



## RT1M Josh Asks, I'm Losing Money - What Should I Do?

### Transcript

Ryan Moran [00:00:02]

This is the Road to \$1 Million and I'm Ryan Daniel Moran. Hey everybody. Welcome back to the podcast. We're going to be joined again by Josh Martin who's been on the show a couple of times documenting his business, which I invested in because he won a contest as a result of completing our million dollar brands training. We have this training inside of The One Percent where you get clear on your person and the products that you want to sell and what your launch plan is. Josh entered a contest where he followed the directions. He smashed it out of the park, did a great job, and he won a \$5,000 scholarship with the option for us to invest more into his company, which we exercised. Now, Josh has done a lot of things really well, but he's in a very tough spot on this podcast. He is facing a cash crunch, his products aren't moving in the way that he expected them to, and he's also being really hard on himself.

Ryan Moran [00:00:54]

You'll hear kind of his energy being just down. And in this podcast, you'll hear me be hard on him. I pick on him a little bit, and I'm not really picking on him. I'm picking on the thoughts that he's believing, because I know you've had them too. By me calling them out publicly, you're going to be like, crap, I do that too, because Josh is using stress as a reason to make certain decisions and it ain't working. In this podcast, we clear those demons and we come up with a more predictable plan for him to get back on track and work towards that million dollar business. Whenever you're ready to start your road to a million dollar business, you can join us at [Capitalism.com/1](https://Capitalism.com/1). All right, let's go hang out with Josh. Last we talked, Josh, you were thinking about launching the next products and you were planning that strategy and sort of starting to fine tune what the overall business vision was going to be. I know a lot has changed since then, so give me the latest.

Josh Martin [00:02:03]

Yeah, definitely. So, I guess starting with ... So, that last time we talked, we were discussing the new rubs that were coming out. We did end up launching those, which I was very excited about because I kind of went into more of the creative mode where I was talking with my email list and my group that I built up and doing some stuff with beta testers and really getting good feedback on it. Since we've launched, we've had good reviews and definitely still building up some momentum with that. But, yeah, I've been excited with it and that's kind of ... I guess that initial launch, it wasn't as great as I hoped it to be, but also ...



Ryan Moran [00:03:00]

Of the rubs?

Josh Martin [00:03:02]

Yeah. So, I guess I was shooting higher, and I didn't necessarily hit that perfect sales goal that I was looking for, but what I did kind of realize along that is that people really enjoy tasting them prior. That kinda got me thinking because everyone who was a beta tester essentially purchased and more from my list, but that kind of got me thinking, how can I get rubs into more people's hands so there's kind of that less barrier to entry? So, I did launch a tester pack in a sense, and I've been getting very good traction with that. So, that's kind of like a mini version of it and then people can come back and purchase the full rubs and I've been running some advertising on that with Facebook, but it's been kind of a do it myself. So, I'm loading everything, sealing everything, putting the stickers on. It's been ... It's not scalable where it is right now, but it's definitely trending positive in the right direction and getting good acquisition, low acquisition cost on there. So, I'm seeing definitely some good success with that.

Ryan Moran [00:04:21]

You mentioned that it wasn't the perfect sales amount. What did you have in mind?

Josh Martin [00:04:27]

Well, I was hoping to sell out for my first run within like a month. And that was ...

Ryan Moran [00:04:35]

Which would have been how many sales?

Josh Martin [00:04:39]

Well, I launched the 3 packs, that would have been about around 400 packs.

Ryan Moran [00:04:49]

Okay. And what kind of an audience were you launching to?

Josh Martin [00:04:54]

My audience was ... So my Facebook group, which is about, well now it's about 3000, I don't remember exactly how large it was back then. And then my email list was about 3000 at that time, now it's closer to 6.



Ryan Moran [00:05:10]

Okay, good. It's at 6000 now, you said?

Josh Martin [00:05:12]

Yeah. One of the main reasons because of that is actually with the tester pack. So, I've been running a free plus shipping offer with that. Then some other list building stuff we talked about.

Ryan Moran [00:05:25]

Good. Very good Josh. Now, what was your launch like in terms of sales numbers?

Josh Martin [00:05:32]

We did, I think that month, we did about 20 or just shy of \$3000 in sales. So it ended up being ...

Ryan Moran [00:05:41]

\$3000 dollars.

Josh Martin [00:05:42]

Yeah, \$3000 dollars. So, it was about 100, a little over 100 units of the 3 pack. Yeah, not necessarily that 400 mark, but I'm still happy with it. And sending out emails, talking with customers and still kind of tweaking a couple of things for the next run.

Ryan Moran [00:06:03]

Good. Now, what is the status of the product that was your primary seller last time we chatted?

Josh Martin [00:06:11]

Yeah. The thermometer is definitely one of the big pieces that I want to talk about today.

Ryan Moran [00:06:20]

Okay, let's do it.

Josh Martin [00:06:20]

So, I guess starting from the beginning, when I first reached out to you to be in the fund, it was almost coming up on a year ago. It was probably last November. We had really good momentum going into the holiday season and then started the stock issues. So ran out of stock, and then from that point, really until a couple, 2 months ago, haven't really been back in stock for longer than ... Get a couple of hundred units here and then go out and then go in. It's



been a struggle with that and in kind of that time of being in and out of stock and not really having that consistency, there's been a lot more competition that's come in the past year with pretty similar products. Mine's not as differentiated it as it was before, which has kind of ...

Ryan Moran [00:07:24]

It's taken the wind out of your sales in terms of ...

Josh Martin [00:07:25]

Yeah. Yeah. It's kind of created ... Amazon, the whole Amazon race to the bottom because there isn't that big enough differentiating factor that all of these different sellers are coming in and just, it's a race to the bottom. That along with the supply chain issues that's messing up everyone, obviously it's not just me, but that has been difficult. Also my manufacturer costs are going up because of the issues in China with energy and raw materials and all that. All of those together, I'm feeling like this product is not going in the right direction. While it still does help my person, there is not ... I don't believe that it long-term, it's the best place for me to be focusing my energy.

Ryan Moran [00:08:21]

Okay. How can I help you with that directional decision?

Josh Martin [00:08:27]

I guess my question is, with all of that considered, I feel like that's the right direction to go, but I don't ... Since it was kind of the first product that I had that was getting cash flow, spitting off of the business. Is it too soon to cut it or is it kind of like fighting an up ... It feels like fighting an uphill battle, but is it too soon to cut it?

Ryan Moran [00:08:54]

There's a few nuances here that I want to address in order to get to that question. So, are you in stock right now?

Josh Martin [00:09:02]

Yes.

Ryan Moran [00:09:03]

Are you taking sales every day?

Josh Martin [00:09:06]



Yes.

Ryan Moran [00:09:07]

What do your sales look like on this product?

Josh Martin [00:09:10]

There's probably a month period, month and a half period where I could not get the product going again with Amazon pay-per-click. I was struggling a lot with it and ranking and all that, the Amazon game, because we were in and out of stock for so long. I finally put some big coupons in and just went super aggressive because it was like, I need to get this going because I still have almost all of my units left from that initial order that I did. So finally have gained some momentum. I think the past 2 weeks or past week did about, I think, \$3500 in sales. So it was ...

Ryan Moran [00:09:55]

Last week, you said?

Josh Martin [00:09:56]

Yeah.

Ryan Moran [00:09:58]

And what is that, unit-wise?

Josh Martin [00:09:59]

Probably around 100 units.

Ryan Moran [00:10:07]

Okay. So that's 400 units a week. Does that sound ... Is that sustainable for you?

Josh Martin [00:10:14]

I don't think so.

Ryan Moran [00:10:19]

Why not?

Josh Martin [00:10:20]



Because acquisition costs have gone from around \$12, to around \$30-ish dollars, and my price has been dropped. Between those 2, I think ... I mean long-term, I think it will just be ...

Ryan Moran [00:10:38]

Well, forget about long-term right now. Right now, are your numbers sustainable or are you losing money when you're collecting those sales?

Josh Martin [00:10:49]

Losing money.

Ryan Moran [00:10:50]

You're losing money to make those \$3500 in sales?

Josh Martin [00:10:53]

Yep.

Ryan Moran [00:10:54]

Okay. How much are you losing per customer? And I promise I'm getting somewhere, stick with me. What are you losing per customer?

Josh Martin [00:11:02]

With the coupon right now ... So, I'm tapering it to keep some momentum going into Q4. So, I went very aggressive the past week and probably losing about ... Well, the cost ... It's about just shy of \$30 dollars right now.

Ryan Moran [00:11:23]

You're losing \$30 per customer?

Josh Martin [00:11:26]

For the solely acquisition piece. I am getting some organic sales now, so the total is not that bad, but it's probably around low \$20s.

Ryan Moran [00:11:39]

What's your cost ... What is your price?

Josh Martin [00:11:43]

My price right now is \$50.



Ryan Moran [00:11:47]

Okay, so help me understand these numbers. Your price is \$50. You're spending \$30 dollars to get the customer, and you're losing \$30 dollars. How does that math work?

Josh Martin [00:11:59]

Well, my cost is low \$20s, so about \$23. To get the ranking going and to get my ad spending, I've put a large coupon on, which is about 40%. So I'm not pulling in the \$50.

Ryan Moran [00:12:14]

Okay. So, it is the pay-per-click plus the coupon plus the cost. That's why you're losing \$30 per customer.

Josh Martin [00:12:22]

Yeah.

Ryan Moran [00:12:23]

What Josh is expressing here is such a classic problem that a lot of entrepreneurs and brands face when they're selling on Amazon or they're very channel specific. I know Josh is thinking, at this rate, if I keep pushing this product at a loss, I'll be out of business. It feels like a race to the bottom, where all you can do is compete on things outside of your control, like price and reviews and what everybody else is doing. But you've got options here. You don't have to play that race to the bottom game. A lot of times entrepreneurs will think they have to because they see everybody else doing it. I like to run away from that trend. This is why I put so much attention into my content about building community and building followers, building an actual audience, people who give a crap about what you're doing.

Ryan Moran [00:13:20]

If you've got trusted buyers on an email list or a Facebook group, they aren't going and price shopping if they love your brand and if they believe that your business is there for them. What I want Josh to see is how this single product fits into the entire family of products and what the brand will look like in the future. As you'll hear as I continue in this questioning, I want Josh to zoom out and look at the future of the brand with a more long term vision.

Ryan Moran [00:13:51]

Here's why I'm diving so deep into these numbers, because I can see why you are worried about this not being a hero product anymore. I am less concerned about it being a hero



product and instead wondering if this can be a source of customers for us that will buy the rubs and the other products that you launch in the future. So there's kind of 2 directions that I think you could go, assuming that you keep the product. 1 is you do exactly what you're doing right now and you try to get ranking and try to play the Amazon game so that you're break even, but you win in terms of getting the most customers. You play the Amazon game, you're ranked number 1 for barbecue thermometer or whatever your keywords are. You get the most reviews. You make \$2 bucks a unit and you sell 300 of them a day, right?

Ryan Moran [00:14:45]

That's the Amazon game. That is an option, and if you do that and you have the capital and the runway to be able to do that, awesome, it'll be a great customer acquisition channel for you. The other option though, Josh, is to not play that game at all and just be the cheapest. You try to break even you, you price yourself to where you make no money. Everybody else is like, how is this guy staying in business? He's making no money. I can't do this. You basically take the lion's share of the customers because you're just selling at break even. And you win that way. You just say, yeah, we know we're the cheapest. We're just here to get the customers. And then they are the people who end up buying the rubs. I could envision you having ... Since the people who tried the rubs are the ones who bought, you just include samples in all of your packaging of the thermometer.

Ryan Moran [00:15:42]

Now all the people who are buying from you on Amazon are lead sources for you for the rubs. That's how I'm seeing this as a potential piece of your business. If you're making this the hero product, I see why you would be struggling right now. If you just see it as a way to get customers, you have some options to be able to sustain this without losing your shirt. It actually supports the overall growth of the business.

Josh Martin [00:16:09]

Yeah, that definitely makes sense. I'm not confident that I could be the lowest price nor do I really want to be. I think because, I mean, there's some ... I mean, there's a couple Chinese sellers on there that obviously have well oiled cogs than I do, and I don't think I'll be able to beat them out in a price war, and in a price war, I don't know if that's the direction I want to go, because I feel like that kind of devalues the brand in a sense.

Ryan Moran [00:16:45]

That's fine. If you don't wanna play that game, you don't have to play that game. What about the other option of just playing to win on Amazon?



Josh Martin [00:16:57]

I think,

Ryan Moran [00:16:59]

You don't want to.

Josh Martin [00:17:01]

No, not really. I mean, that's the game that I was trying to play in the beginning and I see the issues with it and I see the product that's not differentiated enough. I think this is something that I realized. I'm working with Travis at his agency now, and I manage about 10 clients now, so I see a lot of ... I see a lot more reps with different brands in different niches and what's working and what's not, and why it's working. I feel like for me, I can see that creating a more differentiated product that solves a problem that's not being solved by 15 other different products is what is going to really get me to that next level versus just trying to play the Amazon game and push really hard.

Ryan Moran [00:17:59]

Okay. That's fine. So, I'm kind of keeping on this point because I don't want you to throw in the towel on a product because it's ... I think it's too early for you to throw in the towel. It may be time for you to throw in a towel on trying to make that product be the hero product. I think in this case, I think you have really solid reviews. Your customers are happy. I would keep it as a product line, but now make it just profitable and sustainable for you to keep in the product line. If you take off your coupons and your PPC spend and all of this, you might only make 5 sales a day right now, but if it's at high profit margins, just keep it and sit on it because the whole brand is going to grow, remember.

Ryan Moran [00:18:48]

Remember that people are going to see you as a brand. You'll have customers from all your other products and they'll come back and buy this. I don't think it's time for you to throw in the towel on this product completely. I think it is more just time for you to refocus where your energy is going to flow of what products are going to get your attention. Now, when you told me that ... It sounds like you're saying that you want the rubs to be that, but they don't have the sales velocity to be a full-time business right now. So, tell me if you feel like you can justify making those the center of the business right now.

Josh Martin [00:19:29]



I think I could if I leaned heavier into the tester packs, because when people taste them, people come back and buy more. I think if that was the acquisition piece and then you drive them back to Amazon, then that would, 1, build my list and I have these large email sequences already built you so I can kind of open up that conversation and have a deeper connection with the customer, along with building out my list and having kind of that easy barrier to entry for someone new to the brand and to come in and then they can repurchase. I think with that on the front end, it could definitely be the kind of front end acquisition product. It doesn't necessarily have the sales velocity at this second, but I think with that front piece, then it's very possible.

Ryan Moran [00:20:30]

Okay, great. So, what do you need in order to feel confident in going in that direction?

Josh Martin [00:20:38]

I guess the piece for me is ... Because I've already ... I've tested it kind of at home and ran the free plus shipping and it was \$6 dollar acquisition costs with no upsells, no anything. And I break even on the actual rubs themselves.

Ryan Moran [00:20:56]

That's fantastic.

Josh Martin [00:20:57]

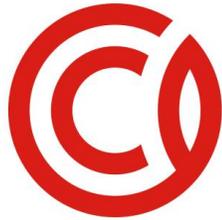
Yeah. That's why I'm very excited about it is because I can see once I put a couple upsells on and can see it getting to break even, or even positive with ...

Ryan Moran [00:21:08]

And by the way, the thermometer should totally be one of those upsells.

Josh Martin [00:21:11]

Yes, absolutely. So, I see the direction that I need to go and I kind of have enough data. It's not the biggest sample size ever, but enough data to be confident in pursuing it further and doing more professional packaging to kind of make that unboxing experience a little bit better because that is kind of that first connection that I have with the customer. I guess leaning into that a little bit more, but where that brings me is now the cash crunch issue, because my thermometer did get delayed for so long. I mean, it took 3 extra months to get here because of the sea issues. So, that has put a little bit of a cash strain and with them not moving as quickly as I thought they were going to, then that puts me in an area where I feel like I have to



spend on pay-per-click to get the thermometers moving so I can get cash in the business so I can pay back the loan.

Ryan Moran [00:22:13]

That's a dangerous trap, my friend, because what you just said is I'm in a cash crunch, so I should spend more money.

Josh Martin [00:22:23]

Yes.

Ryan Moran [00:22:25]

It's a dangerous trap.

Josh Martin [00:22:30]

So how do I ...

Ryan Moran [00:22:33]

Well, we just said that if you were to treat it ... If you didn't try to push it and you just let it be something, it sold 5 a day with decent profit margins and you weren't trying to win that game. That's an option. You could drop your price and just sell through it, which I don't think is a good idea for you, but you said very confidently, I don't want to play the Amazon game. And then you're like, so I'm going to spend a lot of money on pay-per-click to get it moving to win the Amazon game.

Josh Martin [00:23:12]

I guess that's because I know how to do that. So that seemed like the safest ...

Ryan Moran [00:23:18]

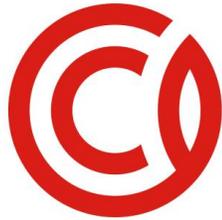
Do you? Because you're losing \$30 dollars a customer.

Josh Martin [00:23:24]

I know how to do it with the right product because of doing it with other products that are ...

Ryan Moran [00:23:29]

Well, I can tell you that if you're in a cash crunch, losing \$30 dollars a customer is not going to solve them. So, I know exactly what Josh is talking about here. I have fallen into the same trap that he's in right now, where you are defaulting to what has worked in the past and trying to fix



that hole, dig yourself out of that hole and somehow digging the hole deeper and deeper and deeper. In Josh's case, it's because it's where he's comfortable. It's what he knows. He knows that world, but I'm getting conflicting messages here. What he has in mind is to sell through his inventory at a loss and kind of hope and pray that's enough cash flow to weather the storm. What I want him to think about doing is the exact opposite, not going into the trap of trying to force a product to work, but using it as a high margin product in a suite of products within your brand. He can do that, but it would be the wrong approach in my opinion to take out more debt, to dig a deeper hole and hope that it works out. That's bad debt. Good debt is using other people's money to invest in predictable expenses.

Ryan Moran [00:24:45]

That's inventory cost, that is sometimes predictable advertising spend if you know that has an ROI, but not trying to fix a problem. That's the difference between good debt and bad debt. Money is simply an amplifier. It'll amplify what's working, or what's not working, but it's not a magic wand to fix problems. Josh is going to need to address some underlying brand and mindset issues before money can fix this problem.

Josh Martin [00:25:16]

Definitely.

Ryan Moran [00:25:17]

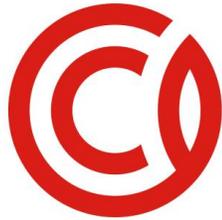
So, what's your next question? Don't do that.

Josh Martin [00:25:22]

Yeah. So, what would you recommend? I mean, I guess we kind of already discussed that as in maybe just being okay with not having it be the hero product, just be focused on being more profitable with it. I guess that still doesn't solve the cash flow issue if I am less aggressive with that.

Ryan Moran [00:25:46]

First of all, you're right, but what you do here, first, you have an audience, you go to that first. Next you focus on what's working. Never, never, never try to fix something that isn't working. You have something that's working, you're acquiring customers for \$6 bucks. You have a break even acquisition channel. All your focus needs to go into that, and put them into follow up sequences for your thermometer. That's free. Take that inventory and put it into upsell sequences. That's free. Your options that you're describing to me are I could either try to fix my cash flow problem with something that I've proven doesn't work and I don't want to do, or I



could focus on what's actually working and get lots of customers who want to buy lots of products from me.

Josh Martin [00:26:48]

I mean, when you put it like that. Yeah. I guess, it might just be a little bit of that fear mindset of like, what if this doesn't work out and I can't get the cashflow going that way because I haven't done it prior, but I have done it with the thermometer.

Ryan Moran [00:27:13]

You say, well, what if I can't get the cash flow going? So, what I will do is continue to lose \$30 dollars a customer. It don't make no sense, but I follow your logic. I just want to show you that your brain is playing tricks on you.

Josh Martin [00:27:30]

Yeah. I mean, the idea was to force it to get going before Q4, because I did have a great Q4 last year. It was like, let's build a momentum coming up to it, even if I'm losing money, because once I get to Q4, then it'll be profitable because that's pretty much what happened last year.

Ryan Moran [00:27:54]

It will be profitable in Q4. And would that continue in Q1?

Josh Martin [00:27:57]

No, because ...

Ryan Moran [00:28:00]

Does it solve the cash flow issue?

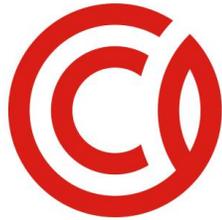
Josh Martin [00:28:01]

It does because I think ... It could, because I think I can pretty much clear out the rest of my thermometers in Q4, which is ...

Ryan Moran [00:28:11]

You could clear them out, and if you're going to keep them, then you need to order more.

Josh Martin [00:28:17]



Yes, which would have to happen probably ... And that's another reason is with reordering, my manufacturer has already said, order early and often and because the entire supply chain is messed up and with ...

Ryan Moran [00:28:37]

How does selling through it solve your cash flow issue?

Josh Martin [00:28:41]

Because I would essentially ... That would be ... That was my thinking if I wanted to go through with cutting the product and moving onto development of another, and then ...

Ryan Moran [00:28:54]

I see. If you were going to cut it completely, how can I ... Well then all of this work of trying to make Amazon work would be for naught because you would be doing coupons and stuff to sell through one order. It would be way better for you to just let it trickle and let it be profitable. It would be way better to protect those profit margins and sell through it slowly over the next 3-6 months and sell through it that way. I still don't think you should cut the product. I think you should keep it as a backend product and in your upsell flows and in your follow up sequences, but your focus needs to be on what's working, which is getting people to try the product that you're really excited about. My question, my concern there is, is there enough margin, repeat orders, and backend to selling the rubs to justify that being your focus?

Josh Martin [00:29:54]

So, my margin on those is about 30 ... Oh, it's 35% and they sell for \$16 dollars and in the 3 pack is \$45 dollars and it's a little bit lower margin, but it is technically a consumable. But the sizes are fairly large, so they will last people 3-6 months depending on how long ... Probably more on the 6 months side. So, I won't get like a huge reorder rate quickly. But I think ...

Ryan Moran [00:30:41]

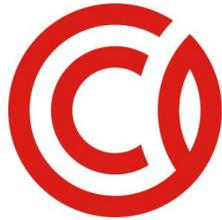
So, there's not a lot of meat on that bone.

Josh Martin [00:30:43]

Not too much, no.

Ryan Moran [00:30:45]

Okay. If you were not comparing yourself to other Amazon brands, what would be the retail price of the 3 pack?



Josh Martin [00:30:58]

I honestly wasn't comparing too much when I did ... When I created the rubs.

Ryan Moran [00:31:07]

So, you think the top end of the market is \$16 bucks for a 3 pack?

Josh Martin [00:31:12]

No, it's \$45 for a 3 pack. \$16 for ...

Ryan Moran [00:31:15]

Oh, sorry. I thought that was your profit margin. Okay. So, 30% on a \$45 dollars for a 3 pack. Okay. There's some meat on that bone. There's some there, but you're saying the volume would be low because that lasts people a long time. So, what else can you add into the backend of that someone would buy? What's the next logical thing that someone purchases?

Josh Martin [00:31:44]

I mean, thermometer could work in there.

Ryan Moran [00:31:47]

What else?

Josh Martin [00:31:48]

In terms of what ... The products that I have, or in terms of what I'd be looking to ...

Ryan Moran [00:31:54]

Either one. I think that those are your only 2 products.

Josh Martin [00:31:58]

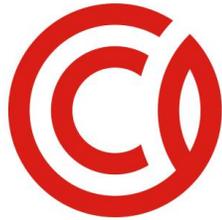
Yeah. Oh, I still have a couple of the initial product that I did where I ran into some issues with ...

Ryan Moran [00:32:08]

Brushes?

Josh Martin [00:32:10]

With the brushes. Yeah.



Ryan Moran [00:32:10]

Okay. What else do you have back there?

Josh Martin [00:32:12]

That's all that I have right now, but one thing that I've been thinking about a fair amount and I'm excited about is a new ... It's a new twist on a cutting board for smokers. It would be focused on the prep and the finishing of whatever meat you're cooking. It'd have a resting box that would be attached to ... You could slide it on and off and you'd have a serving platter. So, that would ... Right now, there's only one company that does the resting box and it is \$400 and it's only used by restaurants and people who do barbecue competitions. It's wide open for someone to come in on the at home pitmaster side. And that's really what I'm excited about.

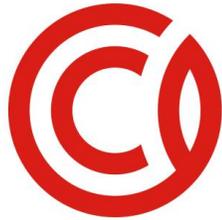
Ryan Moran [00:33:07]

I like this. Now, there's a couple of things that you just said that were kind of revealing. 1, it shows that there are, indeed, other high-end things that you can sell to this market. Number 2, it made me think, okay, so if Josh stopped playing the Amazon game, he could raise his thermometer price and target the exact same people and sell it for \$75 dollars or \$89 dollars if Josh is going to be a high-end barbecue company. And that doesn't win on Amazon in most cases, but you've already shown that you can get acquisitions off of Amazon to work. It sure seems to me like that's where this conversation is going. It sounds to me like this conversation is going not what should I do in terms of winning on Amazon, but now that I've been able to acquire customers for \$6 dollars at breakeven, how do I make this a sustainable business?

Ryan Moran [00:34:11]

So, if that's the primary question, Josh, how do I make this a sustainable business, rather than how do I win on Amazon, this becomes a much different conversation. The conversation becomes okay, if people who buy the rubs also buy thermometers, then what do I need to sell them for in order to have a sustainable business? Let's just say, you said it was \$89 dollars. What percentage of people who buy the rubs also buy thermometers? We don't know at this point. The same thing with this other product idea that you've got, are people willing to spend \$180 dollars or \$250 dollars on that? And now the funnel and the acquisition sequence is starting to show itself. And you can have them on Amazon, or you can have them on your own Shopify store or in a 1-click upsell sequence. I'm indifferent. But that's where I think all of our problems are solved. We now no longer have to win on Amazon and play the price war.

Ryan Moran [00:35:13]



We're building a brand. We have a very consistent way to acquire customers, which is getting people to try the rubs. If we can spend \$6 dollars, break even, and get a customer, we are home free because some percentage of them are going to come back and buy more. They're going to buy the upsell path. They're going to buy on our next product launch. They're going to buy our affiliate offers. And we've got a sustainable business. You tracking with me?

Josh Martin [00:35:40]

Definitely.

Ryan Moran [00:35:41]

So, to me, it just sounds like for where you are right now, Amazon isn't your play and that's fine, right? Or you might find that you put them on Amazon, but keywords are not the acquisition channel. Your email list is the acquisition channel and you have follow-up sequences that send them over to Amazon and get them to buy. That's fine. It's totally fine to do that. I know people who do that and have 7-figure businesses without ranking for keywords. It's all just a customer acquisition game. People see keywords and ranking for keywords as the acquisition channel. And it is, but it doesn't have to be, you can get your buyers from other sources too, and just send them to Amazon. You feel me? How do you feel as I riff that at you?

Josh Martin [00:36:33]

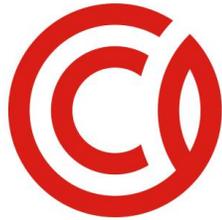
It definitely feels good. And that's something that I've thought about. I don't know if I completely want to leave Amazon because I do have experience with it, and it is, I think, a good channel because you can build a snowball, but like you said, PVC doesn't have to be the only or the main acquisition. I can focus more on email and driving over.

Ryan Moran [00:37:00]

Yes. It's the biggest white space that no one does. And I've said this for years, Josh, for the life of me, I don't understand why people don't build email lists and run follow-up sequences to promote their Amazon listings. Makes no sense. People are so obsessed with the front end sale that they forget about the long tail business building. It just makes no sense at all. I know why people aren't doing this, they're just obsessed with their keyword ranking. Right? And I'm part of that problem because I taught people how to rank for keywords. But for you, I think if you just list them on Amazon and use that as the sales platform and you send people there through your email list, you can do just fine.

Ryan Moran [00:37:41]

Here's a trap I really want Josh to avoid falling into, and that's getting way too caught up on being stuck on Amazon. I didn't even like that phrase because I love Amazon. I make a lot of



sales on Amazon. When you are obsessed with the algorithm versus being obsessed with your customer, you tend to do things for, well, the algorithm, and this is a people business at the end of the day. Instead of thinking about what is best for Amazon, we have to think about what is best for the customer. That's, again, why it's so important to constantly be thinking about building your brand and building the customer following and getting buy-in from those people. And that's what leads to high margins and more sales and reviews. When you run into a situation like this, it's important to take a step back and think about the end customer rather than what is going to best for Amazon.

Ryan Moran [00:38:45]

When you prioritize the sales channel over the overall brand and the customer that you're serving, you run into problems quickly. Sometimes it can be tempting to do what is best in the short term in order to get things back on track or to fix a problem. But long-term, that always creates a race to the bottom.

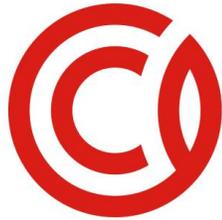
Ryan Moran [00:39:08]

Yeah. Yeah. I like that direction, especially with everything considered, it seems like that is doubling down on what's working, and not trying to fix everything like you said earlier, which makes the most sense. And I was getting reorders in the ... When I first did it as handwriting on there. So, it was definitely not beautiful packaging or anything like that. So I think, yeah, with a little bit more attention to detail and kind of if that's going to be the acquisition product or the ... If that's the direction that I want to go, which I feel like that's the right way to go, then, I can really ... I could probably get that cost down even to acquire those customers and make it more of an experience and that connection.

Ryan Moran [00:40:02]

Let's play this out for a second. If it costs \$6 dollars to acquire a customer that spends \$9 dollars and you have \$3 dollar cost of goods, and you're breaking even, you're just sticking with these existing numbers, if that's the case, and you're getting 100 of those customers a day, and you have 1 upsell and that upsell is buy the full rubbed pack, and 10% of them buy for \$45 or \$50 dollars, you're now getting about \$500 dollars a day in topline sales that pays for your traffic and gives you customers. Solid. Even if that was completely break even, we're getting 100 customers a day. We're sending follow up sequences to promote the thermometer. We raised the price of thermometer to \$65 bucks. Not everybody buys. Only 10% of those people buy, but now we've got another \$650 bucks a day coming in at very high profit margins.

Ryan Moran [00:41:11]



Then we launched the 3rd product and all the while we're still adding 100 people a day into our buyers list. We can launch whatever we want, we can do new flavors, we can do Savine machines. We can do whatever we want because that's the hardest part of this game is getting and acquiring the customers at scale. You solve that, which it sounds like you're close to, that solves your cash flow problem.

Josh Martin [00:41:36]

Yeah, definitely. That makes sense. I guess ...

Ryan Moran [00:41:44]

Where's the but?

Josh Martin [00:41:47]

The but is with the current cash on hand that I have is pretty low. And if I'm going to seriously do this, I'm going to need some money to acquire those customers. And it might not be ... In the beginning of the stuff, we're not going to be day 1 where I break even.

Ryan Moran [00:42:09]

You said you were breaking even now.

Josh Martin [00:42:11]

Well, I mean, I guess not perfectly even. I'll still be at a negative if it cost me \$6 dollars until I work the upsells and whatnot to ...

Ryan Moran [00:42:19]

Do you have any upsells in there at all?

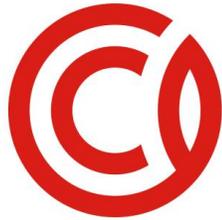
Josh Martin [00:42:21]

I had one that was a full rub pack. It was only running for a week and I wasn't spending very much. And I paused that because I was trying to get the thermometers going.

Ryan Moran [00:42:37] S

So, you paused the thing that was working to work on the thing that wasn't working. You're not alone in this. Lots of people do it. Just showing. That's what happened there.

Josh Martin [00:42:51]



Yes, but it was with the idea that once I got this going, I'd have the cash to bring over there because at that point I would ... I didn't really have the cash to do it.

Ryan Moran [00:43:01]

Okay. Have we fixed that problem?

Josh Martin [00:43:04]

No, not really.

Ryan Moran [00:43:05]

In this conversation, we haven't fixed that problem?

Josh Martin [00:43:07]

Oh, oh you mean ... Yes. This conversation we have. Double down on what's working.

Ryan Moran [00:43:12]

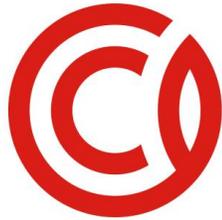
And because I ... The last time I checked, sending emails was free and you can send them to the product that has high profit margins in order to get it moving without discounting it, yada, yada, yada. Okay. So where's the but now? Because you're like, but there's still a cash flow crunch, and I'm like, I feel like we just solved it.

Josh Martin [00:43:46]

I guess it comes from just thinking about the loan that I have to repay. I know it's not like I have to ... It's not like it's with a bank and they're like, you have ... This is the hard date. Here's what you have to do every single month. But I still feel, I guess a little bit of pressure and this might come just because I am so young and I've never had a loan this large before. So, part of me is I guess in a little bit of an anxious spot where I'm like, I got to turn over the inventory so I can get like a loan so that I can order more. And you know, getting that turn to happen ...

Ryan Moran [00:44:32]

Yeah, it makes total sense, Josh. But you won't turn over that inventory profitably by losing money. That was your original thought process in your proposal. You will turn over that inventory by doubling down on what's working, not today, not even by next week, but by tweaking those levers over the next 30 days, if the numbers that you tell me hold, then you'll be acquiring customers, at break even or better, and you'll move the inventory in the backend. It is your temptation and your desire to fix this problem quickly that is preventing you from fixing it. It's you playing over the nightmare scenario in your brain that is actually making the



nightmare scenario happen. It's you saying what am I going to do to fix this problem that is making you look at the short-term fixes rather than building your business, but it's building your business that will take care of the short-term problem. And from what you've told me, the way that you build your business is by acquiring the customers who try and like the primary front end product and then come back and buy more. Am I saying anything that is incorrect to this? Am I misunderstanding anything?

Josh Martin [00:46:04]

No, I think that kind of summarized everything and I definitely agree. It was me trying to look for the ... What I thought was the short-term solution to my issue versus thinking long term.

Ryan Moran [00:46:17]

Yeah. And dude, you and just about everybody in your situation, right? I mean, I want you to understand, since we're recording this, it's important for me to call out the bullshit thoughts in your brain, but what you don't know is that pretty much every person listening is like, oh, I can so relate to that. This is not an uncommon mental thing at all. It's just that it's the stress about the problem that makes you do things that make it worse, like I'm in a cash flow crunch, so what I will do is lose \$30 dollars a customer to try and solve this problem. It just becomes a downward spiral that you're creating with your thoughts about the situation, I would instead reframe this as I've got something really good. I have this thing that people like, I have this product suite that I know people like that has high profit margins. I just got to get this into the hands of more people. I can build up this giant foundation of customers. That solves all your problems.

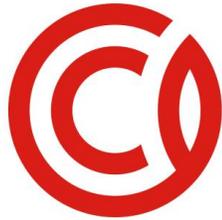
Josh Martin [00:47:38]

Yeah, Definitely.

Ryan Moran [00:47:40]

Then, you know what I would do is I would start opening up relationships with people who are in your space and send them samples of your rubs and watch how fast you start getting organic sales for people through those funnels. And instead of trying to fix the cash flow problem with losing cash, you fix the cash flow problem with relationships, connections, and things that you can scrape together that are free to get the machine moving. And then you're back in the grind, the grind of sharing every review, posting every piece of positive feedback, posting everything you get that people email you, resharing every picture of people using the product. It looks a lot like work, but it works.

Josh Martin [00:48:39]



Yeah. Yeah. I totally agree. I think the only piece that I have the but is with the ... So with sending the rubs out to people and kind of sharing with that, sharing that with influencers or influential people in the space, I guess one thing that I struggle with that is keeping motivated to do it because building that relationship is difficult and it's a lot of rejection and I've tried to do it before.

Ryan Moran [00:49:14]

So can I fix this now?

Josh Martin [00:49:16]

Yeah.

Ryan Moran [00:49:17]

The reason why you are losing motivation is because you're being an ask-hole. The reason you're losing motivation is because you're asking for something rather than giving something. You always go for the easiest yes possible, which is always a give. The reason you feel tense and like you're getting rejected is because you want something from them rather than building relationships. Am I wrong?

Josh Martin [00:49:47]

No. I mean, I think there's a bit of that. But I guess just ... I guess the other piece that I struggle with when doing it is it feels like I'm not doing enough because it's not difficult work and I tend to be more of a numbers person so when I am doing something that is advertising, it's like, I like to have hard things to back it up to justify putting my time into it, versus just, I'm going to go on scrolling and started DMing people. That feels like I'm not doing the right thing.

Ryan Moran [00:50:29]

Have you had any significant influencers talk about your product?

Josh Martin [00:50:34]

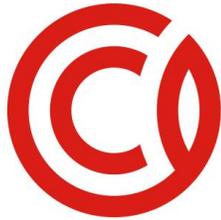
I've had one that was ... She had about 30,000 followers.

Ryan Moran [00:50:42]

Okay. And she talked about your product publicly?

Josh Martin [00:50:44]

Yes.



Ryan Moran [00:50:44]

Did it result in sales?

Josh Martin [00:50:48]

A couple of times and I got one sale from it.

Ryan Moran [00:50:51]

I see what you mean.

Josh Martin [00:50:52]

And then, another time I paid ... I mean, I think I've talked about this on here last time where it was the first time I ever interacted with an influencer and I paid pay-to-play, which I would not do that again, but that resulted in zero sales as well.

Ryan Moran [00:51:08]

Now, was just for the thermometers or for the rubs?

Josh Martin [00:51:11]

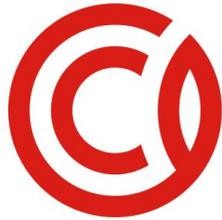
This is for thermometers.

Ryan Moran [00:51:14]

I mean, this makes total sense to me. I will tell you food is a much easier front end transaction than a thermometer. Anyone who barbecues, anyone who does that, it's just like me with a protein bar. Right? I will spend the money to try the protein bar. I'll spend \$35 bucks to try a protein bar. So anything food-related has an easier transaction. If you're a leading with the rubs, especially a \$6 dollar front-end tester pack, you will get more momentum from that. It does make sense to me why a thermometer wouldn't convert to a public audience and why you would get discouraged trying to do partnerships to promote thermometer. That makes total sense. But rubs and anything food-related will be an easier climb.

Josh Martin [00:52:13]

That definitely makes sense. I guess I haven't thought about it in that way, but it's clear that the offer does work with cold, on Facebook advertising. It would make sense to someone with a warm audience, it should work even better if it's already working with cold. So yeah, I think that's ... I mean, I might reach out ... I'll reach out to her again, it's been a little bit. But, yeah,



I'll just check in and just see how she's doing with everything and see if she'd be open to trying some of the rubs.

Ryan Moran [00:52:45]

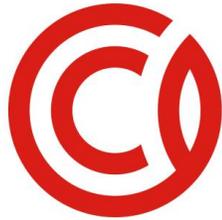
And this is my last piece of advice for you, Josh, find something about the business to get excited about. I mean, I don't care if that is that you're excited about the next product that you're working on. Where you are right now, and I can only notice because I can relate is you've got a list of problems in front of you rather than a list of opportunities and solutions. And so, you're trying to fix problems rather than focusing on anything that's moving. I promise you that if all your attention goes into what is working, whether it is the acquisition of people who are testing the product, or it is the relationship that you're excited about, or it is the content you're creating, or it is being featured on this podcast, whatever it is, if your focus goes there, the other problems will start to change. It's when you're ... It's that whole idea of wherever your attention goes, energy flows.

Ryan Moran [00:53:45]

And right now your energy is on, I don't have enough money. If that is where your focus is, energy is flowing to not having enough money, and so you justify losing \$30 dollars a customer. If your brain is going to what's working, which is I'm able to get customers at break even or better, and you start working towards that and your energy goes towards that, you'll continue to get customers a break even or better, or even if it is my customers love my product so much that they tell me about it, every piece of feedback goes to justify that belief and you start getting excited about that. I wish this wasn't true Josh, but the more that you can focus your energy in things that are moving and creating more opportunity, the more opportunity that gets created and the more you're focusing on the lack, the more that things just don't work out the way you think they're going to.

Ryan Moran [00:54:43]

So much of this entrepreneurial game is an inside out game, it's mindset. Throughout this podcast, the conversation has kind of been around what levers we should pull, what switch we can flip, what button we can push in order to fix problems in order to get things back on track. But it's the person who is pulling those levers. It's the entrepreneur, the founder that has to be engaged and excited and ready and energized to build what comes next. It's so sexy to think about tactics and strategies and what other people are doing. But when we're obsessed with the how, when we're obsessed with what other people are doing, that is a reflection of us not feeling confident in our own approach and in what we're bringing to this world and what our brand stands for. That's what's got to be fixed. That's why entrepreneurship is the best self-development program in the world.



Ryan Moran [00:55:44]

So, when you run into these mental hurdles, come back to the one thing you can get excited about, not the thing you have to fix, but is there something going on right now that if you focused on it would energize you rather than drain you? Is there something that is going well that you can focus on and build momentum on rather than trying to fix holes that you've dug? Can you build upon the momentum that is working somewhere, anywhere, even if it's right now or just this week? Can you turn your attention away from what's not working and start to grow what is working? That is a great mindset hack for giving you the energy to be able to grow the business that you want rather than the business that you think you have to have because everybody else is doing it.

Josh Martin [00:56:31]

That makes sense, 100%. I've seen that in my life, in the past. It's just, I guess it's hard to ... Sometimes when you're in that downward trajectory, it's hard to be like ... Pull yourself out sometimes. I think that this has been very helpful because ...

Ryan Moran [00:56:50]

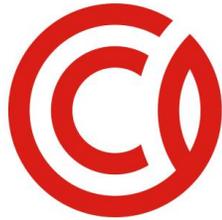
My suggestion to you when you're just in it is to just step away for a minute, right? You told me before we hit record that you're going to go spend a month in Mexico. It's a lot easier to stay positive about your life when you're on the beach, right? It just is. And so, if you can commit, and this is a challenge for you, if you can commit to that month when you're in Mexico to being happy regardless, being excited regardless, looking for the good regardless, business-related or not, I can almost guarantee you that things in the business start to shift. Even if that is waking up and being on the beach and journaling about how grateful you are to be on the beach and then looking for the good in your business, you'll find it. And then things will start to change.

Josh Martin [00:57:44]

Definitely. I'm glad you said that because that's kind of the reason I'm going is ... I don't know how much we want to talk about this, but it's always kind of been this thing where I said, once I exit, I'm going to go travel. Once I do this, I'm going to go travel. Once I hit that million dollar run rate, I'm going to go travel. I was like, I can go do both and enjoy the traveling and enjoy my business. That was kind of the original reason of like, let's do it now.

Ryan Moran [00:58:22]

So, here's what I want you to do. When you are a week into Mexico, I want you to send an email and/or make a post to your own brand social media profile or to The One Percent, some



way of staying accountable to a group of people who have a stake in what you're trying to do and document this experience while you are in Mexico. I mean, document like here's the review I got, here's the challenge I'm facing, here's the product I'm considering, here's my acquisition costs, here's why I'm excited about this, here's why I decided not to continue with Amazon pay-per-click ads even though I worked for a pay-per-click agency. All that stuff is content that will get people to rally behind your brand. When you're in Mexico, you'll just be in the mental zone for you to be able to create that from a place of ease. So that's my assignment for you.

Josh Martin [00:59:14]

Alright. That sounds good. I can absolutely do that.

Ryan Moran [00:59:17]

Alright, my friend. Rooting for you.

Josh Martin [00:59:20]

Great. Thank you. That was super helpful. I heard January is the next meetup, so I look forward to that.

Ryan Moran [00:59:28]

Alright. I'll see you there.

Josh Martin [00:59:30]

Awesome. Sounds good.

Ryan Moran [00:59:31]

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