There's no value. That's just all about me. It's about me, right? Winning in LinkedIn, clearly, is delivering value. And there's a few guys that I follow that are unbelievable at delivering value, whether it's building your-- 5 ideas for building your personal brand, concrete, 1, 2, 3, 4, 5. The more concrete you are, the more value that you give, the better. That's what wins on LinkedIn. At least, that's what wins for me. And I read. And I read. I screen share. I take a picture, send

it to the team. I send it to my kids. I mean, I love getting value from people on LinkedIn.

VINCENT PIETRAFESA: And the message that you just don't like, self-promotion, promoting themselves. Is that what you would say?

GUI COSTIN: Yeah, when it's all about them. It's just simply all about them. I'm not quite sure anybody who's listening to this would say, oh, yeah, I love reading about people when they describe, hey, look, look how good looking I am. Look at my new house. It's just weird. Come on.

VINCENT PIETRAFESA: Yeah. Look at my new house. I'm reaching out to you to now add an addition to it. Please buy something from me.

GUI COSTIN: I'm like, really?

VINCENT PIETRAFESA: Yeah. It's like, how about you get my name right first, right? And yeah. No, I love it. Gui, I want to talk to you about a lot of great work you're doing, charity-wise, with the importance of focusing on micro-charities, charities in the area. Talk to us about that.

GUI COSTIN: It's one of the most important initiatives of the company. It's not something that I knew would be the most important initiative. And I have a sister-in-law who was the nonprofit sector, has been for her entire career. 13 years prior to Dakota, she was at Ronald McDonald House. And I called her during Christmas of 2020 and I said, hey, would you want to join in Jan of 21 and build out our community outreach? And we're going to give a certain amount of money away each month, but I don't want to give to big charities. They're already handled. I want to give micro-charities, where we can have an impact, that are local to Philadelphia. And so they can come in our office. We can support them.

It's been the most galvanizing aspect of our company, bar none. People, it's their number one favorite thing, is to go to a charity, to stuff backpacks, to contribute, to give back, to teach, to coach. In fact, we're going to bring on a Director of Health and Fitness. And one of the initiatives of his role, in addition to being there to train, set up meal plans, diet questions, stretching, whatever, is going to be adding value to the local charities. We do it through career days right now, where we bring in five Dakota employees. And the charity comes in, and they're able to ask questions. The kids can ask questions about different careers. We do the same thing on health and fitness, eating, all of that. And so we're so committed to that, to giving back in that way and leveraging our expertise to the benefit of these underprivileged kids, kids in the city that might not have access to this type of mentorship or this counseling and to be able to provide that. So it's been so much fun. The team absolutely loves it. It's called Dakota Gives, and it's really neat.

VINCENT PIETRAFESA: That's amazing. Yeah. And I remember how important that was to you, especially keeping it in the Philadelphia area. So love hearing that. Final question. Gui, tell me what you like to do for fun. I remember you have kids there. You're in Philadelphia. So right now, you're really enjoying some of the Philadelphia sports as we record this. Let's see if that continues by the time it's released. Let's hope, for your sake. But what do you like to do for fun there?

GUI COSTIN: So I love to exercise, strength train. Love to walk. Love to play golf. Anything related to exercise and being outside. I'd love to be in the water. Anytime I can get on the water, on a boat is amazing. And I guess workaholic would be probably the wrong word. It's just I have such a passion for work and serving our customers. I think service is the greatest thing you can do in life, to serve other people, help other people get what they want out of life. And that's my commitment to our

teammates, to our customers, and anyone else involved in our ecosystem, is just to help other people and serve. And so that's just very gratifying, and that's what it is. And then, of course, in the winter, I like skiing, and basically, anything outdoors. I mean, I truly love walking. I'm trying to now get down to Florida a little bit in the wintertime so we can walk. It's still harder to walk when it's 20 degrees out. Really.

VINCENT PIETRAFESA: Ridiculous up here right now. Yeah, in New York, PA. Oh, man. It's ridiculous, ridiculously cold.

GUI COSTIN: But just being outside, and obviously, being with my friends and family. I love being with my three kids. They're all sort of grown up. One's still left in college, but I don't see them as much. Christmas was awesome, getting to hang with them.

VINCENT PIETRAFESA: That's awesome. And all the while, running a company, taking care of your employees. So awesome. Gui, this has been great. Thank you so much for sharing your time. Your passion shines through. I could see it, and I know the listeners could even hear it. So that's amazing. Check out The Dakota Way. Gui Costin, the founder and CEO of Dakota. I'm Vincent Pietrafesa. Ajay is somewhere. This has been The Marketing Stir. Thank you so much for listening, and we'll talk soon.