

[Transcript] My First Million / #21 - How To Value, Sell and Buy Online Businesses

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers.

And each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find another bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

First thing you got to do is get the numbers right.

Sellers, discretionary earnings, net income, trailing 12 months, profit and loss data, ad backs, leapt to a cruel.

Listening to business, getting under LOI, and then having it fall completely apart and do diligence because all the numbers are wrong.

It's heartbreaking, it's debilitating, it's emotionally crushing, but it's reality.

People listening, they know the value of their car, their house, their condo, their retirement account, but they probably have no real accurate idea what the value of their most valuable asset is, which is their business.

So we're seeing larger, more mature businesses where the entrepreneurs are smarter, they're more educated, and the size of the businesses are much larger.

In 2013, when I closed 23 transactions myself, it was about \$225,000 on average.

In 2018, my average size was about \$2 million.

Five million is not enough.

\$10 million.

\$15 million.

\$20 million.

\$100 million.

It's half a billion in revenue.

\$850 million.

One or two people in a bedroom actually put threats to these like giant, multi-million dollar companies because you have creativity and you have nothing to lose.

Add another zero to that price, buddy, add two more zero.

Every week, we sit down with self-made millionaires and ask them, how did you do it?

I didn't start a podcast.

I started my own personal business school, and the teachers are the successful entrepreneurs behind the biggest brands and businesses that we find today.

I wanted to know the real stories with all the details, like, how did you get your first hundred customers?

What did it feel like when shit hit the bank?

I asked them, how did you spend your money now that you're rich?

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And what would you do if you were starting over from scratch again today?

If you're like me and you want to own your own business, instead of living a nine to five job, this is the podcast for you.

The Hustle presents my first million.

Here we are.

Ramon Valli with me here on the podcast.

He's partner at Quiet Light Brokerage, which, if you listened to the episode, I think two with Ramon Venmeer, who had an amazing story where he created a blog about soap operas, even though he's never seen a soap opera in his life, but he made one of the most popular soap opera blogs in the world.

And when he needed to sell it, he went to Quiet Light.

He actually tried several different methods to sell the business.

When he finally was able to sell it for nine million bucks, it was through Quiet Light Brokerage.

That was the first time I had ever heard of it.

And since then, I've been hounding your site to see what are the other opportunities?

What are the other great businesses that are up for sale?

Because if you're somebody who is looking for a business to buy and rather than start, these are businesses that are already running, have been running for years, they have income, they have profits, and they're not marked up like a crazy tech company with like 50 times revenue or something like that, very reasonably priced.

So I love Quiet Light.

I wanted to get one of the main people behind Quiet Light on the podcast just to talk about this.

And so we have Joe here today.

Joe, welcome.

How are you feeling?

I'm doing fantastic, Sean.

Thanks for having me on.

I'm going to jump right in to say something.

Yeah, please.

The beautiful thing about Ramon, who I count as a friend now, is that he didn't just sell a nine million dollar business.

He actually sold a \$200,000 business first, right?

And learned from that and built another.

And the next one that he sold through Quiet Light was \$400,000.

And then hit the mother load and jumped up to nine million.

So I don't want anyone to think, oh my gosh, that's amazing, I'll never get to that.

People start where they start and they just keep going forward and fighting and ramping and succeeding.

People like Ramon, it's an incredible success story.

If anybody hasn't listened to that episode, go back and listen to it.

He's got quite a story.

And even better, his new venture, which he originally bought, I believe, of Quiet Light

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and has ramped up, I think is going to be a hundred million dollar business.

And in the time I've been messing around doing a podcast, between episode two and wherever we're at now, 15 or so, this guy's built another massive business that he bought and sort of renovated off of Quiet Light.

So I just talked to him today and I tried to give him credit for that.

I'm like, man, that's incredible what you've done.

I said, it's all you.

You've done some incredible stuff because he's so humbly, he says, no, actually, it's really my team.

And I'm like, okay, Ramon, you hired the team.

You guided the team.

You inspired the team.

You treat the team well.

It's really you.

So it's an incredible story for sure.

Yeah, exactly.

Okay.

So before we talk about how much we love Ramon for an hour, because I will do that, let's hear about you, your story, you know, give me a sense of your entrepreneurial background.

So give me the two minute version of who you are, how you kind of jumped into the entrepreneurial world, what that's been like for you.

And I've been hustling since I could walk to be honest with you, but we'll jump to the adult version of when I was grown up and launched my first venture, married back in 1997.

And I was working for a company in Portland, Maine.

I was the 34th employee and it was amazing.

I love going to work every day.

I get there early at stay light.

I couldn't imagine being anywhere else until I couldn't stand it anymore, right?

It got so big, so corporate, so people just try to climb the ladder that there was a time when I couldn't imagine working anywhere else.

And then all of a sudden, within two and a half years, I couldn't imagine working there anymore.

So I jumped ship and launched a media buying business back in 1997.

We used to buy radio airtime for direct response clients, which really are now all internet based clients.

And I said to myself, if I could just make \$50,000 a year working from home, I'd be thrilled.

That's just incredible.

And I had one client in 1998.

My taxable income was just north of a half a million dollars.

So I 10 times my goal at that time and it took off and grew from there.

It wasn't long before somebody knocked on my door and said, hey, look, I've got a call center.

I hear you're good at buying media.

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Do you want to partner on something?

And we did.

And I launched my first product on radio, took it to radio and then did a television infomercial with it, let it run its course, did the next one, let it run its course and then took that one 100% online in 2005.

And that particular one, we did 100% online from 05 to 2010 when I exited the business.

So if you could imagine, we took it through the absolute best of the economy and the absolute worst of the economy.

And it came up the other side of it, emotionally toast, exhausted, not loving this amazing online recurring revenue, e-commerce supplement business that I had that was providing a very healthy living for myself and my family for less than 20 hours a week.

And I just absolutely had to get rid of it.

It's a horrible story.

People out there rolling their eyes going, what the hell's wrong with this guy?

But if they're entrepreneurs, they know that you just get bored.

It's time to move on.

You've got to do something else.

And so at the time, it just occurred to me and never knew it before that I had something I could actually sell.

And so I started looking online and calling online business brokers, people that specialized in selling online businesses, which mine was.

And I talked to three different brokerage companies.

Two, I felt like all they were trying to do is to get their hooks through the telephone line into me for a commission.

They just wanted me to sign an engagement letter.

The third was Mark Doust at Quiet My Brokerage.

And he's now my business partner.

And he looked at my profit and loss statement, gave me some good advice, and basically said, look.