[Gary Huang] 0:05

Welcome back, everybody. My name is Gary Huang today. I'm thrilled to have Nate Ginsberg with us. How's it going, Nate?

[Nate Ginsburg] 0:12

It is going good.

[Gary Huang] 0:15

Excellent. It's, it's great to have you back.

[Gary Huang] 0:17

Nate is an alumni speaker at the seven figure sellers Summit.

[Gary Huang] 0:21

And today he's going to give you a master class on by side secrets, to really maximize your exit with the Centrica power model.

[Gary Huang] 0:31

So I know a lot of you guys are considering an exit, and right now, you know, you know for exits well,

[Gary Huang] 0:37

Before that, do you know in most cases, for e commerce sellers, over 50% of your take home is going to be on the day that you sell your business, not just actually running our business.

[Gary Huang] 0:47

That's why I think it's so important, especially right now, this year,

[Gary Huang] 0:51

The whole landscape has changed a lot since last year, you know, with the effects of inflation gas spikes

[Gary Huang] 0:57

, the economy the way it is this year, you know, there's that R word, recession.

[Gary Huang] 1:03

And so it's getting a little bit more challenging to exit, and especially getting the same multiple that you know, maybe you couldn't gotten in 2021.

[Gary Huang] 1:11

So that's why I really want to invite Nate to come on to give you a master class on how you can decrease risks and also increase your business value and also avoid the dreaded retreat.

[Gary Huang] 1:24

And he's going to get more into that later. I want to quickly introduce Nate.

[Gary Huang] 1:29

Nate has been an online business entrepreneur for over 10 years.

[Gary Huang] 1:34

He also is a yogi. That's one of his passions. If you do follow him on socials,

[Gary Huang] 1:40

You will see him doing a lot of handstands and a lot of stuff that I could never do.

[Gary Huang] 1:44

He's currently he has a new hats actually. So he is currently the CEO of Centrica,

[Gary Huang] 1:51

The premier due diligence service provider for online acquisitions on the buy side,

[Gary Huang] 1:57

Just to let you know, a previous seven figure seller Mike jaggedness.

[Gary Huang] 2:00

When he exited his business, he was heavily involved with Centrica,

[Gary Huang] 2:04

So they do help sellers as you're preparing to exit but especially more on the buy side.

[Gary Huang] 2:10

He's also on Nate is also the founder of cellar Plex, and it's an ecommerce agency that helps sellers really grow,

[Gary Huang] 2:18

Scale and expand. And they he also was a previous seven figure seller who successfully exited his brand his Amazon brand, a few years ago.

[Gary Huang] 2:28

So he really understands the whole picture from you know,

[Gary Huang] 2:31

As a brand owner, as a seller and a buyer.

[Gary Huang] 2:34

So I couldn't think of anyone else to really give you guys this master class.

[Gary Huang] 2:39

Nate, before we get started, can you I mean, you seem to have your finger on the pulse.

[Gary Huang] 2:43

So what is what are you seeing as like, you know, on the state of the marketplace right now,

[Gary Huang] 2:48

You know, given the effects of inflation, you know, all these things. Just curious to get your thoughts to start?

[Nate Ginsburg] 2:56

Yeah, so the landscape is definitely changing.

[Nate Ginsburg] 3:03

And candidly, you know, it's a buyers are becoming more discerning.

[Nate Ginsburg] 3:08

And so, you know, maybe a year ago, or, you know, kind of like the whole, you know, FBA acquisition craze was,

[Nate Ginsburg] 3:18

You know, rising to a crescendo, you know, towards around the end of last year.

[Nate Ginsburg] 3:23

And yeah, for a variety of reasons, you know, some of the wind has come out of the aggregator model sale.

[Nate Ginsburg] 3:32

And, you know, that's not to say that, I mean, it's still a valid model.

[Nate Ginsburg] 3:37

The challenge that I think some of the aggregators are facing is due to a few things, but one is prioritizing like acquisitions over operations, and really just overpaying.

[Nate Ginsburg] 3:53

And what that means for the aggregators is,

[Nate Ginsburg] 3:59

Because a lot of them they use, they use debt.

[Nate Ginsburg] 4:01

And so if they buy at a high multiple, and the business isn't able to sustain the growth rate that they bought at, that can cause a lot of problems to you know,

[Nate Ginsburg] 4:12

When it comes to repaying the debt.

[Nate Ginsburg] 4:14

And, and so, yeah, this has, you know, like, there are still a lot of aggregators making a lot of acquisitions.

[Nate Ginsburg] 4:21

But yeah, they're, they're getting a lot more discerning, and buyers are just becoming a lot more discerning.

[Nate Ginsburg] 4:27

They're not just, you know, thrown in 8x multiple, any business that you know,

[Nate Ginsburg] 4:32

Comes their way. And so yeah, that's why it's more important than ever as a seller to be prepared and,

[Nate Ginsburg] 4:39

You know, build a good business. There are still plenty of buyers out there for good businesses.

[Nate Ginsburg] 4:45

But you got to have a good business and so that's what we'll get into once you start the presentation.

[Gary Huang] 4:52

100% and can you give us a quick overview who's this training for? Is it more for like experienced sellers? What do you think?

[Nate Ginsburg] 5:02

Yeah, so this is for this is going to be the most valuable for sellers that have an existing business there are they're in business, and they want to look towards an exit.

[Nate Ginsburg] 5:11

I mean, well, it will certainly be valuable for sellers that want to look towards an exit,

[Nate Ginsburg] 5:18

As well as one that wants to just run a good business.

[Nate Ginsburg] 5:21

And so we're going to get into different, you know, tips and strategies to one make your business able to be sold, as well as increase the value of your business, whether or not you want to sell it or

[Gary Huang] 5:33

Not. Perfect. All right. Without further ado, would you like to start the presentation?

[Nate Ginsburg] 5:40

All right, let's do it. What? I should probably share my screen. All right, sharing.

[Nate Ginsburg] 5:54

How are we doing? That's perfect.

[Nate Ginsburg] 5:58

All right, so by side secrets to maximize your exit with the Centrica power model, and decrease risks and increase your business value to avoid the dreaded Retrade.

[Nate Ginsburg] 6:13

For everyone out there at Nate Ginsberg on all the social, like Gary mentioned,

[Nate Ginsburg] 6:18

If you want business, mindfulness and yoga posts, feel free to give me a follow anywhere.

[Nate Ginsburg] 6:26

We'll come back to that later.

[Nate Ginsburg] 6:28

So alright, let's jump in.

[Nate Ginsburg] 6:30

So selling your business could be the most significant event in your career.

[Nate Ginsburg] 6:39

But the problem is that most sellers either missed valuable opportunities for value creation or increasing the value of their business, or they have too much risk in their business,

[Nate Ginsburg] 6:54

Which, unfortunately, could turn your dream exit into a nightmare.

[Nate Ginsburg] 7:01

So

[Nate Ginsburg] 7:04

When it comes to approaching your exit, are really just building your business in general.

[Nate Ginsburg] 7:09

Broadly speaking, we've got two ways. So first, I'd like you to meet the amateur Alex.

[Nate Ginsburg] 7:16

So the amateur Alex is not on top of financials, doesn't update, cost of goods sold, just really relies totally on the broker to get their business exit ready.

[Nate Ginsburg] 7:29

They're stuck working in the business.

[Nate Ginsburg] 7:32

They have no employee contracts, no vendor agreements, have an optimized supply chain don't have a strategic growth plan. And they don't understand their competitors or market trends.

[Nate Ginsburg] 7:43

So I'll say who identifies with the amateur Alex? Hopefully, not all of you.

[Nate Ginsburg] 7:50

But yeah, I would imagine some of you probably do fall into this category.

[Nate Ginsburg] 7:55

If you do, don't worry, there is a better way. The first step is awareness.

[Nate Ginsburg] 8:01

And what is the better way? So let's look at the professional heater.

[Nate Ginsburg] 8:08

So the professional is on top of their financials 100%.

[Nate Ginsburg] 8:14

They're updating Cost of Goods accurately and completely after every shipments.

[Nate Ginsburg] 8:20

They take responsibility themselves to get their business exit ready.

[Nate Ginsburg] 8:25

They're working on their business not in it.

[Nate Ginsburg] 8:28

They have employed employee crunch, the employee contracts, and vendor agreements, optimized supply chain Strategic Growth Plan, and understands their competitors as well as the market.

[Nate Ginsburg] 8:40

So why is any of this important? Because you want to avoid the dreaded Retrade.

[Nate Ginsburg] 8:49

So what is a Retrade, for those that aren't familiar, is when a buyer agrees to a price in principle with the seller?

[Nate Ginsburg] 8:56

And then as they get deeper into the purchasing progress, they inform the seller they intend to pay less than the agreed amount, or at least they want to pay less.

[Nate Ginsburg] 9:08

Basically, they try to renegotiate the price down.

[Nate Ginsburg] 9:12

And this is something that is candidly not very uncommon.

[Nate Ginsburg] 9:18

A lot of savvy buyers, this is a part of their buying strategy.

[Nate Ginsburg] 9:23

And I mean in a in a buyer seller dynamic.

[Nate Ginsburg] 9:27

You know, the buyers want to get the best deal, which means lowest price sellers want to get the best deal,

[Nate Ginsburg] 9:33

Which seems the highest price.

[Nate Ginsburg] 9:35

So this is something that's even more relevant now with like

[Nate Ginsburg] 9:39

I mentioned more discerning buyers, and basically and so while you don't want to ideally have to deal with a Retrade there are things

[Nate Ginsburg] 9:50

That you can do to get in front of this and so that's what this presentation is going to be about.

[Nate Ginsburg] 9:54

So preparing your business to be on top of everything so you avoid having to offer for this much money and then later when it goes through the DD process getting an offer for less.

[Nate Ginsburg] 10:10

So what am I doing here? I'm here to help you maximize your exit and avoid a Retrade.

[Nate Ginsburg] 10:18

Alright, so a little bit quickly about me. Gary mentioned some of this, but I've been an online entrepreneur.

[Nate Ginsburg] 10:26

Since 2013. I exited my FBA business in 2017. I founded my E commerce agency seller Plex, in 2018.

[Nate Ginsburg] 10:39

And now am the owner of Central America since 2022. Aside from business, I love Well, m&a, mergers and acquisitions aside from that very into mindfulness yoga, Burning Man.

[Nate Ginsburg] 10:54

And I love working with entrepreneurs. Little bit about me. All right,

[Nate Ginsburg] 11:00

So let's get into the good stuff. So how do you go from amateur Alex to professional Peter and avoid the dreaded Retrade.

[Nate Ginsburg] 11:08

So we are going to introduce the Centrica de the power model.

[Nate Ginsburg] 11:14

And so here you have the censure power model.

[Nate Ginsburg] 11:18

And this is some interesting perspective for you as sellers because Centrica, we represent buyers, and so when we do due diligence, that's in America, we are representing buyers.

[Nate Ginsburg] 11:33

And, you know, candidly, we're looking through to try to evaluate these different areas that we're going to get into, on behalf of our client, the buyers, who, you know,

[Nate Ginsburg] 11:43

If we find there's a discrepancy in the profit and loss statement in favor of the buyer, you know, they like, sent jerk is hired by buyers.

[Nate Ginsburg] 11:53

And so we want to serve them, which could mean, you know, getting better offers on the businesses they're requiring. But then again,

[Nate Ginsburg] 12:03

I'm here to share this insight with you

[Nate Ginsburg] 12:05

. So you can avoid that. Anyway, so you know, the, what we're going to look at, there's three broad buckets, we've got financial, operational, commercial.

[Nate Ginsburg] 12:17

We'll get into all that more in a second.

[Nate Ginsburg] 12:19

But yeah, just wanted to point out kind of the Insight this is coming from, like, we represent buyers.

[Nate Ginsburg] 12:25

And so that's where there's insights coming from to help you as the seller.

[Nate Ginsburg] 12:32

Alright, so we've got the first section is financial.

[Nate Ginsburg] 12:37

And here, what you're going for is correct and complete.

[Nate Ginsburg] 12:43

So the first part of that, and just to understand the first part of the due diligence process is a p&l rebuild.

[Nate Ginsburg] 12:50

And so at Centrica, or any due diligence firm, they're going to rebuild the p&l that you provide from primary data.

[Nate Ginsburg] 13:00

And then the exercise is matching the, you know, matching the seller p&l versus the rebuild p&l to identify differences. And so let's say we rebuild the p&l and we find $100,000 more in expenses, or $100,000,

[Nate Ginsburg] 13:19

Less in revenue, you know, that's all going to go into our rebuilt p&l that we share with our buyer.

[Nate Ginsburg] 13:24

And you know, what they do with that information is, of course up to them.

[Nate Ginsburg] 13:29

But that's the sort of thing that could impact a Retrade.

[Nate Ginsburg] 13:34

I mean, if the numbers match up, that's pretty significant.

[Nate Ginsburg] 13:38

And a few things to note here is that one, you know, there's always going to be some discrepancies like matching the p&l. 100% is very unlikely uncommon, there's nuance and like,

[Nate Ginsburg] 13:52

That’s okay. But what you want to avoid is the due diligence firm rebuilding your p&l and finding a 25% gap in what you're what you're accounting for as profit,

[Nate Ginsburg] 14:05

You know, that would be significant. And so, so yeah, really,

[Nate Ginsburg] 14:10

When it comes to preparing yourself for this from the sell side, you really just want to have out complete and correct p&l, which is a little bit easier than it might seem.

[Nate Ginsburg] 14:25

Yeah, I mean, really, you just want to be totally on top of this and working with a professional e commerce, bookkeeping and accounting firm.

[Nate Ginsburg] 14:34

And so those are services that we provide that seller Plex,

[Nate Ginsburg] 14:38

And with seller Plex, we understand ecommerce businesses, we know how to do the financials correctly.

[Nate Ginsburg] 14:44

There are other people out there as well.

[Nate Ginsburg] 14:46

Really, the important thing is to have somebody with specific e commerce experience helping you with this. There's a lot of places to make mistakes.

[Nate Ginsburg] 14:56

We'll get into some of that a little bit later.

[Nate Ginsburg] 14:58

And really, you just want to avoid mistakes.

[Nate Ginsburg] 15:00

So make sure you're on top of it.

[Nate Ginsburg] 15:03

Working with someone that is, you know, knows what they're doing.

[Nate Ginsburg] 15:07

So you want to have a complete and correct and well organized.

[Nate Ginsburg] 15:12

You know, there's a lot more nuance and detail that go into this.

[Nate Ginsburg] 15:15

But I'm not an accountant, I think most of you aren't an accountant.

[Nate Ginsburg] 15:18

The important thing is have a good ecommerce bookkeeper slash accountant.

[Nate Ginsburg] 15:22

So that's on the p&l rebuild. And again, the better,

[Nate Ginsburg] 15:26

The more complete and accessible your financials are, the easier it will be in due diligence for them to reproduce the same financials minimizing discrepancy discrepancies and, you know,

[Nate Ginsburg] 15:39

Preventing, you know, Retrade and renegotiated offers from the buyer.

[Nate Ginsburg] 15:48

All right, so, next we've got cost of goods, and just sharing this because this is one of the more common areas that we do see, discrepancies and,

[Nate Ginsburg] 16:01

You know, thing with cost of goods is one, legitimately they are tricky to their dynamic,

[Nate Ginsburg] 16:08

You know, they change over time, if you're looking at your cost, you know, freight rates fluctuate last year,

[Nate Ginsburg] 16:14

So we've seen a lot of freight rates going up.

[Nate Ginsburg] 16:16

And, and, and yeah, so you just want to be really on top of calculating your cost of goods,

[Nate Ginsburg] 16:23

And updating your cost of goods, you know, dynamically, taking into account, you know, updated freight rates for your updated cost of goods.

[Nate Ginsburg] 16:32

And the important thing here is just like you want to,

[Nate Ginsburg] 16:35

I mean, just know that, and there's going to be another set of eyes looking at this.

[Nate Ginsburg] 16:41

And so, you know, just even having that awareness is going to help you better prepare, because, yeah, I mean, and this is something also, it's not uncommon, and for our clients that sent Jirka,

[Nate Ginsburg] 16:53

For us to provide, like different treatments. And so, you know, let's so freight rates, for example,

[Nate Ginsburg] 16:59

Change over time, and let's say the last year, the freight rates have gone up.

[Nate Ginsburg] 17:03

And so on one hand, you know, our clients, the buyer, they might want to see an average of the last 12 months of freight rates, which on one hand is is reasonable,

[Nate Ginsburg] 17:12

But also if freight rates have been going up, they might want to see,

[Nate Ginsburg] 17:16

Freight rates average from the last three months only, which is going to be higher versus the last 12 months.

[Nate Ginsburg] 17:24

And, you know, and so just this is something, again, to be aware of that these are things that you could be encountering, as you go into due diligence.

[Nate Ginsburg] 17:32

And, you know, you want to be as on top of it as you can.

[Nate Ginsburg] 17:35

And yeah, just know that this is something that I mean, it's one of the most common discrepancies.

[Nate Ginsburg] 17:42

And there are different ways to calculate cost of goods.

[Nate Ginsburg] 17:46

Yeah, just something to be aware of, and be in front of, because again, it is a common area that there is differences in the seller versus the rebuilt p&l is.

[Nate Ginsburg] 17:58

So

[Nate Ginsburg] 18:00

Next, so we're not going to spend much time here.

[Nate Ginsburg] 18:02

So the next thing this is more, there's like another level of financial diligence, that's called quality of earnings.

[Nate Ginsburg] 18:11

And this is just like a I mean, what's important for you to know as a seller is this is just like a deeper dive into your financials, if you're getting if you're building a bigger business.

[Nate Ginsburg] 18:22

And when you're selling, it won't be uncommon to also reproduce quality of earnings.

[Nate Ginsburg] 18:27

But for most businesses, if it's I mean, as a seller, not something you really need to worry about too much.

[Nate Ginsburg] 18:35

But yeah, but there are different levels of financial analysis, depending on the size of your business on the sell side on the buy side that you would or could be getting into.

[Nate Ginsburg] 18:47

So

[Nate Ginsburg] 18:48

Key questions around the financial side is really you know, from a seller what you care about, will the p&l match?

[Nate Ginsburg] 18:56

Will the buyer Cost of Goods change versus your cost of goods?

[Nate Ginsburg] 19:00

And is this going to affect the sale price? All right, so moving on.

[Nate Ginsburg] 19:09

So going to lead off with this quote, from Ray Dalio, the author of principles,

[Nate Ginsburg] 19:15

Which is a fantastic book, and Ray Dalio says Manage as someone who is designing and operating a machine to achieve the goal and look down at on your machine and yourself within it from the higher level.

[Nate Ginsburg] 19:29

So you know, you're building a business here and think about this business as a machine, you're looking down on your machine. And you can make tweaks to improve the machine efficiency

[Nate Ginsburg] 19:40

, make it run better, as well as identify areas that maybe the machine could be breaking.

[Nate Ginsburg] 19:46

And so that is really at the core of operational diligence, which is two things is going to be about identifying risks and red flags, as well as value creation.

[Nate Ginsburg] 19:59

So Continuing with the machine metaphor, risk areas that the machine could break, and value creation are opportunities that you can improve efficiency, improve the abilities of your machine.

[Nate Ginsburg] 20:13

So the first key to look at on the operational side is what's called transfer ability.

[Nate Ginsburg] 20:20

So basically, this is about how able to be transferred is your business to the buyer.

[Nate Ginsburg] 20:26

So E commerce businesses generally are, are pretty transferable.

[Nate Ginsburg] 20:32

And, you know, so this is good, but there are some things to be aware of.

[Nate Ginsburg] 20:37

And just generally, I think good to understand as a entrepreneur or business builder,

[Nate Ginsburg] 20:41

So one of them is called a key person risk.

[Nate Ginsburg] 20:44

And so this is sort of what it sounds like,

[Nate Ginsburg] 20:47

But the risk associated with a key person in the business.

[Nate Ginsburg] 20:50

So this could be with the ops, like, there's one person with all the business knowledge that's running everything, you know, that's going to be risky to the buyer of taking over the business,

[Nate Ginsburg] 21:02

If all the knowledge is concentrated in in someone who's not coming with the business,

[Nate Ginsburg] 21:06

As well as could be associated with the personal brand.

[Nate Ginsburg] 21:09

So this couldn't be more relevant for E commerce sellers.

[Nate Ginsburg] 21:12

What if you know, if you're the face of the if you have, you know, a big social presence, and you have a big social personal brand that's driving a lot of sales,

[Nate Ginsburg] 21:20

and you're the face and everyone knows you, you know, that that also could be considered key person risk, and is, you know, going to make the business less transferable.

[Nate Ginsburg] 21:31

Some other things to keep in mind with transferability is, you know, transferring a vendor, you know, vendor slash partners.

[Nate Ginsburg] 21:39

And so this is I mentioned a little bit earlier, but, you know, having contracts with your vendors, with your partners, basically, everyone you're working with, the more contracts, and the better.

[Nate Ginsburg] 21:49

So, that to keep in mind, as well as with the team, you know, Team contracts, Team agreements, you know, these are all things that are going to make the business more transferable,

[Nate Ginsburg] 22:00

Which means less risky, which is going to be a smoother transaction.

[Nate Ginsburg] 22:07

All right, Alright, next, we're going to dive into some red flags.

[Nate Ginsburg] 22:11

And again, so you know, the less red flags, the better, more red flags mean, more risk, they could, you know, end up passing on the business or trying to retrain, so for an E commerce,

[Nate Ginsburg] 22:23

FBA business, you know, some red flags could be incorrect cogs. If you have a bad product, it's getting bad reviews, the star ratings going down margin trends.

[Nate Ginsburg] 22:35

So this is one that we see. So very much a red flag, if you have, for example, your product price is going down. Seller fees are going up, meaning margin risk, you know,

[Nate Ginsburg] 22:51

sales trends in general going down, also a red flag, you don't platform policy complaints, maybe Amazon reviews, certainly a risk, you know, not compliant with sales, tax VAT,

[Nate Ginsburg] 23:05

As well as, you know, non-registered trademarks.

[Nate Ginsburg] 23:08

So these are, these are all risks and things that, you know,

[Nate Ginsburg] 23:12

Hopefully now that you know them, you can stay in front of them and just be aware of, you know,

[Nate Ginsburg] 23:18

Risks that from the buy side that they're looking at when someone's coming to evaluate your business.

[Nate Ginsburg] 23:24

Alright, so now let's look at some so cost savings and cost savings is, you know,

[Nate Ginsburg] 23:29

Very synonymous with value creation.

[Nate Ginsburg] 23:33

And so, cost savings, a couple of areas that you can look at is going to be cost of goods and so optimizing your supply chain, you know, can you negotiate lower cost of goods?

[Nate Ginsburg] 23:43

Can you have a lower supply chain costs in general, you know, those that's going to directly impact your bottom line. You know, that's probably the biggest or one of the biggest, certainly in an E commerce business.

[Nate Ginsburg] 23:57

Another one, you know, a significant line item could be around, you know, HR, and so you know, optimizing your HR, your team expenses, are you overpaying?

[Nate Ginsburg] 24:08

Another one it's not on there, but it's a common one is going to be you know, your marketing and advertising spend and so you know, dialing in your PPC,

[Nate Ginsburg] 24:15

Et cetera. So you're not, you know, wasting money there is again, directly going to impact your bottom line. And yeah, just general, like process improvements in systems.

[Nate Ginsburg] 24:27

And so if you can, you know, improve your processes, so your business is run by three people instead of 30. You know, that's going to have a positive impact.

[Nate Ginsburg] 24:38

And then And then one last one, so this is just like a tip. I mean, it's not going to specifically affect your p&l, but just being on top of your accounts receivable and accounts payable.

[Nate Ginsburg] 24:50

This is another very Yeah, this is a big one. It's important.

[Nate Ginsburg] 24:54

You know, basically, if you can stretch out your payables to vendors is going to be the biggest one.

[Nate Ginsburg] 25:00

And anything you can you can do to increase or decrease the time on your receivables is just going to improve your cash flow cycles. And just you know, via easier, better business to run.

[Nate Ginsburg] 25:13

So, the professional Peter, we can meet again, the professional Peter is on top of all of these operational things, works on their business has contracts, has agreements,

[Nate Ginsburg] 25:24

Optimized supply chain, etc. Just a reminder, we want you like Peter. So some key questions when it comes to the operational diligence.

[Nate Ginsburg] 25:37

So is my business transferable? What? And if our skeletons in the closet red flags, and yeah, where can I create value?

[Nate Ginsburg] 25:47

So knowing these things, what tweaks can

[Nate Ginsburg] 25:49

I make can you make that are going to increase the business value instead of your buyer going through and making these adjustments and, you know, increasing the business value?

[Nate Ginsburg] 26:02

All right, so now we are going on to the commercial side,

[Nate Ginsburg] 26:05

Which is about growth. And so we covered financial, we covered operational,

[Nate Ginsburg] 26:10

Which is, you know, risk mitigation and value creation.

[Nate Ginsburg] 26:15

But commercial as a, as an entrepreneur, as a business builder is what gets me the most excited because it's more forward thinking.

[Nate Ginsburg] 26:22

Yeah, I don't know, it's I, well, I like I like growth.

[Nate Ginsburg] 26:25

So let's get into it. So. So a couple of things to look at on the growth side,

[Nate Ginsburg] 26:31

You one is so first is going to be looking at, you know, external market analysis. And so this is something that is, is fairly common. So especially when you get into bigger acquisitions,

[Nate Ginsburg] 26:50

Market diligence, or commercial diligence, is, is a really common area that, you know, savvy buyers, big buyers, they spend a lot of money on this.

[Nate Ginsburg] 27:01

So a quick story about it was a friend was launching a FBA aggregator, and their big investor, some, you know,

[Nate Ginsburg] 27:14

Big private equity or you know, some big fund, they, they paid a consulting firm, close to a million dollars to put together a commercial diligence or market diligence analysis,

[Nate Ginsburg] 27:30

Which really goes into, you know, this is looking at the whole, you know, ecommerce ecosystem, as well as the products and your brand and how you fit versus competitors, and what's different

[Nate Ginsburg] 27:43

, and what's the overall market, you know, where's all this heading.

[Nate Ginsburg] 27:47

And so, you know, this is really important to the big to the big buyers.

[Nate Ginsburg] 27:53

And this can be insight that you can leverage for yourself as well. And so you can leverage it.

[Nate Ginsburg] 27:59

Two ways. One is just for yourself. So doing this kind of analysis, you know,

[Nate Ginsburg] 28:04

Being aware of where is the market heading?

[Nate Ginsburg] 28:07

What trends are, you know, is it up? Is it down?

[Nate Ginsburg] 28:11

You know, getting, yeah, insight into these things is all going to be useful for you, to allow you to be more strategic, you know, as well as looking outward externally looking at your competitors,

[Nate Ginsburg] 28:26

What products are they offering, how are you differentiated, you know,

[Nate Ginsburg] 28:29

This is all really good insight that you can use to build a better business.

[Nate Ginsburg] 28:34

And also good to be aware of, because, you know, when you're trying to paint a picture for an eventual buyer, these are really good things to keep in mind.

[Nate Ginsburg] 28:44

And a lot of the selling your business is around crafting a good narrative around, you know, what your business is, how its differentiated, why it's unique. And so being aware of these things, yeah,

[Nate Ginsburg] 28:56

Can be valuable for you to help you build a bigger, better, better and bigger business,

[Nate Ginsburg] 29:01

As well as just know that things that your buyer is going to be thinking of, especially if it's a big acquisition, and they're sophisticated, professional buyer.

[Nate Ginsburg] 29:13

So Alright, so we've got, you know, external looking, which we covered.

[Nate Ginsburg] 29:17

And then we've also got internal looking and so internal, these are going to be things like, you know, who your customer's demographics psychographics are.

[Nate Ginsburg] 29:26

You know, what type of LTV, do you have, you know, can you increase LTV, NPs Net Promoter Score,

[Nate Ginsburg] 29:35

So I heard on some podcasts with a very successful, you know, private equity firm, that the net promoter score.

[Nate Ginsburg] 29:45

So the net promoter score, if you're not familiar, is basically its like,

[Nate Ginsburg] 29:48

It's a simple question that you ask your customers and its like,

[Nate Ginsburg] 29:51

How likely are you to recommend this product to a friend and the higher the net promoter score was basically like,

[Nate Ginsburg] 29:59

If you know, as a buyer, if they're looking at one key metric in terms of future business success,

[Nate Ginsburg] 30:04

It’s like this net promoter score. And so being aware of this, you know, this is analysis that you can do internally with your own customers to develop your own NPS.

[Nate Ginsburg] 30:14

And again, for really valuable insight where you can see it is, you know, what is our NPS? If it's good, great, that's a really powerful insight.

[Nate Ginsburg] 30:27

And you know, what, if it's not great, then this is, again, insight that you can use to improve your business.

[Nate Ginsburg] 30:34

So that, you know, customer analysis, as well as you know, putting together a business plan.

[Nate Ginsburg] 30:39

And this is something that I know a lot of a lot of bootstrapped entrepreneurs, and this was myself as well, you know, really don't put so much stock in Oh, a business plan, oh,

[Nate Ginsburg] 30:49

I'm an entrepreneur, you know, and who needs a business plan?

[Nate Ginsburg] 30:52

And like, look, most important is generating sales, launching products, for sure.

[Nate Ginsburg] 30:58

But, you know, there is a lot of value in just strategic thinking and insight and putting together you know, business plans and models around like,

[Nate Ginsburg] 31:07

Okay, like, how, what is the roadmap to double this business, or what is the roadmap to 10x 10x this business and so

[Nate Ginsburg] 31:14

, you know, putting strategic thinking time into things like this are going to be better for your own, you know, for your own growth, as well as you know, when you're, you know, pitching to a buyer,

[Nate Ginsburg] 31:25

If you're able to present a roadmap and a business plan of like,

[Nate Ginsburg] 31:28

Hey, here's how I'm going to 10x is business, that it's compelling.

[Nate Ginsburg] 31:33

And so all of this is just building, you know, strength and narrative for you as, as the seller that, you know, you can use for yourself to build a better business, or

[Nate Ginsburg] 31:46

To give to the buyer to just have more, you know, a stronger narrative around your positioning and you know, the future direction of the business.

[Nate Ginsburg] 31:57

Alright, so, wrapping it up shortly, we've got six different growth levers for you know, optimizing your business, I'm going to run through them quickly.

[Nate Ginsburg] 32:09

So you've got CRO conversion rate optimization, increasing the conversions for the people that are on your listing, and getting them to convert more is going to help your growth, SEO.

[Nate Ginsburg] 32:22

So Amazon SEO ranking, better getting more traffic through SEO, whether that's on Amazon, or, you know, off Amazon SEO, PPC optimization,

[Nate Ginsburg] 32:33

I touched on that a little bit generally, but the better optimize your PPC is, you know, the better your business is, and more profit. So another one's going to be implementing a sales team and so you know

[Nate Ginsburg] 32:47

, depending on your brand and your model, but yeah, you know, having a sales team getting into stores getting into retail, you know, that's also a strategy.

[Nate Ginsburg] 32:58

Another one is going to be joint ventures so this is going to be things like partnering with people that are already serving the audience that you want to be that you know,

[Nate Ginsburg] 33:06

That you want to serve. And, yeah, and email. So doing email is a little bit easier with, you know, off Amazon email, but yeah, but that's a revenue generating channel as well.

[Nate Ginsburg] 33:19

And so I hope you can look at this and identify some at least in your business that you can, you know, tweak and optimize and a little goes a long way you don't have to, you know,

[Nate Ginsburg] 33:28

Crush it with all of these but if you can improve even just one of them, that's going to directly go to your bottom line, increase the value of your business position for a more successful exit outcome.

[Nate Ginsburg] 33:42

So some key questions here is, you know, is this a red ocean?

[Nate Ginsburg] 33:48

What's the big vision for the business and how can I or you to exit the business or 10 Extra business and again thinking about those growth levers that we just talked about?

[Nate Ginsburg] 34:01

So again, remind you where we started the amateur Alex hopefully with this information you now feel confident in at least growing from the amateur Alex whether or not you started there hopefully with this insight you Yeah,

[Nate Ginsburg] 34:19

Are competent, your ability to level up and improve yourself so as not to be the amateur Alex,

[Nate Ginsburg] 34:26

Too much more into the future. So just want to remind you, you know, now really is the greatest opportunity to build wealth through business through business exits in the history of the world.

[Nate Ginsburg] 34:40

There's so despite some recent market conditions and buyers becoming more discerning, there is continuing more interest than ever coming down from more experienced finance more professional buyers,

[Nate Ginsburg] 34:55

More, you know, more traditional money that's becoming interested in these types of ads. sets. And that's your opportunity to build great businesses that these buyers want to buy.

[Nate Ginsburg] 35:05

And, yeah, this is unique. I mean, this is a really, you know, a period in time that we are that we're in that you have the opportunity to take advantage of.

[Nate Ginsburg] 35:16

So can we are I help you crush your exit, avoid a Retrade all that good stuff. If so, if you want to connect here is all the info, so got my Instagram, my Facebook, LinkedIn, if you want to connect with me,

[Nate Ginsburg] 35:33

Nate at Central America. And yeah, I was chatting with Gary a little bit, you know,

[Nate Ginsburg] 35:38

Before but I'm kind of giving you this presentation with my hat literally, you know, coming from the center, aside from the buy side, but my other company seller

[Nate Ginsburg] 35:48

Plex is one, you know, if you're interested in help, seller Plex would be the one that, you know,

[Nate Ginsburg] 35:56

Couldn't be a fit to help support you. And so if you want to get the slides, you can find them at cellar plex.com/seven.

[Nate Ginsburg] 36:03

F SS, you can download the slides. As well as just contact my team, they're happy to you know, you can get on a call with our team, run through your supply chain run through your business.

[Nate Ginsburg] 36:14

We've got a big team over there. 60 or 70 people, you know, we've been in the space for a while we know the space and happy to help support you if if you need it. So

[Nate Ginsburg] 36:27

There we have it.

[Gary Huang] 36:28

Excellent. Thank you very much, Nate.

[Gary Huang] 36:30

And if you do want to connect and learn more,

[Gary Huang] 36:34

I highly recommend that you check out cellar Plex and Okay,

[Gary Huang] 36:40

Nate, can you just help clarify because I know some people in the audience, you know,

[Gary Huang] 36:45

I mean, most people are sellers. But some people may think about possibly buying a business maybe to to expand or maybe to just like get a jumpstart.

[Gary Huang] 36:53

So who I mean, who is Centrica for who should contact Central Oregon and who should contact seller plecs Yeah,

[Nate Ginsburg] 37:01

So Central America works with buyers. So if you are buying a business, and you want help with due diligence, sin Czerka is the most experienced with EECOM FBA acquisitions,

[Nate Ginsburg] 37:15

We know these types of businesses, to my understanding really better than anyone and that's because like, I've run this our team, we have a lot of experience with these business models,

[Nate Ginsburg] 37:26

Which just kind of like centric is unique positioning.

[Nate Ginsburg] 37:29

So if you're buying an FBA business or an econ business, feel free to hit ups and Czerka. Seller flex works with sellers and so and seller flex.

[Nate Ginsburg] 37:40

So in seller flex, you know, we have a variety of services,

[Nate Ginsburg] 37:45

Amazon account management, you know, PPC management, supply chain management, we have content team,

[Nate Ginsburg] 37:50

We have a finance department. We Yeah, and that's working with sellers.

[Nate Ginsburg] 37:55

So if any of those things, you know, you want to offload or think we can help and help you optimize that will be on the seller, black side.

[Nate Ginsburg] 38:03

And you know, seller flex, yeah, I started that business for four years ago now. And yeah, we've got a great team. It's a big team, we have a lot of experience. And so yeah, hope that helps.

[Gary Huang] 38:15

Excellent, excellent. And I also like to thank Nate because I'm actually working with seller Plex right now to hire, and executive virtual assistants.

[Gary Huang] 38:24

So we're still in the process, because I definitely want to find any player Rockstar that can really help me, you know, be the glue to this business.

[Gary Huang] 38:33

So if you know, that's just one example of what seller Plex does, but I highly recommend that you check them out if you'd like to learn more.

[Gary Huang] 38:40

So Nate also shared very quickly about the free bonus for everybody watching today,

[Gary Huang] 38:48

Download the slides. And again, you can get that at solar plex.com/seven.

[Gary Huang] 38:53

FSS and the link will be below the video. And Nate has been very generous to providing a special bonus offer for the All Access Pass holders. And this will be a free consultation with so Plex.

[Gary Huang] 39:06

And Nate, could you tell us a little more about what people can get from that?

[Nate Ginsburg] 39:11

Yeah, I mean, basically, you know, seller Plex has and does, you know, we work with a lot of different businesses around like a pretty extensive scope.

[Nate Ginsburg] 39:20

And so you know, we sell a Plax offers a lot of services, whether it's from marketing to accounting to supply chain and operations and so we just have a lot of insight and you know,

[Nate Ginsburg] 39:33

We do this for a lot of businesses we know a lot of best practices and you know, we know a lot of not best practices

[Nate Ginsburg] 39:40

And so and so yeah, you know, on the consoles can you know run through your business and really just address the areas that are the biggest concern for you and you know,

[Nate Ginsburg] 39:51

We're happy to just you know, add value on the call, put you in the right direction, and you know,

[Nate Ginsburg] 39:56

If you want additional help from seller flags, of course happy to explore bye If that's not,

[Nate Ginsburg] 40:01

I mean, totally up to you, we're happy to just like, talk through some of your, you know,

[Nate Ginsburg] 40:05

Challenges or areas if you want to ask us questions. And you know, do whatever you want with it.

[Gary Huang] 40:11

Perfect. All right. Sounds good. So let's stop the screen share for a minute.

[Gary Huang] 40:16

And I like to quickly wrap up with a couple of questions. The first is about operations.

[Gary Huang] 40:23

So I saw that you recommended, let's say, for an Amazon FBA business, ideal team structure,

[Gary Huang] 40:29

You want to get more like three people, you don't want to get 30 People like, who would those three people be?

[Gary Huang] 40:35

What would that team look like?

[Nate Ginsburg] 40:37

Okay, well, so I just kind of through those, you know, employee, you know, yeah, kind of threw that out there. But, but yeah, but I mean, basically, like, I think you've known a high level,

[Nate Ginsburg] 40:50

The way that I organize mine, as well as the way that seller Flex is organized is like, you know,

[Nate Ginsburg] 40:54

You've got like, a brand manager who's focused on, you know, the account and the marketing and the PPC,

[Nate Ginsburg] 41:02

you've got operations, which is, you know, primarily supply chain and updating the order trackers, and, you know, reorders and freight and dealing with all that. You've gotten accounting departments,

[Nate Ginsburg] 41:14

Which, either internally or, you know, outsource to, like we said, Just someone with experience,

[Nate Ginsburg] 41:19

Who knows how to, you know, run the numbers. And, and then new product development,

[Nate Ginsburg] 41:25

I mean, depending on if you're launching new products, but that's also, you know, a pretty important function if you are launching new products. And,

[Gary Huang] 41:35

Yeah, there you have it, you know, excellent.

[Gary Huang] 41:37

All right. And also talking about analyzing trends.

[Gary Huang] 41:41

You had mentioned earlier about, you know, some of those external trends and also

[Gary Huang] 41:44

Like, a red ocean to, you know, is this a red ocean?

[Gary Huang] 41:47

Can you give us an example?

[Gary Huang] 41:49

What are some ways you would, you know, quickly look for something like that, like, these red flags and these trends?

[Nate Ginsburg] 41:57

Yeah, I mean, a lot of it is, you know, if you're looking at a product and, you know,

[Nate Ginsburg] 42:03

Like undifferentiated products on Amazon, a lot of them follow a similar trend line, you know, sales go up their eyes, and then they fall. And, you know, so looking at it like, oh, like, is this product differentiated?

[Nate Ginsburg] 42:15

Are there aggressive new sellers coming in, that are undercutting, you know, that are undercutting prices?

[Nate Ginsburg] 42:22

Like, those are? Yeah, I mean, you know, stuff like that. And so looking at sales trends, and it's like,

[Nate Ginsburg] 42:28

Oh, are they going up? Is it going down? Is this product actually differentiated in the market?

[Nate Ginsburg] 42:34

Is it otherwise susceptible to, you know, a race to the bottom in terms of price or other competitors coming in?

[Nate Ginsburg] 42:40

So yes, stuff like that. Cool.

[Gary Huang] 42:43

All right. And another question is about strategic thinking, you know,

[Gary Huang] 42:47

I'm kind of guilty of this lot of times, we're just like, you know, trying to grow, grow, grow and put out fires,

[Gary Huang] 42:52

But how do you recommend, you know, someone watching today,

[Gary Huang] 42:56

If they want to, you know, try to put some time to, you know, strategic thinking into,

[Gary Huang] 43:02

You know, their roadmap or, you know, growth, you know, you know, working backwards to hit that goal,

[Gary Huang] 43:07

You know, a million a year, a million months, etc? Can you give us an example of

[Nate Ginsburg] 43:11

That? Yeah, I mean, I think the biggest thing is just taking time out to actually do it.

[Nate Ginsburg] 43:17

And so, you know, it doesn't need to be a lot. But yeah, you know, take a Saturday and just take a Saturday afternoon, go to the cafe, just, you know, think about it Oh, like,

[Nate Ginsburg] 43:27

How would I grow this business?

[Nate Ginsburg] 43:29

And just think, like, you know, that's really, you know, there's no secret sauce here, or special techniques? I mean, yeah, just thinking about, like, what is the vision?

[Nate Ginsburg] 43:41

And how do I get there? Like, just putting intentional time and thought into that is? Yeah, I mean, that's, that's where you start?

[Gary Huang] 43:49

Yeah, just put it into the calendar. You know, sometimes we're just like, going from one thing to another.

[Gary Huang] 43:54

So that's something I got to do. Okay.

[Gary Huang] 43:56

And, finally, you had mentioned something that was very interesting.

[Gary Huang] 44:02

You know, right now, given the market conditions, things are changing,

[Gary Huang] 44:05

But you said that more of the traditional money is coming in.

[Gary Huang] 44:09

Can you share a little bit more about that for you know, sellers, maybe not familiar with that, like, what does that mean for the seller? Yeah, yeah, totally. So,

[Nate Ginsburg] 44:19

I mean, so Okay, so let's, let's zoom out and look at like, kind of the overall online acquisition ecosystem.

[Nate Ginsburg] 44:27

And so there's a few, like, macro trends that are going on that, you know, are exciting for both buyers and sellers. And so let's start on with the sellers.

[Nate Ginsburg] 44:39

And so, you know, online businesses as like a category are will say professionalising.

[Nate Ginsburg] 44:47

And so, you know, even think about like, five years ago, I mean, 10 years ago, there was no seven figure seller summits, there was no like, you know, support and consulting work. with

[Nate Ginsburg] 45:00

, you know, these types of businesses, you know, helping the business owners be, you know,

[Nate Ginsburg] 45:05

CEOs and not stuck working in the business and really like,

[Nate Ginsburg] 45:09

You know, the quality of the businesses from the sell side is, is improving,

[Nate Ginsburg] 45:14

and just like the whole, you know, the marketplace has really, you know, evolved and come out of nowhere from, you know, 10 years ago, literally, you know, nobody was buying and selling

[Nate Ginsburg] 45:25

Amazon businesses, ecommerce businesses, it just wasn't even a thing.

[Nate Ginsburg] 45:29

And so fast forward, you know, people are people like yourselves, and your listeners that are like, they take this business seriously, they know that there's a big opportunity, and they,

[Nate Ginsburg] 45:41

You know, are building like a really quality business. So like, that's one side on the sell side.

[Nate Ginsburg] 45:45

And then on the buy side, and what you were specifically referring to, we have more and more, like, traditional finance and private equity, that's becoming interested in these different business, you know

[Nate Ginsburg] 45:59

, business models. And so, again, you know, 10 years ago, five years ago, there was no THRASS CEOs,

[Nate Ginsburg] 46:05

There were no aggregators, private equity, just, you know, they wouldn't look at or even touch, you know,

[Nate Ginsburg] 46:11

An FBA business, but now, that's obviously changed.

[Nate Ginsburg] 46:15

And so, you know, that's, that's a trend that, you know, the seal has been broken,

[Nate Ginsburg] 46:20

But there still is a lot of, you know, traditional business buyers that haven't yet jumped in to this, you know, ecosystem. And so, so yeah, that's still more of an opportunity of, you know,

[Nate Ginsburg] 46:34

More buyers entering the space. You know, in order to work with them, you need to,

[Nate Ginsburg] 46:39

Like, have a good business, which, you know, which we talked about, but there is more buying interest becoming, you know, coming into this space.

[Nate Ginsburg] 46:47

And, and additionally, there's, there's lending that's available for these types of businesses.

[Nate Ginsburg] 46:53

So a lot of acquisitions are, you know, done leveraging debt.

[Nate Ginsburg] 46:57

And so, you know, SBA, for example, SBA loans, maybe you're familiar, some of your listeners are familiar, you know

[Nate Ginsburg] 47:04

, five years ago, SBA wasn't lending to, you know, wasn't lending to buyers who wanted, wanted to buy these types of businesses, but, you know,

[Nate Ginsburg] 47:12

Now they are becoming more comfortable they are, you know, they are lending.

[Nate Ginsburg] 47:16

And so this just opens up more and more, you know, more and more buyers, whether it's individuals, like you or me, that gets an SBA loan,

[Nate Ginsburg] 47:24

Or, you know, more traditional private equity or family offices that just like, before, wouldn't, you know, weren't interested in these types of assets.

[Nate Ginsburg] 47:33

But now, for all the, you know, it's like a, you know, reinforcing cycle, there's better businesses,

[Nate Ginsburg] 47:39

Which is attracting better buyers, you know, to then upping the level of the business quality,

[Nate Ginsburg] 47:44

Which then attracts more buyers and so, so yeah, and I think this is like, you know, this is a trend that we are in the midst of

[Gary Huang] 47:51

That, so yeah, perfect. All right. Excellent. So quickly, you'd like to wrap up, favorite book or podcast, you would recommend me?

[Nate Ginsburg] 48:01

Oh, man, um, well,

[Nate Ginsburg] 48:05

The first book that comes up that's sitting here as well, a new favorites I mentioned, I'm really into like, like mindfulness, this book called the inner work.

[Nate Ginsburg] 48:14

Super, super good. It's very, um, it's very practical and pragmatic.

[Nate Ginsburg] 48:20

I mean, I listened to and I've read a tonne of, you know, these types of books.

[Nate Ginsburg] 48:24

And this one was like,

[Nate Ginsburg] 48:26

Yeah, I mean, I've been its becoming one of my most recommended books highly recommended.

[Nate Ginsburg] 48:31

It's very, like, it's just very practical. And yeah, like,

[Gary Huang] 48:36

Who's the author? Um,

[Nate Ginsburg] 48:39

It’s by Matt in ash. Okay, yeah, it's on Amazon. I mean, yeah, definitely recommend it. It's one I keep going back to

[Gary Huang] 48:51

All right. Excellent. And 8020 rule of time, you know, I'm all about 8020 rule.

[Gary Huang] 48:56

So if you were to just tell down distil down everything you've shared, what would be the number one recommendation you'd like to leave our audience with today?

[Gary Huang] 49:04

They really want to maximise their exits, reduce these risks of the retreat.

[Nate Ginsburg] 49:11

Don't mess up your financials perfect.

[Gary Huang] 49:18

And I remember you said to hire a professional, you know, accountancy familiar with E comm.

[Gary Huang] 49:24

So you don't mess things up. Right.

[Gary Huang] 49:26

So you know, seller Plex is one option out there and you know, definitely consider that guys.

[Gary Huang] 49:32

But yeah, I think that's super critical. So Nate, thank you again for the super valuable session.

[Gary Huang] 49:38

Today. I highly recommend you guys also check out seeing surecall If you are considering acquiring a business I know that is one of the alternative ways of growing and scaling. I know that some sellers are doing that.

[Gary Huang] 49:51

So definitely consider satirical. Thank you everybody for watching and we will see you guys at the next session.

[Gary Huang] 49:56

Bye everyone.