



E19 - Eric Asks, Invest \$200k For 20% Of This Power Tool Company For Contractors

Transcript

Ryan Moran [00:00:01]

This is the Road to \$1 Million and I'm Ryan Daniel Moran.

Chris [00:00:08]

Hey Capitalists. You look good. Did you get a haircut? Have you been getting better at giving yourself haircuts? Whatever you're doing, it's working. This week, the Capitalism Fund is getting pitched again. An entrepreneur we've known for a while, Eric Bussey, came to us with his growing company, Rebel Tool Co., looking for an investment. He's focused on battery mounts and tool mounts specifically for contractors who are looking to take their storage and organization game to the next level.

Chris [00:00:40]

And you got to love how much personal experience Eric brings to the market. He's got a physical retail hardware store, they seem to have a really good grasp on Amazon, but we'll let you decide whether you think this brand has the legs to go the distance. You're going to hear from a few other judges on the call here as well besides Ryan. Our moderator, Justus, of course. Coran Woodmass with the Australian accent is the owner of the FBA broker and he helps ecommerce sellers exit for big, big paydays. Steve Gray is the former affiliate ninja and dominator of the wealthy affiliate forum. Today, he's an incredibly successful direct response marketer and media buyer.

Chris [00:01:28] And hey, if you're interested in learning more about the Incubator, our year long sprint and tight mentoring group that helps entrepreneurs scale businesses they can sell, visit Capitalism.com/inc. Alright, strap in and let's hear about Rebel Tool Co.

Eric Bussey [00:01:51]

Alright. This is Rebel Tool Co. This is who we are and what we can do. I used to work full time as a pest control technician. In 2013 I began to sell various items on Amazon.com while still doing my pest control full time. Quickly I became so good at selling on Amazon I was able to quit my full time job in 2015. In that same year I became an Amazon coach for Jim Coffman coaching which led me to become a strong leader in his 50,000 member plus community.



Eric Bussey [00:02:18]

From there I created courses, I wrote a book, spoke at conferences on the topic selling online. I've always been really passionate about helping other people. Jake is a co-owner of the retail store. Jake also helps oversee product development and spent many years as a contractor himself. He has an operational and logistics force that makes his retail store so successful, and we'll apply that to Rebel Tool Co.

Eric Bussey [00:02:41]

Kerry is a financial whiz with a proven track record. He's primarily responsible for the company's shift from inevitable bankruptcy to very profitable only a few years ago, and he is a co-founder. Brent is an audience leader of Tool Pros podcast and he's a leader among contractors online. He's a very successful contractor himself. Brent runs an Instagram account with 130,000 engaged followers. He also has a weekly podcast with 2000 listeners per week and 400,000 total downloads.

Eric Bussey [00:03:09]

Brent was recently approached by Lowe's home improvement to help them market some of their products and he signed a 1-year marketing deal with them. His strong key relationships with Lowe's as well as Acme Tools will help open many doors for Rebel Tool Co. Where we started, we started with \$600 dollars on a credit card back in 2013. We had some success which launched us into a world of business involving several different business models selling online.

Eric Bussey [00:03:33]

We experience success as well as a ton of failures. More importantly though we acquire knowledge, experience, and skill. In the summer of 2019, we opened up our retail store Extra Mile Tools and specialize in selling tools and home improvement products. We scaled this business to a \$5 million dollar run rate within 17 months. We now have 2 locations, 25 employees, and plans to open more locations in 2022. While our retail store serves many different consumer markets, we wanted to create something, create a company just for contractors since they are so underserved.

Eric Bussey [00:04:06]

We're going to leverage our unique brick and mortar and online sales experience to scale Rebel Tool Co. to \$10 million dollars in annual revenue within 3 years. We want to create something that makes Extra Mile Tools look like a lemonade stand. If you've never been in the industry, you might not know how big of a problem organization actually is. Contractors waste a ton of time daily because they're simply unorganized. Out of the contractors we surveyed, we found that a typical contractor wastes an hour and a half each day just looking for stuff.



Eric Bussey [00:04:34]

They said that with that extra time they'd be able to spend it with their family or complete more jobs. With an average of \$22.45 an hour for pay and an hour and a half is worth \$43.63 to a contractor, that adds up to almost \$10K per year and that's just being wasted. An extra hour and a half per day may mean the difference between tucking your kids in at night or not.

Eric Bussey [00:04:58]

When I was doing pest control, my truck sometimes looked like this. Maybe not this bad, this is pretty terrible, but the point is when I had to find something to do my job, it was a serious time commitment to find what I needed. This could waste between 3 minutes and 10 minutes every single time. It could happen 15-20 times a day. Out of those surveyed, 93% of contractors admitted that their organization was subpar but it would make their lives so much better. A contractor can stop wasting time, enjoy a better family life, attain a higher quality of life just by being more organized.

Eric Bussey [00:05:28]

Our focus is serving the contractor who's working long, hard hours, often 6-7 days a week, who's working so late that they risk not being home in time for dinner, or their kids' bedtime. We give contractors their freedom back. We support them by creating and selling products that help them organize their tools and accessories. We're constantly speaking with them and listening. We learn their problems and obsessively try to solve them.

Eric Bussey [00:05:52]

The storage and organization market is expected to hit \$11.8 billion by the end of the year and has been steadily increasing year after year. Organization will become more important as the number of people decide to work from home and homeschool their kids increases. WeatherTech is another organization company in the auto industry. It was founded by David MacNeil after he became dissatisfied with the quality of floor mats on the market. He began to develop products for car owners because they were being underserved. They now sell \$700 million dollars a year.

Eric Bussey [00:06:24]

No one is being the WeatherTech for contractors. That's where we come in. We want to do for contractors what David did for car owners. There are 10.5-15 million contractors in the US, 7 million of those are in construction. If the results of our survey hold true on a greater scale, then there can be 6.5 million contractors who are being underserved and may be looking for a



solution just in the construction industry alone. With tool battery technology improving all the time, cordless tools have become the standard amongst professionals.

Eric Bussey [00:06:56]

Between 2020 and 2028, the cordless power tool market is expected to increase from \$20,700,000 to \$37,400,000 according to Allied Market Research. That's an increase of 45%. That's a lot of tools and batteries that need organizing. Last year, we began to carry battery mounts made by a company in the UK. They flew out of our stores. We sold 450 of them within 3 weeks. We saw the opportunity and decided to create our own.

Eric Bussey [00:07:23]

We immediately designed and 3D printed our prototypes. We actually couldn't keep those in stock either even though we weren't selling them. People found them hiding in a box behind the counter and were buying them. We're currently in the process of having the design of our first product finalized and molds created for the battery mounts. We also have prototypes for the tool mounts ready to go as well.

Eric Bussey [00:07:41]

I will say, the products are not just 3D printed. They're molded and made from no-break polypropylene for durability. We're also planning on launching back of the seat organizers for work vehicles as well as backpacks for contractors to hold tools. We have 8 years experience selling on Amazon.com. We've been selling various items and reaching high 6 figures on Amazon for several years. We've also hired a company that specializes in launching and scaling on Amazon. We'll be using our current audience and unique skills to build an audience on Facebook.

Eric Bussey [00:08:12]

We have already built a 25,000 person audience in our same market on Facebook for our retail store and that audience is rapidly growing every day. We can utilize our customers and our store to fuel Amazon sales by leveraging our great relationships with them as well as offering in-store discounts if they buy from Amazon.com.

Eric Bussey [00:08:31]

We already know there's a product market fit because we tested it. So, when we go to market, we'll use the rabid audience that we already have. We're going all in. We're asking for \$200,000 dollars in equity for 20% equity. The capital would allow us to develop and release 4 products a year, bring on audience leaders, and utilize paid advertising to acquire new customers. We also have 20% equity available for audience leaders or other key partnerships. If



you'd like to help us provide a solution, we'd love to chat. Feel free to reach out via phone or email with any questions or feedback. Thanks for your time.

Justus Murimi [00:09:05]

Come on, man. That's great. I'm the least handy man in this room and I want some tools right now. Are you kidding me? Ryan, I'll pass it to you.

Ryan Moran [00:09:15]

Yeah. I really liked your background and your experience. I thought that you did a really good job of layering in how your background and your skillset makes you ready for an opportunity for a business that you can scale and sell. You kind of glossed over it and I wanted to hear more, but I could tell that you're uniquely prepared for an opportunity like this.

Ryan Moran [00:09:39]

The strength of your pitch and the strength of this opportunity is the fact that you own distribution right now, you own physical stores. That is a huge differentiator than a bunch of people who are doing pitch decks for ecommerce companies. It's such a big differentiator, and you just kind of, yeah, we're doing \$5 million dollars in sales, we'll probably do a couple other stores by ... Hold on, wait. Tell me all about that. Tell me about their growth. Tell me about how you have the data of what products are selling really well. Tell me about how well you know the customer as a result. Tell me about the distribution centers that you're connected with and the influencers that you know as a result of doing this.

Ryan Moran [00:10:30]

There was so much more meat on that bone that you did not throw to the dogs. You left way too much meat on that bone because that is the thing that sets you apart from everybody else who is doing this. You own distribution, you're successful in this space in retail for goodness sake. Please milk that sucker. That is such an important piece that you just glossed over.

Ryan Moran [00:10:58]

You went 5 minutes into your pitch and I didn't know what the big idea was. I didn't know what you were bringing to market that you were building an entire business around. The first thing that you said was your background, you went into the evolution of the store. You didn't get to the product and product market fit until the very end. Flip that. Open with the big idea. Open with the problem in the marketplace. Then back it up with your background and what you've got up until this point.

Ryan Moran [00:11:30]



I really liked your WeatherTech comparison. That's one of those companies that I'm always like, how does that company make money? They run TV ads all the time, but how the heck do they make money? They sell one product. So, bringing that up was super interesting. One problem, a lot more people own cars than are contractors so it was not quite a fair comparison but it did get my attention. I thought your best slides were at the end so at the end when you started talking about how this product that you're designing was flying off the shelves and how you basically had a guaranteed winner if nothing else in your stores was a very strong piece to this overall pitch.

Ryan Moran [00:12:16]

So, you have something here but you're out of order in the way that you're thinking about it or in the way that you're presenting it. If all that happened was you switched by showing the big idea up front, then backed it up with oh yeah, we know this because we run retail stores and we're opening up more retail stores. And the benefit there is that we own our own distribution and we know the manufacturing line and we know this person and this person. This allows us to run a digital side of this. Now this is a very, very strong pitch.

Ryan Moran [00:12:47]

The last suggestion that I would make to you is that I would highly encourage you to start doing digital content about the store. Gary Vaynerchuk will say that if you have a really boring business, treat it like the office because there are people who will watch on Youtube that just think Hank in the backroom is a hoot and will actually fly to the store and do social media posts just for that. I can imagine you doing the show from the store and doing a live podcast where you interview people from the industry because if you do that you open yourself up to relationships and possible influencers to support the ecommerce side of this.

Ryan Moran [00:13:31]

That's the real magic there. I'm not asking you to make content for content's sake or because I want you to have 100,000 Instagram following. I don't care. What I do want is for you to have the systems in place for you to build the relationships that make this an inevitable success. I think you have all the pieces there except for that piece and it's an easy fix, it just takes some time for you to do this in a fun way. So, I think if you were to change the order of things and add in that element, you have something here. Good work, Eric.

Eric Bussey [00:14:01]

Cool, thank you. Thanks a lot.

Justus Murimi [00:14:05]



Coran, go for it.

Coran Woodmass [00:14:07]

Hey Eric. Great pitch, mate. I agree with the flipping that Ryan just said of course. That would make it more compelling out of the gate. Is what you're raising the money for, is Rebel Tool Co. ... Rebel Tool Co., is this the new products or is this the existing stores and infrastructure?

Eric Bussey [00:14:30]

It's the new company that's created just to serve contractors. New company.

Coran Woodmass [00:14:37]

Okay. I see. Got you. Alright, if it was the whole thing, we should talk because we've just done a deal in this space. Yeah, it's pretty interesting. Anyway, we should probably talk anyway. Yeah, I was a bit unclear on that side of it, so that was interesting. Also, how many contractors do you have already? You've mentioned surveying. What are the alternatives? What are they using now, was another question I had. I know a lot of contractor friends.

Coran Woodmass [00:15:08]

One of my mates back in Australia is a plumber. He's the most organized person I've ever seen. His truck does not look like that photo you showed, and I'm sure he's grabbing stuff straight away, so what else is available right now as well was ... I'm not actively a contractor, I travel too much to have tools. So, that was another question I had. But yeah, pretty cool space. Pretty cool pitch. I liked it.

Eric Bussey [00:15:38]

Thank you, Coran.

Justus Murimi [00:15:40]

Nice, Coran. Steve, did I see you unmute?

Steve Gray [00:15:42]

I did, and I had a few comments, I think Ryan covered most of it, and this is I guess a question first. So, are the retail stores part of the business model, or are you just mentioning them as background to the fact that you're in this space?

Eric Bussey [00:16:02]

Just background. Just background. This will be a brand new company. We'll leverage the audience we have from the retail stores and our experience, but brand new company.



Steve Gray [00:16:12]

Sure. Okay. Okay. Because then I was going to say, my comment was going to be, if they are part of the big picture then you need to include all of that in the pitch, but since it's a new company, okay, that makes sense. The only other ... Like I said, I don't think I have a whole lot of other value to add, but the one thing that stuck out to me is I would start your presentation with that back of the truck image. That's right in the middle of the problem if that makes sense, and that's eye-catching, attention-grabbing. And then as Ryan said, restructure it so that you're talking about the problem solution right away and put all the support stuff at the back, you and the team and everything else. You have sold, again, just to be clear, you have sold the models already.

Eric Bussey [00:17:04]

Yeah, we sold our competitor's which flew out of our store so we had to reorder which felt really bad, but we also sold the 3D printed prototypes that we weren't ... We were just going to give those away but people were buying them. So yeah, we've sold both.

Steve Gray [00:17:20]

Okay. Alright. Thank you.

Justus Murimi [00:17:21]

Great feedback. Great feedback. Any other panelists want to share any feedback? Eric, that was a great job man. Yeah, anyone else want to share before I have my last comments and ... I mean, wow. Okay. Well, here's what I want to share. Can we get some ... Just a huge round of applause, hashtags for everyone that shared today. This is why we just hammer pitch week is such a big deal. Some of the feedback that you guys are watching and seeing, these guys are going to make pivots in their business that are going to help them scale faster. And the amount of service that these panelists have provided, also thank you panelists for coming on here and just sharing so much. Ajit, Steve, Stan, Max, Stan, and Coran. Thank you, thank you, thank you.

Justus Murimi [00:18:12]

Guys, this is just the beginning. Remember, we have 4 pitch weeks a year so if you're looking at this and going man, I wish I would have got in on this, man, this is amazing, start preparing now. Go into the portal. Watch the content. Start preparing. They've got so much value today from just being vulnerable and sharing and just going for it, and you're going to see the results in their business because of that. Ryan, I saw you unmute so I'll let you do last words and then we'll wrap up.



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Ryan Moran [00:18:41]

Yeah, 2 quick points. One, I felt really proud today. And I mean that genuinely. This was kind of a moment for me where a couple things happened. One, it's like oh, they get it, they get it. And that felt really good to see that you guys get it, you guys are getting that this can be way bigger than you thought coming into this.

Ryan Moran [00:19:08]

I was telling Justus before we let all of you into the room, one of the brands inside of the Fund that we've put capital behind, Sam and myself, is rebranding and adding some additional products to their product line. Those additional products are going to take them to very healthy 7-figure run rates. We're really excited about this. It's actually our biggest investment and I think it has the biggest upside. I'm really proud of this company.

Ryan Moran [00:19:35]

Now, my plan with this, as soon as they hit a certain target projection is I plan on leading a real funding round with my network, and specifically in The One Percent. We're going to take the deck that the founder has put together with all of the data that we have, go to my audience inside of The One Percent, and say, One Percent, we're giving you first dibs on putting \$2 million dollars at an \$8 million dollar valuation into this company that's already doing 7 figures, that I'm an advisor to, and we have these opportunities.

Ryan Moran [00:20:11]

And I've been waiting to communicate all of that to you because that's where I'm going with my career and my positioning at Capitalism.com next. I've been waiting to communicate that to the Incubator because this was the first time it was like, they get it.

Ryan Moran [00:20:25]

And now there were several opportunities today that I was like, as soon as they launch, I know I can partner with that person and actually lead a real funding round that the Fund can be involved in, that the audience can be a part of, and that makes me feel really proud. Very proud of you guys. You did really well. This is my favorite pitch week we've ever done. Great work guys.

Chris [00:20:50]

Well, what did you think? It felt like Ryan could certainly bet on the entrepreneur and maybe there was a lot of potential profit to be made here, but we'll have to do more research on the



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size of the contractor market outside of this pitch. We're going to follow up with Eric and see where it goes.

Chris [00:21:11]

But if you think Ryan should invest in Rebel Tool Co. or if you have any thoughts you'd like to share, shoot him a DM over at @RyanDanielMoran and I'm sure he would love to hear from you. We hope you enjoyed today's episode and learned something from this pitch and the judges' feedback. Until next time, take care.

Ryan Moran [00:21:36]

If you found value in this podcast and you're ready to go deeper, here are 3 resources where we can help you. 1, you can grab my book 12 Months to \$1 Million on Audible or Amazon. It has over 1000 reviews and it's the playbook to building a 7-figure business. 2nd, you can join our community of entrepreneurs who are following a plan to build a 1% net worth by building businesses and investing the profits.

Ryan Moran [00:22:00]

You can get plugged in at Capitalism.com/1. And 3rd, if you're looking to go deeper and build a 7-figure business that you can sell, you can work closely with us inside of the Capitalism Incubator and you can get on the waiting list and find out what we do over at Capitalism.com/inc. That's Capitalism.com/inc.