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How My New Project Will Become An 8-Figure Exit Transcript

Ryan [00:00:00]

Hello capitalists. I'm Ryan Daniel Moran. Welcome back to the show. Thanks for hanging out with me. You look good. What are you doing different? Did you tan? Or did you go on vacation? Did you go on vacation for the first time in 2 years, get a tan? Whatever you're doing is really working for you. If you've got a new skin care routine, send it my way. I'm @ryandanielmoran on Instagram.

Ryan [00:00:24]

Don't really send me your skin care routine. That was a really bad joke. I'm a father of 2. I'm obligated to tell dad jokes once in a while. Hey everybody. Welcome back to the show. Today, I want to share with you my plan for taking one of my more recent projects into an 8 figure exit and the reason I want to share this with you today is because I am ... You have heard me, if you've listened to the show for any amount of time, you have heard me talk about the 8 figure exit that I had and I have helped a bunch of students have 8 figure exits.

Ryan [00:00:57]

That's also the name of the curriculum inside of our Capitalism Incubator that we take our students through. But today, I want to go in the opposite direction and I want to tell you what the numbers look like to achieve an 8 figure exit on a new project. Rather than look in the rearview mirror and say here's how I did an 8 figure exit, we're now going to look forward and say here's how we are going to get an 8 figure exit on this upcoming project.

Ryan [00:01:30]

And as a result, you can see exactly what the plan looks like. Just like so many of you have been impacted by the 12 Months to \$1 Million plan, you're going to see in this one how you can structure your business to be in a position for an 8 figure exit. In case you're not familiar, my most recent project is a mental wellness company called Switch and Switch has 1 product right now that is in beta if you will. It's called On Switch.

Ryan [00:02:01]

And On Switch is a powdered nootropic that you put into your smoothie or your morning coffee and it increases dopamine and serotonin in the brain using ingredients that have been tested a bunch and shown scientifically to have that impact in your brain. And the effect of that is that you are more focused, you tend to be happier, and you oftentimes can get more done.



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Ryan [00:02:30]

My own experience of it has been that it has sort of eliminated pessimistic thinking and it also extends my working hours, my really good productive hours, by 2 to 3 hours per day which is very significant. If I calculate that my time is worth \$2000 an hour, then if I can get an extended period of productivity of 2 to 3 hours, that's a million dollar impact.

Ryan [00:03:04]

So, the impact that I've experienced personally has been really positive. It has sort of eliminated or at least dramatically reduced my entrepreneurial depression, that depression that comes from looking at the screen for too long and not being around people. And I developed it to be exactly that and I worked with teams and formulators in order for it to do exactly that.

Ryan [00:03:30]

Now, the product isn't perfect yet. I have joked that it sort of tastes like scorched earth, chocolate scorched earth, and that makes me a little bit concerned that people won't take it regularly, they might not like it, and if they don't like the taste of it they're probably not going to consume it regularly which will make it hard to get recurring customers.

Ryan [00:03:51]

There's a point in me telling you all this. Stick with me. So, right now that product is in beta and I've been promoting it as of this point just to my internal list and to some friends of mine and been getting feedback from those early beta testers, and we've been selling it at cost, about \$19 dollars, \$19 or \$20 dollars which is our hard cost plus shipping out the door to get it to a customer.

Ryan [00:04:19]

And we're just doing that to get a little bit of a customer base and get some feedback on the product. You would say we're in the prototype phase, we're in that early beta phase, we're in the grind of it all. So, based on that, I don't even know if I have a winning product yet but I'm starting to believe that I do based on the customer feedback.

Ryan [00:04:42]

I'm in that early stage of the process where I don't know if this is going to be a winner or not. I feel a little bit uncomfortable documenting the process so publicly because at any point I could discover this was a stupid idea and we could pull the rug out of it. But assuming that we improve the taste and we continue to get really positive feedback from our customers, I'm seeing the clear path to an 8 figure exit.



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Ryan [00:05:14]

And here's what it looks like. You may have heard me say in my book or on this podcast that you don't need a ton of people, you just need a handful of raving fans and at the beginning of a business, that can be a few hundred people. Well, here it is in action. My target market for this product is not everyone. It is not even a lot of people.

Ryan [00:05:42]

My target market for this product is slightly depressed entrepreneurs who work from home. Or I might clarify that to say entrepreneurs who work from home who occasionally struggle with depression and want to increase their mental wellbeing and their focus and their productivity.

Ryan [00:06:06]

That is a very, very specific market. There are not a ton of those. There may be 100,000 of those. So, based on that, I don't have a large target audience that I'm trying to go after but I do have a very specific group of pain points and a type of language that I will use in order to make this product attractive to that group of people.

Ryan [00:06:35]

Now, if there's 100,000 of those and I don't know if that is a real number, I know that I will not get all of those customers and I don't need to. I only need a small fraction of them to absolutely love my product. In fact, if I can get just 5%, 10% of that market, of that very specific market, to love my product then I have a very successful business.

Ryan [00:07:05]

In fact, here are the numbers. On Switch is our first product. We plan on selling it for \$50 dollars and we have 2 to 4 other products outlined, 2 that are in development, 2 that are just in my head as concepts. But the idea is to get a core group of people on auto-ship and to discount it in order for them to be encouraged to sign up for auto-ship. So, we'll have some sort of a discount if it's ...

Ryan [00:07:36]

Let's just say that our goal is to get them on auto-ship for \$100 dollars a month. That actually is my goal. If it's at \$100 dollars a month that a customer is paying, and we're talking about a raving fan. Is everybody going to be on auto-ship? No. Some people are going to buy one-off on Amazon. Some people are going to buy one time and never buy again.

Ryan [00:07:56]



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But in terms of monthly recurring revenue, we need a raving fan to be on a monthly fulfillment at \$100 dollars a month. That's the win. And we only need a few thousand of those in order to win, winning being the 8 figure exit. In fact, if we get 5000 people on auto-ship at \$100 dollars per month, that is \$500,000 dollars per month in top line revenue. It's a \$6 million dollar top line revenue business and that would be monthly recurring revenue.

Ryan [00:08:36]

That singular goal puts us in a position to have an 8 figure exit. That's it. I don't need 100,000 people. I don't even need 10,000 people. I need 5,000 people based on those numbers. 5,000 people at \$100 dollars a month. That's a \$6 million dollar top line business and that's enough to have an 8 figure exit because based on \$6 million dollar top line, we're probably looking at \$2 million dollar profit. That's enough to have an 8 figure exit of \$10 million dollars.

Ryan [00:09:11]

It'd be a low 8 figure exit but we're not factoring in Amazon sales, which could be hundreds of thousands of dollars per month. We're not factoring in additional products that the company could release. We're not factoring in more than a few thousand customers. So, that would be the roadmap to having an 8 figure exit.

Ryan [00:09:36]

And I tell you all of this because I want you to see that with that clarity of aim, it becomes very clear what the plan and the strategy needs to look like. It means that our priority needs to be having a great Shopify checkout experience with very targeted ads to an extremely specific person and giving them a great customer experience to turn them into raving fans.

Ryan [00:10:05]

And when we only need 5,000 of them, we're now incentivized to treat every single one of them as very valued customers because we know that we don't need a lot of them in order for this to be a huge win. Now, I get really excited by that amount of clarity, by that amount of focus without having, we've got to do Amazon, and we need to do influencer marketing, and we need to do this and we need to do that.

Ryan [00:10:34]

This business specifically has one very targeted aim. Let's get 5,000 people on a monthly auto-ship at \$100 dollars a month. That will take us to an 8 figure exit. Now, when I'm working with other ecommerce sellers who are prioritizing Amazon, like was the case with my last company where I had an 8 figure exit, I tell people not to put their attention on Shopify or other places when they're already selling a million dollars a year on Amazon.



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Ryan [00:11:10]

I say your path to victory is very clear. Quintuple your sales on Amazon. Launch new products. Continue to get great reviews. And that will take you to the numbers that you need in order to have a great exit on this business. Now, you can apply this to just about any business. The thing we're solving for is what is our primary customer acquisition strategy?

Ryan [00:11:41]

And when that is super clear, how do we make that as streamlined as possible? How do we make it as simple as possible? When I'm working with an Amazon seller, it is often, let's optimize that. Let's get the data from those customers so that we can follow up with them and turn them into raving fans.

Ryan [00:12:04]

When it is a Shopify or some other type of business, it is how do we get as many of these people on monthly recurring revenue as possible so that we have that to factor into our valuation and into the revenue of the business? But it is always about how do we clarify and optimize the customer acquisition strategy and give that customer an experience that drives up the value of that customer over time?

Ryan [00:12:37]

Now, it might cost \$200-\$300 dollars for us to acquire a \$100 dollar a month customer, and that means that my job is to ensure that we always have enough money to be able to withstand that. There might be months where we're spending more on advertising than we're getting in recurring revenue. That has to be something that I am willing to live with.

Ryan [00:13:10]

That might mean going into the red on acquisition. It might mean raising capital. Or it might mean growing slower at the beginning until my numbers are more dialed in. But I know that I will have to spend a few hundred dollars to get every monthly recurring customer at \$100 dollars.

Ryan [00:13:34]

So, I must be confident in the product line that I am releasing to have faith that someone is going to stay on monthly recurring for more than 3 months. My hope is that they're with us for a very long time. And if you optimize for a great product, for a great customer experience, then that is possible. You can work that into your expectations.



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Ryan [00:14:01]

So, our plan, once again, is we have 1 product that is in beta and based on the feedback that we have gotten so far, about 1/3 of the people absolutely love it. And then about another 1/3, they say I don't really experience much, I didn't really notice anything. And then another 1/3 so far are somewhere in between. They say they like it or it helped them but they're not raving fans.

Ryan [00:14:31]

I love hearing from that 1/3 of people who are just absolutely in love with the product. I've heard ... Some people have said, I'm throwing away my other nootropics because this puts them all to shame. It makes me very, very happy. So, based on that I know that we might have to sell 15,000 products in order to get 5,000 raving fans.

Ryan [00:14:55]

That's still not that many people. In fact, if your brain isn't hurt from numbers at this point, I just ran them briefly and if you were to acquire 50 people a day, 50 customers a day which still is not that many, 50 customers a day over the course of 1 year is 18,000 customers. So, you could theoretically have that monthly recurring revenue that we've talked about within less than 1 year.

Ryan [00:15:28]

Are you seeing this? Are you getting this? Are you seeing how now that I am starting to get confirmation that this product line has legs, that there is demand and desire for this in the marketplace, that there are people who are loving it and I am narrowing in on exactly who loves this product, it makes it simple for me to line up the strategy to say okay, I know that I need a few thousand of these paying me every single month in order for me to have the type of exit that I want which is an 8 figure exit.

Ryan [00:16:10]

So, what does this mean for you? In your business, how clear are you on your customer acquisition strategy? For those of you who sell on Amazon, your customer acquisition strategy kind of begins and ends on Amazon. I poke fun at Amazon sellers for this reason because if your strategy begins on Amazon, then you don't really have a customer. You have Amazon's customer. You're just taking sales there.

Ryan [00:16:41]

So, your work right now is to ask the question, how do we take a sale and turn them into a recurring customer or at least a raving fan? And there are ways to do that but that needs to be



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your primary question. If you're selling on a different platform or you have a different type of business then the same question remains. What is your primary strategy for acquiring customers?

Ryan [00:17:10]

When you know that and you can answer who that is, your ads become very targeted, your marketing becomes very specific, and you can speak to exactly who the product is for. When that's in place, all of your focus can become just doing exactly that. Doing your strategy for the people that it's for.

Ryan [00:17:37]

The problem that a lot of entrepreneurs face is that they don't answer those 2 fundamental questions. They simply ask, where is their money? What can I sell? What's a good product to sell? Where is there a gap in the marketplace? Now, these can be helpful questions when solidifying your strategy but from a business vision standpoint, from casting the direction of the business, the primary question is who is this for and how do we get as many of those people as possible?

Ryan [00:18:11]

I saw a great case study of this from my old friend and mentor Perry Belcher. Perry Belcher was one of my early mentors who actually encouraged me to get into selling physical stuff years and years ago. And I saw Perry running an ad on Facebook that was of a plus shipping model. It was for a free hat and the free hat simply says CEO.

Ryan [00:18:37]

And he's in an ad and he's saying I'm going to give you this \$40 dollar hat for absolutely free. This hat is a great conversation starter. It's a great hat and I want to send it to you, send it to all you CEOs for free. Well, what he's doing there is he's identified who his target market is, other CEOs, and he's just trying to acquire as many of them as possible.

Ryan [00:18:59]

I don't know what his up sell sequence looked like. I don't know how many hats he sold or how he paid for that traffic. But for him, he knows who his person is and now he is acquiring as many of those people as possible, and I'm sure he's going to do some sort of an event or something in order to monetize the back end of that. I don't know what his overall business strategy is.

Ryan [00:19:22]



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But I can see what he's doing and it's a smart strategy. So, I ask you the same question. What is your primary customer acquisition strategy that when it is optimized just takes you numbers wise, it's just obvious, that it takes you to an 8 figure exit. For me, it is getting 5,000 people to buy a series of my products for \$100 dollars a month.

Ryan [00:19:51]

I know that my person is entrepreneurs who work from home and they occasionally struggle with depression and want to increase their mood and productivity. That's a very specific person. I know exactly who to talk to about that. And by the way, that's my audience. So, I'm the influencer. When we talk about influencer marketing, the reason why influencer marketing is something to consider is because it can be a kick start of sales right out of the gate which is why I work with our Capitalism Incubator students to partner with influencers in order to get that spike of sales.

Ryan [00:20:31]

For us, we've sold like 350 units of Switch at this point and it's just been for my audience because in this case I'm kind of the influencer, although all I've been doing is talking about it in the PS of my emails. It's still the same strategy. I talk about the product regularly, I have equity in the company obviously, I started it. And we have a few hundred sales in order to kickstart this process of getting feedback and developing raving fans.

Ryan [00:21:01]

Once we sell about 500 of these we'll then raise the price to its normal price. I know that we'll have a few hundred people from this beta sale who will come back and buy on auto-ship because they're raving fans. So, if we have ... We might have 100 people paying \$100 bucks a month. That's \$10,000 dollars in top line revenue. It's not going to change anybody's life because this is the early stage of a business and some people would say, oh, we've got so much ... We have so much further to go.

Ryan [00:21:38]

But the truth is, that's the first hundred and now we're going to run Facebook ads and Youtube ads to a Shopify checkout that gets us in front of our ideal people and we'll spend \$300 dollars to get a \$100 dollar customer until we have 5,000 people paying \$100 dollars a month and then we have an 8 figure exit, or we could just sit on a great company.

Ryan [00:22:04]

Do you have that same clarity in your business? Do you have the same confidence that the strategy that you are following can lead to an 8 figure exit? If it doesn't, then I would



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encourage you to get plugged into one of our communities. If you are after the 8 figure exit, my team and I help entrepreneurs build 7 figure businesses that they can sell in something called the Capitalism Incubator.

Ryan [00:22:33]

This is where we help you clarify your vision, create partnerships with influencers and investors that can help give you the resources that you need, then we help you launch profitable and build the foundation for that 7 figure business that you can sell. If you're ready for that then you can find out more about what we do over at capitalism.com/inc. That's capitalism.com/inc.

Ryan [00:23:00]

If you're not ready for that just yet then the best place for you to get plugged in is inside of our mentoring community which is called The One Percent. This is for people who are building towards a 1% net worth and we do that by building businesses and investing the profits. How do we build businesses? We build businesses by following a 3 stage process called the grind, the growth, and the gold so that you have 4 products selling 25 sales a day at a \$30 dollar price point. That's a million dollar business.

Ryan [00:23:31]

And then we help you invest the profits over the long term because \$1 million dollars invested at 20% compounded for 30 years is \$237 million dollars. And even if we don't do that, if we get just a fraction of that, we've created a one-percenter. So, that's how we can help if you want some assistance on this journey.

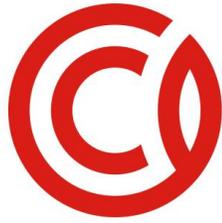
Ryan [00:23:55]

I will be documenting more of what works and doesn't work inside of this company and I'll be documenting this on our sister podcast called The Road to \$1 Million. So, if you want to follow along about the journey of this business specifically from these infant stages all the way to it hopefully being an 8 figure exit, you can follow along there.

Ryan [00:24:20]

We're also documenting the stages of growth for our students, for the brands that we develop internally, and for the companies that I've invested in inside of the Capitalism Fund. So, you're going to hear the wins and the losses and the highs and the lows over on that podcast, and you can get it on Spotify or on Apple podcasts. Again, it's called The Road to \$1 Million.

Ryan [00:24:42]



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Thank you for letting me be in your ears today. I hope you found value in seeing this vision for how this new project can become an 8 figure exit and I hope it clarified the path to victory for you. Thanks for listening and I'll talk to you soon. Take care.