



## 4 Ways to Know That Your Biz Is A Winner

Ryan [00:00:00]

Hey everybody. Welcome back to the show. This is Capitalism.com and I'm still Ryan Daniel Moran. Hey, this week I'm just coming off of the high that is something we call pitch week inside of the Capitalism Incubator. It's where we have all of our students prepare all of the notes that they've made about their business plan and they report on the partnerships they're making, on the plan they're developing, their strategy for going to market and they fake pitch their business to a board of advisors, me being one of them and we bring in a few of our investment partners or we might have influencers sit on the panel or some other people who actually serve as advisors to these businesses.

Ryan [00:00:50]

And the students pitch their idea as if they're on Shark Tank. It's so much fun. We have fun leading up to it and it's an absolute blast to do it. And the reason we do that is because when an entrepreneur has that really clear plan and they get holes poked in it and they get ideas thrown at them, they're able to see what the end zone looks like and they have a clear path that they can follow.

Ryan [00:01:19]

So, there's a lot of work going up to pitch week but after that they're off to the races to build their multimillion dollar businesses. And after pitch week was over, one of my team members asked, hey, if you could only invest in one of those businesses, which one would you invest in? And I told him and he gave me his opinion and it was a different business and it started up this interesting conversation of what do certain investors or advisors look for to know that your business is going to win.

Ryan [00:01:53]

And I kind of instinctively or intuitively can tell when a business is going to win. And it was the first time that I sat and thought out, okay, what does it actually require to know that a business is going to win? Sometimes when you see a pitch it can logically make sense but you have this sense that that business just isn't going to fly, whereas sometimes it's the opposite. Someone could have all the wrong things on paper but you still know that it's going to work.

Ryan [00:02:27]

And I boiled it down to 4 areas where if an entrepreneur has this down, I know that they're going to win. I know that it might be worth my capital. It might be worth me sitting down and guiding this person. So, what I'm giving you today is 4 things that when you have nailed, you



know you have a winner and as you're looking at the lens of your business, if you're out of alignment in one of these areas, take note of that because that is probably what is keeping you stuck.

Ryan [00:03:01]

Alright, so, I'm just going to take you through the 4. The first one is that the product solves a clear need in the marketplace. I work with a lot of Amazon sellers who love to look at the data of what's selling in the marketplace rather than identifying what people really need. You can look at data for how much of a product is going to sell and that can be really helpful sometimes when deciding whether or not to go into a market but it is not often the best indicator of the products that you should sell because if you are trying to sell what everybody else is selling, then you're just entering into a competitive war where you're lagging from behind and you have no differentiation or clear advantage in the marketplace.

Ryan [00:03:52]

If, for example, you were to sell a spatula that looks just like everybody else's spatulas, then you've got to compete on price or number of reviews versus if you're going into the kitchen market and you're creating an innovation on an existing product that that product has, well, now you've got a leg up. My buddy Travis Killian who's been in the Back Room for several years now has made tens of millions of dollars doing this. I think he might be the greatest Amazon seller in the world but it is because he is a great product developer. He sells things like umbrellas and pillows and cushions, things that are commodities that a lot of other people are selling.

Ryan [00:04:37]

What he does, though, is he gets obsessed over what the problem is with the other products. Where is there a clear need that the other products are not meeting the marketplace desires and demands? And then he goes and creates the fix for it and the natural result is he has the best product on the marketplace. Now, he is not trying to reshape the pillow market. He's trying to solve problems within that market. It's as simple as that. And he does things like real market testing and research and evaluating reviews in order to create the best darned pillow that exists and the best darned cushion that exists for the marketplace that is Amazon.com.

Ryan [00:05:22]

So, his product is not reinventing a category but it is solving a direct problem in the marketplace. So, number 1, your product line solves a real need. That's how I know something is going to win. Number 2, there is a baked-in audience. I think that the clearest way to win in a business and to have a distinct advantage over everybody else is to have a very specific



audience carved out for you. Now, this can show itself in a variety of different ways. It can be from a partnership with an influencer that you have. It can be that you have a blog already on the topic. It can be that you're really good at buying Facebook media and therefore you know a lot about that specific audience and that specific market.

Ryan [00:06:14]

Once again, most people come at this with, I've got a thing I'm going to sell, rather than, I've got this group of people that I'm going to serve. When you answer that second part first of who is that group of people that I'm going to serve, it becomes much easier for you to develop whatever product line you're going to sell to them. But it also makes it easier for you to get in front of them and sell things to them, and yet most people don't want to do this. They're so hung up on selling the thing and getting the money that they don't think about the community that they are speaking to and the community that they are serving.

Ryan [00:06:52]

So, when there's a baked-in audience I know that that business has a clear path to victory because at the very least we can get a lot of really quick feedback from that group of people. I was speaking with someone that I advise on the side just this week and they were talking about their struggles in running paid traffic and how they could not get their paid traffic to convert, and I actually asked the question, do you need to be running paid traffic at all? They had been running into this issue for over a year now of they can get their paid traffic to convert.

Ryan [00:07:29]

So, I said, "Do you need to be doing that at all?" And the answer was no because they already had an audience from a bunch of content that they were creating. And so, I suggested that they put their attention into going to where the audience already is because they have a group of thousands of people that are already following them. That's enough to have a multi, multi million dollar business. Now, of course paid traffic is a good thing and there are plenty of opportunities to expand, but many entrepreneurs put their emphasis on that piece, on the expansion, the growth, the sale, rather than doing the micro things that actually allow them to plant the seeds that will develop roots over the next several years.

Ryan [00:08:11]

So, an audience again can be a relationship that you have, it can be an email list that you have, it can be a skill set from running Facebook ads, but when I'm looking at a business plan, I'm looking at, where is there an audience? Where is the ability to tap into a group of people that we can sell to very quickly? And if there isn't that, then there's a hole in the business plan.



Ryan [00:08:36]

So the first one, you have a product that solves a clear need. Two, you have a baked-in audience so you have access to a group of people who need your product, who have that need that you are solving. The third is interesting. It's about you. It's about the entrepreneur. The thing that I look for is that the entrepreneur is in the middle of their plan. I always hesitate to get involved in a business when the entrepreneur is waiting for something to happen before they jump into the middle of the plan.

Ryan [00:09:08]

I know that a business is going to win when the founder or the founding team is already in the middle of the plan, and that could be as simple as I've ordered these prototypes and here's a picture of the prototype. Or it could be that I've launched product number 1 and I have my road map for products 2, 3, and 4. I want to see movement and motion towards a multimillion dollar business even if we're in the very early stages of doing so.

Ryan [00:09:37]

Now, it's easy to crack this nut. It's easy to show that you're in the middle of the plan. It can be as simple as the relationships that you have built along the way. I tell our students inside of the Incubator that one of the simplest things that they can do is get verbal yeses from the agencies that they want to do business with once they have the ability to work with them, so that could be as simple as getting a verbal yes from the Amazon agency you want to work with, a verbal yes from the Facebook ads agency you want to work with, and a verbal yes from the tech team that you want to work with.

Ryan [00:10:13]

And it doesn't mean you have to pay them anything. It just means that you've already chosen the people you want to work with when you go to market and in doing so you're showing the investor or your advisor or whoever it is that you're trying to persuade that you're in the middle of the plan. And plus, when you have this plan already mapped out like we make people do inside of pitch week, it makes it easy for you to follow that plan and to go through the steps.

Ryan [00:10:45]

It's not enough, though, to just make the plan and then try to get somebody to buy into your plan. It is much more effective to show the plan and show that you're in the middle of the plan. Elon Musk is such a good example of this. Every 10 years, he does a 10 year vision for Tesla where he maps out the products that they're going to do and the timeline that it's going to take and how they're going to execute upon it, and you look back 10 years, you're like, yup, he did this and this and this and this and this. And this is partly why it's one of the most valuable



companies in the world because he's in the middle of the plan, it's not just a loose vision. He's in the middle of the plan.

Ryan [00:11:27]

You believe somebody who is in the middle of the plan. When somebody is honorable with their word about what they're doing in the beginning and you see that and then there's a plan to do more, there's a natural buy in to that. There's a natural desire to be a part of that. So, a lot of entrepreneurs will kind of make their plan and stay on the sidelines and wait for permission or wait for an endorsement from an investor or wait for support but people want to see that you're in the middle of the plan and that requires you to jump in and trust that things are going to unfold in a way that supports you.

Ryan [00:12:08]

There was one team that pitched during pitch week and they had the relationships that they had brought to the table, they had presales, they had inventory orders, they were already in motion. That's someone that I want to support. That's somebody that I want to back. That's somebody that I want to get behind. That's somebody that has proven that they are willing to take a strategic risk and they're already in the middle of their plan.

Ryan [00:12:37]

There's another person who pitched who had not yet launched their business but they had a certain set of expertise. They had experience with a past business and they showed the results of that. They showed the results of being in the middle of that plan and how that was translating over to this new business. Once again, that showed motion. It showed that the entrepreneur was in the middle of their plan. It made me want to support them. It made me want to get behind them.

Ryan [00:13:04]

So, the first thing is your product solves a real need. The second is that you've got a baked-in audience. The third is that the entrepreneur is in the middle of the plan. And the fourth is that you're in a big market. Or, said differently, you're in a big category. A category is a group of different niches or a group of different markets that you can be in. And when I say big market, I mean big in terms of dollars spent or big in terms of number of customers affected, number of customers who are interested in that particular category or market.

Ryan [00:13:45]

One way to do this is to simply show the growth of a category or show the growth of a certain demand for a product. Inside of the book Pitch Anything, Oren Klaff talks about how the brain



is attracted to movement and so when you're giving a pitch or a presentation, one of the most powerful things that you can do is to show that there is motion forward or motion toward what it is that you're trying to accomplish or trying to build.

Ryan [00:14:16]

So, if the brain can see that there's movement from present day to a particular vision, then people want to be a part of that and one of the ways you can do this is to simply show how big a market has grown over the last couple of years and what certain people's projections are going to be for that total market size to be. That's a very persuasive way to show that you are in the right space, that you are in the right category.

Ryan [00:14:46]

So, for example, let's take a really big market like coffee. Coffee is a commodity. Yes, people have their preferences about different types of coffee but there's lots of and lots of coffee drinkers out there and some of them drink Folger's, the world's crappiest coffee. So, it's a commodity folks. And what some people will do is they'll say it's a \$150 billion dollar a year industry. I don't know if that is, but let's just go with it. So, \$150 billion dollars, that's a big market. Yeah, that's true.

Ryan [00:15:18]

But if you added one layer deeper, you might say something like, in this \$150 billion dollar a year industry there is a growing trend of people wanting less caffeine and more nootropics. That's why we ... And you show the data for that. You show that decaf is on the rise and desire for caffeine is going down. Here's how many people said that they went off caffeine last year and here's the Google Trends report that shows the increased adoption of nootropics and additives to coffee that give you the same caffeine high without the caffeine. That's why we created Kick 'Em Coffee.

Ryan [00:15:59]

I'm just making this up but that's how you would present something that was in a big market but also had a trend on your side. You're in a big market but there's also motion forward that was kind of the wind at your back pushing you forward. It's been my experience that it's much easier to get involved in an industry that is growing than it is to make an industry bigger just because you're in it. So, if you're coming out of college and you're looking for opportunities, one of the ways to get ahead is just look for fast moving industries, things that are growing and expanding and on the cutting edge because there's so much demand for those emerging technologies and there's less supply of the people who are in them.



Ryan [00:16:45]

And by the way, this was why it was a great idea to be an Amazon seller in 2014 and '15, a great time to be a Shopify seller in 2016 and '17. It's a great time to be in crypto in 2019, '20, and '21. These are the emerging technologies where there's a demand in the marketplace for them. So, once again those 4 areas are your product solves a clear need, there's a baked-in audience, the entrepreneur is in the middle of the plan, and it's in a big market or a growing market.

Ryan [00:17:15]

When I see that all 4 of those things are in place, it's a business that I know is going to win. So, as you hear this, think about your business. Does your business have products that solve a clear need or are they just competing with everybody else? Do you have a baked-in audience where you have a strategic advantage of getting your product in front of a lot of people? Are you in the middle of your plan or are you waiting for things to align before you jump in? And are you in a big market that's growing or are you just trying to sell your product to whoever will buy it?

Ryan [00:17:57]

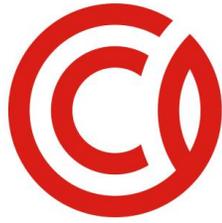
If you answered no to any of these questions, then that's probably why you're stuck. So, if you're saying no, my product doesn't solve a clear need, it might be time to get a new product. If you're saying no, it's not in a big market, it might be time to get into a different market. If you're saying no, there's not a baked-in audience, well, that comes down to relationships, skill sets, and your network. And if you're saying no, I'm not in the middle of my plan, it's time to make some mistakes. It's time to get off the sidelines and make sure you're confident with your plan and dive in with both feet.

Ryan [00:18:33]

What we do inside of the Capitalism Incubator is we help entrepreneurs get really clear on their vision and make sure they're really confident in it so they launch profitably and then build the foundation of their 8 figure exit. If you want to be a part of that, you need to go over to the waiting list to get notified of when we're open again and you can do that and find out more about what we do over at [Capitalism.com/inc](https://Capitalism.com/inc). That's [Capitalism.com/inc](https://Capitalism.com/inc), I-N-C.

Ryan [00:19:03]

I want to give a big shout out to the students who are going through that process. I know how hard you're working and I know that for 3 to 6 months it feels like nothing is happening, and then a whole bunch of stuff happens. So, I am so proud of the group that has just completed pitch week because you now have a plan that can take you to 7 figures and beyond. So, I want to express my gratitude for being part of your journey and for allowing me to advise you on



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this. I hope I am investing in some of you real soon. For the rest of you, I hope this podcast gives you a filter through which you can see your best opportunities moving forward. Thanks for listening. I'll see you guys in the next episode.