



## Getting Unstuck: How We Fixed 3 Broken Businesses Transcript

[00:00:02]

Ryan: Hello, my friends. Welcome to Capitalism.com. I am still Ryan Danial Moran. I am just getting back from Los Angeles where I gave a keynote speech at SellerCon. There was no one in the seats, so I just pretended that there were people in the seats while they broadcast the speech to everybody online. Really cool, unique experiences the folks at SellerCon and Amazing.com really do good work. So, thank you to Matt and to everybody over there who consistently invites me back. It was my eighth time at SellerCon.

[00:00:38] I gave a speech about making the transition from being an entrepreneur to an owner, and that has been something that has come up several times in my conversations recently with entrepreneurs. I think we're starting to have a realization that the way we got to this point of internet entrepreneurship is no longer necessary or even, really, that effective.

[00:01:06] I had four conversations this week that all rhymed with one another and they were all with entrepreneurs and founders who were stuck, and they were all stuck with the exact same things. And the solutions that we did to get them unstuck were the exact same solutions. So, I had a call a few days later with the Capitalism Incubator Tribe. It's a group of, currently, about 40 students, although we have 25 new ones starting here shortly that are coming in.

[00:01:45] This is my little kind of mentoring group of entrepreneurs who are building seven and eight figure businesses. Some of them are starting from scratch, some of them are already doing pretty okay but we're going to help turn them into real businesses that can be scaled and sold. And I was telling them about the challenges that I was noticing these entrepreneurs were facing, and it just so happened that they were the same challenges that the group was having, and almost across the board, everybody who was on that coaching call said it was the best coaching call we'd had all semester. It's been almost six months that I've been working with this group of individuals, and across the board they said this was the best coaching call we have had.

[00:02:30] So, I want to share with you the cliff notes with these conversations I've had about these areas of stickiness and how we're helping entrepreneurs get unstuck. It all kind of started when I had my quarterly check-in with the businesses that I've invested in inside the Capitalism Fund. For those of you who aren't familiar, in 2020, I raised \$1.6 million dollars to deploy into physical products brands from my audience.



[00:03:03] So, I have some businesses that have come from The One Percent, or businesses that came from the Capitalism Incubator that I've been mentoring or had a hand in over the last several years and we've put some money into those businesses to help them grow, and I serve as the advisor to that business to ensure that they can go from a million dollars to hopefully 10 million dollars.

[00:03:30] We target businesses that are doing about a million dollars or up to 3 or 4 million dollars, but we like to be in that low seven figure range, and my job is to come in and help get the entrepreneur out of his or her own way and put money into the business to help them get some resources so they can grow faster to about 10 million dollars.

[00:03:54] Anyhoo, all of the businesses that I was advising on these quarterly check ins were facing similar challenges. Now, some of that is due to the fact that I've attracted a certain type of entrepreneur. I tend to attract the solo-preneur who is stuck in the weeds and needs help getting out of the weeds. They've got a business that's profitable. They're still worried about money and they feel like they're managing way too many things and most of their energy is put into, "How do I sell more stuff so that I can afford to get myself out of the weeds?"

[00:04:31] That was kind of the theme among all of the businesses that I was working with. And I just want to go through them one by one and give you kind of a high level version of what was going on, and you'll start to see a pattern emerge among all of them, and you might find that you recognize yourself in this pattern.

[00:04:55] So, the first business is a business that we bought a significant stake in inside of the Fund, and it's a food brand and I can just tell you, it's a brand called Keto Brownie and it was started by somebody that I've worked with for a couple years, a marvelous product creator. His name is Nick. He does an amazing job at creating delicious low carb dessert type of foods. He's just so good at what he does.

[00:05:25] And most of his energy for the last several years has been in selling more product so that he could stay in business. And he sort of peaked. This business sort of peaked at a million dollars a year and it was always one disaster away from being out of business, which is why we got involved, why we made a connection, why Nick and I decided to work together. And it's been maybe three or four months since we started working together.

[00:05:58] And what we've done is ... Nick, I love you, buddy. I hope you're okay with me speaking openly about this stuff. Nick was stressed about business, and so many entrepreneurs



are. He's stressed about making the next sale, about what happens if Amazon kicks me off or Facebook bans me or if Shopify does something. He was stressed.

[00:06:23] Nick is an amazing, amazing product creator, but most of his energy was going toward, "How do I sell more?" Right? This is so common. This is almost all entrepreneurs. So, what we did was we came in with a certain amount of capital so that we could be way ahead of inventory so that we would never be behind on inventory. We could get in cruise control on sales. So, we bought lots and lots of inventory and then we took a little bit of our budget and we hired Jeff [Lieber] over at TurnKey Product Management. They do Amazon full service management.

[00:07:01] And we made the commitment to keep Nick in the zone of creating amazing products. So, one of the things we do inside of the Fund is when we're considering investing in a company, or right after we've signed the deal, we have a meeting and we say, "Okay, what are the things that you would like to do in this business if you have unlimited resources and time and support?"

[00:07:30] And invariably, the entrepreneur has 10 things that they've been thinking about, and there's really only two that need to be done this quarter. And if you've given it enough capital, and time, and attention, those two things can completely change the business. And Nick had those. Nick had ... he wanted to do a low carb puppy chow, and he wanted to do a low carb Dunkaroos, and low carb cookie dough, and these amazing product ideas.

[00:08:00] But all of his attention, all of his time was stuck in, "How do I sell what I've got in order to stay in business?" So, as an advisor and as an investor, we put enough money into the business to free up that concern, to be able to hire a sales team that could handle Amazon, and to keep Nick in the creator's seat because, after all, I pick on Amazon sellers so hard because none of us got into this game because you wanted to be salespeople or Amazon experts.

[00:08:33] You became an entrepreneur and a capitalist because you wanted the joy and the freedom of creating from that place of excitement. We've all experienced the difference in when you are creating from a place of service and creativity and abundance and joy versus creating from a place of trying to extract from the marketplace. That tenseness, that feeling of emptiness in which you need to go get more.

[00:09:02] There could not be a bigger difference in the experience of life, but both of them are part of the entrepreneurial journey. You signed up because you wanted the first. You



wanted the joy, the creation, the doing things on your own terms. That's what you wanted out of this life. And we just set the standard of, we're going to keep Nick in that place and that's what we try to do in all of these businesses.

[00:09:29] Our goal, Sam and my goal in the Fund is to come in and try and keep the entrepreneur in that zone, in that zone of genius. Because guess what's going to happen to that business? Guess what's going to happen to Keto Brownie, which will probably be renamed sometime this year? What's going to happen to that business when the founder of the business goes in and now is creating more amazing products without this stress of, "Is it going to sell?"

[00:09:58] What's going to happen is we have a line of phenomenal products that sell themselves. And guess what? We have a great sales team that is managing all of the Amazon and pay per click and doing all of that stuff, all the tactical stuff that no founder should be doing. And all that we did was bring in enough capital to free up that energy, to free up that focus to go into the things that the founder wants to do in the first place.

[00:10:28] So, that's example number one. Oh, real quick, and one of the things that came up in our conversation was Nick said to me, he said, "Hey, should we be putting any focus into Shopify right now?" And I said, "Well, let's let the TurnKey team really sink their teeth into Amazon and let's grow our profit margins, and now that we're ordering more inventory, our profit margins are going to be higher. And then let's take that profit and let's go hire a great e-commerce agency six months from now, because I don't want any of your attention to go into selling on Shopify. I want you going and creating amazing products and then we'll have a sales team for Amazon, a sales team for e-commerce, you'll be in charge of product, and we'll, by that point, probably have a really great influencer as the face of the company with a following of a million people, and we'll be selling lots and lots of product."

[00:11:28] That's bringing resources together. That's what's going to make this a 10 million dollar a year company, and you know what's going to happen after those relationships are in place? We'll now have a business that could be valued at 10 million dollars and we can do a proper raise on the business and go build an executive team and build a 50 million dollar business.

[00:11:50] That's the kind of stuff that can happen when you free up the focus that's stuck in this tenseness of, "How do I make the next sale? How do I go from \$100,000 a month to \$120,000 a month?" And so many entrepreneurs just waste all of their juice on trying to stay stuck rather than freeing it up to be able to create something that is really life-changing and exciting for them.



[00:12:17] Now, this conversation rhymed across some of the other ones from the Fund. There's one conversation with this business that I just love. I'm so excited about this business. It has one primary skew that has done really well for the business. It does about a million and a half dollars a year in sales. And what we did for that business was we helped find some extra profit margin in that business by running some price tests and giving the financial support to the business for there to be larger inventory runs so that there could be less cost of goods.

[00:12:57] And that increased profit margin was enough for this business owner to go hire an operations manager. It didn't drive up costs in the business at all because we freed up the costs in other ways. And now, this solo-preneur who was completely burnt out, who was stuck at \$1.5 million dollars a year, who was feeling completely overwhelmed in their business, is now going to have the capital to hire an operations manager that will free him up to go create product number 2, 3 and 4.

[00:13:34] And once again, we recommended that this person go hire an Amazon sales channel manager and we put him in touch with a couple ones that we want him to interview, and we'll hire the one that he likes best. One of them, again, was TurnKey. So, all we did here was, again, free up some capital, allow the founder to hire an operations person and a sales person. And now that creative genius that has been locked away in that entrepreneur is freed up to go create more amazing products.

[00:14:10] What happens when that genius is released to create more product? That business triples over the next two years. And when that business triples, it becomes very profitable and it becomes very sellable and very scalable with high valuations and high margins and great products, and the flexibility to be able to create partnerships that weren't available before, and the founder gets to have a life.

[00:14:44] Once again, there was no strategy here, there was no tactic here, there was no magic jiu-jitsu behind the curtain. It was simply freeing up the entrepreneurial genius that's locked away in the things that people are scared of, like running out of money. And the owners model is set up in a way to remove those big bottlenecks so you're not worried about capital and selling more. You've got the bandwidth to be able to do this the right way.

[00:15:16] And by the right way, I mean create amazing products that are ahead of the market, not responding to what the data says. They're ahead of trends, they're ahead of the market. They free you up for you to create a brand that represents the impact you want to have on the world, not just what will sell. And if you're doing partnerships, it means that there's no money



coming out of your pocket, you have incentive-laden deals to be able to make this a win-win for everybody.

[00:15:45] And sure, these business owners that we're working with don't own 100% of the business anymore because we bought some of that business. But these businesses are going to quadruple or quintuple as a result of being freed up. Do you think they're happy that they own 60-80% of a business that is about to be 4x as large, versus having 100% of a business that was just enough to keep them busy and hating their life?

[00:16:14] This is about how big of a pie you can make and how happy you can be in the making of that pie. I find it so interesting that entrepreneurs, when they go to sell their business, are willing to give up 10-15% of their business to a broker when they go to sell their business. At the very end, when a person makes an introduction for them, they give them 10% of the business when it's at its peak valuation.

[00:16:47] But at the beginning of their business, when it's not worth anything, they won't give up 10-30% of their business to the investor that puts up \$250,000 to make sure that they can build an 8 figure company. Makes absolutely no sense. Anyway, let me back off my high horse here to give you another example.

[00:17:04] There's another business that we're speaking to in the Fund that has been stuck around a million dollars for, like, two years. And this business is reacting to everything happening in the marketplace, and they are responding to every little issue and playing whack-a-mole with a bunch of different things that are keeping them stuck at 1 million dollars.

[00:17:26] And they're trying to go from 50 sales to 60 sales a day. They're just trying to climb their way to success. Now, they have relationships that they would love to bring to the table, but they don't have the capital to be able to solidify it all. So, we're coming in and considering putting in some debt or some equity capital to allow them to order a lot more inventory, drive down their costs, increase their profit margin, and have enough left on the bone to be able to hire out a sales team and solidify the relationship they want to make with an influencer that could help triple their sales within the next year.

[00:18:07] And then we've created some real value. And what happens there is the founder of the business is now freed up because they can relax. They're not worried about the money in the bank anymore because they have financial support. Their focus is not on, "How do I optimize that Amazon listing or that Facebook ad?" because there's a team in place that is doing it for them. And now, they have partnerships with influencers that help bring exposure to



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the business so that every time they launch a product, there's a clear pathway to getting it out to thousands of people.

[00:18:47] And all of those things simply required a little bit of relationship and a little bit of thought. None of them required a big deep strategy. None of them required working more. It actually required the founder, the entrepreneur to work less but to create partnerships that were beneficial for both sides.

[00:19:11] Many entrepreneurs are stuck because they are trying to champion everything themselves rather than creating and facilitating partnerships and relationships that allow both of you to grow. Most businesses are built on a moment of inspiration. There's a moment of inspiration and then three years of hard work. But in those three years of hard work, so many of us are doing the things that are based in fear.

[00:19:43] We have this moment of inspiration, we get a little bit of momentum, and then we go into protection mode to make sure that little fear never gets activated. It's like one person that I work with is so afraid that their primary sales channel is going to go away that all of their attention goes to making sure that there's no fires coming out of that sales channel.

[00:20:08] Well, guess what happens when you start trying to put out fires? You find lots of fires to put out, and so you become more and more worried that that sales channel dries up. It's like when you're so afraid a client is going to cancel, so you start over-pleasing that client and then you work yourself into a loop where that client is getting all of your attention, and so you're even more afraid that they're going to cancel, where the best thing that could happen would be for you to create real constraints on your time that would allow you to have the capacity to serve that person, or the capacity to create more products, or just the capacity for you to think so you can operate from a place of service rather than a place of scarcity.

[00:20:50] And so, the real value that gets created is if you can stay in that place of inspiration. I was asked at the end of the Cap Inc coaching call, "Ryan, this makes so much sense to me, but what do I do with this?" And I said, "Go to the beach and then come back and think about it." Go relax. Don't make a to-do list out of this.

[00:21:21] Your business is a reflection of yourself and the impact that you are having in the world. And so, when you make long to-do lists and work yourself to death and you build yourself a job that keeps you busy and stressed, you lock yourself into enslavement rather than creating freedom. This is why so many people have a freedom business that actually has them stuck. They're operating from fear from the very beginning.



[00:21:58] And the only way out is for you to go back to create the opportunity for that inspiration that is in you to come out. For that inspiration, for that desire for more, to create more, to do more, to experience more. For it to come out. Now, how do you do that? How do you do that? You do that by turning your attention away from the things that you're protecting because you're afraid that if they go under, it will compromise your freedom.

[00:22:30] It is not the going away of those things that will compromise your freedom. It is your attention to them that is compromising your freedom. When you're afraid that your sales will go away and your attention is on the fear that you have that your sales are going to go away, that is you compromising your freedom. When you're afraid that that client will cancel, it is your attention to that fear that is feeding it.

[00:22:54] But the best thing that you could do for your business and for your bank account is to put your attention on why you do this in the first place, which is for the joy and for the creativity and for the expansion and the service. The more that your attention is on that, the more you stay in that place which is where all of the creation and all the revenue-generating activities that you do come from.

[00:23:18] If you don't believe me, look at your best-selling product. Your best-selling product came from a time when you were inspired. It came from a moment of clarity. It came from a moment of inspiration. If that's not relevant to you, think about the last time you wrote a really good piece of copy. That piece of copy came, not because you were up against a deadline, but because you were really at a good place yourself, because you were of clear mind, because you had capacity, because you had space. And when you were in that place, you wrote a good piece of copy that made a lot of money.

[00:23:56] If that's not relevant to you, think about the relationship that means the most to you. Did you meet that person because you were really stressed and you guys bonded over that, or because you were at your best and that attracted that person? So, our job as entrepreneurs is to stay in that place of inspiration, to turn our attention away from the things that stress us out and to create relationships that free us up from those things. What does that look like?

[00:24:25] Well, I'll tell you what we do at the Fund. The Fund puts money into the businesses so that people can buy more inventory, drive down their costs, and drive up their profit margins. With that increased profit margin, they hire real help, like management teams that are better at Amazon management than you are, or e-commerce teams that run the Facebook ads and build the funnels and build the landing pages and do all the split tests and run all the





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upsells, so you're not sitting there going to a bunch of conferences learning how to build a funnel. You hire somebody that is way better at that and has been doing it for five years in your industry.

[00:25:02] You plug in those two relationships into a product line that's really good, that you're inspired to improve, that you are inspired to create, that you're inspired to create more product like that, not products that will just rank in the marketplace or be profitable, but products that you genuinely want to release because they would be good for your customer. And you've got enough capital to be ahead of your next inventory run, now you've got an 8 figure business. At least something that's got a shot. At least now you have something that has a shot of being an 8 figure business.

[00:25:40] It's so much faster and simpler to do it that way. That is what I mean by the owners model. That is what I have been trying to communicate to all of you on previous episodes about, that's the difference between an entrepreneur and an owner. An entrepreneur is somebody who is listening to every person on the internet who has a strategy. An owner just hires that person and says, "That sounds like it's a fit for my business. Do it for me." That's the difference. And then the owner goes back to reading books and being inspired.

[00:26:16] Alright, I'm done. Hey, do you want help doing this? I want to give you money. My partner, Sam, and I run an investment fund where we put money into businesses and help them make this pivot, so if you've been stuck at a million dollars for more than 8 minutes, and you've actually got a really good business, you can go over to [Capitalism.com/fund](https://Capitalism.com/fund) and we can work with you, and we can help you get unstuck, and we can make a lot of money together.

[00:26:45] Or, if you just want to work with me on the business that you want to bring to this world, go to [Capitalism.com/inc](https://Capitalism.com/inc). It's not open right now. You can't buy it. We're full. But go there and get on the waiting list and we'll let you know when things are open. Thanks so much for listening to the episode. This is where the world of internet entrepreneurship is going if you want to create meaningful change and long term wealth in this life. I'm rooting for you. Thanks for listening. See you guys next time.