

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.

I built and sold an Amazon FBA business.

For me, no VC money, no employees.

I was working full-time.

I started with \$5,000 in my little Chromebook.

Building on the back of Amazon, I mean, it has this wrist.

We can talk about that, but it also has this huge scale and leverage that you can generate.

All right, I got the great first product, because this is going to be awesome.

Look for enough demand for not so much competition.

I've done all my product research, and I sourced it out of China.

I get this logo off of Fiverr, like I feel like, all right, I got the right pieces in place, and I get it in, I launch it, and it is a total fail.

I got burned somebody the first time.

I'm hurting, because I do not want to stay in the career of men, so I'm feeling like so much is riding on this, and it's just got to work.

Once I got a little taste of it, it was like, okay, now it's on.

That first year, it had almost six figures in revenue.

It almost didn't feel real until the deposits hit in the bank, and I'm like, oh my God, people are really buying this.

The hardest thing to overcome was really my own self-doubt.

I mean, it felt like every order I placed, I was putting my whole net worth on the line.

It was crazy.

We put the business on, and within, I want to say, a week or 10 days, there were seven full-price or higher offers.

People can access these types of businesses, and with a pretty small bet, create a life-changing business for themselves and their families.

To carry something from kind of the IG in your head, to building it, to scaling it, to selling it, you've got to want it.

Pretty asymmetrical.

I started with 5,000 bucks, and it turns into seven-figure business.

Five million is not enough.

10 million.

15 million.

20 million dollars.

100 million dollars.

Almost a half a billion in revenue.

850 million dollars.

One or two people in a bedroom actually put threats to these 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.

First, no million.

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, man?

Shit hit the pan.

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

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.

Paul, what's up, man?

How are you?

You flew in today, right, or last night?

I did.

Last night.

Yeah, late last night.

I was excited for this.

You're a listener who is on the show.

Is that correct?

Exactly.

Yeah.

It's the new American dream, as I call it.

I love the show.

I reached out to you, and here I am.

Yeah, and I liked your story, because you did something that, I think, not a lot of people...

Well, I'll put it differently.

You built a Amazon FBA business.

And I've seen a lot about FBA, but the people who tell me about FBA are always selling me something for FBA.

And so I hate that.

And I like just talking to people who, if you're telling me you got rich, then you probably

[Transcript] My First Million / #37 - Mastering Amazon FBA

don't need to sell me something for \$9.99 type of thing.

Exactly.

And so I'm excited to talk to you, because you built a successful Amazon FBA business, and you're here to tell the tale.

What made you want to do this?

Well, for me, when I was learning the business, podcasts for everything, like podcasts, Facebook groups, Reddit threads, I feel like I've gotten so much from podcasts, so hopefully someone will either get a little bit inspired or get educated.

Like you were listening to them, or you went on them and that's how you go?

Listening.

No, listening completely.

Yeah.

There's this guy named Manny Coates who does an Amazon podcast.

Never met me, doesn't know me.

I mean, I probably would know a million-dollar business without him.

So there's all these people that have been really influential via podcasts that it kind of is fun to come full circle and say, like, here's my story on a podcast.

And so what is your story?

Okay, so we're here in my first million.

How did you make your first million?

So let's start with the basics.

So I built and sold an Amazon FBA business.

Okay.

And let me, I can give you kind of the scoop.

So FBA people don't know is essentially selling on Amazon, right?

So that gives you access to two of the most powerful things out there, which is millions of Amazon households, prime customers, and Amazon's distribution network.

So say we want to create a product, Sean, you know, cell phone case.

Sean's cell phone case, we put your handsome face on there.

We can list it on Amazon, all right, reached millions of prime households, and when someone buys that product, we're going to use Amazon's distribution.

They're going to do a pick pack and ship.

We don't have to do a thing, and then we get paid.

So the net of reaching all those customers and having their distribution means we can scale up a huge business, a seven-figure business, with just one person.

Like for me, no VC money, no employees.

I was working full time.

I started with, you know, \$5,000 in my little Chromebook, like, so building on the back of Amazon.

I mean, it has this risk.

We can talk about that, but it also has this huge scale and leverage that you can generate.

I love it.

And so, so FBA's answer fulfilled by Amazon, for those of you who don't know what we're talking about.

And it's similar to other e-commerce businesses, but Amazon is your, in this case, it is the main selling channel for you.

Was it the main selling channel?

It was the main selling channel.

Yeah.

And then secondly, Amazon is the sort of back of the house.

It is the sort of pick pack and ship so that you can focus on growing the business and not just the operations.

I have to hire staff and get a warehouse and do all these other things in order to fulfill your orders.

Is that correct?

100%.

Yep.

You nailed it.

And so what, what were you doing before you started this business?

Yeah.

So I was, so I started the business in 2016.

I'm about 10 years out of school at that point.

I'm kind of reaching this inflection point where I was really not happy in following kind of the, the right path, quote unquote, the right path.

What's the right path?

You know, you kind of are, whether it's society or whatever else, you kind of hear the story that you go to school.

Like I went to school.

I studied accounting.

I got my CPA, worked for, you know, good firms and the, at the end of it, I just wasn't that engaged or happy.

And I got really scared.

Like, you know, I'm early 30s, mid 30s, I was, is this going to be my next five years?

Is this, is this, is this all there is?

And that scared me so much.

Right.

And that was really what lit the fire of like, there's got to be, like, I got to build my own.

Right.

Life raft out of there.

Because you were winning the normal game, right?

Go to school, get a good job, do well in that job.

And that's a scary feeling when you're like, I'm winning, but I feel like I'm losing.

Yeah, it totally is.

Yeah.

It's a really scary.

It's sort of like this dissonance in your head.

Like I thought I was doing the right things to win this game and it's not like I was financially

that far ahead either because like, you know, you end up getting a decent car and nice house and not, you know, we have a kid recently.

So it's like, wait a minute, I don't even like playing this game.

And I'm not really getting where I thought I was going to go.

So that's kind of what spurred like it's sort of now or never time we're going to be having a kid in the near future.

And I mean, as you probably know, like having a, having a kid and starting something or they're hard to do at the same time.

So I felt like all this pressure, like I got to go and I got to go now and get something going.

And so do you remember what, do you remember the, the sort of the day you made that decision or you really felt like, okay, I got to do this?

Well, it really comes back to these pockets.

Like I said, I mean, everything from kind of marinating in the Tim Ferriss world to this guy, like I said, man, he kind of learned all that.

And then I could see myself like, I can see myself doing this and you don't need an insane amount of capital.

Like I'm living in Minneapolis.

I'm not, you know, out here going to pitch to VCs.

It's like, it felt attainable.

Like I could, I could start it.

And I said, you know, at the, the thing I like about Amazon is it's pretty asymmetrical.

Like I sort of with 5,000 bucks and it turns into seven figure business.

So it feels like, Hey, I'll make a small bet.

That's going to really sting if this thing just goes to zero, but I can pick my life up and keep going even if I, you know, lose every dollar put into it.

And you, what were you, I like this question.

What were you making before you quit your job to do this?

What was their salary as a, as a CPA?

Is that right?

Was that what you're doing?

Yeah.

Transition to finance.

So I think I want to say I was making, I don't know, 105, 110, something low, low.

And living in Minneapolis.

Yeah.

It goes pretty far.

Like it's a comfortable life and like I don't, I don't want to say I'm ungrateful or, you know, come off like, you know, totally out of touch, but I just, on the inside of the end of the day, when you lay your head on the pillow, like I just didn't feel fulfilled.

So yeah.

So it was comfortable, but it just wasn't, something was missing.

Right.

And so, okay.

So you, you do this.

And by the way, we're not going to be able to say exactly what the product is or exactly the company name for, for sort of nondisclosure reasons, because when you sold the business, you agreed to keep things confidential.

But we'll talk around it.

And I think more importantly than the specifics of what your product was, it's the mechanics, right?

It's the mindset you had to go into it.

It's how you figured out how to actually build this thing.

It's the mechanics about what it means to be, to sell online.

And then lastly, sort of the, the happy ending, which is being able to sell this for seven figures.

And now, you know, you're, you're a new, you've, you've sort of achieved the thing you set out to achieve.

So talk to me about getting it off the ground.

So you decide, I got to do something, you're inspired by these podcasts.

What does that really mean?

First, did you start it as a side hustle or did you quit and go, go full on?

First started as a side hustle.

I wasn't, you know, I was optimistic, but not so, not so optimistic I was ready to stake my whole future on it.

So I started on the side.

My first product, I can, I can say what that was, I started with this, have you ever heard of pour over coffee?

Yeah.

Yeah.

So I started with this accessory for pour over coffee and it was made out of wood and I thought like, you know, I've done all my product research and I also like to choose things that were kind of trending upward and this seems sort of like a hipster, like cool thing.

It's going to keep trending and growing.

Like, all right.

I got the great first product, pour over coffee stance, this is going to be awesome.

And I, you know, I sourced it out of China, I get this logo off of Fiverr, like I feel like, all right, I got the right pieces in place and I get it in, I launch it and it is a total fail.

It flops, it's, it turns out products made out of wood can break, they can crack.

And that's what happened with this and I'm getting one star reviews on Amazon, I'm getting all these angry customers.

So I'm feeling pretty defeated at that point.

I was able to, you know, I probably put 5,000 bucks and maybe got 4,000 bucks out of it.

So I took like small loss.

But how much time did you put into that?

Maybe three months.

Three months.

And I learned it was like,

You got a test run.

There's so much learning out of that from how to source out of China to how to, you know, optimize a product on Amazon to deal with customers that like the learning was invaluable.

And if I could, if I would have quit there, obviously would have never hit the second product.

But like, without that, I might not ever, you know, been able to grow it to what I did.

So, so I, I take a hit there and I'm down kind of licking my wounds and visiting my parents in Arizona and we start talking and they casually are mentioning what turns out to be my next product now, right?

And I think you mentioned this recently on the podcast, like I was, I'm a big believer in like the notes app and like observing everything, like we filter out so much.

And I was kind of in this frame where everything I was doing, I'm like, could this be a business? Could this be a business?

And I'm going to put in the notes app and I'm going to come back to it and I'm going to see what happens with it.

And this was, I relate to that.

Yes.

Yeah.

I got probably 30 of them, you know, at least that in my phone.

So you can turn your brain into a scanning machine for opportunity.

You can.

If you're wired, if you, if you start thinking that way, you won't even have to try.

Your brain will just start seeing everything.

Your friend will be telling you about something and you couldn't give less of a shit about what they're telling you, except for the fact that you're like, huh, is that, is that made in China?

How much does that sell for?

So do you buy, do you buy multiple of these or just want, you know, you start assessing the business potential of everything.

It's so true.

You start deconstructing it like, wow, I bet I could get that China for three bucks.

I bet it's, it's a, but you just got to flip the switch because then all of a sudden you do that.

And then you can marry it up to, there's these great tools you can do research on Amazon to kind of see, you're looking for.

So let's talk about some of those tools.

So you start to get this idea of like, what about this product?

What about this?

What's the first step of research for you when you were like, okay, how do I figure this out?

Is this good or bad?

Yeah.

So there's a couple of tools and essentially what you're trying to do is look for enough demand, but not so much competition, right?

So there's sort of this sweet spot.

Like if you have no demand and you can be the only one standing there, but no one's going to buy it and the opposite is true.

So there's a couple of tools, helium 10, jungle scout, if people want to learn about those, go check them out.

There's a couple of tools to learn, you know, what's selling on Amazon.

So this product that Zero went on and like, all right, I hear about it for my family.

It looks good.

Let's, you know, fire another shot here and see what, see what happens.

So I run the same play.

This again, it's 2016, probably put now my \$4,000 that I have allocated for, for this into it.

And the 4,000 bucks is going mostly towards the minimum order.

Is that correct?

Yeah.

Yeah.

So I think I ordered 500 units at the start, which was the minimum order.

Right.

Fire and Alibaba.

Right.

I'm up at, you know, 9, 10 p.m. at night, talking on the phone, trying to, you know, come off this, that I have half a clue what I'm doing.

And you're private labeling a product.

Private labeling a product.

You weren't saying, let's invent something together.

You were saying, I want that.

Was it, did you even modify it or are you like, I want that, but here's my brand logo colors, et cetera.

I did some modification.

I think, especially now, you got to do more than just be a total me too.

The modification doesn't need to be big.

So like for me, I added something to my product that literally cost me 10 cents.

I think, you know, say my product costs seven bucks and with this little addition, it was 7, 10.

Right.

But the thing is you're trying to increase the perceived value of your product.

So if I have product A and product B, and I've got something else in product B that A doesn't have, I might pull a bunch of buyers from that for the low, low cost of, you know, 5, 10 cents.

Yep.

So there was slight modification, but it wasn't like a reframe, you know, inventing

stuff, doing all these sketches, nothing like that.

It was like, let's get some nice branding and let's make it appealing to people online.

All right.

It's 2020, new year.

It's going to be a big year.

And you know, we had to come in with some new awesome partners.

So for January, we are partnering up with Microsoft and My First Million.

That's right.

This episode is brought to you by Microsoft because whether you're just starting out or you're well on your way to your first million, Microsoft Teams can help your team hit the ground running with must have features like real time chat, editing and video calling, all in one easy to use platform.

Teams is a no brainer at a price you can afford.

Yep.

There is a free version of teams as in it costs \$0.

See for yourself at [aka.ms slash the hustle](https://aka.ms/slackthehustle).

Again that's [aka.ms slash the hustle](https://aka.ms/slackthehustle) to check out teams brought to you by Microsoft.

Love it.

Microsoft, that is a trillion dollar company.

Right.

We're talking about My First Million.

They're on My First Trillions.

That's goals for everybody.

They got there because they build epic products, Microsoft Word, Excel, PowerPoint.

These are products that stand the test of time.

And now they've come out with teams to help teams chat, communicate and work together.

And I think it's awesome.

All right.

Great.

Let's get back to this episode.

And now for anyone who's ever tried to source products from China or Alibaba overseas in general, there's the natural sort of like there's a language barrier slightly.

There's the biggest thing is trust, right?

So how did you have any missteps in terms of sourcing the product or any bad experiences where they ship you something and it's junk?

How did you navigate that?

No, I was really scared about that at the start because the way you pay, you pay 30% to start production and then 70% when production's complete.

And I thought, you know, they're going to just take my money and run.

I'll never hear from them.

The WeChat messages will just be unanswered.

So honestly, it's, you know, there was never anything like that, like, you know, there's always little quirks and little quality things and, you know, you ask for something and you get something else.

Like that's just part of the nature of the beast.

But there was never any big, you know, big problems or issues.

Okay.

So you get this product source and we can say it's, what's the sort of generic way we can talk about the space you were in?

We can.

So there's different categories in Amazon.

It's in the sports and outdoors categories.

You source this product, you spend about how long to do that?

That takes a month?

That takes a month and a half?

About a month.

About a month.

And how does round two go?

So round one kind of got your ass kicked.

What happens in round two?

So round two.

So I think I get the product up the fall of 2016 and then, you know, Q4 is the prime time for selling online.

And it can blow your mind the amount of sales that can occur.

So I've got the product on there.

My expectations are fairly low because of what happened round one.

And it takes off pretty much from the jump.

There's some different things you kind of want to do to get the wheel spinning.

But that first year, partial year of 2016, did almost six figures in revenue.

So for someone going from zero to something, that was like, wow, this is, this is huge.

I mean, there's, I'm not sure if you sold on Amazon or see it, but there's a seller app and I was like, an addict just refreshing that thing like constantly.

And it almost didn't feel real until the deposits hit in the bank and I'm like, oh my God, people are really buying this, the product.

So that's when it was like, this could really be something.

And then kind of the rest of the journey was doubling down and trying to just grow it from there.

So that sounds amazing.

And if I'm listening to this, I'm like, oh, hold on.

I feel like the magic step of like how the order started coming in, like, what was that?

What did you do to get it off the ground in terms of the marketing or acquiring customers?

Yeah.

So on Amazon, you need to be at the top of page one, if you want to get sales in the organic rank.

There's a couple of different ways you can, you can get there.

It's harder now than it was then.

This is somewhat like the gold rush days of Amazon that I was starting in.

So it was a different time and easier than it is today.

But you need to get to the top of page one.

So a lot of, a lot of times people will cut the price of their product pretty heavily, which will basically entice people to buy the product.

And then it, you get in the good graces of Amazon's algorithm.

You start moving up to the top of page one.

So long as your, your product's good and your service is good, you can stick there like.

And what did you notice for the algorithm?

What did it favor?

Was it reviews?

Is there anything else?

Return rates?

You know, what, what did it like?

To me, the two big variables are reviews and price.

Like if, if you have good reviews and your price competitively, like you're going to be in the good graces of the algorithm.

So those are, those are so.

Is that what you did?

Did you, did you lower the price initially to get going?

I lower the price initially, yeah.

And I got some initial reviews.

There's all sorts of funny business going on right now with reviews, but back then, you know, I did it the right way and engaging in any of that funny business.

I got all these legitimate reviews and it just started small.

There wasn't that much competition then versus now a lot of things are, there's still a ton of opportunity on Amazon and you can grow a huge business today, but it is a little more saturated and competitive now.

So month one, do you remember what you did month one?

Was that what you were saying?

Six figures?

Or that was?

No, that was the first like three months.

Okay.

Yeah.

So month one I want to say was like 10 grand.

And then it starts to ramp.

And then it starts to ramp.

Yeah.

And it gets into the holiday season.

And how are you feeling?

How are you feeling at this time?

I'm like, I'm just pinching myself because I got burned so bad the first time.

And like I said, mentally, I'm in a place where it's like, I'm just, I'm hurting because

I do not want to stay in the career.

I mean, it's just not the right fit.

So I'm feeling like so much is riding on this.

And it's just got to work.

And then once I got a little taste of it, it was like, okay, now it's on.

Did you give yourself a certain amount of time is like, all right, I'm going to give myself six months to try this.

If I don't do this, I go back and get my job.

Or did you just say, I'm doing this and, you know, well, I kept my job, right?

So I was, I was still at my job.

So it was kind of, you know, if I was single in my twenties, maybe I would have been, been a riskier, but I was, we were expecting a kid and, you know, a house at a mortgage payment.

So it was like, I can't be irresponsible and just die.

How was it going to work that day when you're like, well, I'm doing, you know, 60 grand a month right now in my, my, my side hustle.

How was that?

Very difficult, very difficult to focus.

I have to say, you know, I was a professional.

I hope I like to think through and through, but I can't lie like my, you know, my output or what I gave to the company probably wasn't everything that I could have just because, you know, it's, it was so exciting.

Like something else could, could be hitting here.

And so how long did it go before you did end up going full time?

So 2016 is when I started in the fall and kind of ramped up and then 2017, like halfway through 17 is when my son was born and also I left the company.

So that was a big, a big moment there and 17 was just over seven figures in sales.

So that's when it really started to kind of validate like, this is a legit business.

You're always a little bit like, is this real?

Is this going to be here tomorrow?

And then after you see it kind of run a certain amount of time, it's like, okay, I think it is and I can, I can step away and do it.

So what's a healthy margin on a business?

You do a million in sales for an Amazon FBA business.

What's considered good, bad, mediocre, whatever, like give us a sense for the margin you should be looking for, what you actually get to keep out of the revenue.

Yeah.

Yeah.

So I target about 25% is good, I would say.

Right.

PPC costs, advertising costs have been creeping upwards.

So I think like there's not a ton of like high sales spots anymore where you're going to be able to pull that margin.

But 20, 25% is pretty realistic.

And you were advertising on Amazon itself.

Absolutely.

Yeah.

Advertising is key on Amazon as well.

And you can do, you know, like Google, you can get on Amazon, the most powerful shopping platform in the world, bid on a keyword and be the top result, you know, your sponsor, but you are at thetopofamazon.com for whatever keyword you want to get and breached millions of people.

That's serious power, right there.

And so at your, let's say, when you were in your stride, what percent of your sales were coming from the sponsored link versus organic?

So it was probably 70% organic and 30% sponsored.

Okay.

And were there any sort of key things you did that were, because what I like about your bit, what I like about what you said so far is there's two types of stories, the founder is a genius.

It's like I was a genius for coming up with this idea.

I invented this thing that didn't exist.

And then when I was marketing this, I came up with this genius idea to do something nobody else was doing.

And then there's the other one, which is more like reality, which is founders, not an idiot.

And founders, not an idiot says, I did basically all the obvious things you would expect me to do.

And I did them well and I did them consistently and then I succeeded and it didn't require and sort of act of God in order to do it.

Were there any founders genius moments because so far you've told me a lot of the, the other one, which is sort of not fumbling the ball.

Were there any unconventional things you did or tried that worked?

You know, not really.

I think that's the appeal of this business is that the hardest thing to overcome was really my own self doubt.

And at the start, I was really uncertain, like, I'm just a, I'm a fool.

I'm going to lose this money.

And I was telling my wife about this idea, I'm going to sell stuff on Amazon, I'm going to take 5,000 bucks and I'm going to send it to China and bring product in.

And like, she, you know, very loving and trying to be helped from the start, but saying, like, all right, you know, looking at it like a, like she would any business trying to poke holes in it.

And I remember saying like, at this point, like, please just be a sugarlitter because I'm already kind of hanging by a thread, like on my own belief in it.

So just like, tell me I can do it.

And then like, once we get this ball rolling, then like, you know, come on in and help me with some of the tactical stuff, but, but no, there was no big thing.

And I think the biggest thing is like, it's all so much of stuff is right there on the internet in Facebook groups, on podcasts, on Reddit, like if you seek it and you really want to go out there and, and do it and actually take action and, and, you know, do more than kind of just look at it and talk about it, like it's there if you want to learn it.

And it doesn't take, it doesn't take huge capital to build a business like this.

I mean, five grand is a lot of money, but it's not, you know, going to sink someone or going to take someone forever to save that type of money up.

Did you go visit your manufacturer?

I did.

Yeah, I did go over there.

How many times did you do that?

And when did you do that early in the process as you grew or running to vet them?

So I went, I found the manufacturer in Alibaba, and then as I was finding them and coming out of this business, I actually had a trip book to go over to the Canton Fair, which if you don't know the Canton Fair, it's like the world's biggest fair with suppliers over in China.

And it was insane.

I mean, anything you ever would want to source was over there.

So I was going over there thinking, I'm going to find all these products.

I'm going to start my empire.

And that was really cool.

And I loved being over there.

The Canton Fair is like, I forgot the number, it's like 800 football fields long or something crazy.

It's crazy.

It's the biggest expo for manufacturers to meet sort of buyers.

Exactly.

Yeah.

So I went over there.

I didn't actually find my supplier there.

I kind of had him on the line ahead of time.

But it was still a really good educational experience, kind of both to see different suppliers, learn more about the culture, just kind of get like in the headspace of doing business with China.

But then I did go visit my manufacturer a couple of times.

And yeah, it was really interesting.

I mean, the first night, I think he just wanted to mess with me.

He took me out and we're eating street food.

He bought me spiders and crickets and all these things just to just see, you know, what I would do.

I played right into his hands and got all fricked up.

Yeah, there's a great game called Fuck with the America.

And he played it.

He played it well.

But it also, I felt like going there cements the relationship further.

So like you get, you know, maybe a little bit better pricing, a little bit better look to make sure you get the qualities right.

So I think it's such a relationship game with suppliers, like whether they're going

to prioritize your shipment versus someone else's and all sorts of things.

Were they supplying for your competitors too?

I believe so.

Yeah.

I mean, that's the case for a lot of, a lot of these suppliers like they'll, you know, they're putting, outputting all sorts of products and slapping on different labels.

So yeah, they, I'm pretty certain they were.

So you went and you cemented the relationship, you spent some time together.

Great.

So you did that.

The other question I had was you talked about, you know, the more successful you get, the bigger your orders need to get.

And so you're always in this cash poor business, you know, asset rich game where the business is growing, your asset is growing, but you continually are pouring out money before it comes back.

And so talk a little bit about how you manage that.

Did you do anything with a line of credit or anything like that?

Talk about some of the mechanics there.

Yeah.

That was a way under estimate of that.

Every spot on that was really a tough component of it and you feel really poor even though you're like, I'm showing these profits on paper, but like the money goes back out of my bank account.

So I really just did it based on the profits of the business and drawn them down to, I mean, it felt like every order I placed, I was like putting my whole net worth on the line, which was a scary feeling, but it was kind of necessary to keep fueling the growth of the company.

So I did an Amazon offers a line of credit once you get some establishment, the interest rate is pretty high, but you can always pull on that or once you've been up and running a while, but for me, I just poured the profits right back in.

Gotcha.

So let's do the formula.

So on one side, the inputs, so five grand is what you put personal capital into the business.

Right.

Time.

So you started this sort of late 2016, you sold when?

Early 2019.

Early 2019.

And so let's call it two, two and a half years roughly, right?

Yeah.

So that's what came in.

What you got out of it, so you sold this business.

What multiple do these businesses sell for?

Are these the types of things that, you know, you could be doing a million bucks and sell for 10 or a million bucks, you sell for a million?

Yeah.

So usually about a three multiple.

Of what?

Of EBITDA?

Of EBITDA.

Yep.

Three of EBITDA.

So it's relative to other businesses, it's a little multiple, but you're also Amazon's a risky animal to be on.

So like, I think the...

So how did that decision to sell come up?

And that was so hard because I really liked, like this was like the first job, if you will, that I ever felt like, I love this, like I love doing this, so the idea of selling it was hard.

And I didn't, when I started this, it was all about, I want freedom, I want flexibility, I want to be around when my son is here, I don't want to be in commutes and in these meetings, I want like the, you know, the actual time to be here, but also kind of the mental health or mental clarity to be present as well.

So as I built it and it got bigger and bigger, it seemed like, all right, this is the right thing to do for my family, if we can sell this, this would go a long way.

So I started...

Because there's risk, right?

That was there.

There's risk, yeah.

Amazon's the risk.

Amazon can take you out in a moment's notice for something very legitimate, something not legitimate.

So like, I mean, I would have nightmares at night, like, hey, what if I wake up tomorrow and I have the email from Amazon and I'm shut down and I got to go through all the hoops and who knows, like, so that just felt really scary and like there's probably a lot of upside left on the table.

Like maybe, you know, the folks that bought the company from me, they can turn around and sell it for 5X in a few years and that would be, I'd be thrilled if they do that.

But for me, it was like to bank the...

The win.

The win just felt like the right thing to do.

And you also mentioned when we were chatting before we came on here, the sort of other risks that are in a business like this with physical inventory, you know, you're putting a lot of money into inventory, what happens with a bad batch, what happens, you know, to talk a little bit about that, the other risks that you saw besides the Amazon sort of competition or algorithm changes, besides that, what else was there?

Yeah, so it's, you know, when I started, I was bringing in 500 units, it's pretty small,

like I said, 5,000 bucks at the start, but it's a very cash intensive business.
Growing is great, but that means your next order from your supplier is going to be that much larger, right?
So went from these tiny little orders to, you know, 40 foot containers that have, you know, a quarter million dollars worth of inventory in them.
And if something goes wrong with that, that's like, I'm sunk.
So there's also like every shipment, you have this low grade fear that like, you know...
Is this container going to fall off the boat?
Is this container going to fall off the boat?
And then like my business is done.
So, you know, to mitigate that, it felt responsible too.
There's just various risks.
You're eggs in that basket, so...
How'd you go about selling it?
How did that happen?
So I used...
You had Joe Vallian from Quiet Light Brokerage.
I used them.
They were fantastic.
Yep.
I'd never sold a business.
I didn't know this world.
So they, you know, I have my former accountant, former CPA, so like my books were clean.
That's usually a pretty big thing that people mess up.
People mess up.
That wasn't an issue for me.
And yeah, it was crazy.
We put the business on and within, I want to say a week or 10 days, there were seven offers, full price or higher offers, which was just like mind-blowing to have that too.
So that was a super nerve-wracking process and also an exciting process.
And you went back and negotiated with all seven or took one of them or what'd you do?
Yeah.
So there's negotiation.
So it's like, I think when I walked into it, it's like, well, whoever names the high number I'm going to, you know, I'm going to take, right?
But when you get into it, you realize some people are like the guys that buy my business.
I had just a good connection with them and I thought they would really do a good job running the business.
Like they knew what they were doing.
They were really capable.
They seemed honest, straightforward about things versus other people were a little bit like me a few years ago.
Like they were awesome, but like they were still sitting in their, in their cubes somewhere and they never touched e-commerce or Amazon.

I was just afraid.

Like if they inherit this beast and like things, you know, go bad, like, I don't know what that looks like.

So I want to make sure I pass this someone that you thought what you thought you'd get sued or what would you think would happen if who cares?

Right?

You sell this.

I guess you didn't need this business before.

I mean, this business just came out of nowhere, you built it, you sell it, you care for what happened.

I don't know.

Yeah.

Maybe it wasn't a rational thought.

I'm really not sure.

I mean, the other piece was the transition too.

It's like, if people know e-commerce and Amazon, it makes life so much easier.

They just pick it up and run versus if it was someone that never touched this, it would have been a lot of investment.

But yeah, part of it probably was just an irrational fear like they're going to, they're going to jack this thing up and somehow I'm going to, it's all going to get unwound and it's going to be like a spat joke on me or something.

Right.

So we've only known each other for, I don't know how long have we said it here, 30 minutes, maybe.

But I really like your personality because A, you're a nice, humble guy and you're a smart guy.

But B, I think it's cool to see somebody who's not Mr. Bravado who started a business.

I actually think you're quite risk averse and you just took very practical, pragmatic steps to approach this business and get the outcome you wanted without being like sort of hero entrepreneur.

And there's a lot of hero entrepreneur stories out there because that's what sells, right?

Somebody taking crazy risk.

That's a great story.

Right.

But what I like about your story, it was a great story to me is that you were more of a conservative guy.

It sounds like to me, you know, you're like, you know, I got beat up my first time, but you lost only a thousand bucks in three months.

It's like, that's nothing, you know, like that's the cost of entry for business.

But the way you were approaching it, I think really is very, I think will be very relatable.

If I'm listening to this, I'm like, okay, this, it's not like this guy's from some cut from some totally different cloth than me.

He's not some alien species that has this different no fear gene.

It sounds like you're a regular person who did a really awesome business and I really

like that.

Cool.

Yeah.

Thanks for, I think it's really the truth that people can access these types of businesses and with a pretty small bet, like create a life changing business for themselves and their families.

So I think, you know, I would encourage a lot of, you know, if you feel something inside of you, go for it and try it because you never know what could happen.

And so you sell and you do, is it a clean deal cash in the bank or you got to do a seller note and sort of take money?

It's mostly a clean deal with a small seller note.

Okay.

Yeah.

And so money hits the bank.

What happens?

Tell me about that day.

Uh-huh.

It was, I think it was so, going through the process was so stressful that when it hit, I was just like this big relief and it just felt like, like I had to run like, you know, an ultramarathon from like, kind of birthing this little business out and then carrying it for a few years.

And then the culmination of it, it was just like pure relief and it felt really good.

There was no like, you know, big part, it was nothing maybe like you'd think when someone sells a business and they see seven figures drop in their account, it was just like a big exhale.

Right.

And so you, you see it coming your bank out and what changes for you in your life, right?

He said, you know, by that point, I see you had had your, your child.

Yes.

Yeah.

And so what changes in your life, what did you, what did you change in your lifestyle?

Tell us about what that's, what that's like.

Yeah.

I mean, it really was, is a blessing.

It was, and it still is a blessing, just, you know, wealth in and of itself to me isn't kind of the end game, but it's what the money can enable.

And like, it sounds two and a half now and like the, the freedom and the flexibility and the relationship I have with him, like it wouldn't have been possible had I still been working, you know, my normal nine to five or time, I have, I have the time and I have, I'm just present and like a really happy and open to be with one.

It's been the best thing that's ever happened to me having, you know, having our son.

So that honestly, just kind of that time and freedom has been the best thing.

It's also given me the gift of just being able to sit back and reflect a little bit.

Like, what do I want to do as far, you know, do next, what type of dad do I want to be partner?

I think for me, like I was just on this treadmill, you know, going, going, going, I'm working, I'm traveling, I'm trying to get groceries in the house, you're just going all the time and you don't like this allowed a little bit of space to, to just step back and think like, what do I want to do next?

What do I want to do with my life, you know, so that was a real blessing.

I think a lot of people don't have that luxury to do that.

And so you, you talk about asking yourself that question, all right, what do I want to do now?

You know, when the sale comes through, you have that sort of anti-climatic day where you, you just feel relief.

You don't go do anything.

Like I remember talking to Michael Burch, he's like my father, the third or fourth episode and you know, he sold his business for crazy money, like \$850 million and they, they went to a movie, like him and his wife went to a movie, like, you know, \$10 tickets movie because he was like, I don't know what to do.

We haven't seen a movie in a while and I love movies.

Let's go watch, you know, they went and watched Forgetting Sarah Marshall.

So what did you actually do that day?

Oh man, I honestly, I think it was such an unremarkable day that I can't, I think my son was home from his school and I feel like we just like watched, you know, Mr. Rogers or something and like hung out and like when you're hanging out with a little kid, like you, you go into a whole different headspace.

So it wasn't, yeah, it was just a normal thing, which is actually totally fine and how I would have liked it.

So it was pretty, pretty chill day.

And you said, you started to ask yourself, what do you want to do again?

So you had option one, which a lot of people would take, which is great.

I got to win.

I know how to do this now.

Next time if I did it, I'd be way smarter at it because I know all these new things and they jump back in and try to, you know, sort of exploit this opportunity again.

You didn't do that.

Why not?

Oh, I really want to, like, I liked this, but I feel like it was sort of a chapter in my life and like I did it.

I started it.

I learned a ton and I don't know if I have the energy to like knowing what I know now, like you got to really want it to carry something from kind of the idea in your head to building it to scaling it to selling it.

Like you got to, you got to want it deep down like every single day and keep grinding, keep grinding, keep grinding.

And I honestly don't know if I have that in me anymore for an Amazon business.

So I'm doing a little bit of Amazon consulting, which I really like because I'm actually like when you do an Amazon business, it's kind of a lonely existence.

Like it's, it's just you, you're talking to your suppliers, but you just kind of roll in solo for most of it.

So it's been fun.

I've been working with, with some companies to help them selling Amazon.

That's been pretty cool.

And I'm trying to get into the content space as well, kind of leveraging.

So like I said, I'm a former CPA and personal finance nerd, like building online businesses.

So I think Sam talked about like, Hey, if I was starting something new, you want a weekend business, go build a content site.

These guys are in a nerd wallet or wherever they're doing, doing well.

So I saw the same thing, I felt the same thing as him.

So that's kind of my next thing.

Yeah.

Shout it out.

What's the website?

I was reading it this morning.

I'm awake.

Yeah.

So it's called wealthfam.com.

Yeah.

It's brand new.

I'm kind of, I'm still in that sort of fragile state.

Like I was when like, I haven't, my parents are like, what are you building them?

Does it have a name?

I'm like, no.

Yeah.

Of course it has a name.

So it's still kind of in those early days, but the thought is like, I'm a personal finance nerd.

I've learned a lot from podcasts and online, so I'm trying to like, pull all these things together and put a site out there that people can learn about making money, saving money, financial independence.

Like that's, became a big thing on this journey too.

Like, all right, if you really want freedom, you got to, you know, get financial independence and financial freedom.

So talking about some of those things.

So we'll see.

I mean, it's such a crowded space and it's a hard thing to do, as far as like stand out and get eyeballs on it, but I'm starting at the same place as I was before at zero.

Give it a shot and I really like to write and I hope, you know, we'll see what happens with it.

Yeah.

Wealthfam.com.

So I think you'll get thousands of visits just from saying that, you know, say it three

times.

Wealthfam.com.

Wealthfam.com.

You know, people will listen.

Because I think, you know, you touched on the right thing, which is financial independence.

You know, I regret naming this podcast My First Million now because, you know, the gimmick kind of is interesting at the beginning, but like, then you're stuck with the gimmick because it's hard to change your name.

It could be, you know, the intention is never really about making millions of dollars.

What people want is a great life.

And the good thing about what money can provide you is that freedom, the financial freedom to live life on your terms, whatever those may be.

For you, it might be hanging out with your kid.

It might be writing.

It might be consulting.

It might be skiing.

I don't know.

I don't know what all you like, but it enables the freedom for the lifestyle you want.

And I think it's really fundamentally what people want and are realizing that, you know, job is one option and it can get you to financial freedom, but it usually gets you there when you're 65.

And if you're willing to trade 21 years, 21 through 65, then that's a path that's trying to try and test it.

But a lot of you are now realizing, especially as the internet opens up all these new opportunities, that you can get financial freedom much faster and, in a way, maybe that's more in line with you and who you are.

And once you have that financial freedom, you can play the game differently because every month you don't have to sort of wonder where's the paycheck going to come from.

And so I like that you're teaching that because I think that is probably the most important thing people can learn in terms of career or finances is that one principle.

100%.

Yeah.

And it took me a long time even to realize that, you know, I was never really chasing money for the sake of money, but then once you get going, you're like, I'm sure you've heard of the 4% rule, which is, you know, if you can, if your burn rate essentially is, say, 40 grand a year, you need to save a million bucks, 40 grand is 4% of that.

So you kind of can quickly do this math, like, all right, here's what I need to achieve.

So 4% rule helps you figure out what's your number where you would be financially free.

Exactly right.

Yeah.

And that would be your monthly burn rate, which most people don't even know.

That's a important first step, figure out your burn rate.

And so, Sid, do you track your burn rate every month?

You know, I'm not like hardcore.

But you have a rough sense of how it comes out.

Yeah, definitely have a rough sense.

So like, there is definitely like a number like, hey, if we get to, you know, this number, like we can live a comfortable life, like we're not going to be like, you know, taking month-long vacations to, you know, the most exclusive places in the world, but like we can be very comfortable with a very nice life and like that was the goal and we're pretty much had that goal now and it feels like really, really nice.

And so you set a new goal now or what happens?

You know, I don't know.

I guess so, because you got to keep moving forward and doing something, but it's, the new goal is a little bit more like do something that's interesting.

Like I also want to figure out like, I feel like in my life, I'm 30, you know, mid-late 30s now and I've done like very little to ever like give back or like do anything positive for the broader world.

So somehow I want to do that because I think like that will feel really good and those are the types of things that kind of stick with you and really matter.

I mean, that's been a big thing about being a parent, just like hearing about someone else more than you care about yourself.

Like actually it feels, selfishly, it feels like really good.

It feels great to love someone that much, contribute that much.

So I think like there must be some nugget there that there should be some other, other things to do than just keep chasing money, keep chasing money because I don't know how you end that game if you just continue to try to do that.

Do you, do you know much about Tony Robbins, have you, have you ever followed him or listened any of his stuff or anything?

Yeah, I've listened to him, but I, you know, I'm not, not like it, not, I know people that are.

So I'm deep in it.

Yeah.

And basically you go from like, I don't know of him and I'm skeptical, seems like just another motivational speaker.

It's kind of where I am to be honest.

Yeah.

Like that's the normal.

And then like you take two steps forward and you're in the cult and it's like there's no in between I feel like with him.

And so I went to one of his events, I would actually recommend you go, especially now because I think it's best when you're in transitions or you're in a free space mentally to think.

And so I went to one of his events.

He has these like events where he'll sell out, you know, 5,000, 7,000 people will come to this event called unleash the power with it.

He has lots of cheesy names because he's like, you know, older and built his fame on like the infomercial days.

Sure.

There's a lot of like cringy stuff like that, but his content is very good.

And he, two things stood out to me, one, one, one just for context, which is even if you're not into the content, it's just fucking amazing to see this guy is the best public speaker I've ever seen.

I would say he's the best public speaker on earth.

He is able to hold 10,000 people's attention for four days straight from 9am until 9pm with no breaks in between.

And you know, he says this even during his thing, he's like, you know, most people can't sit through a two hour movie nowadays, their attention wanders, like watch what happens in these next four days, and it's true.

People are like wired, they're like connected to him, which is really crazy.

So just from a, wow, that's a, that's a, that's what an effective speaker looks like.

That is the Michael Jordan of public speaking.

It's cool to see before he retires.

And when you're talking about your goal and the fact that, you know, you got to come up with a new goal, he talks about this, he's like, you know, you're going to reach what you achieved.

If you, if you put the work in, you're going to reach what you achieved to do and you're watch what's going to happen.

You're going to move the goalpost back.

And some people see that as a defeating thing.

But he has a very simple phrase, which is progress equals happiness.

And I've really found this to be true, which is you aren't your happiest when you feel a sense of progress towards whatever it is.

If you're trying to lose weight, if you start to lose the weight, you will feel happy.

It doesn't actually matter what your weight is.

If you plateau, you will start to feel unhappy.

As soon as you start to make progress again, you'll feel happy financially.

Same thing, career, same thing, relationship, same thing, progress equals happiness.

And I use this to manage people too, because it's like, instead of looking at the absolute goal of where people want to be or where they are, you just try to measure progress and encourage progress because they will feel happy along the way and it's, it works for yourself too.

So it was a very long-winded way to get to a very simple phrase, which is progress equals happiness.

I love that.

I wanted to share that.

Yeah, no, I'll have to check out.

I'll have to go from, you know, a mild skeptic to, to your level of all in and totally.

Yeah, there is the other one, which is, oh, I checked it out and no, that guy's the worst.

And that's fine.

You could have your range of opinions, but I think, I think there's lots of, you know, nuggets of gold and his stuff.

Okay.

So, so this has been awesome.

Where can people sort of get a hold of you, reach you, read your thoughts?

Obviously, wealthfam.com.

What else is like a good way to follow?

Yeah, I just, I just created a Twitter account.

I think I have 12 followers right now.

It's brand new.

It's embarrassing to have a little follower account, but I'm tweeting about, you know, financial independence, building businesses online, Amazon, all those sorts of good topics.

It's at Paul underscore D underscore Anderson, Anderson's S-E-N.

You should just buy yourself like a thousand followers, just to get off the 12 number.

Yeah, for real.

You'll get some real followers, but you get to a thousand.

All right.

Go on five or buy a thousand followers.

I'll go on five or just to get the credibility.

Yeah.

Yeah, you can, yeah, I'd love to, if you're interested in starting an Amazon business, you're doing it.

You have questions, thinking about selling it, you know, financial independence, anything.

Be happy to, you know, converse with you online.

Awesome.

Dude, thanks for coming.

I, I like this.

I like this a lot for, for a lot of the reasons I said, I think that if you're listening to this and you're in the same mindset you were in, I'd be pretty inspired to, to say, yeah, I can, I can do something like that too.

Yeah.

Thanks a lot, Sean.

I think you're going to be, you're going to, just like me, I had these people that changed, literally changed my life and they don't know who I am.

Like you're going to have people that listen to this, your podcast and then, you know, one year, two or three years that, you know, look you up, send you a note like, Hey man, you changed everything for me and I, I'd have to think that's going to feel pretty good when that day happens.

Cause I think it is going to happen.

Yeah.

My favorite email that I get from listeners is the one that says, um, you don't know, like, you don't know this yet, but I'm going to be on your show someday.

And I'm like, hell yeah, that's the, that's the goal and you came from the audience onto the show.

So you are the sort of a good exemplary.

All right, man.

All right.

Thanks, Sean.

This is great.

Thank you.

Thank you.