

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

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.

This is One Question Friday, where we answer a grand total of one question from a listener.

When a lucky listener gets to ask a question, me and Sam are going to give our raw, off-the-cuff answer.

We haven't seen the question before.

Jonathan has it.

And these are our tips, and they are just the tips, as I like to say.

We try not to go too deep.

All right.

Jonathan, you want to hit us with the question?

Hey, guys.

My name is Brian, and I'm calling about Ghost Kitchens.

I first learned about Ghost Kitchens on Pod, so thanks for that.

So I developed a model to implement a couple of Ghost Kitchen concepts into my restaurant.

I had great success lifting my margins over 450 percent over six months with just one of the concepts.

Now I'm looking to scale the business by offering licensing agreements for operators and other markets to use these concepts, including the branding recipes, et cetera.

It's very simple.

You find an operator that wants a new stream and wants to do a Ghost Kitchen, and they can start slinging product within a matter of weeks.

I've researched the model that much larger companies are using, where they leverage celebrities to sell these concepts.

My model is better.

It's cheaper, and the recipes are second to none in the space.

Assuming you didn't have the following in the platform that you do, how would you go about selling this idea to restaurant operators across the nation?

Where would you start?

Sidebar.

I love what you guys do on the pod.

Sam, I just signed up for copy that, and I can't wait to get started.

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

Good man.

What's his name, by the way?

We're going to call him Joe.

No, it was...

I don't remember.

Thanks for the question, Ryan.

Yeah.

Two weeks in a row, we have one question, and we do not know the guy's name again.

It sounded smart.

It sounded like he's got his game plan together.

Let's recap.

The business is what?

All right.

Here's what I understand.

He owns a restaurant, and then he added in a ghost kitchen meeting.

He created a ghost brand, which is what that means is if you go on DoorDash or Uber Eats or one of these delivery apps, you can order from a restaurant, but there's no physical restaurant for that thing.

It's just a virtual brand, and his restaurant would then have the packaging.

Let's say my normal restaurant is Sean's Pizza, well, then I could also have a ghost brand called Silly Sandwiches, and Silly Sandwich, if I get an order from Silly Sandwiches, my restaurant crew will just package it up as a Silly Sandwich order, and it'll be ready to go.

I'm running multiple restaurants out of one restaurant is the idea.

Why does the restaurant owner want to do that with them versus on their own?

What he said was, I don't know if he created that ghost brand or he added that ghost brand, but he said it improved my restaurant margins 450%.

He forexed his restaurant's margins, so let's say a normal restaurant has, I mean, it sounds a little unbelievable, right?

Like, let's say he had, I don't know, 6% margins before, you know, down to public math, but he's saying that that basically forexed his margins.

I'm not sure exactly what he's talking about here.

That's cool, but you know what business would be way better is, do you remember Alex Hermazi's business?

That's exactly it.

Gym launch.

Gym launch.

Exactly what I was going to recommend.

Go ahead.

Well, I think he, well, maybe you weren't going to say this.

I was going to say, go listen to that episode.

What his model was, he had a gym and he was like, all right, how do I get my gym to be more profitable?

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

And then he figured out like a sales method to get his gym.
If he opened up a gym, he figured out a sales method that would get him to have a bunch of customers paying high prices and making a bunch of money on a gym.
And his friend at a mastermind one day was like, yo, you need to like not do this.
You don't need to open up 50 gyms doing this.
You need to go teach other gyms how to do this.
Like, your product isn't the gym.
It's a sales process to make any gym more profitable.
And so that's what he did.
Then he created gym launch, which would basically advertise, hey, are you a gym owner?
I can help you make an extra \$100,000 a year guaranteed using my sales method to get you more customers paying higher prices.
And they'd be like, all right, cool.
And then he would fly out to that gym and he would spend the next, I don't know, couple weeks or whatever implementing that process so that they would then have more revenue, more customers coming in using his thing.
And he would teach them, hey, here's how you do it.
Here's your offer.
Here's your Facebook ads.
When they come in, here's your sales script.
Then you sign them up for a free trial.
Then here's how you close them.
Then here's how you upsell them protein powders and this other stuff.
Here's how you upsell them training packages.
That's the sales process.
And he built a multimillion dollar business doing that.
If you did that for restaurants to teach them how to do this, that sounds like a business.
100% no brainer.
That's what I would do.
So you said that Alex would fly out there.
Eventually he wasn't actually flying out there.
Eventually it was basically, it's not fair to call it a course, but he would, that was part of it.
So he would teach you stuff.
But then also he would be like, here's the Facebook ads, like I've already made them for you.
You can use my Facebook ads that I already made.
Here's the drip email sequence.
Here's the script that we use.
Here's everything.
And then he would say, oh, by the way, if you don't want to do this and you just want me to run the ads, fine, pay us and we'll do it.
And here's how you sell protein.

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

You want to sell protein.

And by the way, the protein that sells best, we just went and bought it.

So we already own it.

So if you wanted to get on a subscription and we'll just send it to you and here's how you sell it, we'll just go ahead and do all that for you anyway.

So I would 100% do that.

We are in a quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier.

And while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work day is the same length as always.

But before you know it, we spent three hours just fixing something that was supposed to be automated.

Thankfully, HubSpot's all-in-one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and an easy to use interface HubSpot lets you spend less time managing your software and more time connecting with your customers. Learn how HubSpot can help you grow your business at HubSpot.com.

In that pod, we go, Alex, what's a good market for Jim Launchbuffer blank?

And we actually didn't have that many good answers.

The answer is this restaurant business.

This is the answer.

This is great.

That's a great example.

And lucky for our buddy here, Ryan, we're calling him for a second, that there's a pretty great blueprint to follow.

There's a blueprint that he was very public about how he did it.

He's now exited the business.

And also, by the way, this is what his business does now is it invests in other people doing this model.

And he's like, dude, I already know how to do this.

I can scale it up.

Now, you have to be at some scale before he'll do it.

But he gives away the free content on how he structured Jim Launch to be able to do this.

So that's, I think, what you should do, which is like restaurant launch or ghost, the ghost kitchen process, the ghost kitchen system, which is basically, hey, if you're an independent restaurant and trust me, it's tough, foot traffic is tough with COVID, it's tough, it's blah, blah, blah, everyone's ordering delivery.

Here's how you can increase your margins, blah, blah, here's how I did it.

You kind of open up your financials and you say, look, I was making \$32,000 a quarter doing it this way.

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

Now I make \$58,000 and that extra bit is from my ghost kitchen concept.

And here's how I do it.

And basically, they can either pay you for the course on how they can do it, or you'd hit them with the Alex Ramosy where you're like, if this sounds too complicated, I can also do it for you, and if you qualify, I'll do it for you.

What he did was risk free.

He's like, here's my offer for you.

You pay me nothing.

I only get money once I've increased your sales by over \$30,000.

So once you've made that much more money off this, then I get to get my cut of 30% of whatever the total is that we get.

And I'm so confident that I'm going to be able to raise your sales, that I'll do that for you.

I'll take the risk on that.

How does that sound?

And they're all like, yeah.

We're going to fly out here.

You're going to implement your process.

It's worked for you.

And you're saying that I only pay you once I'm making all this extra money.

That's a pretty damn good offer.

And so you could do a similar thing for the restaurant.

I saw a guy the other day do a sales process where he was like trying to sell a service just like this.

And the, let's just say the restaurant owner was like, I don't know if I want to do that.

And he goes, that's fine, but how about this?

You implement what I say and if it works, I get a split of the revenue and the guy goes, great.

I'm 100% do that.

What's the split?

And then the seller goes, well, how about 50-50?

And the buyer goes, I don't know, man.

That's a lot.

And the seller goes, well, but I'm, you know, it's 50-50 and it's free money for you.

I'm doing all the work.

And the guy goes, well, what if it blows up, you know, like you're going to get a lot of money.

And the seller goes, you know, I think you're right.

Well, he goes, he goes, it might blow up, but I'll tell you what, you might be right.

Fine.

We'll go back to the original deal.

You only going to pay \$5,000.

And the guy goes, okay, fine.

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

It was like the best sale sequence.

Like it totally worked.

I was like, oh my God, that's beautiful.

Yeah.

Yeah.

I would totally do this business as well.

I think that that's way better.

I would continue running the main thing just so you're in the know and like getting results that you could post to social media, but that's what I would do too.

Are there any other industries that jump out now that this could work for?

Probably physical, probably physical therapists.

I would imagine doctors, offices and physical therapists, maybe barbers, real estate brokers.

So every real estate brokers, like running their own little small business, sometimes as part of a brokerage, sometimes their own brokerage.

And there's a whole process to basically like, hey, you should leave Caldwell Banker.

They're taking half of your commission.

I spun out my own.

Here's how I did it.

Here's how much more I make.

And I will spin you out of this big brokerage firm.

I'll set up your website.

I'll set up your back office legal structure.

I'll set up your marketing package.

I'll show you exactly how this all works.

And you know, like instead of Caldwell Banker taking half of your commission, I will take 5% of your commission to do this.

So I think you could basically, I think selling a sales system is a pretty good business to be in in general.

Yeah.

I mean, it's, it's like very, very high margin.

I think that a lot of course businesses top out at a certain level.

I think when you're selling a sales cycle or sales product like this, I don't think you're, I think the cap is way higher.

By the way, also now that Alex Ramosy is not doing gym lunch, you could also just do lit gym lunch again, like, you know, now that he's like checked out, do another shit.

Like, you know, you could have always competed with him, but like he put a playbook out there. He exited the company.

It's still running, but like you could just do it again.

You could literally recycle his business.

I think this is so underrated.

Just recycling business ideas once the person has exited and, you know, they've let their foot out the gas or they've expanded, they've moved up market.

It's like they just leave you an exact playbook on what to do.

[Transcript] My First Million / One Question Friday: How Do You Scale A Ghost Kitchen Business?

And more often than not, that timing still will work.

Dude, we had a couple at the hustle, we had a few companies that would just copy and paste our content and just create a new newsletter and they, some of them got traction.

Yeah.

Edit that out.

I don't want people doing that now.

Well, it doesn't work in the end.

It's a very short term thing, you know, but all right.

That's it.

You got the tip.

Yeah.

I feel like I can rule the world.

I know I could be what I want to put my all in it like the days off on the road.

Let's travel, never looking back.