



## The Capitalism Fund Q2 2021 Update Transcript

Ryan [00:00:00]:

Alright. Sam, so, we have just finished at the Fund an amazing quarter that I'm so excited about where we had 3 deals, we're now on lock, we've completed 3 deals that we're really excited about, and we've got 3 that are closing here real soon. And I just want to share with everybody what's going on. To start, I want to repeat our thesis just in case somebody is not familiar with what we're doing here at the Fund. But our thesis inside the Fund is that we work with businesses who have a shot at having an 8 figure exit.

Ryan [00:00:42]:

We work with entrepreneurs to get to that level where we can have an 8 figure exit, and in my experience, our experience, there is a plateau that happens in the low 7 figures, like a million to \$3 million usually, where the entrepreneur can be full time but they don't have enough meat on the bone to really be able to scale new product development or order the types of inventory that will allow them to drive down costs and increase profit margins, and oftentimes entrepreneurs are solopreneurs where they are doing this for the first time. They don't have a partner who has done this before.

Ryan [00:01:21]:

So, we come in at that point and we act as the partner to the entrepreneur by infusing it with capital, getting strategic help, partnering them with agencies that can help them grow from \$1 million to \$10 million dollars and we basically take the position of we have these resources of the people that can help you. Pick your favorite ones and we'll pay for them. And you need inventory. If you need capital to do a larger inventory order which will drive down your costs by 20%, awesome. We put in the capital to help increase that profit margin which allows us to help the business owner grow out of that plateau.

Ryan [00:02:01]:

And a good example of this is our first deal was with an entrepreneur who was right about a million dollars. Had he crossed a million dollars when we started?

Sam [00:02:14]:

He had just crossed a million. I think it was like a million 3, a million 4.

Ryan [00:02:18]:



Okay. Yeah. And so, we came in with capital to help get ahead of inventory, drive down some costs, and he's up 40% in like 6 months. Because he's able to drive down those costs and accelerate his sales momentum, because we are able to buy enough inventory to get ahead of that, so now this \$1.3 million dollar business is close to \$2 with just a couple tweaks. And now the pace of growth is accelerating.

Ryan [00:02:50]:

So, that's kind of our thesis. We work with these entrepreneurs, we're doing low 7 figures, and help them grow toward an 8 figure exit. We've completed 3 deals. We've got 2 that have wet ink on paper, essentially. Just waiting for lawyers to say we're all good and the annoying stuff to take place. And then a 6th that we kind of have an agreement on but it's just early in the process of getting the legal stuff done. So, that's my preamble, Sam. And working with you has been so fun and I'm just so proud of what it is that we're doing. So, let's talk about these deals that we're doing.

Sam [00:03:26]:

Oh, man. I can't tell you. One thing you said at the end that I like is just how proud we are of these deals and the entrepreneurs we're working with. I am proud to be partnered with each of the ones because they not only ... Not only are they entrepreneurs that I think get it from a business standpoint, but they get it in a lot of other areas too. So, each one of these brands, they all have a good mission purpose behind it. So, I think as an impact, that's one of the reasons that I'm so attracted to this Fund. I just love working on this. It's one of the best parts of my day, to be honest, is getting to go in and just see what we're doing there.

Sam [00:03:57]:

But no, to that point, really the thesis I think summed up, what we look for in these brands is we look for the 3 things. We look for an entrepreneur that knows what they're doing that we think can run the distance to a \$10 million dollar company. We look for a brand that relates well to consumers. And then we look for products that we believe in. And we go find those and we say, hey, we want to make sure that capital never is the limiting factor to your growth, and once we put that on the table, now, that doesn't mean you just throw capital at things because more money, more problems. You know how that works.

Sam [00:04:29]:

We go through and say, hey, how do we need to shore up your infrastructure so that when we do throw gas on this fire, you're able to scale rapidly. And the call you mentioned there, that's actually what I wanted to talk about just real quickly is because we had that exact conversation, saying hey, we don't want capital to be your limiting factor. And just the act of making sure that



you don't constantly run out of stock is what took that business from \$1.3 to \$2 is so we're not always playing catch up. We were ahead of the game.

Sam [00:05:00]:

1, it makes the business so much healthier, but 2, it makes the entrepreneur healthier, where now ... And that's what gets me excited. I know that's what gets you excited. We just do it different ways. In your world, you're clarifying the vision. In my world, we're clarifying the money. And when we get those 2 things together, seeing the entrepreneur's mind unlock where his mental margin was cleared back up and he was able to go in and start designing new products and setting that vision for the company, giving entrepreneurs that clarity of vision and giving them the capital so they can actually operate is what has made this so, so powerful. So, taking that 1 to 5 run, I think, is something that we've created a very predictable model for and I'm just pumped about it.

Ryan [00:05:41]:

So, let's talk specifics here, and this is how this is going to go. If we have completed a deal, we're going to talk specifics. If it's still finalizing, we're going to be a little bit vague out of respect for those entrepreneurs because it's not our business yet.

Sam [00:05:58]:

And because our attorneys yell at us if we don't.

Ryan [00:06:01]:

Right. So, our first 3 deals, Scott, Jesse, Nick. 3 different businesses, 3 different founders, and all 3 of these entrepreneurs have had their mental capacity, like you said, free up to launch new products, whereas before it was just keeping things together. We're just trying to hold things together. There's 1,000 things flying around. And that's been the biggest feedback of working with these entrepreneurs is I finally feel like I have space to think about growth, whereas I was so bottlenecked which is the common problem for businesses that are ... at least have the million dollars in sight.

Ryan [00:06:40]:

They're close to it, and now they've just got so many things that they're juggling, they can't even think about innovating on product line. So, when we're able to free up some of that capacity, it helps them grow really fast and so we're really confident and excited about the growth of these businesses. So, let's go into each of the ones that we have completed one by one. We'll talk about why we decided to do it and what the experience has been and what we're excited about. So, let's start with Jesse since that was our first deal.



Ryan [00:07:09]:

Jesse runs a company called Cakes of Eden. He came to us and said, "I want to work with you guys. What does it take to work with you guys?" And Jesse was ... Jesse, I love you. I hope it's okay that I say this. He was not sure he was ready, that he was the right entrepreneur to take something to 8 figures. And we saw somebody who had a really clear vision and just needed a partner, and a capital partner and an advice partner, and he has grown so quickly, he's now innovating on his product line which is, I think, going to take it to the level that he wants.

Ryan [00:07:48]:

So, that ... this experience has been really fun and what sold us on it was his excitement and commitment to product quality. He had a deep desire to have the best product line in his space and to innovate on the product line. When he talks about what he wants to do next and he gets all fired up, Sam and I are both like, that guy. We want to invest in that guy.

Sam [00:08:17]:

No, and it is, I'll tell you Ryan, that was a really interesting case and I personally, I love Jesse to death. He is an incredibly hardworking entrepreneur. When I look for the boxes to check off for entrepreneur, he just checks off so many of them. And that was a very attractive factor to it. But he was the typical entrepreneur in that million dollar space with all the junk and all the stuff where you've got all the business operation concerns are on his shoulders, so his mental [INAUDIBLE 00:08:47] is not being used for relating to my audience, building my audience.

Sam [00:08:53]:

Not being used for launching new products. It's being used for making sure the Amazon shipments just show up on time, and making sure that what's in the warehouse is juggled and make sure he can manage his stock there and he can try to dial his ads up and down based on the limited stock to make sure he doesn't run out, that he stays and keeps pace. There were all these moving parts that were just filling up the space, and when you fill up the tank with all these things of operational concerns, we can't go to that next level.

Sam [00:09:23]:

And so, what's funny is when we've jumped on these calls, I'll tell [INAUDIBLE 00:09:26] we're here on the call here. We're going to get it granular. We jump on the calls and Jesse comes out with his list of everything that needs to be done and all this, and Ryan is very good at clarifying things which can be frustrating. It was something I'm sitting there listening to and I was a little taken aback, because Jesse has his list of 14, 15 things of all these operational pieces and after a 30 minute call it was narrowed down to about 2 action items for Jesse.



Sam [00:09:53]:

And says, you're going to do this and this. And it was like you can just see the weight lifted off of his shoulders for a second. Now, it didn't last long because he jumped back into operation mode quickly. We had to constantly do that. But when he had that weight lifted, he went from an operational mindset, and you can tell from countenance and just the way his eyes look, to he got talking about his vision and it was like a completely different person when you see the entrepreneur go from operational mind to setting the vision for the company. That's the role of the owner of the company is to set the vision, acquire and attract an A level team, and keep it funded.

Sam [00:10:32]:

And when you get them in that role, he shined so bright. And so, we get there, we get to see it, he talks about his new product line. He wasn't sure, like you said, he wasn't sure if he should be the face of it. When he was done talking, there was nobody I would trust more in that space than what he was doing. It was just so, so powerful and so that's starting to shine through, though, now as he's doing that. You're starting to see it in his audience, his attraction, all those things are happening so much more effectively getting him in that right role. And so, I love it. I'm super excited about where his brand is going.

Ryan [00:11:02]:

That's my gift, is being able to find out that heart of the entrepreneur and find out what they really want and get them to take action towards that. And that's a little bit of a muscle that has to be built. Like in Jesse's case, he was carrying this ship on his shoulders solo for a long time. He's now learning that he has support and he can hand things off, and he's starting to operate more from heart. And the business has grown 40% really, really quickly because he's starting to operate from that place.

Ryan [00:11:36]:

One of the assignments we gave him was spend more time at the beach. Please go relax more and come up with more ideas. And he's doing that. And that's very counterintuitive to the advice that a lot of entrepreneurs get but it's kind of what makes us able to do what we do. We free up the founder to go operate from that vision. Sam handles the capital side to make sure the company always has the capital to be able to keep going towards that vision. And then together, we bring together those resources that allow the company to continue to flourish and keep the owner in the owner's seat.

Ryan [00:12:14]:



So, Jesse, we're really excited about. Cakes of Eden is starting to innovate on new product ideas and is in a good position to possibly double after us working together for less than a year or so.

Sam [00:12:30]:

Can we talk really quickly here just before ... let's go back. Can we just talk really quickly on what the products are just super quick? I think that might be cool for listeners to hear.

Ryan [00:12:37]:

Sure, go for it.

Sam [00:12:39]:

So, with this ... So, to kind of give you an idea if anybody looks of Cakes of Eden, what they do is they sell bakeware. So, it's specialty bakeware for kids birthday cakes, cake pops, a variety of other things there related to specialty cake bakeware. So, it's a physical product that is not necessarily a consumable piece behind it. So, one of the first things in the vision is the business by itself, you're doing a million and a half year of bakeware is great. That's a good number. But there, the opportunity here that I think we both saw with this brand was going from not just a one off sale of the bakeware but into some of the more consumable lines.

Sam [00:13:19]:

And that's really where Jesse has a huge, huge pass. The bakeware was a means to an end to facilitate the experience of making quality sweets to be able to spend that quality time with family that comes around the celebrations and things we use those sweets for. So, that's what his passion is to do. And so, going into that line, the beauty, the synergy between that of having one vertical that is selling bakeware at a good rate there, to be able to launch products on that vertical is just huge and that's something that I think that is overlooked in these entrepreneurs is when we go in and we take the verticals that are there, we can launch alongside of it.

Sam [00:13:58]:

We can really take the shape of a company and getting to that first million is piece 1, but the next, going from a million to \$10 million, that's taking advantage of the tailwinds you have behind product 1, and using that to go launch product after it. And so, he's got a really, really clear roadmap and it's really cool to see, because one of the products is a bakeware where we sell cake pop kits to be able to go make these cake pops.

Sam [00:14:22]:



He's designing in his line of consumable products, he's designing a cake mix that is healthy ingredients, it is ... some of the things are organically sourced. It's got a lot of the boxes it checks off there to be a premium grade cake mix. But in addition, it's made in such a way that it's dense enough that we can make a cake ball and dip it directly in and not have to go do ... mix it with icing and things like that. So, it's actually almost mind-blowing. It's kind of a little bit of an innovation, that piece, but to make this whole process so simple and it's a no-brainer.

Sam [00:14:52]: Somebody buys the cake pop, you say hey, you're already buying this product. You've already found that we already have the traffic to buy. Here's a link to this to get 50% off or whatnot. And then you sell a consumable at the same time. Those that love it, now we have recurring customers and the model of this business, instantly, that customer base goes from being a million and a half, \$2 million a year type business to being a \$5 million dollar, and our revenue multiples and all those things itself are so much more because now we have a recurring base.

Sam [00:15:20]:

So, it's just cool to see that product line develop. I actually really like the direction it's going. I think it's going to be incredible as we start leveraging the audience and the buyers that are already there to launch this new consumable product line.

Ryan [00:15:33]:

And it's important for anyone who's hearing this to know that Sam and I are always looking at this from the perspective of, what resources do we also bring to the table that can help whatever opportunities this entrepreneur is pursuing? Like, when Jesse told me that he wanted to do this bake line, one of the things that came to mind is I have connections at Whole Foods. That if he makes a product that is a fit for Whole Foods, I can at least get a conversation with him and a Whole Foods buyer to be able to go in that direction.

Ryan [00:16:03]:

And that type of permission gives Jesse the ability to go develop the product he really wants. Not the one that will rank on Amazon. Not the one that is just like the next follow up to his existing product line. But the one he really wants because now there's a path to bringing that into reality. And so, that is kind of the benefit of having this collective mind share, of working with an entrepreneur with a vision, and then partnering it with the resources and the capital that we have inside of the Fund.

Ryan [00:16:36]:



So, let's move onto the next deal that we did which was Keto Brownie. Keto Brownie is such a cool story because I met the founder 5 years ago in a very small workshop that a friend of mine was putting on and this young entrepreneur said he wanted to launch a keto brownie. I, at the time, was eating a keto diet and so I just became kind of a fan of the business itself, and I was a consumer for 5 years before we invested in the business, and I was thrilled when the opportunity presented itself for us to put capital into the business.

Ryan [00:17:15]:

So, the founder, Nick, is an amazing product creator. If you eat a low carb diet, this is like your indulgence without the guilt. His product line that he wants to develop is the kind of product line that will literally make you salivate. It's just ... He wants to do more innovation and he's the best person in the world to do this. And he was being held back by operational stuff that he didn't want to manage anymore because it kept him out of his genius.

Ryan [00:17:49]:

And so, we've come on and started to liberate Nick to be able to go in that direction and the down side of this is that we relaunched. We basically rebooted the business from scratch, which means this is going to be a longer process than somebody like Jesse at Cakes of Eden where we can just plug in a couple things and he grows 40%. This business is ... It's a relaunch. We're talking about renaming it because we don't want to be locked into the Keto Brownie name when we're going to expand the product line.

Ryan [00:18:22]:

So, it's kind of a reboot and a relaunch but the upside on it is very, very high to the point where food companies and companies like this one have very high valuations, are very easy to raise capital for, and have very long shelf lives with long, long ability to be profitable and successful. So, this is a little bit different from the fact of it's going to take more work and more time from us, but when we crack this nut, the upside for it is extremely exciting and I'm a super fan of the brand itself.

Sam [00:19:04]:

And the product. It is one that relates so well to the audience because really, what you're doing is you're giving people a way to stay on the keto wagon and not fall off, where you can say, hey, it's difficult enough to stay in a low carb diet because of all the things we enjoy, but the products are just delicious. And so, I have ...

Ryan [00:19:25]:

I ate 4 yesterday. I'm embarrassed to say I ate 4 of them, but I did eat 4 of them yesterday.



Sam [00:19:30]:

Well, you have to ... Ryan, you have to have 1 of each flavor because there's 3 flavors, and then you have to congratulate the winner with a bonus. So, it is what it is. So, no, it's ...

Ryan [00:19:42]:

Nick is already planning follow up products that are different from the existing line, and we're just so excited to support him in this direction. I want to talk quickly about our plan. I think it would be interesting to go through, how are we going to turn this into an 8 figure company? So, this business at its peak was pacing about a million dollars. And then we had this thing in 2020 that set this company back, and Nick needed some help, which I was thrilled that he allowed us to have the opportunity to be the help for this business because I'm such a fan of the business.

Sam [00:20:19]:

And let's pause for a second there because I know a lot of entrepreneurs that were in similar shoes, that had the challenges that Nick's had, that threw in the towel, that just said they were done, they were ready to walk from it, and he did not to his credit. I know he went through some rough patches, but he, to his credit, when we came along, he went from being dejected with a business that had a lot of challenges to being excited about the opportunity, and that was something I thought spoke a lot to the quality of entrepreneur is saying, hey, I'm not going to throw in the towel. I'm going to fight back and come with this. But needed the help. Needed the guidance to be able to pull that off.

Ryan [00:20:54]:

Yeah. Nick definitely could have had reasons to quit, and he didn't and he's actually more fired up now than ever. So, this is one of those brands where I think of it like it's my own even though I'm an investor and it's Nick's business, but I so badly want Nick to win and know that he's going to because of what we're all doing together that I think about this brand a lot, and so ... and I'm in pretty regular communication with Nick on what we need to do here.

Ryan [00:21:30]:

But what we've done is first we infused the company with capital so that there's a little bit of breathing room, so that we can get ahead of inventory, so that we can launch the new flavor that Nick had developed but had never hit the marketplace. It's a peanut butter chocolate chunk, and it's delicious, and it hadn't seen the light of day but it was already developed. So, we got ahead of inventory, and that new flavor is the most popular flavor right now.



Ryan [00:21:58]:

And so, we got this nice bump in sales when we did the relaunch and the new flavor announcement which was really good momentum to get us to the level where we have now consistent sales, consistent reviews, and just from a really tactical perspective, most of the negative reviews that had been listed on the product listing on Amazon were from 2 years ago and were dragging down the overall review rating of the product even though it's been improved several times since then.

Ryan [00:22:30]:

And so now, we have a lot more positive reviews coming in and getting back to a 4.5 star on Amazon, which is going to give us a significant bump in sales as well. So, we've been kind of fighting uphill with this review rate and these old reviews and a listing that had been kind of buried in the search engine because we kept running out ... He had run out of product a couple times. Well, now we're through those hurdles, and so there's momentum that's starting to build.

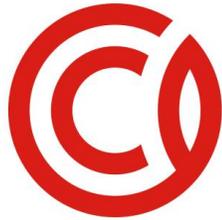
Ryan [00:22:57]:

So, that's like phase 1, we get consistent sales, good reviews, get promotions to the audience again. And phase 2, we're starting to look at what audiences and influencers can we partner with, because the product has been mentioned on Joe Rogan, it has been talked about by a bunch of influencers, he has made really good relationships with people with audiences because they like the product. And so now, we're starting to enter into conversations with people with audiences that we can partner with and help to accelerate sales of this product and give Nick the flexibility to launch these additional products that he wants to bring to the table.

Ryan [00:23:34]:

Those 2 stages alone will take the company back to its peak. And then we get to work in other things like we created a partnership with TurnKey that is managing the sales side on Amazon. We're starting to talk about when it will be appropriate to hire a good ecommerce agency that will run Facebook and YouTube traffic to drive up total demand of the business. And just full disclosure, when we make those investments, that makes the company break even or even less than break even for a while because we know what the long term runway of the business looks like 2 years out is a high 7 figure, low 8 figure business if you're willing to make those investments now.

Ryan [00:24:19]:



And it's just not the type of thing that a solopreneur could do if they didn't have a capital partner who also could bring those relationships to the table.

Sam [00:24:27]:

Yeah. No, that's something that ... It's a really cool thing, the economy of scale, where when we have all of these companies we're working with, which we've got the 3 that we've already locked in. We've got the people who are behind it. What that does is when we go to these providers that service the different aspects of the business, whether it's a TurnKey or accounting or ad agencies and whatnot is we're getting almost bulk pricing when we go do these things as well, so it just makes this even more efficient on that.

Sam [00:24:53]:

I would like to believe that we even potentially get quicker and better service because of the volume that we bring. And that is really, really cool to see, I think, is getting those relationships where we can utilize our relationships to grow these brands has been a big piece of the puzzle of getting the entrepreneur out of the space they shouldn't be in, into the space they should be in. And that's where Nick is at, for sure, is getting those things plugged in. Huge. Huge opportunity.

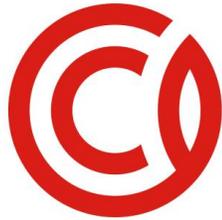
Ryan [00:25:17]:

So, let's move onto the third deal which took a little bit longer than we wanted but we kind of operated on a handshake for a little bit and it's the company Migrastil. Or, Migrastil is the hero product of the line. And this is a pain relief company with one of the products being for migraines, but they're a pain relief company. What I was most excited about, first of all, the path to victory is super clear on this business. How are we going to make this an A figure business? It's like, super clear.

Ryan [00:25:52]:

We're going to win in this space. But what was really exciting for us was this structure that we found to be a win/win for both us as investors and for the entrepreneur to be able to get into this deal and help the company grow without starving anyone of resources. And it's kind of set the frame for the types of deals that we're starting to negotiate moving forward because the founder of this business did not need capital as much as he needed a partner, needed somebody who could bring in relationships and marketing help and help him build a team and help set a bigger vision and help put capital in if he needed it, but it wasn't the primary problem.

Ryan [00:26:44]:



And so, Sam, do I get into any legal issues if we talk about the structure? Is that okay?

Sam [00:26:51]:

Oh, no, not at all.

Ryan [00:26:52]:

Okay. Cool. Alright. So, the way that we did this was we came in as a very small, like a couple points in the company, advisor. So, we take an advisor role in this company that has almost no risk for anybody. It's a risk of our time and Scott, the founder, risks a couple points in his company to have us be advisors to the business. And it was an insignificant amount of shares in the company, but it allowed us to get in the door and help the business start to grow and clear and get moving towards an 8 figure valuation.

Ryan [00:27:34]:

And our incentive there was that if we grow together, then we get to invest in the business at today's valuation. So, if we grow, if we work together and we create millions of dollars worth of value, then we all share in that. But if we don't, then we were advisors who took a few shares in the business, and Scott can buy them back from us or we can have a way to separate that to where it's no harm to all of us.

Ryan [00:28:07]:

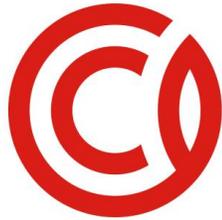
And this has really helped us see how we can start to help more businesses in win/win scenarios. So, if we see a business that's established that needs help but they don't need capital, we now have a structure in place where we can get in and help them grow and as we grow, then we get to invest. Then we get to put money into the business. But not until we have all proven that we like working together and that it's valuable for us to work together.

Ryan [00:28:37]:

That has widened the net for the amount and the types of companies that we can work with because a lot of entrepreneurs don't want to give up 20-35% of their business on day one. It's like, let's ... How do I test working together? And this is a way that we've found to be able to do that for the companies that we know that we can help because as that business doubles, which we know we can do, we're all sharing in those rewards and it doesn't happen unless we all see that we can create that growth together.

Sam [00:29:08]:

Yeah. And a lot of businesses don't want to do that, nor should they because I really ... I love creating the win/win proposal that we've done here. This was one I was so excited to present to



the entrepreneur because I knew exactly what he needed after we chatted with him, and it was something that just was the clarity, the connections, all those things. It was someone who would normally would have faced burnout at a million dollars, and he was at \$2.5.

Sam [00:29:38]:

And so, he was there and this just created such a no-brainer where it says, hey, unless we have done X or unless you've seen this growth in your company, then we're not exercising our option to buy more. It only executes once we have shown and proven that the relationship is providing that value to you as the entrepreneur. And that's just something that makes it so easy. It makes it the easiest yes possible for an entrepreneur and it's a way where we win in that relationship with really, really good footing and now it's one that it's blossomed into a phenomenal relationship with the entrepreneur and I mean, I feel like it's going to be ... I don't think it's a question of if it gets to \$10 million, I think it's a question of when because ...

Ryan [00:30:19]:

Oh yeah. It's such a layup. Such a layup.

Sam [00:30:22]:

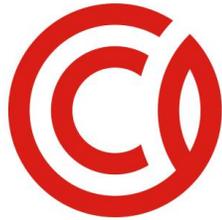
I see a completely clear path there and it's always funny to me what the first steps are because every business is so unique. It's like people. Each one has its own unique thing it needs to do and it's so fun to see what the first step is in that first domino we tackle to get to the first million. The first domino we tackle is different for each one. In Scott's case, it was hiring operations manager. It was kind of funny. We sit down there and go through all the possible things that can be done, and in one phone call ... One of the things Ryan does really well is clarify visions and next steps, and in one phone call, the determination was made.

Sam [00:30:59]:

Hire ops manager, test your product price point, and see if you can pay for your ops manager by bumping your price point up \$0.75 cent or \$1 dollar. And surprising enough, all that stuff that Ryan had swirling around in his head worked out pretty dang well for the entrepreneur.

Ryan [00:31:16]:

So, just to reiterate, we were able to increase profit margin on the business by just doing some price testing and that paid for our first few hires, which, that was when I knew it was going to be a beautiful relationship with Scott because I suggested that on our kickoff call, where I was like, let's test this, and I was like, if it works, what this will do for you is it will allow us to hire an operations manager, a sales manager, and somebody to drive Facebook ads. And he put down his pen and he said, "Ryan, I like working with you."



Ryan [00:31:56]:

Because he had been doing this whole thing himself. And what we did was we just found a way to build a team without driving down the profit margin of the business. So, we freed up some cash flow which we've now hired an ops manager, and we're either close to hiring that sales team or he already has with an Amazon agency, and as a result, Scott sent me the best email ever. He was like, I took a half day off and went to the beach. I was like, yes. This is progress because that's where all the creative juice happens. And he now launched a new product that he wasn't planning on launching before and it's already growing.

Sam [00:32:40]:

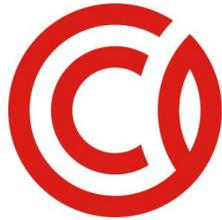
Exactly. And it's crazy. I know we talk a lot about entrepreneur mental health and those things, but when setting that vision it's just so key to be able to get in there and to be able to do that because as soon as he was freed up, his mind started going away from fixing problem to the next steps for the company, and it's such a no-brainer. When you have a company that's doing well, that's doing a couple million dollars a year on close to one product line, there's so many ways to launch side by side with that and him going in and using that massive juggernaut to go launch this new product is a no-brainer, but you have to have that creative vision of how do you relate to your audience.

Sam [00:33:14]:

And that's where, once he got into that space, that's where we take this from where it's at to the \$10 million mark with no question on my mind that that will happen, and so I could not agree more that him having that half a day where he's able to go spend at the beach, that is a byproduct of him being in the right space and that's just so, so cool to see not only the effect on the entrepreneur but the effect on the business is, I think, that move of having the new product launch, I think he added a million dollars to his valuation with that move. And I think each time we do it, it will happen more and more.

Ryan [00:33:47]:

That's right. So, these 3 completed deals are right at these beautiful inflection points where we've freed up the entrepreneur to be creative, to take calculated risks, they now have support in the form of other people on the team who are helping them grow, and every single one has grown significantly in the few months that we've started working together. Like, every single one. And that just gets me so fired up because we're kind of at the beginning of an exponential curve up to where each one of these businesses has a shot at having an 8 figure exit and that just absolutely fires me up.



Ryan [00:34:31]:

Now, we have a couple deals that are about to close. I think one we can talk about. I think we can talk about Roland Blue. That one is happening. And what's exciting for me about Roland Blue is the founder, Josh, won a contest here at Capitalism.com that we had in 2020 which was cast a vision and we're going to pick 5 scholarship winners to win \$5,000 dollars to kick off your business. And Josh was one of those 5 winners with this Million Dollar Brands scholarship, and we offered to him the option to work with us in the event of growing.

Ryan [00:35:20]:

So, he took that \$5 grand, he used it to launch his business, and we gave him the option, hey, if you go in this direction, we'll invest more into the business to help you grow a 7 or an 8 figure business. And he just never stopped and this young entrepreneur launched the product, got it to consistent sales, and then came to us and said, "I'm ready. Let's go." And so, we're putting some capital into the business and helping him fund the next round of inventory and the second product line, and it ... This is a really early stage deal for us. He's not pacing a million but there's a vision for it.

Ryan [00:35:59]:

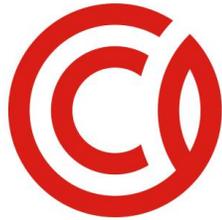
And so, we're coming in as really early investors and mentoring him along the way with the expectation that because he has shown the willingness to implement what we've talked about, that this is going to be a winning deal for all of us and he's already shown that he can take it to the level where we're comfortable putting more capital in.

Sam [00:36:22]:

Oh, yeah, no, 100%. And that's ... It follows a lot of the same models of each of these businesses we look at and you start to see similar patterns. So, with his, he's in a spot where he is already at an early stage, low 6 figures. He is profitably acquiring customers. That's huge. So, he's able to do that right off the bat in a physical products space which is good. He's making a few product innovations. He's actually bringing some new products in here. So he's going to have a couple physical products that will be launched that he's going to continue to build on where he's profitably acquiring customers for them. He's got that dialed in.

Sam [00:36:58]:

But then what excited me is the vision for the brand is something that I think really locks in ... or can lock this into being a much more valuable brand, and that his game plan is to use those physical products as step 1, and then he has a consumable product line that will launch in tandem with that as well. So, we get to use all the profitable customer acquisition, audience build, and all those kinds of things that happen from building a business selling a physical



products product that makes sense, and then now we're going to launch these consumable on the same side.

Sam [00:37:31]:

I love the vision. The vision is phenomenal. He's executing so well at a small level, it's a no-brainer for us to finance inventory and make sure that capital is not his restrictive factor because it is a machine that build money. Why would I not dump more into it? And so, we on our side, on our risk, I love the risk profile behind it because we're buying inventory at such a good price. In a worst case scenario, we can always discount and liquidate. And so, it's a phenomenal value proposition for both us and the entrepreneur, and that's what I love to be in. And so, I think we're going to build that up and it's going to grow exponentially and I think it's going to do very, very, very well.

Ryan [00:38:14]:

Yeah. And the cool thing for me ... Before I worked with you and before I worked with my other partner, Clement, I didn't have a lot of experience raising capital or managing capital. I was a bootstrap entrepreneur. And so, what I have seen after working with Clement and with you for a couple years before we did this fund together was I started to see the leverage and the benefit of what happens when you have capital brought to the table.

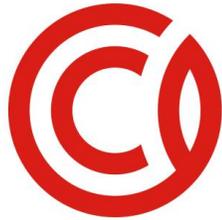
Ryan [00:38:48]:

And now, I get to be on the other side of it and say, if I had started Sheer Strength, the company that I sold for 8 figures, if I had started that with \$250,000 dollars or \$100,000 dollars instead of \$600 dollars, how much faster I could've gone, how much bigger I could've gone, how I could've insulated some risks that I wanted to take but couldn't because we were bootstrapping and putting everything back into inventory and trying to save every dollar as we scaled up and then built a team.

Ryan [00:39:24]:

I remember one team member asking for a raise at one point, and we said, "Well, let's look at the numbers, because you make more than us," because we're just trying to scrape enough together to keep this machine going. And I now realize, if I had been given \$100,000 dollars and a mentor who had built an 8 figure business how much faster we could have gone, and we're starting to see that with people like Josh who was bootstrapping this. He had \$5K that we gave him as a scholarship, but now he's able to think bigger, acquire more customers, roll out his vision a lot faster, and we'll be there the entire step of the process.

Ryan [00:40:03]:



Now, Sam, I want to talk about one of the deals that we won't mention names or the business yet because ink is not dry yet. But there is one supplement company that we are investing in that this founder did something that impressed me and us so much that ... I was on the fence. I think I even told you, this isn't a deal ... This person isn't ready for us. This business is not quite ready for us. And then, the founder pulled just ... He just did something so impressive that we were like, alright, let's go. We're ready. This guy means business.

Sam [00:40:46]:

It's always funny because a lot of times I will interview the entrepreneurs before they have talked to you, Ryan. And so, it's interesting seeing the differences. Talking to me, they'll have their chat. And then this one entrepreneur got on the phone with Ryan and he was a little starstruck, I think, because he went from being this energetic to really professional with Ryan. And so, we're done, Ryan says, "Well, I'm just not sure we're quite ready," and so I was advocating for him because I really like the entrepreneur, and I like the brand, I like the product. It just, for whatever reason, it resonated with me.

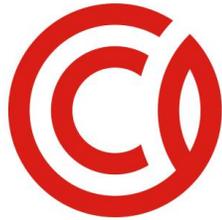
Sam [00:41:18]:

I said, well, let's see. I said, I think there's a little more to it. I said, whatever version you just got of this entrepreneur, I don't know that you're getting a full picture because I really think he's on point. And you said, well, if he did X, Y, and Z, because on the call ... And that's one of the cool things to me, Ryan. I can't speak enough to how awesome it is watching you work. And in our 30 minute interview call with the guy of reviewing his business, you gave him some clarification on his business plan that if he were to follow would take his business from being a \$500,000 dollar a year business to probably a \$5 million dollar type valuation a year. A 10X multiplier for sure if he followed what you told him to do.

Sam [00:42:01]:

And you just said, hey, here's the steps I'd take, and here's the domino number 1. And so, hang up the call, and you said, well, if he were to go reach out to this particular person and get this done, domino number 1 would be toppled and I'd be pretty excited about the brand. I said, alright, let's see what happens. And so, to be honest with you, and this is a moment of full candor because I have not told you this yet, but I considered, in my mind, I was getting on a flight so I didn't have time to do it then, so I did not do this. But I considered waiting a couple days and then pinging the entrepreneur, saying, hey, if you'll just go do this ... Just know if you do this, this may happen.

Sam [00:42:34]:



And so, I didn't do it, Ryan. But I thought about it because I really liked the brand and I liked the entrepreneur so I was going to kind of give them a little help and say, hey, just go do this and problem solved. And what was so funny is, what was it? Was it 24 ... it wasn't ... it was 4 hours later.

Ryan [00:42:49]:  
It was 3 days or less.

Sam [00:42:51]:  
It was less than 3 days, and I think he literally ...

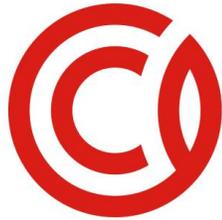
Ryan [00:42:56]:  
Oh, no, he sent us the first update within 24 hours. You're right. He actually did what we told him to do within 24 hours, which I thought would take weeks.

Sam [00:43:06]:  
Yes. That was what just blew my mind. Yup, yup.

Ryan [00:43:09]:  
And then he almost completed it within 3 days and just for context, what it was was I told this person, what would convince me is if he went out and had a partnership with an audience, and I said a specific person that I thought would be difficult for him to lock down. And he just worked his way in.

Sam [00:43:34]:  
And I'll tell you what, you told him the framework and said, here's how I'd approach it, and said, here's how I'd approach it, here's what I'd do. And still, you didn't make a call. You didn't make a referral. You just said, go do X. And it's amazing, when you actually go do it, that was a very cool moment for me because it all comes back, how can we impact entrepreneurs? How can we impact the businesses we work with? And what you can't do is you can't do it all for them, but if you have an entrepreneur who's saying, I'm going to go do it, and you just point me in the right direction and I'm going to bulldog it and make it happen, that's such a stinking powerful partnership.

Sam [00:44:13]:  
That's something that, I don't know if you're comfortable speaking to it, but you told me the other day just your background, how you had your partners in the past and how you came in



and there's a lot of things that would be ideas in Ryan's head until you're able to work with someone who's going to bulldog it, and that was something that just hammered home to me.

Ryan [00:44:30]:

I've told this story in the past, but Sheer Strength I started with my partner Matt Davis. And if it wasn't for me ... The business was originally my idea. Matt, as the implementer, did all the work. I'm crazy visionary. He is implementer. I came up with the idea and the plan and Matt executed it and we worked beautifully together. Now, if it wasn't for me, the big-thinking, driving entrepreneur, Matt would've had a little side business that made \$2,000 dollars a month and paid for his vacations.

Ryan [00:45:09]:

He has said that ... He even told me when we started, he was like, if it pays for my vacations, I'm kind of happy. If it wasn't for me, that would've been just a tiny little business that never did anything. But if it wasn't for Matt, it would've never happened. It would've been another crazy idea in my brain that never got executed upon.

Ryan [00:45:34]:

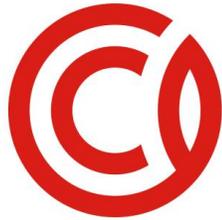
And so, what doing this fund has allowed me to be and Sam and I to be is we get to be ourselves. I get to be me for now 5 different Matts. And just so you know, they're not all named Matt. And we have an all-woman run company that is one in due diligence right now. But I get to be myself, crazy visionary, for emerging Matts, of implementers who are doing the right things and need a little bit of a push going from where they're at and stuck right now to having a multi million dollar, even an 8 figure business, and not doing it alone, and not doing it by guessing. Doing it with resources so they're doing it faster.

Ryan [00:46:30]:

And so, I get to do it with multiple people and help them have that same growth from being something that is sort of working to something that is possibly going to change and industry and change their lives and their community's lives. And that is really freaking fun.

Sam [00:46:49]:

Oh man. It is, and I know every entrepreneur and every brand we've worked with, I believe that they have a high likelihood, a higher likelihood, of making it to 8 figures of value than the likelihood of not. And so, everyone we work with, I believe, has that likelihood and I think that most of them have that likelihood even sans Fund involvement, which is what's kind of cool about that is every single one of them, I think, has the strength to be able to do that. The difference is ... it's how quickly we're going to get there.



Ryan [00:47:22]:

Correct.

Sam [00:47:23]:

And so, the thing is, it's kind of like if you're doubling money, doubling a dollar a day gets you there eventually, but you get there faster if you start out with \$100,000 dollars and double that. And so, if we're going to double year over year in growth which is the pace that we target with most of these brands, and it's very reasonable to do, is knowing how to strategically deploy capital, and that's something that ... I hate losing money. I absolutely hate wasting money on anything. And so, we're pretty strict about making sure infrastructure is ready for capital.

Sam [00:47:57]:

But when we have it, when we have the infrastructure ready, it's just the path is so, so clear and we're able to take this time for a brand to get from a million to \$10, instead of that being a 4 year, 5 year process which is normally what that would look like, we're able to ... I think we're able to accelerate that curve down where I see some of these paths, honestly, I see a couple of these hitting that number, I could see it being in 18 to 24 months.

Ryan [00:48:22]:

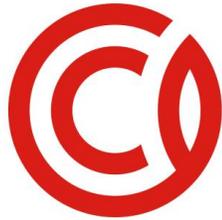
And that's just mind-blowing to think that we can have that kind of acceleration growth, but that's what happens when you have those relationships because we have so many relationships we haven't even tapped into on our side for this growth because we're building the foundation one piece at a time so that once we get ready we will never be limited by capital in growing these businesses, and as long as we have the resources to build the infrastructure for capital, throws gas in the fire and doesn't burn the ship, we're able to do really, really well.

Ryan [00:48:50]:

Yeah. And our target is to double every year for 4 years. So, you take a million dollar business. It becomes \$2. \$2 becomes \$4. \$4 becomes \$8. \$8 becomes \$16. That's kind of our target for these businesses, and in the early stages, that's ... I shouldn't say common, but that can be expected if you have proper resources to be able to support that growth.

Ryan [00:49:20]:

And so, the first year when you've got somebody coming out of the gate 40% growth in a few months, we're not surprised. We're excited, but we're not surprised. We're just right on pace to double from \$1 to \$2 in that first year. And then next year is going to be more exciting where it



goes from \$2 to \$4, then \$4 to \$8. That's where we can start thinking about, hey, we're in striking distance of an 8 figure exit within those 3 years or so.

Ryan [00:49:50]:

I want to talk about one final deal that is really early but it's just fun, and this is something that's going to come up a lot in future months and future updates because we have chosen an entrepreneur that we are going to be working with and mentoring from the very beginning, from launch to 7 figures. We are getting involved in this business from the ground floor and we're going to document the entire thing.

Ryan [00:50:28]:

And so, we get to kind of relive the entire process and we're going to serve as mentors and the financial partner behind this business because we think we've found the right entrepreneur with the right vision that we are going to support and document the entire time. Our selfish reason for doing this is because we want to show entrepreneurs the benefit of working with us and show the entire process of what it looks like, because if people see that entire process, we'll probably have more deal flow. We'll have more entrepreneurs who get to that million dollar point that we can invest in and help, even if they don't work with us at the very beginning.

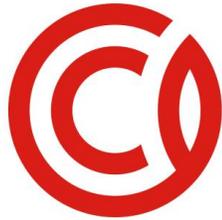
Ryan [00:51:10]:

And so, this is about, first of all, we love this entrepreneur. We love this vision. But also, it's a way for us to show the whole process and show what we can do so that we can help more entrepreneurs and we can invest in more entrepreneurs and we can raise more capital from people who want to invest in these exciting companies. And so, that final proposal is still in process, so we will be sharing more on future updates but we'll be documenting that entire business on its road to a million dollars.

Sam [00:51:43]:

I'm really pumped about that because the biggest thing is I love equipping entrepreneurs and having an impact on entrepreneurs, and so I think that sharing that process, we don't have the capacity ... I mean, I know you have the capacity to do a lot. We don't have the capacity to take every entrepreneur from 0 to \$1 million to where they really have a business that's investible. But being able to show that is going to give a lot of people, I think, in your audience the road map to follow for how to get to that \$1 million, and when you really become an attractive business, then we can talk about scaling as opposed to building the business.

Sam [00:52:17]:



This particular ... Assets look different to each business, and so this particular brand that this entrepreneur is launching has some very unique assets. I think it's a very blue ocean space to work in. I think it's a lot of opportunity to work in. And then I think that the entrepreneur brings over some very significant audience assets as well where he has a background in building audiences that is very, very attractive to me. I think we talked about that a little over the phone. So, I am really excited ...

Ryan [00:52:52]:

But still a new entrepreneur. Like, has this skill set but applying it for a first time entrepreneur.

Sam [00:52:59]:

Yes. Yes. So, I mean, from an impact standpoint, I'm excited. But also just from a profitability standpoint, I think that this is one that I think will do really, really well because we're getting into very minimal risk to us because of the way we structure the deal, so most of it will be on us providing that financing for inventory and those kinds of things. But taking someone who has been in a non-entrepreneurial role, that has been the operator the entire time, so he has all the skill sets to do every aspect of this, perhaps more so. He may be one of the more talented entrepreneurs that we have worked with or I've personally come across. And so ...

Ryan [00:53:37]:

More talented, less experienced as an entrepreneur.

Sam [00:53:40]:

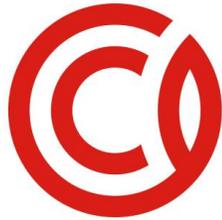
Exactly. And so, being able to ...

Ryan [00:53:41]:

He's been an intrapreneur. Like, he's worked for other businesses and done a great job. He's never had the flexibility to go do this on his own. And so ...

Sam [00:53:51]:

Being able to take and just harness that energy and direct that energy is something I am really, really pumped about. I think it's going to be a great brand and there's so many ... One of the cool things about this fund is the synergies ... there's synergies within your relationships, but even within the Fund, there's some very specific synergies that are coming up within each business where there's going to be leverage that will happen as they do their growth, there will be relationships that they will all be able to play off of, and I think that's going to be very, very effective for growing these businesses and that's cool to see the scale that happens within the Fund because we now ...



Sam [00:54:27]:

When we go create relationship 1, it may benefit 4 other businesses because all we're trying to do is take that customer along their journey and meet their needs along the way. No one brand is going to meet every need a customer will have along the journey. We're just trying to say, hey, your journey from here to here, how can we best serve you? And so, we plug in our 6 brands and we might hit 6 of the 15 touch points of service, and then we'll come up with the other 9 service points and maybe we'll add brands to fill those out. And that's what we're doing and it's just so cool to see that take shape, and starting to see the scale that's happening there.

Ryan [00:55:03]:

So, if you're an entrepreneur who has a vision you're really excited about and you've at least got the million in sight ... We've made exceptions. We talked about a couple of them on here that weren't quite at a million. But if you've at least got the million in sight and you're excited about what you're doing, when you're in that low 7 figures, it tends to be under \$5 million, and you need a partner who has done this before, who can bring capital to the table, and help you accelerate the growth to 8 figures and beyond, we'd love to work with you. We'd love to at least hear what your vision is so we can see if we can help.

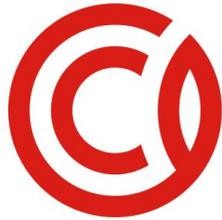
Ryan [00:55:44]:

So, you can go over to [Capitalism.com/Fund](https://Capitalism.com/Fund) and fill out a form. It puts it right on Sam's and my desk. It comes to us. We look at it and if we feel like it's a fit, we'll set up a time to chat. And if you're an investor who's like, oh my goodness, I'm kind of seeing some benefit here. These guys raised \$1.6 million dollars and they've deployed it into 5 or 6 businesses that each have a shot of having an 8 figure exit? I'm running the numbers in my head and this sounds kind of exciting. Well, there's nothing for you. Sorry. We're a closed fund right now.

Ryan [00:56:19]:

But you can go over to [Capitalism.com/Fund](https://Capitalism.com/Fund) and get on the waiting list, and we'll just let you know if we do another raise or if we do another round. Our intention right now is to prove the model and show what is possible with these entrepreneurs, and then we'll explore going bigger with additional funds and being more aggressive with deal flow. So, just stay tuned if that's you and we'll let you know if and when we do another round. Sam, anything you want to close us out with? Anything we missed today?

Sam [00:56:53]:



I don't think we did at all. I'm super excited to see as these brands go, it's cool to see the growth of the brand paired with the growth of the entrepreneur as well as the growth of the Fund. It's a cool ship to be on and I have thoroughly enjoyed the experience of each of the entrepreneurs we've had the privilege of working with.

Ryan [00:57:09]:

Yeah. This is the most rewarding thing I'm doing right now because I get to be so hands-on in seeing these businesses grow. So, it is ... And by the way, full disclosure, Sam and I are paying ourselves nothing. This is ... We are not making money on this in the short run. We are keeping costs as low as possible to protect the integrity of the Fund and the trust that our investors put into us. And Sam and I don't need to take salaries from this. We have other incomes and other businesses and we're putting everything that we can into the businesses themselves.

Ryan [00:57:55]:

And so, we're playing a very long term game here. We are ... Our money is where our mouth is and we don't make anything if the Fund doesn't succeed. And our investors get paid first. So, we believe in the entrepreneurs that we are backing and the model that we're following enough to where we are working as much as we are for no pay with the expectation that there's going to be a lot of pay in 3 to 5 years. And operating on that thesis and being willing to take that risk with the entrepreneurs who are also risking their time and capital and energy, and we're just becoming partners with them.

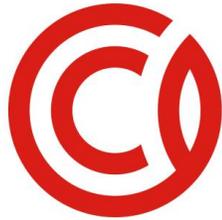
Ryan [00:58:36]:

And it's the most rewarding thing that I am doing right now. And Sam, publicly, I couldn't have picked a better partner. So, thank you for doing this alongside me. I am having so much fun and I'm so excited to continue the progress that we've started in the Capitalism Fund.

Ryan [00:58:52]:

It's a true stat that 99% of business owners never clear a million dollars and that is why I started a mentoring group called The One Percent. I have helped hundreds of entrepreneurs cross 7 figures. There's a reason why that's the case and it's because we have a formula that works really well. And this year in 2021, we've introduced mastermind groups at each level of the process. That's the grind, the growth, and the gold. So, when you come join us inside The One Percent, you'll be partnered with other entrepreneurs who are at your level to help you get through that level and accelerate onto the next step in your journey.

Ryan [00:59:35]:



Capitalism.com  
— BE THE CHANGE —

You'll be following the same roadmap that I teach in my book 12 Months to \$1 Million. That's why we have such a high success rate getting people to where they want to be. So, go to [Capitalism.com/1](https://Capitalism.com/1). Scroll to the bottom, hit the join button, and for less than you spent on eating out this past month, you'll be in a room of entrepreneurs who are pushing you to go from where you are right now to the next step of the process. It will be the best investment that you make all year. Come join us. We're ready for you. Go to [Capitalism.com/1](https://Capitalism.com/1).