



## Alex Hormozi Q&A - \$100M Offers & Building Product Brands You Can Sell - Transcript

Ryan Moran [00:00:04]

Hey Capitalists. Welcome back to the podcast. I'm Ryan Daniel Moran. I recently read one of maybe the best business book that I've ever read in my entire life. In fact, I might look back on this and say that was the beginning of a new chapter of my career. It was exactly what I needed for this stage of my business. It made me realize why I sometimes feel stuck in my business.

Ryan Moran [00:00:33]

The book is called \$100M Offers and the book is really about how to make your product, how to make your business so irresistible to the people that it's for that they would feel stupid for not buying from you. And we're going to be going through this book together. So, grab a copy of the book and if you're not a member of The One Percent but you want to go through this with us, you can join us over at [Capitalism.com/1](https://Capitalism.com/1).

Ryan Moran [00:01:02]

You might look back on this podcast and say that was the start of a new chapter of my career. Enjoy. I'm very proud to bring this to you. When you hear me reference our mentoring group or The One Percent, that's our membership where we help entrepreneurs build businesses and invest the profits. We take them through a 3-stage process, the grind, the growth, and the gold.

Ryan Moran [00:01:26]

The grind is figuring out what the heck you're doing in business. The growth is taking active sales that you're growing and expanding all the way to having a mid 7-figure business. And the gold is when you have enough profit to invest into passive income, into growth, and long-term wealth. And we help entrepreneurs go through this entire journey inside of The One Percent.



Capitalism.com  
— BE THE CHANGE —

Ryan Moran [00:01:51]

This is ideal for people who are starting their journey and need help with their vision and to be on a path towards a 1% net worth, and it's ideal for people who are already in the middle of their journey and are looking to build passive income and wealth by going through some of our investment trainings. Entrepreneurs are so good at coming up with ways to make money, not so good at keeping it and growing it.

Ryan Moran [00:02:14]

And so, that's one of the core tenants that we focus on inside of The One Percent. So, it's all about businesses and investing the profits and we help people do that inside of The One Percent. When you're ready to join us, head over to [Capitalism.com/1](https://Capitalism.com/1).

Ryan Moran [00:02:27]

Good evening. Friends and neighbors and Hormozis, tonight's special, we brought out the good stuff tonight. Alex and I go deep when Ryan has whiskey. We won't tell you about the last time we had whiskey together. It got a little bit out of hand. Alex, I'm so pumped for tonight. I have this weird energy about me. No one wants to be around me. Children are afraid of me. I'm so pumped to talk to you.

Ryan Moran [00:02:56]

Dude, you're blowing up. For everybody ... Anybody that doesn't know Alex, the thing that is amazing to me about him is he and God have a contract where God is like, look, Alex, whatever you want, just don't hurt me. That's what happens is Alex is just like, listen, I want to be the world's most jacked billionaire, and if you could throw a million Youtube subscribers my way, it wouldn't hurt you. And God is like, alright, fine. And then Alex is just like ... It just happens, and he's like, volume. Volume.

Ryan Moran [00:03:38]



So, dude, you have the number 1 book in its category and you haven't even announced it yet. You're getting 3000 subs a day on Youtube. You have 1.5% body fat. What's it like?

Alex Hormozi [00:03:56]

12 inch personality. It's great being friends with you. You always make me feel great about myself.

Ryan Moran [00:04:11]

Well, give it a minute. For any of you who saw my email recently, I said I have friends who make me feel like the fat kid, I was talking about Alex. Because I went to school to be a pastor and God does not listen to me like he listens to Alex. So, Alex, I've told you this privately but the thing that I admire about you and the thing that is so impressive about the fact that you have ... Your total revenue is \$100 million dollars on your main businesses, you have businesses that give you 10% of top line just to be an advisor, and this book is going to go nuts.

Ryan Moran [00:05:02]

They all have the thing in common of your emphasis is on really quality product, and that's not how most internet entrepreneurs approach things. Could you comment on your approach going into any new business?

Alex Hormozi [00:05:25]

So, I thought it would be appropriate for a book that was about the product to be a good product in and of itself, and so I thought I'd have to spend an inordinate amount of time on the book to make sure that it was really good so that I could hold up to the standard that I was trying to tell people matters.

Alex Hormozi [00:05:43]

So, if I'm looking at a business, the first thing that we'll usually do is look at what is the value that you are providing? What is the amount of value that's being provided the end user, and is



there a way that we can repackage that value to enhance it? And the repackaging can happen in a variety of ways, and I go through that in the book in terms of, can you do more ... Can we make things happen faster? Can we make things happen easier? Can we do it with less sacrifice? Those types of things that we can recombine it, and that's in a real way.

Alex Hormozi [00:06:12]

But then on top of each of those things, we think can we do that in just a perceptual shift? Is there a way that we can change the way they're perceiving the value that they are getting from the product? And a lot of times, those are almost more valuable in a real way than even changing things about the product itself.

Ryan Moran [00:06:29]

Would you comment a little bit more? What do you mean that the perception can be more valuable?

Alex Hormozi [00:06:34]

So, I'll give everybody here a simple example. So, there are things besides the actual thing you're delivering that create value around it, and so if I were to say hey, we have 2 surgeons and you want to get plastic surgery for whatever reason, and for one surgeon it's their 1st surgery they've ever done and then the other surgeon it's their 10,000th surgery, which of those would you value more?

Alex Hormozi [00:06:56]

Now, mind you, it might take the 1st guy twice as long to do the surgery compared to the 2nd guy. So, you're going to get half the time of the 10,000 rep guy compared to the 1st time rep guy, but you still, even though this guy is going to take half as much time with you, you'd still probably be willing to pay the 10,000 guy more and that is because perceived likelihood of achievement is one of the things that creates value in a product.



Alex Hormozi [00:07:17]

And so, if we can bake these different lenses or layers into the value that we're providing, then we can, without actually changing our product itself, make it more valuable.

Ryan Moran [00:07:26]

Yeah. I have an old mentor who used to describe this as the magician versus the mule. The mule is paid to go out and work all the time, gets kicked when it stops. And the magician goes, field is plowed. And we overemphasize the effort or the time going into it sometimes when we're the provider, but in the user's eyes they just want to field plowed.

Ryan Moran [00:07:54]

And one of the things that reading your book reframed for me was I get, intellectually, the idea of developing a product that is customer-centric, but in reality, my actions have always mapped that of a marketer. It's been, okay, how do I make this dance on the page, rather than how do I create the absolute best fulfillment possible? And when that's the foundation of what you are asking, then marketing and sales is still important but it's really easy to do.

Ryan Moran [00:08:33]

One of the things that I really love about the way you advertise is your headlines are just ... You don't have to make them sexy because they're already sexy because they're what the person wants.

Alex Hormozi [00:08:50]

So, yeah, big believers in marketing the actual ... The product itself rather than the promise and letting that kind of take care of it. So, we're big on ... For everyone who's listening right now, we're really big on tracking the data of client success on averages. You probably don't see a lot of internet marketers, for example, saying our average client makes X in Y period of time. No one says that because most people's average client is zero. Well, rather, I'd say the median client would be zero.



Alex Hormozi [00:09:19]

And so, for us, it's actually a KPI that we track within the business, and that's one of the KPIs that we drive towards which is how can we get the average revenue collected per client up within the first 14 days, the first 30 days, first 60 days. And so, we track all those things because we know that the more money we make our customers, the more everything else happens.

Alex Hormozi [00:09:38]

And some of the truths ... There are certain truths and things that you discover, or at least I feel like I've discovered as we've been on this journey. It's like the more money that we make other people, the more money we make, period. And I think that just putting that hat on has been ... I mean, that's what this book is. I know that giving away the book for \$0.99 cents, and of course that accompanies it. I'm sure I could sell it and I could sell a coaching program and I could do all that, but I don't want to do that, and I enjoyed making it and so that was kind of the point of doing it.

Ryan Moran [00:10:07]

One of the things that you say in just the description of the book is that you are out earning the CEOs of publicly traded companies without having up-sell flows that were dialed in, without, my goodness, without sending emails to your list, without doing a bunch of complicated marketing. Would you comment a little bit about that because in our world, the entrepreneurial world, you're most famous in the funnel hacking, 1-click up-sell, that world but you use that as a tool, it's not your business. You haven't had a lot of that dialed in and you've still made tens of millions of dollars. So, would you comment on that?

Alex Hormozi [00:10:54]

Yeah. We're embarrassingly bad at most things. I think most people, at least when I talk to a lot of entrepreneurs, I think one of the biggest skills that's important is learning how to discern



priority. What is important? There's so much information, so it's like all this stuff is coming out. I was like, what is most important?

Alex Hormozi [00:11:13]

And we have such limited resources as entrepreneurs, such limited resources. Capital, and the biggest one just being attention. We have such limited attention for ourselves but just as importantly or more importantly, our teams. And so it's like, I might only be able to move 1 or 2 rocks forward this year, really. Big important things.

Alex Hormozi [00:11:34]

And you kind of have to commit to whatever that rock is, and if you can't pick the rock then you move zero rocks forward. So, people are like, well, I moved 9 things forward. It's like yeah, but you didn't actually get any of them done correctly. So it's like, you have to really ... And I think developing the software companies taught me a lot about this. But it's like you only have, and we have to commit that this is the one thing that we're going to do and we're actually going to do it well, and I think picking that is one of the hardest things but if you pick well then a lot of other things kind of take care of themselves.

Alex Hormozi [00:11:58]

And so, coming from the marketer world, the reason a lot of people cap out is because they have zero word of mouth. If anything, they have negative word of mouth. Literally, word of mouth works against them. And so, I think ...

Ryan Moran [00:12:13]

Yeah, we even talk about in the marketing world it's like fighting refunds, you do all the sales on the front end and you're hoping people don't refund, and you're saying ... Or if you're just really good to your customers you get a ton of word of mouth and no one refunds anyway.

Alex Hormozi [00:12:32]



Yeah, and I mean, we do a lot of stuff that's kind of unheard of. We run free trials. Anybody can sign up for our program for free, you don't have to sign ... You don't have to pay today. And yet, we still get 45% of our clients pre-pay the entire thing within the first 30 days. They choose to. They don't have to. And so it's like, you have somebody that can try something, they can choose not to buy it, and not only that, they choose to pre-pay the entire thing within the first month when they had the option not to.

Alex Hormozi [00:13:00]

And I think that just ... It just speaks to how can we onboard customers the right way? How can we activate them? What are the leading indicators we know are going to create a successful customer, and how can we reverse engineer that? And how do we know what that looks like at day 30, and what does it look like at day 60, and what does it look like at day 90? And then, when we focus on those things, we can drive up our lifetime gross profit per customer so far beyond what anyone else in our space can do, it makes the marketing, as ugly as mine is, still wildly profitable.

Alex Hormozi [00:13:26]

And so, I mean, one of the claims in the book that you heard is we have a 36:1 lifetime return on advertising, and right now it's actually a little higher than that. And so, for every dollar we spend we get almost \$40 dollars back and that's been over my entire career. So that's not this one campaign that we talk about because I sent a DM to someone [INAUDIBLE 00:13:43] and I made a \$4000 dollar sale. That's every dollar that we've spent.

Alex Hormozi [00:13:47]

And so, I think it's because we focus on the backend and really seeing how can we deliver this thing faster? How can we make it more convenient for them? How can we deliver it in the channel or medium that they want to consume it in? How can we do this so that we can decrease the effort and sacrifice on their behalf, so the stress that they have to go through?





What are the hoops that they normally would have to jump through? How many of those hoops can we jump through ourselves?

Alex Hormozi [00:14:14]

And so, by kind of reversing those ... How can we increase their perception of likelihood of achievement? Because if we can get somebody that's more convicted that what we're going to do is going to work, then they're actually, in a very real way, going to receive more value.

Ryan Moran [00:14:24]

That's right. That's right. And I want to point out something. Alex, what does ... Before one of your target clients meets you, what is their average income?

Alex Hormozi [00:14:36]

\$2943 dollars a month.

Ryan Moran [00:14:41]

That was very specific.

Alex Hormozi [00:14:43]

I just know the average. So, it's \$36,000 per year.

Ryan Moran [00:14:46]

So, alright, everybody listen. Alex's average client, when they sign up with Alex, his customer makes on average \$36,000 dollars per year. Alex, what does your least expensive product cost? Actually, for those of you who are watching live, put in the comments what you think Alex's lowest ... His self-liquidating offer. His frontend offer.

Alex Hormozi [00:15:18]

My tripwire.



Ryan Moran [00:15:20]

What is his lowest, least expensive product cost? I want to see, tell me. Average client earns \$36,000. We've got \$1000 dollars, \$10,000 dollars, \$9 dollars, \$47 dollars, a free book, \$99 dollars, a dollar, \$9.99, \$4000. Alright, Alex, what does your frontend offer cost?

Alex Hormozi [00:15:54]

It's \$20.

Ryan Moran [00:15:57]

\$20 dollars?

Alex Hormozi [00:15:58]

\$20 grand.

Ryan Moran [00:16:01]

\$20,000 dollars is his low end. Now, listen, this is an important point here. First of all, we just shattered a bunch of beliefs. But I can't sell my candle for \$40 bucks. Alex's client makes \$36,000. His lowest priced product costs \$16 grand, and you just heard him say that after they join, they voluntarily pay it off early. Why? Because the entire product is focused on getting wins and results for the customer. And what's your highest tier program?

Alex Hormozi [00:16:52]

It's \$42,000.

Ryan Moran [00:16:54]

\$42,000. Yeah. And you have quite the take rate if I remember correctly.

Alex Hormozi [00:17:00]



Capitalism.com  
— B E T H E C H A N G E —

Yeah. I think we have ... I think we're at 60%.

Ryan Moran [00:17:03]

60%?

Alex Hormozi [00:17:05]

Yeah.

Ryan Moran [00:17:07]

And these people are strong-armed and wrestled into upgrading, or they choose voluntarily?

Alex Hormozi [00:17:12]

They choose voluntarily and we let them try it out before they can choose to pay for it.

Ryan Moran [00:17:17]

Okay. Are you guys seeing this? The entire structure of how Alex thinks is how do we remove all the barriers for the client, for the customer to get the result that they want? And if we do that really well by removing as much friction as possible, then they will voluntarily line up to give us money. It's kind of how business works and that's why Alex can spend money on advertising to put people into his pipeline and win and beat everybody else.

Ryan Moran [00:17:50]

Am I remembering correctly that nobody was doing this when you started and now everybody is trying to go after the same market? Am I remembering that right?

Alex Hormozi [00:17:59]

Yeah, I don't think there were many gym gurus at the time when we came into the marketplace. I think the one guy who was selling a high-ticket course was selling it for \$5000 dollars. That



was the high leader at the time, and most guys were selling \$500 dollar a month Facebook ads, done for you stuff.

Ryan Moran [00:18:15]

For gym owners?

Alex Hormozi [00:18:17]

Yeah.

Ryan Moran [00:18:18]

And you just came in, totally owned the marketplace, and then a bunch of people copied you. And I like the story of there's people out there who are teaching it and claiming to be successful at it, and then you look at their books and they're not so successful at it. And you're winning because your clients are getting results more than anything else. That, my friends, is how you put together a \$100 million dollar offer, which is the name of Alex's book which you should go buy on Amazon right now for \$0.99 cents.

Ryan Moran [00:18:52]

Alex obviously needs the money. He obviously needs you to go buy this book. And I need you to go leave a review on Amazon because you know how this game works. Alex, I was hoping we could spend a minute or 2 talking about the ethics or charging \$20,000 dollars to someone who makes \$36 grand because you lay this out and I love the story you tell about your dad. Would you tell that story and explain how you think about going high-ticket?

Alex Hormozi [00:19:29]

Yeah. So, I guess I can try and tell it half as well as I do it in the book when I had lots of practice and got the words right. But I had just posted a picture of our gym lords event, this was pre-COVID, and I think we had 700-ish people in attendance. And I posted it and I sent a picture to my dad or he messaged me, I can't remember what happened, and he was like hey, I



thought this was supposed to be the meeting of your really highest level group, which is the \$42,000 dollar a year group.

Alex Hormozi [00:20:01]

And I was like, yeah, it is. And all of a sudden, he calls me up and he's extremely concerned. He's like, do they know that they're getting billed that much? I was like, yes, they're aware. I'm not magically syphoning money from their accounts. Yes, they're aware. And then he asked, is that legal? To which I responded, yes, it's legal. And he was like ... And I could tell that there was this pause of major concern, and I was like, alright, if I could make you \$239,000 dollars extra this year, Pops, would you pay me \$42,000 dollars? If you knew beyond a shadow of a doubt that you would do that, would you pay me \$42,000 dollars?

Alex Hormozi [00:20:42]

He was like, well, what would I have to do? I was like, you'd have to work 15 hours a week for it. He was like, okay, well, how long would it take? I was like, it would take 11 months to make the entire money back. He was like, okay, would I have to pay for it upfront? Then I was like no, you can pay for it as you started making it. And he was like, then yeah, I would do it. I was like, and that's why they do it too.

Alex Hormozi [00:21:06]

And so, for perspective, as much as Ryan talks about the numbers, and a lot of people have talked about our numbers out of context and explained our success without actually being in any way associated with our company as it's the funnel, it's the marketing, it's the whatever. The average client that we work with makes an extra \$239,000 dollars of top line revenue. They, on average, triple their profit, 3.1x their profit. They take their take-home income, including our fees, not of our fees, from \$2950 a month to \$8900 dollars a month.

Alex Hormozi [00:21:36]



Capitalism.com  
— BE THE CHANGE —

And so, you're taking someone from \$36,000 dollars a year to \$100,000 dollars a year on average, meaning half the people make more money than that. And so yes, we charge \$42,000 dollars a year in order to help someone go from \$36,000 dollars to \$100,000 dollars on average. But I think that that's more than reasonable considering what we ... Our efficacy at doing that.

Alex Hormozi [00:21:54]

And we purposely niche down because we understand niche pricing, and we know that we can provide a better solution than anyone else can for a specific avatar. So it's like, if you are this specific type of person, you run this specific type of facility, and you have this specific problem, we can solve it and we've done it 4000 times so it's very unlikely that it's been ... Chance at this point to hit the however many ...

Ryan Moran [00:22:16]

It's possible. It's possible.

Alex Hormozi [00:22:20]

It's possible, it's not probable. And so, that's kind of the overarching scheme which is everyone always looks at how do I ... What's the trick at selling this more? But there isn't a trick, because at a certain point, most people on here are probably ... Have some level of conscience. You have some morality, you have some level of ethics.

Ryan Moran [00:22:38]

Not me.

Alex Hormozi [00:22:40]

Not Ryan, but most people. And so you have this level of ethics, and so what ends up happening, though, is that if you don't actually deliver to the vast majority of the customers that you have, you will self-sabotage. You will stop selling. You will give yourself reasons, or



your sales team will give you reasons, or your customer support team will give you reasons as to why we shouldn't continue this business.

Alex Hormozi [00:23:00]

And so, you have to sell yourself first and the only way to do that is to truly be convicted. And the thing is you can tell people you're convicted but only you know if you're putting 100% of the effort that you could possibly put in to making the product better than it currently is.

Ryan Moran [00:23:16]

Again, Alex is speaking for himself. Not all of us have consciences here. I am a Johnson & Johnson shill. This live is brought to you by Johnson & Johnson. They sponsored this for me to shill out everybody getting the vaccine. So, not everybody has a conscience. I don't. Alex, I wanted you to comment on ... For those of you who do have a conscience, I wanted you to comment about the actual ethics of charging high-ticket, because in your book you talk about ...

Ryan Moran [00:23:50]

I don't remember if you said this or if this was my own words but charging a lot of money is the most loving thing that you can do for your customer or client. Would you speak a little bit to that?

Alex Hormozi [00:24:02]

So, I've always been a premium service guy. So, even when I owned my chain of gyms way back in the day before I switched to doing what we do now, and now we have our portfolio companies, and it's because I want to be ... Because I want to sell from a place of certainty. I want to sell from a place of conviction. And the certainty that I want to have is not that I am certain that the person will achieve the result because I cannot be certain that someone is going to eat the food that I tell them to eat. I'm not certain that someone can go to the gym.



Alex Hormozi [00:24:26]

But I can be certain that I am the best chance they have at being successful. And so that's the pivot that you have to make internally is am I truly ... Am I certain? Because that's where the certainty will come from because anybody that says they're certain someone is going to get a result is lying to themselves if there's anything that the client has to do, and most people who are in a coaching space or education space, whatever it is, the client has to do something. They have to do something.

Alex Hormozi [00:24:45]

I can teach Spanish and some people are not going to learn Spanish, and I can be the best Spanish teacher in the world. It's going to happen. And so the question, is Spanish a scam or are there bad students? There are also bad teachers.

Ryan Moran [00:24:59]

But we need to build a wall, Alex, because Spanish is a scam.

Alex Hormozi [00:25:05]

And so I talk at length about price in the first 1/3 of the book but I'll give you a couple of examples that I think might drive this home. So, first off from a value perspective, people will value things in and of itself, I talked to you about there's different levels of value, things that you can change outside of the product that will inherently make it more valuable.

Alex Hormozi [00:25:24]

So, they did a blind taste test with 3 wines, a cheap wine, a middle wine, and an expensive wine and the taste testers asked the people, rate the wines. And they concurrently rated the wines bad, middle, good according to price from cheap, expensive, whatever. But what ended up being the truth was that they revealed to the people that all 3 wines were the same. And so, in a very real way, price provides value to a prospect. And that was on a consumer good.





Alex Hormozi [00:25:53]

Now, you can put that on steroids when it comes to an educational product or something that has to do with training. There's more lure around expensive things. People want to buy expensive things. People will become more convicted the more invested they become. So people pay who pay attention, and the more they pay, the more they pay attention.

Ryan Moran [00:26:12]

That's right.

Alex Hormozi [00:26:12]

The idea around this is that it is more ethical if I say that I am trying to best serve my clients and I'm claiming that this is the best chance that they have of being successful, then I must use every lever in my arsenal to get them invested in their own success. And so, I call this the virtuous cycle of price but the more someone pays the more invested they are. The more invested they are, the better the results they get. The better results they get, the more convicted your sales team is, the more people they sell at higher prices, the more profit you have to reinvest in the fulfillment to get more clients results, and around and around you go.

Alex Hormozi [00:26:55]

And then on top of that for you as the business owner, you become more convicted, your self worth improves, the impact you feel like you're making increases, and you continue to have this virtuous cycle. On the flip side ... And oh, as a final one, people who pay the most are also the lowest maintenance.

Ryan Moran [00:27:12]

That is absolutely correct.

Alex Hormozi [00:27:13]

Easiest clients to deal with. But if you flip that entire equation ...



Ryan Moran [00:27:16]

That's why you price your book so high at \$0.99 cents. You do not want annoying readers.

Alex Hormozi [00:27:22]

I just don't want annoying readers at all. The flip side of this is if you cut your prices, all of a sudden you have less money for fulfillment. People are less emotionally invested. You attract the worst quality customers. The conviction of your sales team drops. You have less profit left to provide a better product, etc. And so, it's a virtuous or vicious cycle of price and if we are claiming to be ethical individuals, and we are claiming that we're going to create a product that's going to have the best chance of getting someone successful, then we must anchor in such a way that we're going to get them the most invested so that they are successful.

Ryan Moran [00:27:53]

And everybody, this is why socialism sucks. Alex just explained it better than I've ever been able to do. This is why socialism sucks. This is why capitalism solves problems, and socialism kills people and puts them in jail. What? There's no profit to be able to run a country or solve problems. You have to have profit to be able to do it. And my favorite thing about all of this is you having the conviction and the certainty to be able to sell something well, or to sell something at all.

Ryan Moran [00:28:34]

And when you have conviction, you can look at Donald Trump, you can say words that don't make sense, and you can buy into the conviction that you have for the outcome that you want to create. And so many entrepreneurs in our space, the internet, online business world, are trying to find the system that creates money because they are not certain rather than about doing what they ... Selling what they are certain and that is what creates the results and the success.



Ryan Moran [00:29:08]

And the thing that shifted for me in your book was that if you put in the required time and commitment to making a product that you have conviction is right for the client and the customer, you win because you naturally out-sell, out-market, charge higher prices, get higher profits, can have more convicted salespeople over and over and over again.

Ryan Moran [00:29:36]

And you said something when we hung out last week about having these levers that you know that you can pull. I know that when I spend more on advertising, I make more money. When I hire more salespeople, I make more money. Because you have the foundational pieces there in place. And if you don't have that, then those levers can make you broke. But when you have that core foundational piece, you can pull all these levers and everything starts to grow. Is that a fair summary?

Alex Hormozi [00:30:07]

Yeah. 100%.

Ryan Moran [00:30:09]

Would you talk a little bit about those levers, the more advertising, the more salespeople.

Alex Hormozi [00:30:13]

Yeah. When I looked back at business decisions over time that have consistently concurred with making more money, hiring more salespeople in general makes me more money. Spending more dollars on advertising, as a whole, when I spend more money on advertising, we make more money. When I raise prices, in general, we make more money. And so, these have just been recurring themes that have happened throughout our business career and so we try and do them, I'd want to say as frequently as possible. Well, especially, I mean, sales team, and things like that for sure as frequently as we can. But yeah, that's how we've done it.



Ryan Moran [00:30:53]

So, Alex, there's a question that has come up ... We posted the podcast that we did together just a few days ago and I've had this conversation come up quite a few times and I was hoping you could speak to it, and it's the question about how your mindset and your methodology applies to physical products.

Ryan Moran [00:31:15]

So, a lot of my audience is Amazon sellers. Amazon is kind of naturally incentivized to have the lowest price. That's what they want to drive up. They want to have a lot of volume and it tends to reward people who have the lowest price. So, in the ecommerce world, we're definitely skewed to the Walmart model and it completely flies in the face of what we're talking about. How would you reverse that trend as an ecommerce entrepreneur? And by the way everyone, Alex is not busy enough so he also runs a \$15-20 million dollar a year physical products brand as well. Am I underestimating you? Are you over that?

Alex Hormozi [00:32:01]

No, I think it's \$16.

Ryan Moran [00:32:02]

Okay, \$16 million, awesome. Peanuts, but he's done it. So, would you please comment on how you would reverse that trend?

Alex Hormozi [00:32:12]

So, the first question is just do I have to sell on Amazon? If I do, I can answer it that way but if I don't have to ...

Ryan Moran [00:32:20]



Let's go there. You're talking to an ecommerce entrepreneur who sells a million dollars a year across 3-4 products on Amazon exclusively. They're getting squeezed by price wars and competing on reviews. How do you reverse that trend with that person?

Alex Hormozi [00:32:40]

On Amazon.

Ryan Moran [00:32:41]

Yes.

Alex Hormozi [00:32:42]

Alright. So, if I'm on Amazon ... So, there's a section in the book where I talk, it's called the delivery cube, but it's ways that you can peel apart your product and it's a cube because there's 6 sides to it. But this is when I'm thinking ideating for a product, this is the process that I kind of go through.

Alex Hormozi [00:32:59]

And if we have a physical product, it's how can we add any kind of premiums that cost us nothing that are still going to be valuable. And so, I'm going to just give you a hypothetical example just to drive this home. So, let's say we had a ... I'm going to tie it back to physical products in a second but just bear with me.

Alex Hormozi [00:33:14]

So, if I had a massage parlor for example, and I had a massage membership or whatever that I was trying to sell, if I were trying to sell that membership I could go to every chiropractor in the area, I could go to every physical therapist in the area, I could go to every orthotics dealer in the area, I could go to every scented candle person in the area, I could go to every yoga studio in the area and ask each of them to give me 1-2 free things of services that cost me nothing and put all of those things in my single offer.



Alex Hormozi [00:33:47]

So, if I just had, let's say, I just gave you 6 examples for 1 business. So, that's 6 different industries, and let's say we had 10 of each of them. So, I got 60 free goodies. Now, all of a sudden when I say hey, if you get a massage at Alex's massage parlor, you also become a VIP member, and the VIP member means that you're going to get 10 free chiropractor adjustments, you're going to get 10 free orthotics pieces, you're going to get 10 free whatever.

Alex Hormozi [00:34:11]

And so, with that, I took my thing and made it more valuable by using other people's things on top of it. And so I just wanted to use that as a mental reframe for what I'm talking about. There's a lot of things outside of the product that we can use to make the core product itself more valuable because the customer has a lot of needs and the good news is that when somebody has a lot of desires it means ...

Ryan Moran [00:34:31]

Alex, I'm sorry to interrupt you, but how many of you just had the biggest braingasm of your life? You can see where this is going, you're like, holy fuck, I think I just saw a piece of the matrix. Put in the comments right now if you ... #Braingasm if you just got a business boner. I'm sitting here like oh my god, this is the greatest thing ever. And every page of Alex's book is like, oh my ... I need a cigarette. I need to step away from this. The #braingasms are starting to happen. We've got multiple braingasms happening in the comments, Alex. Alright, now, please keep going. I'm ready.

Alex Hormozi [00:35:15]

Sorry. We both blew some lines of On Switch before we got on.

Ryan Moran [00:35:20]

Yes we did.



Alex Hormozi [00:35:22]

Proud sponsor.

Ryan Moran [00:35:25]

We're sponsored by On Switch and Johnson & Johnson.

Alex Hormozi [00:35:27]

And Johnson & Johnson. So, the delivery cube is basically what I walk through mentally to think, how am I going to deliver the thing? So, first is what's the outcome? The outcome is what are the other problems that are actually problems that this customer is going to have or experience before or after they use the product? Am I good?

Ryan Moran [00:35:44]

You're good.

Alex Hormozi [00:35:46]

Okay. What are the things that are going to happen immediately before and immediately after they use my product? And there's problems that are going to be [INAUDIBLE 00:35:56] those things, and how can I solve that problem before it happens? So now that I've identified what the problems that are going to be associated with the product, then I can pull these problems out and think, okay, now I'm going to splay them out and think, how many different ways can I solve this?

Alex Hormozi [00:36:09]

And so, let's say we've got somebody and you're in the supplements space, I'll just say for example. So, if you're in the supplement space or nutraceutical space, whatever, then this person might want to lose weight. Alright, well, what other things can I do that might ... That somebody who's trying to lose weight and buying my fat burner, what else might they want?



Alex Hormozi [00:36:26]

Well, they might want an eating out guide. They might want a grocery list. They might want a cooking guide. They might want lick your fingers lunches, delectable dinners, a shake guide, a breakfast guide. They might also want a calculator that's for on budgets so they can have stuff that's cheap so they can lose weight on a budget. They might want to also have family friendly meals they can make for themselves and their family. They might want to have something they can do for work. You might also want to have the workout guide that they can do at a real gym or they can do it at home.

Alex Hormozi [00:36:55]

These are all things that take one-time time investments that you can add into the core product for no added cost, and then sell that product at a premium because of the anterior values we've stacked onto it. Now, that's just one example of the 6 on the delivery cube. It would probably take more time to get through it. But each of these things are layers of value that you can look at. You can also add premium support on text as a way that you can support customers that no one else has. You can do it via phone, you can do it via Zoom, you can do it via chat.

Alex Hormozi [00:37:28]

That's just one of the things. That is a medium, which is one of the [INAUDIBLE 00:37:32] cubes, and then speed and convenience being another one of the layers that you can add onto it.

Ryan Moran [00:37:37]

And so, before you go there, all of you who ask questions like, how do I get my Amazon date up? How do I get my customers' email addresses from Amazon? Amazon hides it from ... You give them great shit. That's how. You call attention to all of the other ways that you help them accomplish their goals and overcome their challenges and then you get them on text lists and





Capitalism.com  
— B E T H E C H A N G E —

emails and then come to Zoom calls and they join your Facebook group and they join your discord and your slack channel and any other place that you actually serve them.

Ryan Moran [00:38:18]

You actually treat them like VIPs. That's how you build a VIP list. You actually overcome their challenges rather than just slapping together a free ebook that you put on the inserts in your packaging. You actually over-deliver for the goals that they are trying to accomplish, and then they voluntarily find you and buy everything that you put out.

Ryan Moran [00:38:37]

And then you build launch ... That's how you build a launch list where you don't need to do a bunch of giveaways and rebates and use rebate RebateKey and break terms of service in order to get reviews. You don't need to. You're too busy winning. You're too busy winning to have to try and copy everybody else's strategies that your customers go to bat for you. That's how you win. That's how you actually build the list and the responsive customers that buy from you over, and over, and over again.

Ryan Moran [00:39:05]

And by the way, the rant that Alex just went on is if you just had 1 product and you made a list of all the other things that they needed and you didn't create the products around them, you just create partnerships with all of these people and that becomes part of the stack. Imagine if you started asking the question, okay, well, we have this challenge and now we're going to release this product that actually solves this, and now you have the virtuous cycle of price working in your favor. Did you just say that was 1 of the 6 cubes?

Alex Hormozi [00:39:33]

Yeah, one of the ways.

Ryan Moran [00:39:33]



Capitalism.com  
— B E T H E C H A N G E —

Just one of the ways that you can do this.

Alex Hormozi [00:39:36]

Yeah.

Ryan Moran [00:39:36]

I need a cigarette.

Alex Hormozi [00:39:39]

And what's also kind of cool about this is we just talked about all those partnerships. So, if you're trying to increase your average order value, if those people redeem 10 of those things that you just gave them and those partners that you made a partnership with paid you for free customers, then you're increasing and all of that is true bottomline to you so you could give away your product for free and then make all of your money on the partnerships on the backend if you really wanted to.

Alex Hormozi [00:40:04]

Layla and I make a couple million dollars a year just in affiliate partnerships, rebates coming back to us because we already know we want to enhance the value of the products that we have. We were going to make the introduction anyways. We might as well get paid for it by gathering and aggregating the solutions in one place because that's what our customers want anyways.

Alex Hormozi [00:40:22]

But as a mental fun exercise, I want to run 3 fun mental tests for everyone that I've gotten good feedback on. The first is, if you were selling your product for \$100,000 dollars, what would you include to make that product worth \$100,000 dollars? Think about it. If someone paid you for the same outcome, because fundamentally everyone is always paying for the outcome. The girl



who buys a \$5 dollar ebook and the girl who buys liposuction are buying the same outcome. The reason that they're priced differently is because the other 3 ... All the other ...

Alex Hormozi [00:40:55]

I was going to get into the value equation which is also in the book. But the other variables of value are different which either enhance or detract the price that you're able to charge. And so, if we have a \$100,000 dollar thing for a dream outcome versus a \$5 dollar thing for a dream outcome, what would I deliver at \$100,000? That's thought process number 1.

Alex Hormozi [00:41:12]

Thought process number 2 is whatever the price of your current thing, if you had to get them the same outcome for a 1/10th of the price, what would you have to build or do to get them there? That's the 2nd. And the 3rd one, and this is probably my favorite of them, is if everyone here had no rebates, you had no advertising dollars, and all you had was one guaranteed customer who was going to buy the product and the only way for your business to grow was for that person to tell someone else about the product, what would you have to do to make that happen, to guarantee that?

Ryan Moran [00:41:56]

When you say one person, do you mean one type of person or one individual?

Alex Hormozi [00:42:00]

You get one purchase and you have to deliver such an experience to that one purchase that that is what kicks off your business.

Ryan Moran [00:42:06]

I love that question. I love that question.

Alex Hormozi [00:42:15]



Because I think if we ask the right questions we get much better answers. A lot of people are like, well, how do I make more money? It's like, how do you get every single customer you have to send you 5 customers? Well, even that question, maybe it's been overly heard. So, what if you only had one fucking customer? Sorry.

Ryan Moran [00:42:30]

You can say it. You can say shit, fuck, whatever you want.

Alex Hormozi [00:42:33]

And I like that there's one shot because it's like, you have to make it so over the top that you can't say, well, we know 20% are going to refer. It's like, what if we only had one shot, one opportunity? It's everything we've ever wanted. It's our moment. We can capture that 5-star review.

Ryan Moran [00:42:52]

Or would you let it slip? So, Alex, that question of if I only had one purchase, that forces you to think about word of mouth referrals. And that forces you to make the experience so good that that person has to tell other people. So, when you ask that question, where does your brain go when you're structuring the product and the offer?

Alex Hormozi [00:43:24]

I believe in doing the unscalable first and then being overwhelmed with the amount of business that you have and then trying to make the things that you were doing unscalable scalable with the added resources you now have from new sales. So, I think a lot of people try and solve a problem that doesn't exist. They're like, well, I don't want to do something that's unscalable. I'm like dude, you don't even have any fucking clients. What you're doing right now is ultimately scalable. You're doing nothing.

Ryan Moran [00:43:47]



You know, it's interesting because there's still questions coming in on the chat about how this applies to ecommerce, and it's this idea of where you take the sale is where your business ends. Because if you're selling on Amazon, or even if you're selling on Shopify, if you're selling any stuff, the idea of limiting the amount that is available is a little bit of a foreign concept unless you're launching them in connection with an NFT, which I kind of think might be around the corner.

Alex Hormozi [00:44:22]

You could do flavor drops, you could do ...

Ryan Moran [00:44:22]

Sure. But even beyond that, Alex, what you said earlier about taking the conversation off of that primary sales channel where now your platform like Amazon is really just a place where you're collecting leads that break even because you're having all these buyers flood in but the entire business is constructed to give the customer an unbelievable experience that gets them to their dream outcome. The business is actually the backbone. It's not the front. It is everything else that overcomes their challenges, like you mentioned those partnerships with outside vendors.

Ryan Moran [00:45:04]

It is the memberships on the backend. It is the offers that you send them in the customer followup process. It is that entire structure, and all of those can be limited. All of those can have an amazing amount of scarcity. And I think so many people in our circle, specifically ecommerce circle, they don't think in terms of scarcity in a positive sense, meaning limiting the amount that is available, because they're just thinking about selling the next widget.

Ryan Moran [00:45:38]

And the beautiful thing about what you just suggested is that when you're able to have that flip and realize that you can generate demand, you can pull levers in your business all day long.



Capitalism.com  
— B E T H E C H A N G E —

And that's when it gets fun because you're literally liberated to just do whatever you want in the business that is in the best service to the customer.

Alex Hormozi [00:46:02]

Yeah.

Ryan Moran [00:46:04]

This is so fun. This is so fun. Alex, you're doing ... You're getting thousands of subs a day on your Youtube channel. I love and hate you for it because you're the one Youtube business channel that's better than me. The only one, the only one. Gary Vee's got nothing on me. But Alex Hormozi is better than me. And so, the market has spoken. You're doing great. What is the reason you think that that, which is, it's just a passion project for you, why is that growing so quickly and why did you even write the book besides the fact that you need the \$0.99 cents?

Alex Hormozi [00:46:52]

It's mostly the \$0.99 cents, so I just need to get that out of the way.

Ryan Moran [00:46:55]

Obviously, capitalism.

Alex Hormozi [00:46:57]

Yeah, you get cash in capitalism. So, yeah, I mean Layla and I, we have a portfolio company. It's under the umbrella of Acquisition.com. And so, the book is kind of the launch of that, and so we take companies between \$3 and \$15-ish million with the goal of taking them to \$50-100. And so, we've got 3 companies that are in there. We started this about a year ago. I've wanted to take on one company-ish a quarter. That's kind of a penciled in goal. We started a year ago. We have 3. And so we're 4 months in and we have 3.

Alex Hormozi [00:47:35]



Capitalism.com  
— B E T H E C H A N G E —

And we've turned down probably 150 companies and it's really just ... This is just a way for us to help 99% of people for free and for the 1% that are hyper-executors who can take something and implement it immediately and see their business go from \$500 grand to \$3 million, or \$1 million to \$5 million, and then want to allow us to participate in the growth with them, we can invest alongside and crush it together.

Alex Hormozi [00:48:04]

And so, that's kind of the idea. Is there a way that we could create a business model where we could just help everyone and still have the people who need a more customized ... When you're going from \$5 to \$50 million, it's like, buy my course. It doesn't really lend itself to that type of solution. And so I was like, okay, well, how do I work with the people I want to work with, and then how can I give everyone else what they normally are paying \$5000, \$10,000, \$20,000 for and give it for free, and I can do it from the perspective of someone who's not made their money selling how to market but actually market.

Ryan Moran [00:48:41]

The example I'm thinking of, I'm comparing you to Taylor Swift. For 99% of people, Taylor Swift music is free. You can get it ... Actually, she might not be on Spotify, but just go with me. All the music is free. You can listen to it anytime you want. And for a small fraction of people, they pay her a million dollars to come sing somewhere. You're kind of similar. For a small percentage of people, you're coming in and taking a nice slot of the business and helping them grow from \$5 to \$50. I freaking love this.

Alex Hormozi [00:49:19]

This is the tale of the business ... This is the business Taylor Swift. Is that what the headline was?

Ryan Moran [00:49:22]

You are the Taylor Swift of online business, Alex. Alex, I am proud to call you my friend. I am thankful for your friendship and I told somebody I'm so glad I was friends with you before you



wrote this book, because I would have been fanboying like a madman. I would have been like, this person is the smartest man I've ever met in my entire life. The book is that good. It's kind of weird. I only ever had this experience with one other person.

Ryan Moran [00:49:57]

I became friends with a guy named Dan who had won the TV show Big Brother, and I don't watch Big Brother, but after I became friends with Dan, I was like, oh, that's so cool, I'm going to go back and watch your seasons. Turns out he was the greatest Big Brother player of all time and I had no idea and I was like, I'm really glad we're friends before because I didn't know you were the Dan. And that's how I felt about you after reading this book. I'm like, this is the smartest person alive. This is my homie. He lives up the street. I can't believe this. My daughter even likes this guy. She doesn't like anybody.

Alex Hormozi [00:50:43]

She's like, it's the \$100M Offers, dad. I don't feel like we've got enough affiliate offers in here.

Ryan Moran [00:50:51]

So, dude, I'm not just saying this as your friend, but this is probably the best business book I've ever read. It's really, really freaking good. So, well done. My friends who are watching, there's still over 150 of you watching. Go on Amazon, buy this book, it's called \$100M Offers. It's by Alex Hormozi. Click write a review when you're done because it's \$0.99 cents and if you don't make a million dollars from reading this book, you read it wrong. You read it wrong.

Alex Hormozi [00:51:38]

Well, the book is a scam. If you don't make a million dollars then that's what it is.

Ryan Moran [00:51:44]

That's not a legally binding guarantee because I have no affiliation with this book. But if this does not radically change your business, you're doing something wrong. You misunderstood.





Alex Hormozi [00:51:58]

I was going to call it \$1 Million in 12 Months but it was already taken. I went with my 2nd favorite name.

Ryan Moran [00:52:03]

You should have called it \$100 million. \$100 million dollars ... In 11 months. Tim Demasters says I just bought a million copies, did I do it right?

Alex Hormozi [00:52:14]

You did it perfectly. Thank you Tim.

Ryan Moran [00:52:16]

I'd say that's a good start. It's a good start.

Alex Hormozi [00:52:20]

Just for a little bit of context for everyone else here, the book is broken into probably 3 main sections. So you've got the primary section which is picking the right market to go after which I think Ryan and I had a lot of conversations about, but there are ways to pick the right markets that are probably counterintuitive, so this is how we pick niches that we think are going to do well. And it's not complicated, it's just different.

Alex Hormozi [00:52:43]

And that is what unlocks the pricing power, the purchase power of price, the things that we talked about, charging what it's worth, getting a premium, overdelivering, all that kind of stuff. The 2nd kind of chunk of it is the actual product itself which is kind of the entire ideation, the different lenses and perspectives through which ...

Ryan Moran [00:52:58]



My favorite part.

Alex Hormozi [00:52:59]

Yeah. And that's ... Candidly, that's the meat of the book because it should be, it's about the product, you know what I mean? And so, that's where we talk about the value equation, we talk about how we can solve problems, the 6 different parts of the cube in terms of delivering on the product.

Alex Hormozi [00:53:17]

And then the 3rd meat section is what I call enhancers. So, that's the bonuses, that's the scarcity, that's the urgency. And fun fact for everyone, most people conflate the 2. Scarcity is a function of quantity. Urgency is a function of time. And so, you can have just urgency and you can have just scarcity, or you can have urgency applied to bonuses, scarcity applied to bonuses. You can have a scarcity applied to a guarantee. There's different ways you can combine these things.

Alex Hormozi [00:53:45]

Guarantees, there's 4 different types of guarantees that exist. A lot of people don't know that. You can also combine guarantees, so you can have a 30 day unconditional with a 60 day conditional. You can have an anti-guarantee, you can have an implied guarantee which is the 4th type of guarantee. And so I talk about the different guarantees, the pros and cons. I've used all of the guarantees in that book and I pulled out my 13 favorites that were the highest converting for us. So I have those in there.

Alex Hormozi [00:54:08]

And then finally, one of the sections that I think is underrated is just naming. So, how do I go about naming a promotion, or how do I go about naming a product? And it's more about promotions. That's kind of, at least, how the naming section of the book is set up. But it's more about promotions and bonuses, is how to name those things.



Alex Hormozi [00:54:27]

And there's some interesting things on how to rhyme the names, how to aliterate the names, and things that make names catchy and stick that have just been things that I've found over time that I think a lot of people find valuable because a lot of times, simply by changing the name of the promotion, you can 3 or 4x the conversion even though you haven't even changed the product.

Alex Hormozi [00:54:45]

And so that's what's crazy. And so it's like sometimes people just miss the most basic thing. It's like you're 6 inches away and you just need this last push, and that's why I think I pulled out the naming because I thought it was an important enough component to wrap the whole journey up. So, that's the book in a nutshell. I think that's why we've had such a high return on our advertising. It wasn't as much as people enjoy our sales content and the pricing stuff that we talk about and all that. I think at the end of the day, getting the product to be so good that people can't help but line up and buy it, that's the goal.

Ryan Moran [00:55:16]

And let me wrap with one thing that is early on in the book that is so motivating and inspiring and uses the best analogy possible, baseball. The best, the best thing, the biggest win that you can have in baseball is to score 4 points. The absolute best case scenario is to walk up to the plate with the bases loaded and to hit a home run. We call that a grand slam.

Ryan Moran [00:55:51]

That is literally the best play that can happen in the entire sport. But in business, the great game of business, you get to take as many swings as you want and just hitting one grand slam in business can make hundreds of millions of dollars. And so often we get caught up in getting it just right and making the one thing that we have going, I call it the golden turd, polishing it



until it's perfect and hoping that it becomes something one day. Instead of just swinging and swinging and swinging and swinging until we have the grand slam.

Ryan Moran [00:56:36]

This book gives you the loaded bases. It can't help you connect. It's not going to do pushups for you so that you're stronger, but it loads the bases for you. And you get unlimited swings in business until you die. You can keep swinging and you can keep trying different experiments and eventually you're going to connect. And what this book did for me is make me feel like I was coming up to the plate with loaded bases and now it's up to me to become the person who has the skills and the habits and the mindsets and the beliefs and the right approach for me to be able to swing and connect and hit a home run.

Ryan Moran [00:57:24]

And when you've got the bases loaded, it's a grand slam offer. So, my friends, as someone who cares, go get this book and go through it and let it impact your business because this world is filled with business owners, entrepreneurs, marketers that are in it because they want to do something for themselves which is a great start. They start a business because they want to have a different life.

Ryan Moran [00:57:56]

But you have real freedom and control and upside and value and freedom and peace of mind when your business is completely in service to the customer. The beautiful irony of entrepreneurship is that you get everything that you want as soon as you build the business that is completely in service to everyone else. That is the beautiful irony of it is that entrepreneurship is learned selflessness, and people on the outside see rich people and they think it's all about selfishness which brings more people into the game and they slowly discover that the more that it's about them, the more they lose.

Ryan Moran [00:58:45]



Capitalism.com  
— B E T H E C H A N G E —

And the more that it's about other people, the more they win in the process. It's a beautiful, virtuous cycle. And this is a playbook, \$100M Offers: How to make offers so good people feel stupid for saying no, is a playbook for actually building the business that has the foundation to be completely in service to other people and help you get everything that you want in the process. Please give some hashtags and some thank yous to Alex Hormozi for hanging out with us tonight. Alex, I appreciate you. I look up to you, and I want to be you when I grow up. Thanks for hanging out with me, buddy.

Alex Hormozi [00:59:20]

Totally. Thank you so much Ryan. Thank you guys all for giving me, for giving both of us your attention, or lending it to us tonight. I hope you got a positive return on it. That's always everyone's most valuable asset and I appreciate you investing it with us.

Ryan Moran [00:59:30]

Thanks everybody. Go get the book. Leave it a review or else. Goodnight everybody. See you. If you found value in this podcast and you're ready to go deeper, here are 3 resources where we can help you. 1, you can grab my book 12 Months to \$1 Million on Audible or Amazon. It has over 1000 reviews and it's the playbook to building a 7-figure business.

Ryan Moran [00:59:53]

2nd, you can join our community of entrepreneurs who are following a plan to build a 1% net worth by building businesses and investing the profits. You can get plugged in at [Capitalism.com/1](https://Capitalism.com/1). And 3rd, if you're looking to go deeper and build a 7-figure business that you can sell, you can work closely with us inside the Capitalism Incubator and you can get on the waiting list and find out what we do over at [Capitalism.com/inc](https://Capitalism.com/inc). That's [Capitalism.com/inc](https://Capitalism.com/inc).