

# **10 MILLION**

**Escape the 7-Figure Trap, Build a  
Business that Runs Itself, and Achieve  
True Financial Freedom**

By Matt Clark

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**DISCLAIMER:** This book contains my experiences and opinions on what it takes to build a successful business. I've tried to accurately represent my results, the results of people I've helped, and my experiences. When I present financial figures in this book, please assume these results are *not* typical. I cannot promise you will achieve any results from reading or applying what's in this book. Your results will be determined by several factors over which I have no control, such as your financial condition, experiences, skills, level of effort, education, and luck. Please consult with qualified financial and legal professionals on topics related to those professions. Only take financial risks you can comfortably handle. The information contained in this book is for educational and informational purposes only.

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# **Introduction**

## INTRODUCTION

# Why \$10 Million is the Tipping Point for True Freedom

When I first ventured out as an entrepreneur in 2009, I aimed to build a business with \$1 million in sales within 12 months. This idea of becoming a *millionaire*, where I could travel, spend time with my wife, and live life in the way I wanted kept me motivated that first year and beyond. While it took an extra six months longer than planned, I did achieve, and even exceeded, my goal of a million dollars in annual sales.

However, reaching \$1 million in sales didn't actually change much for me - in life or in business. My business constantly felt like it was on the verge of falling apart, where the slightest hiccup could cause it to crash down to nothing again. I found myself working long hours for, what seemed to be, low rewards.

Since then, I've helped thousands of people start and grow businesses as well as scaled multiple of my own businesses, starting from nothing and growing them to multi-million dollar ventures in just a few short years. Some people I've taught have built businesses up to \$1 million, multiple millions per year, and even a few have sold over \$100 million through their companies.

Through my own experience and from talking with these same business owners—and this is the reason for writing this book—I've discovered that a million dollars isn't true freedom.

A friend of mine, let's call him Frank, owns a business that sells about \$1.5 million per year. He and his sister have been building their business together for ten years. Frank has two kids, and his sister is about to have her first child this year. They own the business together 50/50. With \$1.5 million in sales and around a 15% net profit, they have \$225,000 to split between themselves, including paying themselves a salary. But, they need to leave *at least some* buffer in the business to pay for future inventory and have some cash to cover unforeseen expenses. So, let's say they split

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\$200,000, leaving \$25,000 per year in the business. Using the Paycheck Calculator from SmartAsset.com, each takes home about \$6,000 monthly after federal, state, and local taxes (roughly \$8,300 per month before taxes). However, SmartAsset also estimates a family of four needs at least \$275,000 in combined annual income in 2024 (or just under \$30,000 per month pre-state and federal taxes) to just live *comfortably*. In other words, \$6,000 per month to raise a family is *not* freedom; it is no where close in fact.

True freedom for business owners comes more around the \$10 million per year mark. At that point, your business becomes more stable; revenue is more predictable, profits are more consistent, and, most importantly, you have the *dollar profit* level to pay yourself well *and* hire a high-caliber team to operate your business so you don't have to do the day-to-day grind. Isn't that why you started your company in the first place?

For most of us, the reasons we start a business are (1) to make money and (2) to create a product we believe in or solve a problem. When we think about making money, we usually want a better lifestyle, such as a nicer house, cars, and vacations. However, we often want *freedom*, too. We want enough money coming in so we don't *have to* work. Sometimes, we get so caught up in the act of building a business we forget a big part of why we wanted to build a business in the first place: to *be free*.

The possibility of being truly free and building a lasting business begins around \$10 million in annual sales. Here's why:

The average net profit of a small business is around 10%, which isn't much lower than the average net profit of the companies in the S&P 500 index and is a good rough estimate to consider even as you grow. So, if you own a business with \$2 million in sales, you "make" \$200,000 in profit. Great, right? Not quite.

This estimate of \$200,000 in net profit already factors in your own salary. Let me break it down a little more. Most healthy businesses aim to have around a 15%

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profit (20% for the high-end or top ones) excluding what it pays out to you. If you take 5% of this 15%, or \$100,000, for yourself, this is how you get to \$200,000 left over in net profit. However, can you pay yourself the extra \$200,000 for a combined salary of \$300,000? Likely not. You need to consider the stability and longevity of your business' future. You need to build cash to invest for future growth and be prepared to handle the inevitable issues which come with building a business.

So, in reality, most of that \$200,00 of profit needs to stay in the business until you've built a cash base of *at least* \$400,000, which should be around six months of operating expenses. This means you're stuck making the equivalent of about \$50 an hour for all the hard work you've put into running your business.

With a \$2 million business the more significant issue is you don't have the size yet to afford to hire high-caliber employees who can run your business for you. If your business sells \$2 million annually with a 50% gross margin and a 10% net profit, that leaves 40% for operating expenses, or \$800,000 annually. Half of that likely goes to marketing costs, which leaves you with \$400,000. Then, you pay yourself \$100,000, which leaves you with \$300,000. After paying for basic operational expenses such as software tools, design work, development work, legal costs, and accounting costs, you're likely left with about \$200,000 to fund your entire team, other than yourself. That gives you enough to pay for a customer service manager (\$75,000 per year), an administrative employee (\$50,000 per year), and three overseas customer service representatives. That's not a bad team structure if you want to run your company independently for the rest of your life.

The ideal way to run your business is to have a high-level team who can make intelligent decisions and run your business 100% without you, if necessary. You should be able to go away for a month or more and come back with a company that's in as good of, or even better shape than before you left. To do this effectively, your business requires a larger scale than \$1 million or \$2 million annually. Let's rerun the numbers at \$10 million per year.

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Suppose you have \$10 million in annual sales with a 10% net profit. The same 50% gross margin leaves \$4 million for operating expenses. Half of which is still likely to go to marketing, leaving you with \$2 million. Your basic operating expenses have likely increased to around \$500,000 per year based on your higher revenue and scaling needs. You are left with roughly \$1.5 million to spend on your team, including you. When thinking about your own salary, and considering you now run a more significant business, you should be able to pay yourself more. Most entrepreneurs want to make at least \$20,000 per month pre-tax. At that level, you can pay the mortgage on a million-dollar home and still have cash left over for your other lifestyle needs. With this in mind, also adding a bit of a buffer, let's bump your compensation to \$360,000 per year pre-tax, leaving you with \$1,140,000 for the rest of your team. That is enough to pay for a Chief Financial Officer, a high-level marketer, a good operations manager, and an excellent technical team for your business. You should still have money left over to build your cash balance to pursue future opportunities and deal with future setbacks.

The final, and perhaps the most appealing reason to entrepreneurs \$10 million is where true freedom begins is it typically represents the shift for when your business becomes much more predictable and stable. Running a 7-figure business can seem like walking on a tightrope a few hundred feet in the air - it's exciting and even exhilarating, while also being precarious and sometimes terrifying. If your company's average purchase price is \$100 but you are struggling for consistent orders, which is very common in a \$2 million business, it can feel like at any moment sales will dry up. However, when you reach \$10 million in sales, you are more than likely hitting over two hundred orders per day - enough stability where only a major, likely preventable issue would significantly alter your numbers. To get to that level of transaction volume, you've likely built a good sales engine and product delivery engine that keeps your business running daily. Everything starts to feel much easier when you get to that point in your business. When you are able to comfortably step away from the day-to-day of your business, when you don't live in constant fear your sales will drop, when you have a team in place you trust, this is when you finally get to experience the freedom that motivated you to begin this journey in the first place.

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# Why This Book

So, *why* this book? As I mentioned previously, I have worked with entrepreneurs of all levels - teaching them through my own experiences and learning alongside them as I have scaled my businesses. I have seen too many people aim for this ideal of the *\$1 million business* only to be disappointed in what this actually means when it comes down to it. Being an entrepreneur is hard, scaling your business to achieve true financial freedom is even more difficult. By sharing my expertise and knowledge, I hope to make other entrepreneur's journeys easier as they grow their own businesses.

First, I think it is important to establish 'who' this book is intended for. The primary audience I have in mind while writing this book is business owners, especially those who own consumer products or e-commerce brands at the \$1 million to \$5 million level. This is the level I see the most people get *stuck* at, where they never achieve *true* freedom. This is where I feel my own results and methods can help as many entrepreneurs *level-up*, if you will, as possible.

That isn't to say if you own a business with less than \$1 million in sales, this book can't be helpful. In fact, it can shortcut your path to getting to \$1 million and set you up to navigate the problematic phase of reaching \$10 million and beyond.

While my primary audience is targeted at those who already have begun their entrepreneurial journey, for anyone considering starting a business, you will still find critical lessons and steps I've learned throughout building many successful companies across e-commerce, training and coaching, as well as software. Each of these lessons can speed up your success when trying to reach that first \$1 million in annual sales. I will go through ways to better understand what makes a successful product, how to keep up with competitors, and address understanding who your target market should be.

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Lastly, if you own a business that is doing *more than* \$10 million per year, you'll find insights into how to move faster. I've built two companies from the ground up to over \$30 million in annual sales and have been on the board, with a significant ownership stake, in another business that just passed \$30 million per year in sales. In this book you'll hear how I think about scaling these businesses without the labor-intensive strategies most entrepreneurs default to, as well as specific steps that have worked for me which you can apply to your own business. I will directly tackle questions of expanding your product market as well as creating and optimizing effective sales funnels.

Before we dive in, I want to take a minute to revisit the *why* behind this book. Helping people lead better, more successful, more fulfilling lives so they can impact those around them and, collectively, improve the world is what I want most.

When I was in elementary school, my best friend came from a good, loving family with brothers and sisters and a mom who cared for him. However, money was a problem. His mom had to raise her four kids alone on a nursing salary. Money was always tight. Christmas wasn't overflowing with gifts. Food was sometimes scarce. While my parents were both entrepreneurs and money was always up and down, we were always at least comfortable. Seeing the difference between my friend's home finances and mine pulled at my heart, especially since the only difference between his situation and mine, at that age, was the family we were born into. I did nothing to deserve my more financially-healthy life at the time. My friend's mother worked hard to provide for her family, but what if there were more opportunities and ways to ease her struggle? Since then, I've wanted to do whatever I can to help people create better lives for themselves *and* their families.

After many years of coaching, mentoring, and building many businesses from scratch my main goal has not changed. In my efforts to help others, I've noticed restriction, stress, and a lack of freedom are still prevalent even once you build a million-dollar business. While these problems are better than being flat out broke, they are still real problems. Recently, I spoke with someone who built a business worth \$3 million just a few years ago, but she was in tears because her business

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was crumbling after a series of poor decisions and bad luck. Her \$3 million business was now worth *less* than zero because she had no inventory, declining sales, and over a million dollars in personal debt tied to her business. She has yet to get out of that precarious tightrope phase where her business reaches true stability and where one wrong decision won't end her business altogether.

The purpose of this book is to help you *avoid* those bad outcomes. I want, more than anything, for you to build a thriving, predictable, healthy business that gives you true freedom. Once you get that freedom, you'll make a better mother, father, spouse, friend, community member, and contributor to society. That's how this little book and the lessons within can create a ripple effect of positive change.

Too many promising entrepreneurs get stuck at the low seven figures in sales. That usually ends in two ways, neither of which are excellent outcomes:

Some entrepreneurs sell quickly and cash out with \$1 million to \$2 million pre-tax. After taxes, that drops to around \$700,000 to \$1.4 million. That's generally not enough to live comfortably on forever unless you live a modest lifestyle. So, the entrepreneurs get back to work building another business but start from scratch once again. That's the better outcome of the two I've seen.

The second outcome is even worse. The entrepreneur takes years to build a business to over a million dollars per year in sales. It's usually a grind, and the entrepreneur starts getting worn out and a little comfortable. The business begins slipping, sales drop, profits drop faster, and the entrepreneur does not want to sell the company because declining sales and profits won't be worth much. The tragic outcome is that this entrepreneur, who was so close to building a thriving business that provides true freedom, usually finds a higher-paid contract job, such as starting a small agency or providing services to similar companies. All that work to build a business, only to become an employee again for someone else!

That's why I call this the "7-Figure Trap". Getting to a million dollars a year in sales is excellent because you've done what 90% of other business owners never

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accomplish. However, it's a *trap* because you can get stuck there *forever*. Or, even worse, you can put in all those hours to get there, only to have your million-dollar business eventually slide back to zero while you become an employee again for the rest of your life where your schedule and salary are at the mercy of someone else.

So, how do you know if you need this book and its strategies? Here's my rule: **If you've been building your business for more than four years and you're not producing more than \$10 million per year in sales, you need this book.**

I guarantee you're missing something that will help you improve your business. I know because I've scaled multiple businesses and seen others scale theirs even faster. In my first of my more significant business, we produced \$2 million in sales in the first year, then \$13 million in the second year, and over \$20 million in the third year. In another of my businesses, the business produced \$200,000 in sales the year before I acquired 40% of it to help it scale, sold \$2.7 million the following year, then \$16.7 million the following year, and \$25.7 million the year after.

You can scale your business faster than you think. You just need the proper structure, focus, and attention.

## Aim Higher

I built a \$2 million per year business within two years of starting my journey as an entrepreneur. By three years later, I'd built a company with over \$10 million per year in sales.

Why was I able to achieve such quick success? I'm sure part of it was luck and timing. However, I think a big part was the size of my goals. Many people, equally intelligent and hardworking, were in similar businesses at the time and were happily settling for small side hustles that made them \$5,000 to \$10,000 per month.

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When I was 20 years old, sitting in a college classroom, I wrote a goal down on a sheet of paper and carried it with me in my wallet until I achieved it less than five years later: *I will have a net worth of \$1 million by age 25*. That goal drove my decisions every year from that point forward. While I could go after \$5,000 per month opportunities, I *had* to go bigger to achieve my goal.

In multiple business partnerships, I've worked with great partners who, once they achieved their less ambitious goals, stopped hustling and stopped taking larger, intelligent risks. They got comfortable. This led to stagnating business results. They stopped growing, causing the businesses to stop growing as well.

Two years ago, a friend considered selling his \$1 million per year business. He thought there was no more growth left. His eyes opened after I shared some of the lessons in this book with him. He realized his business *could* go much bigger. He started aiming higher and is on his way to \$10 million. All it took was a shift in mindset and to unlock growth in his business. I want the same for you.

The *easiest* and *cheapest* way to create greater success is to think a little bigger (hopefully, a lot bigger). What's your goal for your business today? Now, multiply that by ten times. If you want to build a \$2 million business, why not a \$20 million company? Many people have done that and even more before them - there's no reason you can't do it, too.

Research has shown that writing down a specific, measurable, time-bound goal improves the likelihood of you achieving your goal. So, if you want the fastest way to make achieving your goal more likely, take 60 seconds to write down your large, ambitious, but also real goal in a format like this:

*I will own a profitable, thriving \$10 million per year business I love by [DATE].*

Now that you have an existing target, pulling you toward greater success, let's get started with the fundamental level of building a business that can scale to \$10 million and beyond.

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## **Level 1:**

**\$0 to \$1 Million**

FINDING PRODUCT-MARKET FIT

## LEVEL 1 (\$0 TO \$1 MILLION): FINDING PRODUCT-MARKET FIT

As I discussed in the introduction, the person I have in mind while writing this book owns an e-commerce business that sells about \$2 million per year on a single sales channel with multiple products (likely too many products). They sell excellent, high-quality products with a fun brand in a good market. But they're stuck. They don't know how to scale their business further because they're in what I call the *7-Figure Trap*.

Keeping in mind this 7-figure-consumer-products-brand-business owner, I've applied these same strategies to grow businesses from \$0 to \$10 million in multiple markets, including e-commerce, training, and others. Most of this book will focus on e-commerce or consumer products companies, but you can use these principles to grow *any* business.

So, why start with Level 1, which I consider to be the businesses earning \$0 to \$1 million per year in revenue, if my main focus is business owners already at the \$1 million yearly mark?

I'm starting at \$0 because once most entrepreneurs reach a million dollars a year, they forget how they got there. They forget how to repeat what's already worked and instead try too hard at stuff that *never* works. In other words, they aren't efficient or they become complacent as their businesses reach that first level of success. That's one reason they stall and can't get out of the 7-Figure Trap.

Level 1 shows you the fastest path to a million dollars a year in sales if you're starting a new business from scratch. It also *reminds you* of what matters most if you want to add the *next* million dollars per year in sales to your current company.

## Mind Your Attention

I devoured self-development material in the first few years of becoming an entrepreneur. I read books, listened to audio programs while running and driving, and attended events. At a Tony Robbins event in 2010, Tony asked the audience

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members to raise their hands if they were entrepreneurs. About 85% of the hands in attendance went up. While that blew my mind, I also understood why this was the case then, and I know even better why this is still the case today.

Realistically we've all heard and seen the stats. Most businesses fail. Statistics show that about two-thirds of businesses are gone within ten years. Some articles have also reported that less than 10%, others say less than 5%, of companies ever get to \$1 million in sales. These are not good odds for us. Yet, we start businesses anyway because we *dream* of building something great and achieving something most people never will.

While 85% of people in that room at the Tony Robbins' event raised their hands, most people we know are *not* in fact entrepreneurs. When you think about it, you only need so many business owners relative to employees for the economy to function. If the world was full of entrepreneurs and we all needed one software developer to work for us as an employee, that person's compensation would be so high none of us could afford to hire that person. There are always fewer entrepreneurs than employees surrounding us while we build our businesses. They don't think like us because they get guaranteed salaries or hourly wages, while we *hope* to get paid from the profits that we *hopefully* generate in our companies.

This means being an entrepreneur can be lonely and hard. Your entire company's results, your family's finances, and your future are all riding on your shoulders. The weight can feel heavy, *very heavy* at times. That's why we *must* mind our attention as entrepreneurs and block out the negatives. When so much relies on your success, it is important to keep your focus on your goals and on the future, especially in the early stages of building our businesses from \$0 to \$1 million annually.

## LEVEL 1 (\$0 TO \$1 MILLION): FINDING PRODUCT-MARKET FIT

We can regularly direct our attention to those who keep us motivated and moving forward with a few simple practices. Here's what I've found most helpful:

- Read or listen to self-development material daily to prime your mind with positive thoughts
- Review your goal(s) daily, so you direct your mind to where you want to go, not on what's going wrong today
- Think about what you're grateful for each day (I've found it helpful to think of three new, unique, and specific things each day)
- Spend time with positive people who encourage you or have done what you want to do
- Avoid spending time with negative people who tell you what you can't do

Lastly, I believe in - and have often experienced - a practical, tangible version of Karma. In some religions, Karma is about our actions in this life affecting the nature of our next existence. To me, Karma is about receiving in return what I put out. I feel better immediately when I treat people well, smile, compliment and praise others, listen empathetically, and encourage those around me. I have found by putting out positivity into the world, many people return the sentiment by thinking more positively of me and responding more positively in general. By doing good for others, even in small ways, I create a world around me in which more and more people also want to do good for me. Does everyone respond reciprocally? No. But that's okay. By keeping my own actions and thoughts positive towards others, as well as the boost I get from the positive responses from people who reciprocate, I am able to direct my focus in a helpful and motivating way while pursuing a challenging goal.

## The Two Ingredients Necessary to Get from \$0 to \$1 Million in Sales

Business can be challenging, but it's not complicated. We, myself included, often over-complicate it and forget the most fundamental ingredients of success. To get to \$1 million per year in sales, you don't need a large team, a fancy office, good branding, a mission statement, a "culture", Net Promoter Scores, or 99% of what people say you need in business.

All you need to get to \$1 million in sales are these two things:

- (1) Something to sell that people want
- (2) The ability to reach the right people

That's it. Now, the real question becomes, how do you get both of these things?

### Something to Sell that People Want

"Picasso had a saying -- 'good artists copy; great artists steal' -- and we have always been shameless about stealing great ideas." - Steve Jobs, 1996

The above quote is one of my favorites. Before I knew of the quote, I was teaching people to do just that: *steal* great ideas. Let me explain.

For one of my companies, when we first launched our e-commerce training program, which eventually sold over \$100 million in memberships, I had to think through how to get our students the fastest success possible. The whole reason to buy a training course for thousands of dollars is to speed up your success. You can figure most of it out on your own if you're willing to dig through every bit of free content for two years and learn through trial and error - I know, I did just that. However, in order for our training program to be successful, we had to figure out how to streamline this process for our members.

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The slow route to success in building a consumer brand or e-commerce business - or *any* business - is to imagine what people might want, make that, and then see what happens. If you can't find out if people want what you're going to sell until after you've started selling it, you will dramatically reduce your chances of success. Instead, it's much better to find something already selling well and create something better. Tesla wasn't the first to sell electric cars; they just made them *much better* than their predecessors.

So, in our e-commerce training program, we taught people to find products that were already selling well on Amazon, create a similar product, and then do better marketing. That approach still works today, though you have to make a better product in most cases not just do better marketing.

The first step to having something to sell that people want is to find out what is already selling well. Consumer products can be found by looking at the top-selling products on Amazon as well as other sites. Here are a few ways you can find consumer products selling well:

- With a caveat that I am an owner in this software company and this book's intention is not to pitch this to you, but Zoof ([zoof.com](http://zoof.com)) offers an inexpensive software tool you can install in your Chrome browser to see highly accurate sales estimates for any product sold on Amazon.com
- Looking at well-funded products on crowdfunding sites such as [Kickstarter.com](http://Kickstarter.com)
- Looking at products in prominent placements in large retail stores such as Walmart, Target, and Whole Foods
- Looking at the number of reviews for various products on e-commerce sites as the number of reviews is usually an indication of how well the products have sold

Most private businesses don't like advertising how much money they're making because it invites extra competition. However, if you keep your eyes open, you can see how successful *any* business is, including non-consumer brand companies.

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Suppose a business has a lot of reviews on Yelp, Google, or any other public platform, especially if it has a lot of *recent* reviews. In that case, that's a good indication of the number of customers the business is currently getting. Also, if you see a business advertising *a lot*, that money has to come from somewhere and can be another indication of a business successfully selling something people want.

Once you find a product selling well, the next step is to create something better. This doesn't usually mean *inventing* something completely new. Instead, you often can adjust the branding, packaging, or a minor feature of a product to start grabbing sales.

To start, read through the reviews of products that are selling well. Read the product page or descriptions created by the brand. Also, buy a few top-selling products to see and use the product first-hand. Here's what you're trying to determine in your research:

- Who is buying the product?
- What do people currently like and not like about products available today?
- What are the main characteristics of current products? (e.g., packaging, price points, and features)

Armed with that information, you're ready to determine *what* you can improve about the product to produce sales for *your* business.

The first and easiest way to improve a product is to enhance its packaging or branding. Black Rifle Coffee is a great example of taking a fairly generic product and enhancing its branding. They took regular coffee and built a brand around an underserved market, Veterans, to create a company worth nearly a billion dollars today.

That's why the first question to ask yourself when looking at a product is *who* buys it. Suppose you know that two-thirds of Americans drink coffee, yet every current coffee talks about "testing notes" and "third wave" nonsense. In that case, it's not a

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giant leap to assume down-to-earth individuals who like America and the military would appreciate a brand of coffee that speaks to them more directly - that's precisely what Black Rifle Coffee created. Another example is Dude Wipes. Dude Wipes did the same thing but with common bathroom wipes. First, they took a product predominantly marketed towards women and called them Dude Wipes. Second, they removed the images of babies and yellow packaging, replacing them with plain black packaging to appeal to a more male demographic. With these simple changes, *Dude Wipes* now sells over \$120 million a year with these same bathroom wipes.

This is one of the biggest secrets to winning as a new player in an established market. Big players in that market have to appeal to a big audience. As a newcomer, you can be the first to carve out a niche within a market that can create a million-dollar business for yourself. The big companies can't spend time on a "small" opportunity, so you more easily win.

The second way to improve a product is to make a slight improvement to the product itself. You can add, remove, or upgrade a feature. For example, Native Deodorant created a deodorant product like the hundreds of others readily available, with the same product type, packaging size, and basic function; however, they improved the ingredients to make their deodorant more natural and healthy, carving out a niche within the larger market. That set them apart and allowed them to build a business they sold within only a few years for \$100 million to Procter & Gamble.

The third, final, and most complex way to improve a product is to create something entirely new. One of our early members in our training program sheepishly told me after I learned he was doing a million dollars in sales *per month* on Amazon, that he in fact didn't follow my advice. He said, "Matt, I have to tell you...I didn't exactly follow what you said during the training. I wanted to sell a vegetable spiralizer, but all the current ones were junk. So, I spent six months and about \$50,000 to create a much better, more unique one." Who am I to argue with someone who entered a new business and, in less than two years, was doing a million dollars a month

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in sales? However, this path is not recommended unless there is a clear and great need to create a new product from scratch. It's more expensive, takes much more time, and is much riskier.

Whichever path you take, once you have something to sell that people want, the only other step necessary to grow sales to \$1 million per year is to reach the right people.

**A note for beginners:** *If you're wondering things such as, "How do I find a supplier?"; "Where do I store inventory?"; and "Where do I sell my product first?" don't worry. While that e-commerce beginner's information is a bit outside the scope of this book, we have tons of free resources, training, webinars, and videos you can find at [amazing.com](http://amazing.com) to learn those essential steps to build a consumer products brand.*

### The Ability to Reach the Right People

One of the most significant *disadvantages* to starting a new business as a beginner is that you don't have much money or resources. However, that's also a considerable *advantage* for you.

As we discussed, an excellent way to build a sales business from \$0 to \$1 million per year is to find an underserved niche within a bigger market. You can create a million-dollar business in a niche too small for many big companies to spend time on, in fact, this is how most people get started.

The advantage of niche products is that finding the right people to buy your product is easier and cheaper. If you create a brand selling high-quality water bottles, you'll have a hard time convincing *everyone* to buy your water bottle unless you do all the marketing right (we'll cover more about that in the Level 2 and Level 3 sections). As a beginner trying to get to \$1 million in sales, you're better off targeting a specific niche, such as water bottles specifically for yoga. Far fewer competitors go after that smaller, specific water bottle market, which

## LEVEL 1 (\$0 TO \$1 MILLION): FINDING PRODUCT-MARKET FIT

means you can get away with having inferior (or basic) marketing, branding, and less established credibility for your company and still sell a lot of units. Once you become the number one water bottle for yogis, building your brand name and credibility, you can expand into other markets or grow your brand to appeal to a broader audience. Lululemon started as a yoga brand for women. Today, they are a \$42 billion dollar business that created a new market called “athleisure”, appealing to men, women, yogis, and people who don’t do any type of workout. But, you start small first.

With a niche product, targeting the right people is easier because the search phrases people use are so specific. When I searched on Amazon for “water bottle for yoga” or “yoga water bottle,” there were *zero* products that spoke to that market. Yet, those are search terms people use on Amazon daily to find products to buy.

The best ways to reach the right people with a niche product are:

- Amazon search advertising
- Google Adwords search advertising
- Keyword-based content on social media (i.e., posting content related to terms people are looking for and including those terms in your post descriptions and hashtags)

Doing search engine optimization (SEO) takes six months to a year to produce meaningful results in most cases. Running Facebook ads for a niche product can be difficult, though it is the *best* source for a more mass-market product, which we’ll discuss in Levels 2 and 3. Search-based advertising on Amazon or Google is the easiest way to reach the right people with your product starting immediately. Creating organic social media content on YouTube, TikTok, Instagram, and Facebook can also work, though it is less predictable and can be more complicated than just turning on a paid ad.

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To reach the right people for your product to grow your sales to \$1 million per year, follow these seven steps:

1. Create a better product people want
2. Create a good sales page (you'll learn more about this in Level 2)
3. Launch the product with a good 20-50% discount to get people to try it and gather early reviews
4. Run targeted ads on a search-based platform like Amazon or Google Adwords
5. Follow up with early buyers to get reviews
6. Reduce your discount offer over time
7. Keep improving and optimizing your sales page and ads (see Level 2)

We'll go into more detail on how to create a good sales page and improve your ads in the next section focused on scaling from \$1 million to \$5 million, as they are the same advice you should follow for your first or 100th product. However, if followed closely and continually improved, the seven steps above are all you need to scale your business to your first \$1 million in sales.

The biggest mistake people make with the product that keeps them from getting to \$1 million in sales is they don't keep improving it. Remember, the *first* of only *two* steps to go from \$0 to \$1 million in sales is to get something people want to sell. The way to do that is to find a product already selling well and then make it better. This means your competitors will also be looking for ways to improve upon *your* product. So, rather than waiting for a hungry competitor to take some of *your* sales away, be proactive and constantly seek ways to improve your products yourself. Keep making your product better and better so no one will be able to catch up. By the time they figure out what to improve on your *current* product, you're already releasing the next version, which is even better.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

I've seen far too many entrepreneurs grow sales to a few hundred thousand dollars per year, then get stuck and, later, start slipping backward because a competitor came in and copied them. The competitor either sells the same product at a lower price or creates a slightly better product. The entrepreneur had an early lead but started playing catch-up because of complacency and laziness. Don't do that. Keep improving your product and follow the seven steps above to reach your first million dollars per year in sales.

Each of these steps helps you build a solid foundation, which you should revisit periodically even as your business grows to the next level. However, to continue this growth and progress, you now need to learn to *test for scale*.

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**Level 2:**

**\$1 Million to \$5 Million**

SCALE TESTING

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

Getting to a million dollars per year in sales is a significant achievement. Most entrepreneurs will never build a business to that level. But, now isn't the time to stop. If you want *true freedom*, your work has just begun at the million-dollar milestone.

**Once you hit \$1 million, the big question to ask is:** Can your current products support \$10 million per year in sales?

### The Wrong Way to Scale to \$5 Million

When most business owners hit \$1 million dollars, they do some back-of-the-napkin math and think, "Well, I have three products that produce \$1 million per year in sales. So, if I want to get to \$5 million in sales, I just need five times more products. Easy!"

Wrong! *Don't* do this. I've seen this more times than I can count and only pain follows this line of thought.

When an entrepreneur adds more incremental products to grow sales from \$1 million to \$5 million per year, focus slips from the main money-making products that got the business to \$1 million per year in sales in the first place. When the entrepreneur takes the focus off the core products to focus on adding new ones, sales slip, cash flow dries up, and a lot of pain ensues. Not only do you lose focus and easily become overwhelmed, but expanding your product line too fast and without methodical care, can also easily lead to inconsistency for your customers.

Adding new products takes a lot of work. To add a new product, here's just the high-level list of what you have to do:

1. Research current competing products
2. Determining how to make the product better
3. Find a supplier
4. Order samples

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5. Create new product packaging
6. Order inventory (hopefully *not too much* and *not too little*)
7. Create a new sales page or product page
8. Create new advertising campaigns
9. Write emails or other promotional messages to inform current customers about the new product
10. Monitor and keep improving the new product's sales page
11. Monitor and keep improving the new product advertisements
12. Monitor and restock inventory for the new product

Those 12 basic steps don't include creating a UPC, checking for compliance issues with the new product, fixing product issues, and other things that pop up with any new product you add to your catalog. Even with just those 12 steps, imagine multiplying that work from three in order to get to 15 products. That's 12 new products multiplied by 12 steps required to make each product successful, giving you 144 things to focus on to grow your business from \$1 million to \$5 million per year in sales. It doesn't seem so simple now, does it? No wonder why most companies stall out at the low 7-figures in sales.

Fortunately, there is a *much* easier way to grow your sales once you hit the million-dollar level.

## The Right Way to Scale to \$5 Million

At this stage, refocus and remember: how did you get from \$0 to \$1 million (or, if you haven't done it yet, what did we talk about in Level 1)? Was it to add ten products each for \$100,000 per year in sales, giving you \$1 million in total sales? Absolutely not. The solution was to find one product that could get you to \$1 million per year in sales. This is the same when going from \$1 million to \$5 million.

Now, with your core group of products set, are they the *right* products to get your business to the next level of \$5 million per year in sales?

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

Let's say you decided to sell the yoga water bottle product. You've done everything right, and sales are now at \$1 million annually. But you've realized that the *maximum* sales you can ever get with that product is \$1 million per year. Ask yourself: Are you the top selling product in that market? Is there a demand beyond the one you are already filling? If you have maxed out your market with your product, you have two options to get to \$5 million per year in sales: (1) expand the market for your current product or (2) add new products. We'll discuss the first strategy, expanding the market for your current product, shortly, but for now, let's focus on the second strategy, adding new products.

You could add four more products that each can do \$1 million per year in sales to give you a total of \$5 million per year in sales if things go perfectly. You could add a water bottle for cycling, a water bottle for martial arts, a water bottle for running, and a water bottle for golf. Or, you could expand within the yoga market to add a yoga block, yoga mat, yoga towel, and yoga headband. Even though adding four products is more manageable than adding 12, it's still a lot of work, and success is very uncertain.

A much more accessible and straightforward way to grow your sales is to think, "Okay, I already figured out how to enter a million-dollar niche and win. How can I do the same thing but with a bigger market?" The easiest way to grow sales from \$1 million to \$5 million is to find a *single* product that can sell \$5 million per year and sell that. That's only *one* product to research, *one* to brand, *one* to market, and *one* to monitor. Red Bull became a billion-dollar company with a *single* can of a *single* product - it isn't impossible to do \$5 million in sales with a single product.

## Products That Can Scale

Most entrepreneurs get *stuck* in the low 7 figures in annual sales because they don't have scalable products. They've figured out a niche product hustle but don't have a product that can drive their business to \$5 million and beyond.

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Remember the two steps to reach \$1 million per year in sales? First, get something to sell that people want; second, reach the right people. To go from \$1 million to \$5 million, you just need a bigger audience to reach.

But how do you know if the market is big enough to reach \$5 million or \$10 million in sales? You need to figure out - or make your best guess - if *other* products in the same market sell that much per year. If so, you should be able to get to their level with the proper steps, which we'll talk about shortly. If not, then you'd have to *expand* the market for that product, which would be *extremely* difficult.

So, to go from \$1 million to \$5 million, first look to see if you can find any competitors selling similar products producing \$5 million or more in sales per year. I once talked with a lovely older couple who made and sold pop guns, the toy wooden guns with the piece of rubber attached to a thin rope that *pops* when you pull the handle on the gun. They *dominated* Amazon for this product. When you search on Google for "pop gun", they dominate that too. The *whole* market for this product was around \$20,000 per month. There were *zero* additional sales to capture for this product unless you could somehow convince many people to now buy pop guns instead of something like electric scooters. If you don't see anyone selling \$5 million or more per year of a similar product to yours, you likely need a *new* product.

If this is the case and you decide adding a new product is the best option to scale your business, it is important to first make sure anything new you add is something your *current* customers could buy. If you sell water bottles for yoga and then start selling cycling helmets, you're unlikely to make a lot of sales of your new cycling helmet to your past yoga customers. Selling your new product to your past customers builds a more valuable brand and makes your life *a lot* easier because you don't have to fight for those early sales and reviews like you did when you launched your first product. At this stage you are *scaling* your business, not necessarily *creating* one from scratch.

Second, the new product must be able to support sales of \$5 million to \$10

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

million per year. Don't look for single or double-base hit products; they take just as much time as homeruns. Go for a new product that can overtake your current best-selling product in total sales. Lastly, do the same thing you did with your first product that got you to \$1 million dollars per year in sales: *make it better* than what's already out there today and *keep improving* it.

Now, suppose you're in the lucky situation of having a million-dollar-per-year product that has competitors selling \$5 million or more per year; fantastic. In that case, you can jump straight to the next section on creating a good sales funnel. But first, just like in Level 1, make sure your product is as good or better than the product(s) selling \$5 million or more. If not, start improving it now so you can scale from a position of product strength, which makes your marketing *much* easier.

### How to Broaden the Market of a Niche Product

In late 2022, I created a private mastermind to guide 7-figure e-commerce entrepreneurs to grow their businesses to over \$10 million per year while *removing themselves* from the day-to-day operations. It's called the Tycoon Tribe (thetycoontribe.com). I'll tell you more about this group at the end of the book because, if you qualify, I believe it's the single fastest way to grow your business, *guaranteed*. However, for now, I'd like to focus on an issue I've seen come up multiple times in that group: how to broaden the market for a high-quality but niche product.

Two of our members sell their versions of nutritional supplements in two separate brands. I don't want to share their business details publicly in this book, so, for example, let's say they sell specialized, high-quality forms of vitamin D. Both sell well on Amazon and they each own growing, healthy companies. Both want to scale sales outside of Amazon because they've started maxing out their growth potential for their flagship products on that specific channel.

They could expand to many more supplements, adding 15 to 20 new products within their lines to get to \$10 million in sales. However, as I've advised you, that's

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not the best path to reach this goal. Instead, they're better off repackaging one of their current nutritional supplement products, or having their supplier create something similar but different. This is much faster and easier to do when selling supplements because all the manufacturing happens domestically. That's exactly what a speaker at one of our private mastermind events for the Tycoon Tribe did to build a \$75 million-per-year supplement brand.

The speaker's brand sells high-quality supplements using YouTube content, YouTube ads, and other paid advertising platform,s such as Facebook, to get customers. They've formulated their proprietary versions of products and given them unique names. Our two Tycoon Tribe members can model this approach to tap into a much broader market than their original focus of people actively searching for only vitamin D supplements.

According to the Mayo Clinic's website, vitamin D benefits include:

- Cognitive health
- Bone health
- Anti-inflammatory
- Antioxidant
- Immune health
- Muscle function
- Brain cell activity

Rather than focusing on the main ingredient and keyword, vitamin D, which will lump their businesses in with everyone else selling the same product, they can focus on *one* of the main benefits of the product, such as cognitive health. Just for an example, using a name more than likely taken on the market, one of them could call their product "Brain Boost" and then focus their ads, page copy, page images, and packaging for that product specifically on cognitive health. Even better, they could find the best source of vitamin D for this single benefit, making it harder for their competitors to compare when it comes to other basic vitamin D versions.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

Now, their product can appeal to *anyone* who wants a cognitive boost, which is almost everyone, rather than only those explicitly searching for a vitamin D supplement. This is one way you can broaden the market for an existing product.

*Note: The advertising for nutritional supplements is highly regulated. You have to be careful what health claims you make when talking about any health-focused products. Check with an attorney experienced in this area of law if you decide to sell supplements.*

Another way to broaden the appeal of an existing product or brand is to slowly expand from the core group which created the brand's success thus far. Lululemon did this by starting with women's yoga clothing, then introducing men's clothing, then introducing non-yoga, general workout clothing. Now, it even offers fitness-inspired dress shirts and chinos. The trick here is not to go too far too fast. If Lululemon started selling women's yoga clothing and immediately said, "Hey, we now sell men's dress shirts," that likely would have created confusion for its customers and their perception of the brand.

To recap, there are three ways to get a product that can help you scale from \$1 million to \$5 million:

1. Your existing product's current market can already support \$5 million or more in sales, as proven by similar products already selling at that level
2. You add a *new* product to your brand that can support \$5 million or more
3. You *broaden the appeal* of your current product so that it can sell into a larger market

Once you have a product that can scale from your current sales of the low seven figures to \$5 million and beyond, it's time to create a *good sales funnel* to realize your product's potential.

## Create a Good Sales Funnel

Let's imagine you're the owner of a car dealership. Suppose a customer walks in interested in buying a car. Do you send over whoever is readily available, whether that's an administrative assistant, mechanic, accountant, or janitor, to try to sell that customer a vehicle? No, you send an experienced salesperson who knows how to close a deal. It's the same concept for selling online. You want your potential customers to go through the best possible sales flow, tested over time, to convince people to buy.

A sales funnel is a series of steps you've pre-defined for people who have not bought from you before, giving you the highest likelihood of converting them into customers (getting them to buy) by the end of it. When selling online, it usually consists of these steps, which we'll discuss in detail shortly:

1. Landing page - The core page a person is taken to from your ads (this can also be a product page on your store)
2. (Optional) Cart page - A page on your site summarizing what's in the prospect's cart
3. Checkout page - The page that asks the customer to enter shipping and billing information and asks them to complete their order
4. Upsell pages - A series of pages that appear after the checkout page in which the customer is presented with additional, last-minute offers to upgrade the order
5. Thank you page - The confirmation page shown after the whole order is complete and submitted

**The main goal of a sales funnel is to *ethically* get as much money as possible from each visitor to the funnel.** You accomplish this with two objectives for your sales funnel: (1) convert strangers into buyers and (2) convince those buyers to spend as much money as possible.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

### Objective #1: Convert Strangers into Buyers

You first must convince someone who has likely never heard of your brand before to *buy* ideally the first time they visit your landing page. This isn't easy to do. Even if you do it well, you're likely to only convert 5 out of every 100 people (5%) from strangers into buyers. Most businesses in fact scale up to converting around 3% as many start at converting *less than* 1 out of 100 (<1%). This low conversion rate is often because they (1) don't have a good product people want, or (2) they haven't included each of the elements below.

Fortunately for us, many financially motivated people have been trying to convince strangers to buy stuff for *a long time*. Rather than spending our own money testing and trying out different methods, there's a lot of data we have access to on what has been proven to work. Also, despite our technological and economic advancements, we are still wired to respond to psychological impulses ingrained into us over tens of thousands of years. All this makes convincing strangers to buy a bit easier when using the right, proven sales elements and appeals.

When creating your landing page, whether that's a dedicated, separate page on your website or a single product page you focus on, you *must* include each of these elements if you want the best chance of convincing people to buy:

#### ***GRAB ATTENTION WITH A BENEFIT-RICH HEADLINE***

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**The question you must answer:** "Why should I pay attention to this?"

A visitor might have clicked on your ad impulsively, barely reading it, or clicked on your ad after carefully considering every text, image, or video included. Either way, now they're on your page and they first think, "Why should I pay attention to what's on this page?"

To answer that question, include a benefit-rich headline at the top of the page

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that speaks directly to what's in it for the potential customer. First, you need to determine *what benefit* is most important. That process usually requires thinking and testing. I recommend listing the five to ten most significant benefits your product provides. If you work with someone else, ask them what *they think* are the most important benefits of your product and include those in the list as well.

A big mistake even experienced marketers make is leading with a discount. They'll include a headline such as "Huge Sale: 40% Off Today!" The problem is nobody cares about your discount until you've made them care about what's in it for them first. If you tell me I can save 99.999999% on a Chihuahua dog collar, it doesn't matter - I don't own a Chihuahua (and never will). You need to *lead* by speaking to a benefit that matters the most to your specific market's customers as much as possible. If you said, "New Collar Calms Down Your Crazy Boy Bernedoodle So That He Loves Strangers, Never Barks, and Has Half the Energy With No Downsides!" now, I'm listening.

Eventually, you'll want to test your main benefits as headlines on your page and in your ad to see which produces the most sales. However, for now, pick the benefit you think is best and write a good headline that focuses on that specific one.

An excellent way to start a headline is "How to...". That forces you to speak directly to the customer about what exactly your product is and what it can do. It doesn't fit every product, but it's a good starting point if it works for you. Often, I take a headline that others have used and adjust it to fit my product. With that in mind, here are 100 old-school advertising headlines that can be modified, and should be updated, to fit just about any product or audience you sell to:

1. The Secret Of Making People Like You
2. A Little Mistake That Cost A Farmer \$3,000 A Year
3. Advice To Wives Whose Husbands Don't Save Money – By A Wife
4. The Child Who Won The Hearts Of All
5. Are You Ever Tongue-Tied At A Party?
6. How A New Discovery Made A Plain Girl Beautiful

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7. How To Win Friends And Influence People
8. The Last Two Hours Are The Longest – And Those Are The Two Hours You Save
9. Who Else Wants A Screen Star Figure?
10. Do You Make These Mistakes In English?
11. Why Some Foods Explode In Your Stomach
12. Hands That Look Lovelier In 24 Hours Or Your Money Back
13. Why Some People Almost Always Make Money In The Stock Market
14. You Can Laugh At Money Worries – If You Follow This Simple Plan
15. When Doctors “Feel Rotten,” This Is What They Do
16. It Seems Incredible That You Can Offer These Signed Original Etchings – For Only \$5 Each
17. Five Familiar Skin Troubles – Which Do You Want To Overcome?
18. Which Of These \$2.50 To \$5 Best Sellers Do You Want – For Only \$1 Each
19. Who Ever Heard Of A Woman Losing Weight – And Enjoying 3 Delicious Meals At The Same Time?
20. How I Improved My Memory In One Evening
21. Discover The Fortune That Lies Hidden In Your Salary
22. Doctors Prove Two Out Of Three Women Can Have More Beautiful Skin In 14 Days
23. How I Made A Fortune With A “Fool Idea”
24. How Often Do You Hear Yourself Saying: “No, I Haven’t Read It, I’ve Been Meaning To”
25. Thousands Have This Priceless Gift—But Never Discover It!
26. Who’s At Fault When Children Disobey?
27. How A ‘Fool Stunt’ Made Me A Star Salesman
28. Have You Got These Symptoms Of Nerve Exhaustion?
29. Guaranteed To Go Through Heaviest Terrain Or We Pay The Tow!
30. Have You Got A “Worry” Story?
31. How A New Kind Of Clay Improved My Complexion In 30 Minutes
32. 161 New Ways To A Man’s Heart – In The Fascinating Book For Cooks
33. Profits That Lie Hidden In Your Farm
34. Is The Life Of A Child Worth \$1 To You?

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35. Everywhere Women Are Raving About This Amazing New Shampoo!
36. Do You Do Any Of These Ten Embarrassing Things?
37. Six Types Of Investors – Which Group Are You?
38. How To Take Out Stains...use (Product Name) And Follow These Easy Directions
39. Today...add \$10,000 To Your Estate – For The Price Of A New Hat
40. Does Your Child Ever Embarrass You?
41. Is Your Home Picture-Poor?
42. How To Give Your Children Extra Iron – These 3 Delicious Ways
43. To People Who Want To Write – But Can't Get Started
44. This Almost-Magical Lamp Lights Highway Turns Before You Make Them
45. The Crimes We Commit Against Our Stomachs
46. The Man With A 'grasshopper Mind'
47. They Laughed When I Sat Down At The Piano – But When I Began To Play!
48. Throw Away Your Oars!
49. How To Do Wonders With A Little Land!
50. Who Else Wants Lighter Cake – In Half The Mixing Time?
51. Little Leaks That Keep Men Poor
52. Pierced By 301 Nails...retains Full Air Pressure
53. No More Back-Breaking Garden Chores For Me – Yet Ours Is Now The Show Place Of The Neighbourhood
54. Often A Bridesmaid, Never A Bride
55. How Much Is "Worker Tension" Costing Your Company?
56. To Men Who Want To Quit Work Someday
57. How To Paint Your House To Suit Yourself
58. Buy No Desk – Until You've Seen This Sensation O F The Business Show
59. Call Back These Great Moments At The Opera
60. "I Lost My Bulges...And Saved Money Too"
61. Why (Brand Name) Bulbs Give More Light This Year
62. Right And Wrong Farming Methods – And Little Pointers That Will Increase Your Profits
63. New Cake Improver Gets You Compliments Galore!

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64. Imagine Me...Holding An Audience Spellbound For 30 Minutes
65. This Is Marie Antoinette – Riding To Her Death
66. Did You Ever See A “Telegram” From Your Heart?
67. Now Any Auto Repair Job Can Be ‘duck Soup’ For You
68. New Shampoo Leaves Your Hair Smoother – Easier To Manage
69. It’s A Shame For You Not To Make Good Money – When These Men Do It So Easily
70. You Never Saw Such Letters As Harry And I Got About Our Pears
71. Thousands Now Play Who Never Thought They Could
72. Great New Discovery Kills Kitchen Odours Quick! – Makes Indoor Air “Country Fresh”
73. Make This 1-Minute Test – Of An Amazing New Kind Of Shaving Cream
74. Announcing...The New Edition Of The Encyclopedia That Makes It Fun To Learn Things
75. Again She Orders...“A Chicken Salad, Please”
76. For The Woman Who Is Older Than She Looks
77. Where You Can Go In A Good Used Car
78. Check The Kind Of Body You Want
79. “You Kill That Store – Or I’ll Run You Out Of The State!”
80. Here’s A Quick Way To Break Up A Cold
81. There’s Another Women Waiting For Every Man – And She’s Too Smart To Have “Morning Mouth”
82. This Pen “Burps” Before It Drinks – But Never Afterwards!
83. If You Were Given \$200,000 To Spend – Isn’t This The Kind Of (Type Of Product, But Not Brand Name) You Would Build?
84. “Last Friday...Was I Scared! – My Boss Almost Fired Me!”
85. 76 Reasons Why It Would Have Paid You To Answer Our Ad A Few Months Ago
86. Suppose This Happened On Your Wedding Day!
87. Don’t Let Athletes Foot “Lay You Up”
88. Are They Being Promoted Right Over Your Head?
89. Are We A Nation Of Low-Brows?

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90. A Wonderful Two Years Trip At Full Pay – But Only Men With Imagination Can Take It
91. What Everybody Ought To Know...About This Stock And Bond Business
92. Money-Saving Bargains From America’s Oldest Diamond Discount Store
93. Former Barber Earns \$8,000 In Four Months As A Real Estate Specialist
94. Free Book – Tells You Twelve Secrets Of Better Lawn Care
95. Greatest Gold-Mine Of Easy “Things To Make” Ever Crammed Into One Big Book
96. \$80,000 In Prizes! Help Us Find The Name For These New Kitchens
97. Now! Own Florida Land This Easy Way...\$10 Down And \$10 A Month
98. Take Any Three Of These Kitchen Appliances – For Only \$8.95 (Valued Up To \$15.45)
99. Save Twenty Cents Off Two Cans Of Cranberry Sauce – Limited Offer
100. One Place Setting Free For Every Three You Buy!

### ***STATE THE PROBLEM***

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**The question you must answer:** “Why should I care?”

Remember the old Apple ad comparing a PC to a Mac? The ad shows a frumpy, corporate employee PC user next to a cooler, younger Mac user. This ad visually states the problem with PCs: they make you feel uncool.

Whether you show the problem with a visual, like Apple, or state it explicitly with text, you *must* remind people of the situation they’re experiencing so you can share how your product *solves* that problem. Infomercials were great at visually showing the problem the product solves. For example, the OxiClean infomercial would show stain after stain that only the OxiClean product could supposedly remove.

Going back to the vitamin D example from earlier, let’s say the main benefit you focus on is brain health. After giving a benefit-rich headline using one of the examples above, you next talk about the *problems* people are experiencing, such as brain fog in the afternoon, memory decline, or trouble focusing for long periods.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

The goal is to get people thinking, “Yes, I have that issue! How do I solve it?”

### ***GIVE THE SOLUTION***

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**The question you must answer:** “How can you help me solve my problem?”

Now you have people *hooked*. They see the main benefit in the headline and have read about the problem(s) you can solve for them. Next, provide the *solution* (your product).

For example, on an Amazon product page, you can show basic information about your product, such as its name, description, photos, and, possibly, a video. You can give the price here, or if this is a dedicated landing page, you might wait to reveal the price until the offer section.

Your potential customers can’t physically see or touch the product when selling online. So, use high-quality images and videos to show your product, as that’s all they’ll have to go on when deciding whether or not to buy. Getting good quality media to show off your product to potential customers is worth the investment and gives a visual of how your product works and solves the aforementioned problem.

### ***CREDIBILITY***

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**The question you must answer:** “Why should I believe you?”

By this point, you’ve reminded people about their problem and told them you have the solution: your product. The next thing on a prospect’s mind is, “Why should I believe you?”

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Here's where you establish credibility for your business and yourself if it makes sense. Here's a few ways to do that in this section of your page:

- Number of years in business
- Number of customers served
- Awards & recognitions
- Credentials (e.g., doctor, expert status, etc.)
- Media mentions (e.g., logos from popular publications in which you or your business has been featured)
- Your personal story of transformation (i.e., how you started in the same shoes as the prospect and went on to improve your life after discovering the product you're now selling)

### ***BENEFITS***

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**The question you must answer:** "What's in it for me?"

In your headline, you mentioned the most significant single benefit that matters to your potential customers. In this section, you reiterate that benefit and list any other benefits for your product to capture as many people as possible.

### ***FEATURES***

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**The question you must answer:** "How does it work?"

Now, you list your product's specific features so people believe it can provide the benefits listed above. The biggest mistake people make when listing features (and sometimes benefits) is including generic, vague statements such as, for a flashlight for example, "very bright". Instead, be as specific as possible, "light reaches up to X meters, 3x as bright as standard models." List your product's exact measurements, dimensions, and specifications in as much detail as possible.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

Apple excels at this. For example, here are a few of the specific features mentioned for its newest iPhone model:

- “Forged in titanium”
- “The first iPhone to feature an aerospace-grade titanium design, using the same alloy that spacecraft use for missions to Mars”
- “Pro-class GPU with six cores”
- “48MP Main camera”
- “120 mm of pure Pro zoom”
- “5x optical zoom with the 120 mm lens”
- “Up to 29 hrs video playback”

### ***SOCIAL PROOF***

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**The question you must answer:** “Am I the first sucker to try this?”

You’ve established your credibility and said all the great things your product can do for someone; now, they need to *know* they’re not the first to try it. You show that *many* people have tried and been happy with your product prior to them by sharing social proof. Here are a few ways to include social proof on your page:

- Written testimonials/reviews
- Star ratings
- Photos of people with your product
- Video testimonials
- Experts talking positively about your product

The more social proof in various forms you can include on your page, the better.

## ***OFFER***

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**The question you must answer:** “What’s the price, and what are the terms?”

Before giving the price for your product, anchor it to a higher, more expensive price. For example, Amazon does this by showing the retail price and then the current sales price for most products. In other businesses, you can share the total cost of alternatives and then share the great deal they can get on your product instead. You want to show a higher price first so the purchase price of your product seems like a deal.

Also include any terms or payment plans you offer, such as subscription discounts, bulk quantity discounts, or multiple payment options.

## ***GUARANTEE***

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**The question you must answer:** “What if it doesn’t work for me?”

When you ask someone to buy something from you, you are asking them to take a leap of faith and believe everything you’ve said. This is a lot of risk for the customer. Instead, to get more customers to purchase, add a money-back guarantee that puts the risk on *your shoulders*, not theirs, for the product to deliver on its promise.

A typical guarantee is a 30-day money-back guarantee. As long as the customer returns the product, you’ll give a 100% refund on the purchase. Sometimes, you may want to include a more aggressive guarantee such as a double-your-money-back or you-keep-the-product type of guarantee. For these bolder guarantees, you want to be confident people are happy with your product before offering something along these lines.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

### *SCARCITY*

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**The question you must answer:** “Why should I buy *now*?”

Anytime we’ve run a promotion that didn’t go as well as we thought it would, it’s almost always because there wasn’t a compelling enough reason to buy *now*. This is called having scarcity in your offer. *Always* have a reason or need for people to make a decision to purchase that day. Here are possible options:

- Limited stock remaining
- Percentage discount
- Dollar discount
- Bundle offer (e.g., free product with purchase)
- Holiday discount
- Quantity discount (e.g., first 20 are 20% off)
- Implied discount (e.g., “Only \$49.99 *today*” - implies that it may not be available at that price *tomorrow*)

### *REMINDER*

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**The question you must answer:** “Alright...tell me one more time what’s the offer here and why do I need to buy now?”

Recap the main benefits, additional benefits, top features, offers, guarantees, and reasons to buy now one last time before asking people to buy.

## ***CALL TO ACTION***

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**The question you must answer:** “How do I buy?”

Lastly, give clear and explicit instructions on what the prospect needs to do next. In most cases, this is a big, bright “ADD TO CART” or “ORDER NOW” button. Often, with a long sales page, there are multiple buttons to capture people who are ready to buy after various phases of the sales process and to make sure people don’t miss a single button on the page.

## **Objective #2: Convince Buyers to Spend as Much Money as Possible**

Doing everything we covered above will give you the best chance at converting strangers to your brand into customers. However, what if you convince a whole lot of people to buy, but they only buy one low-priced, low-margin unit at a time? For example, let’s say you sell a single product for \$25 with 50% gross margins, giving you \$12.50 in profit for every unit sold. If your ad costs are \$35 per purchase, that means you *lose* \$22.50 per sale. This means the more customers you get, the more money you lose. Not good.

Alternatively, what if you can get customers to buy three units on average upfront, giving you \$37.50 in gross profit ( $\$12.50 \times 3$ ) per sale? With the same ad cost of \$35 per purchase, you *profit* \$2.50 per order. The more you sell, the more money you make. Plus, you get customers *for free*, which is the whole goal of your sales funnel (we’ll discuss more about this in Level 3).

Other than not losing money on the ads you run, another *big reason* to get customers to buy as much upfront as possible is most customers are never coming back for a second purchase. Typical e-commerce stores get around a 25% repeat purchase rate. That means that 75%, or 3 out of 4 customers who buy from you, *even if* you sell good products, are still waiting to come back - and most likely

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

won't. They're too bombarded by other offers, other ads, and other products to remember to come back and buy from you again. For *most* of your customers, the only shot you get to make money from them is the *first* time they buy from you. All the profit you make from them, all the money you get to cover your overhead costs, pay for your staff, pay yourself, and grow your business comes from that single, first purchase for the majority of your sales. So, how do you make the most out of that single opportunity?

### ***INCREASE PRICES***

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Raising your prices is one of the easiest ways to get customers to spend more money with you. When I first started growing one of my e-commerce businesses with a partner, it did over \$35 million in sales per year; we ran a sales funnel that let people bundle three products for \$51. We decided to bump the price by \$1 to \$52. This small change gave us an extra \$5,000 *per month* in profit with no drop in orders. That's enough for us to cover the salary of a member of our team *for free*.

The best approach to raising prices is to make small, incremental changes over time. When Warren Buffett bought See's Candies decades ago for \$25 million, the *only* part of the business he directly managed was pricing. Every year, he'd go through the list of candies and assign small, incremental price increases to each, such as 5% here, 7% here, etc. Today, the total volume of chocolate sold by See's isn't much higher than a few decades ago, but See's has returned *billions of dollars* in profit to Warren Buffett because of the small annual price increases.

The first step in increasing the amount of money customers pay you per purchase is to see if you can raise your prices without disproportionately affecting order volume. Little increases can add up to big profits.

### ***BUNDLING***

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Never let a customer buy just *one* of anything. In one of my e-commerce businesses, we created a sales funnel which has produced over \$100 million in sales so far; after testing, we realized removing the single-unit purchasing option in this funnel yielded greater results. So, to buy from us, you *had* to buy either three units or six units.

A typical and time-tested approach to a consumer products sales page is to offer the following options: one unit, three units, and six units. The discounts get bigger as the purchased quantity gets larger, such as no discount for one unit, a 20% discount for three units, and 30% off for six units.

Another approach is to bundle complementary products and offer discounts. One beauty products business owner I know found the best success by providing groups of complementary products on his sales page, including a single eye cream, an eye cream plus a moisturizer, and an eye cream, moisturizer, and sunscreen bundle. The more people buy, the bigger the discount they get.

Whether you sell water bottles or beauty products, never let a customer buy just *one* of anything - always give them the option to get a better deal by purchasing in a large quantity or a bundle of multiple products.

### ***PRE-PURCHASE UPSELLS***

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For a typical business, once a customer decides to buy, they rush them to the credit card form to let them place the order. This is a huge missed opportunity. Almost every established, successful business, from Apple to GoDaddy to Amazon, asks people if they would like to add extra products to their order, often with a special discount. These are called pre-purchase upsells, or order bumps. The goal is to get the customer to add extra products to their order *before* they start completing the purchase.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

Often, the best pre-purchase upsell is to offer another unit of the same product at a discount. For example, if you sell a yoga mat for \$50, you can let people buy a second yoga mat to keep in the car, keep it at home, or give it to a family member for \$35 (30% off). For physical products, the cost per order for shipping doesn't scale proportionally by the number of units included in the package, so this is very profitable. For our business, shipping a single unit costs around \$8, but shipping two units only costs \$10 (\$2 more). Selling another unit, even if it's at a 20 to 30% discount, is highly profitable for us.

Alternatively, you can offer complementary, or add-on products, as pre-purchase upsells instead of the same product. When you buy a phone from Apple on its website, it will ask you if you'd like a case, earbuds, or magnetic wallet. All these purchases complement the initial product you're buying, the iPhone.

### ***SHIPPING AND OTHER FEES***

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Studies have been done to determine if customers buy more when presented with a total price, with all fees included, versus a price before fees, with the fees shown later in the purchase process. For every study I've come across, the latter *far outperforms* showing a total price upfront. This is likely due to the commitment and consistency effect: Once we've already made small commitments to purchase, such as starting the checkout, we're less likely to back out due to a small additional fee to complete the order. Use this to your advantage.

I often see physical product businesses charge far too little for shipping or not charge for shipping at all. Years ago, you almost *had* to offer free shipping to everyone because Amazon did. That's not true anymore. It's okay if you only give free shipping on orders over \$50, over \$75, or never. Then, when you do charge shipping, it's okay to charge more. One business owner I mentored recently increased his shipping price from \$4.95 to \$7.95 with zero drop in orders. That additional \$3 in profit per order gave him a lift of thousands of dollars per month in extra profit.

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Aside from shipping charges, you can also add small, additional fees such as a processing fee, shipping protection fee, or even tipping. You do want to use your judgment as to how many additional fees are acceptable. There is a tradeoff between more money now and a potential long-term negative impact on your business because you're annoying your customers. However, you'll likely find that adding in - or at least separating - an additional fee or two can result in significant additional profits for your business.

### ***POST-PURCHASE UPSELLS***

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The last primary tool to get customers to spend more money is to include additional offers presented after the customer checks out. These are called post-purchase upsells or one-click upsells because they can usually be purchased with *one click*.

Most shopping cart software allows the ability to include one or more offers that can be presented to a customer after a credit card is entered and the first order is placed. In this case, the first order is secured - you don't have to worry about losing that order. Before the customer is taken to the thank you page, you can show one or more special offers to add to the initial order. If the customer accepts, you make more money; if the customer declines, you still get the first order.

As with pre-purchase upsells, the best offer for the post-purchase upsell is often the same product at a discount; however, this is not always the case. You may find that offering complementary products works better as post-purchase upsell offers for your specific customer base.

One of the best ways to improve the performance of your post-purchase upsell offers is to tailor them specifically to the product being purchased. If the customer is in the process of buying a Hello Kitty-inspired water bottle from your store, don't offer a camo headband as an upsell. Instead, offer a Hello-Kitty-inspired larger (or smaller) water bottle, coffee mug, or similar product that is likely to be purchased by the same person who would buy the original water bottle they were shopping

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

for. If you have a lot of products, you may have to create this type of tailored upsell experience only for your top products. The time and effort are worth it. I've seen tailoring the upsell process to a specific product increase the revenue per visitor of those upsell funnels by 300 to 500%.

### Is It Unethical to Ask Customers to Buy More?

With all this talk about asking customers to spend more money with your business upfront, you may either be salivating at the thought of making money or cringing a bit, thinking you could be ripping people off. At different times, I've felt both about selling and marketing. Here's how I think about it today:

In our main e-commerce business, we sell healthy coffee. I genuinely believe in the product. I drink it every day; I travel with it, and recently, I even seriously considered cutting open a Keurig pod at an Airbnb to put *our coffee* in there and duct-taping it closed so I didn't have to use whatever generic coffee was in there before. My mom, dad, and friends are all paid subscription customers of our product. It's *excellent* coffee tested for over 450 toxins such as glyphosate (what's in weed killer), and we do our best to ensure the farmers and workers are paid fairly for growing our beans. We've even partnered with an organization to build schools in the region where our coffee is grown, helping to support the communities as well as the farms and farmers. All that is to let you know, I think it's okay if people buy our coffee because it is a coffee I fully believe in myself.

When we ask people to buy more, we are *always* giving them bigger and bigger discounts. It's not unlike Costco's discount warehouses, which give you better prices for stocking up. We're not convincing new people to drink coffee; we're convincing coffee drinkers to drink *the* coffee we believe in. I'm okay with convincing someone to buy a supply upfront that will last them for months. We make more money, they get good coffee, and they get the best discount. Everyone wins.

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It is alright to ask people to spend more money with you if (1) you believe in your product and (2) you don't lie or cheat to get people to buy more. Three decades ago, Warren Buffett bought Nebraska Furniture Mart for \$55 million from the hard-working founder, Rose Blumkin. She started the business from nothing as an immigrant who didn't speak English. Her secret to success? "Sell cheap and tell the truth." Since most of us aren't in the discount furniture business, I think we can modify her mantra to be "sell high quality and tell the truth." As long as you do both of those things, sell as much as possible.

### Creating Good Ads

There's a reason we first discussed getting a good product to sell that people want, then how to create a good sales funnel, and now making good ads - it's because that's the order in which you *must* focus if you want to succeed at scaling your business. Many business owners I've met with have failed at growing their sales to \$5 million and beyond because they take their existing, boring product that nobody wants, combined with their terrible sales page that won't convince anybody to buy, and then start spending money on Facebook ads. The result is thousands of dollars and months of time down the drain. There's a better way.

If you've created a product people want and then created a good sales funnel using the steps we've gone through, you're in the best position to make paid advertising work for your business. If you skip one of those first two steps, you're almost guaranteed to lose money with paid advertising because you're either competing with people with larger budgets who lose money all day long on ads, or, you're competing with people who *have* done those steps. Either way, you lose. But once you've done those first two steps, you're far more likely to be able to run profitable ads.

Today, the biggest and most common ad platforms for businesses are Facebook and Google (including YouTube). Through those two ad platforms alone, you can reach just about the entire world. You don't really need to run ads anywhere else, so I would start there. However, eventually, you may decide you want to run ads

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

on TikTok, Pinterest, Snapchat, LinkedIn, or other platforms. Regardless of where you run ads, you only need three principles to make your advertising successful, *assuming you* have a good product people want and have created a good sales page.

### ***DON'T BE BORING***

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If you run a corporate-looking ad on Facebook for a product, I can almost *guarantee* it won't work. People don't *want* to see ads on social media. However, with the right ad, you can get a lot of people to buy. The primary way we grew our sales in our coffee business from \$17,000 per month to over \$3 million per month was with Facebook ads. But they didn't look like ads; they looked more like posts a friend would share, including compelling and somewhat weird images and videos. For example, to sell our coffee we used tasty-looking video clips of coffee drinks being made. We did not show a boring picture of a cup of coffee; that doesn't work. We needed something visually interesting to make people stop and wonder, "What the heck is that?!"

You need to stand out to get people to stop and pay attention while scrolling through social media or even searching on Google. With the language, images, and videos you use, aim to stand out without being too obnoxious. It does you no good to get a ton of people to click if none of them buy. You want the *right* people to click so you get sales, not just visitors.

### ***MATCH YOUR AD TO YOUR LANDING PAGE***

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The typical approach to figuring out how to scale your sales funnel is to write down the main 5 to 10 benefits of the product, and then narrow that list down even more to the top five. Then, for each of the five main benefits, create a duplicate copy of the landing page for each benefit and write a unique headline that fits the benefit for each version of the page. To test the performance of each benefit, you create a single ad campaign for each version of the page (each benefit) with an ad that matches that benefit. This makes sure your ad matches the landing page.

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If you get a lot of people to click on an ad, but the ad doesn't match the landing page, people will quickly leave and you'll get zero sales.

For example, let's imagine you're selling a vitamin D product and determine the top five potential benefits are:

1. Cognitive health
2. Bone health
3. Anti-inflammatory
4. Antioxidant
5. Immune health

You start by creating one good sales funnel for the primary benefit, such as cognitive health. You copy the main landing page four additional times for five total pages. Then, you write a unique, benefit-rich headline for the other four main benefits, placing one unique headline on each additional page. All other content on the landing page and in the rest of the sales funnel can remain the same - you're only testing the main benefit.

Lastly, you write a unique ad for each of the five benefits. You then launch an ad campaign that has five different ads, each targeting one of the landing pages with its corresponding benefit. This is how you can find out which benefit drives the most sales.

Once you figure out the winning benefit, you can create more ads with different text, images, and videos that match the winning benefit and page to improve performance further.

### ***TEST SMALL***

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The third and final principle of good advertising is to test small. When you're just starting out, it's a good idea to test ads with budgets as low as \$20 per day. If you have five ads, that's a total budget of \$100 per day. Then, watch the ad performance closely.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

Once a single ad has spent two times the profit you make per order with zero sales, you turn it off to try something else. For example, if you make \$50 in profit per order and have an ad that's spent \$75 with zero sales, you let it keep running. But, once it goes over \$100 with zero sales, you cut it off to regroup.

When you advertise early on, view it as *buying data*. You're letting the platforms and real consumers tell you which ads are best, which audiences respond well, and which landing page works the best. Over time, prune out the stuff that's not working and double down (increase spend) on what is working.

One lesson I have learned throughout the years is to never let an agency tell you they need to spend thousands and thousands of dollars on garbage advertising without any results just to "test". Hold them (the agency) and your ad spend accountable for producing sales. Always test small. If an ad has spent more than two times the profit you make per order, don't let it keep running; instead, try something different because it's unlikely to ever be profitable without a change in strategy.

## Simple Marketing Systems

In person-to-person selling, the goal is to capture an interested prospect's information (a lead), then qualify that lead to make sure they can buy what you have to offer, and then finally follow up with a series of communications to convince that person to purchase the product. Today, we can automate all of this in as little as a few hours for any business.

There are only three simple marketing systems you need to scale from \$1 million to \$5 million. These three systems provide 80% of what you need to make more from the traffic you drive by spending money on paid advertising to send people to your sales funnel.

### ***SYSTEM #1: INFORMATION CAPTURE***

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If only 3 to 5 out of 100 people who visit your site buy, that means 95 to 97 don't. If you don't have a way to follow up with those 95 to 97 people, you are much more likely to never to them anything. You've already paid to get those people to your website, you might as well do anything you can to grab their information if they don't want to buy right now so you can follow up.

The easiest way to capture information from your site's visitors who don't immediately buy is to use an exit lightbox email capture feature. This is a little box that pops up when someone tries to leave your website by moving their mouse over the top of the window, or can pop up when someone has been on your site for a specified period of time.

For e-commerce, an excellent offer to make when someone tries to leave your site is a 10 to 20% off coupon. You ask the prospect for their email address and then, once the form is submitted, provide them with the coupon code.

My recommendation is to put this type of form and offer on every page of your website. But, don't overdo it. Some websites have so many popups flying around everywhere, even big sites such as Forbes.com, that they're nearly unusable today. Don't do that. A single exit lightbox offer will do what you need to capture information.

### ***SYSTEM #2: THE LEAD-TO-CUSTOMER FLOW***

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Once you've captured a lead's information, set up at least three follow-up emails - and SMS messages if possible - to convert that lead into a buyer. You can set this type of flow, or autoresponder, up in any of the many email and marketing automation software tools. Here's a recommended lead-to-customer flow to get you started:

- Immediately after sign-up: Deliver the coupon code with a link back to your website

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

- Next day: Remind the lead about the coupon code and link back to your website
- One day later: Give a final reminder about the coupon code and highlight your most popular product - remember to link back to your website

You should consider having up to 30 days' worth of automated follow-up communications in your lead-to-customer flow. You likely don't want to send an email, or especially an SMS message, every day during the 30 days; however, sending at least 3 to 4 emails per week, spread out over 30 days, is a good follow-up flow. Mix in emails about your various products, share reviews, share benefits, give multiple promotional offers, and talk about you and why you started your business.

### **SYSTEM #3: THE CUSTOMER-TO-REPEAT-CUSTOMER FLOW**

The final marketing system you need to scale to \$5 million in sales is a basic flow to convert first time customers (buyers) into repeat customers. You can trigger this flow based on when someone makes a purchase from you in any major email or marketing automation software.

Because these customers just recently bought from you, you likely don't want to hit them with promotional offers immediately (though I have seen this by people who do a lot of email marketing in large e-commerce businesses). Instead, it's a better practice to nurture those customers, giving them time to receive and use your product before selling them additional products after their order.

Here's a basic customer-to-repeat-customer flow to model:

- Immediately after purchase: Thank you from the CEO/founder (that's you) and welcome them to the company
- +2 days: Tell them about why you started the business and what it's all about, also give them an easy way to contact your support team if they have any questions about their order

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- +2 days: Give them a few helpful tips about how to use the product they bought from you
- +2 days: If you have any social media accounts, especially a Facebook group or other community, invite them to join other customers in the group or to follow your accounts so you have other ways to reach them outside of email
- Once the product is delivered: Ask them if they've used the product yet or if they have any questions about it
- +3 days: Ask what they've thought about the product so far
- +5 days: At this point, you can start soft-selling them on ordering additional products with an email such as, "Hey, I have this really cool thing to share with you..." (another product they didn't buy yet)
- +1 day: At this point, you can include a 3 to 4-day sequence of messages that either sells another product you offer or gives them a general coupon code for your entire site to come back and buy again

Ideally, you build a 60 to 90-day follow up sequence for customers who buy from your business. As with the previous flow, you don't need to message people every day during that time period - a few follow-up emails per week is a good start. One trick email marketers use to build their email flows with less effort is to turn one-time promotional campaigns into automated email campaigns. Let's say you launch a new product in your store and send 5 emails for it to existing customers. Once that promotion is done, modify the emails and add them to your customer-to-repeat-customer flow so they're automatically sent to all future customers. This makes building a 60 to 90-day email flow much more effortless.

## LEVEL 2 (\$1 MILLION TO \$5 MILLION): SCALE TESTING

### Level 2 Wrap-Up

Once you've hit \$1 million in sales and are ready to go to \$5 million in sales, the first thing you have to ask yourself is, "Do I have one or more products that can support \$5 million or more in sales per year?" If not, determine if you can expand your market. If you can't, then you need a new product that *can* support that level of sales *and* fits within your current brand.

Then, once you have a product that can scale, you need to create a good sales funnel built to achieve the two primary objectives we covered in this chapter: (1) convert strangers into buyers and (2) convince people to buy more upfront.

Armed with a product that can scale and a good sales funnel, you're ready to turn on paid ads. Remember, don't be boring, match your ads to your landing pages, and test small. To follow-up with people who you bring to your website from those ads who *don't* buy upfront, implement the three simple marketing systems we just discussed.

These simple steps should get you to \$5 million in annual revenue. If not, start back at the top of this chapter and work through the list again.

Now, it's time to scale to the *true* level of freedom, \$10 million per year.

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## **Level 3:**

**\$5 Million to \$10 Million+**

SALES FUNNEL SCALING

### LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

Once you hit \$5 million in sales, it's easy to start to coast. Your business is more stable, you're making good sales every day, and you have a team that's been with you for a while which makes your life easier. But, the \$5 million mark is also its own kind of trap.

The usual path to success looks like this:

1. We throw a bunch of stuff against the wall (I started 20 businesses in my first two years)
2. We find something that works (e-commerce, for me)
3. We focus on that thing that's working and achieve success
4. Then, we get overconfident due to our success and spread our efforts too wide
5. To regain success, we have to focus again

Once you get to \$5 million sales, you *feel* successful. With a 10% net profit, you can comfortably pay yourself \$250,000 or more per year. You've fought the battles over years to get to where you're at. You know a lot about business including marketing, finance, operations, taxes, hiring, and firing. This can cause you to become overconfident in your abilities to make *anything* successful. So, you start spreading yourself too thin.

You launch many new products, including some wholly disconnected from your current brand. You try many different marketing channels, including ones completely unnecessary until you're at a much higher level of sales. You hire and hire some more, thinking you need a big team of specialists to handle everything in your business. Then, there's the agencies, my personal pet peeve. Many entrepreneurs think they need an agency for everything, including Facebook ads, Google ads, YouTube ads, email marketing, conversion optimization, and more. The result is draining cash, chaos, and you seeing things falling apart, but not knowing what to do to start growing profitably again.

I'm proud of you for building *any* business, especially one with \$5 million in sales. However, I'm not your 9-to-5 friend or family member. *They* can only tell you how

## 10 MILLION

successful you are because you own a multi-million dollar business. With tough love and admiration, I can say to you, you're not there yet. You have momentum, but you're one big wrong move from slipping backwards into the 7-figure trap. Fortunately, the solution is easier than you think.

## Simple Scaling to \$10 Million

You don't need a complex business to grow sales to \$10 million. Here's all you need:

1. One good product
2. One good sales funnel
3. One good traffic source

In both of the businesses I built that quickly blew past \$10 million per year in sales, that's all it took.

In my first business that hit \$10 million per year, I had each of those elements:

1. Product: Our e-commerce training program (Amazing Selling Machine)
2. Funnel: A live product launch sales funnel we ran twice per year
3. Traffic: Affiliates who earned 50% per sale to send people to our launches

In my second business that hit \$10 million per year, here's what it took:

1. Product: Our low acid, healthy coffee with a few variations\*
2. Funnel: A single long-form sales page that offered three or six-bag bundles
3. Traffic: Facebook ads

*\*Note: Technically we had eight variations of the same product including beans and ground for light, medium, dark, and decaf roasts. The majority of sales came through the default option, medium ground. We could have achieved the same result with only that variation. However, having a few variations of the same product qualifies as one product.*

### LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

What most entrepreneurs do once they achieve success, such as getting to \$5 million in sales, is they start adding too much complexity to their businesses. They're tired of optimizing their sales funnel, they're tired of supporting the same product, and they're tired of continually working on new ads for Facebook. They think the way to grow is through new products, new marketing channels, and more agencies.

*Most* great businesses produce the majority of their sales from *one* product. Apple is nearly a \$3 trillion company with over 160,000 employees. They could create thousands of new products per year. Yet, they don't. Instead, they relentlessly focus on improving their core products and add only a few new, significant products. Apple's iPhone generates 50% or more of its total sales. If you're concerned your main product produces the majority of sales in your business that's 0.001% the size of Apple in terms of revenue, think again.

If you've achieved \$5 million in sales with your main product, you can likely get to \$10 million with the *same* product. First, you must keep improving your product as mentioned in Level 1 and Level 2. Stay hungry. Keep looking at your competitors to make sure they're not creating a better product than you. Keep making your product, its packaging, and its branding better and better so you stay ahead. Second, you must keep scaling your marketing to get to \$10 million with *one* goal in mind.

## Get Customers for Free

The whole goal of your sales funnel is to get customers for free. If you can accomplish this, you win. So, how do you get customers for free with your sales funnel? First, you must understand precisely what this means.

**Scenario A:** Let's say you have an average order value (AOV) of \$100. Your gross margin is 50%, so you make \$50 per sale in gross profit. You get customers to buy for an average of \$50 in ad spend per sale. So, you make \$50 in gross profit and you

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spend \$50 on ads. This means you're breaking even. Great! (I'll tell you why this is so good shortly.)

**Scenario B:** Let's say you have the same average order value of \$100 and the same gross margin of 50%, so you still make \$50 in gross profit per order. Your ad cost is now \$75 though. This means you are *losing* -\$25 in cash upfront per sale. If you get 1,000 orders in a month, you are negative -\$25,000 in cash, not accounting for when you have to pay for inventory or your advertising bills. Not so good, right? Maybe, maybe not. This could also be great.

Your average order value isn't all that matters when calculating the profitability of your sales funnel. There are two reasons for this. First, *some* percentage of customers will come back and buy again. This is why calculating your lifetime value (LTV) is incredibly important. The best part is, you have *a lot* of data on past purchases because you're already doing \$5 million in sales per year. You should have *thousands* of transactions you can analyze going back *years* to determine your lifetime value. With a slight risk of *nerding* out too much on calculating LTV, here's the best way I've found to do it:

**Lifetime Value (LTV) Cohort Analysis:** To calculate your LTV over time, you want to do what's called a cohort analysis. This means looking at groups of customers who bought for the first time during specific periods of time, and then seeing how much stuff they bought every month thereafter. An excellent way to start is to look at customers who bought in the same month as your are comparing to, a year ago. For example, if it's January, look at customers who bought for the first time *last January*. See how much money they spent on their first order. That's your LTV for month 0. Then, for each month thereafter, look at how much *only those* specific customers spent with your business. You should have some amount of money coming in from some of them in February, March, April, and so forth. The amount of money is likely to decline over time as most customers won't come back and keep spending money with you month-after-month. Once you have a six-month and a 12-month view of those customers, divide the total amount spent over those time periods (I like six months and 12 months) by the number of customers in that

### LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

cohort. If, for example, you have 100 customers who spent \$10,000 total in the first six months, you have a \$100 six-month LTV. If those customers spent a total of \$12,000 in the first 12 months, \$2,000 more after the first six months, you have a \$120 12-month LTV. You should run this same analysis for customers who bought in January of last year, February of last year, and so on. If you search in Google for a “cohort analysis chart by month”, you’ll see what this should look like. The only remaining step is to calculate or estimate the gross profit of that revenue. By the end of this process, you should be able to say, “Our six-month gross profit LTV is \$X and our 12-month gross profit LTV is \$X”.

In addition to customers coming back and spending more money over time, thus making your lifetime value larger than your average order value, some customers *always* buy outside of your funnel. Right now, a business partner and I are applying *all* the steps we’ve talked about here to a software business we’re scaling. We’re driving Facebook ads to a sales funnel with a special offer on a single tool within the software suite. We’re not sending people anywhere else. However, every day we see sales come in from our homepage. Some people want a different offer than that on our landing page, so they go check out our homepage. Some people forget about the landing page but want to order the product, so they type the business name in Google and end up on our homepage. This is why it’s okay, and actually preferred, to break even upfront on your ads. You get some people to come back and reorder, increasing your LTV, and you get some people who buy from other areas of your site which are likely not perfectly tracked in your ad sales.

To summarize, the *whole goal* of your sales funnel is to breakeven upfront if possible so you get customers for free. If you can get customers for free, you will make a ton of money. If you can get them to come back and buy later on, the rest of your business will start taking off outside of your ads at the same time.

One strategy that can help you scale from \$5 million to \$10 million with your sales funnel is to be willing to *lose* money to get a customer. For almost every large business, it costs them more to acquire a customer than they make from that customer *upfront*. However, they have enough data to know if they can get that

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first sale, many sales will follow, eventually making that customer acquisition cost profitable. For one of my e-commerce businesses, we started off with the goal to break even upfront, then we increased our allowable cost per acquisition from ads to break even in the second month, and, finally, we allowed ourselves to break even in 12 months. This means we lose money every month for 12 months when we acquire a customer. But, we have enough sales and recurring revenue coming in from our past customers, that we're still profitable every month. We know customers that cost us money for 12 months will eventually turn profitable in month 12 on average, so we keep acquiring more of them.

When you start out, cash is tight. So you're "free level" for getting a customer might mean you need not to lose money upfront. Later, as your business scales, you can move that *free level* out so you're comfortable acquiring customers at a cost that means you don't break even for three, six, or 12 months. As they say in direct marketing, "the business that can spend the most to acquire a customer *wins*."

## How to Scale to \$10 Million and Beyond

Remember, if you have a good product, sales funnel, and traffic source, you don't need much else to scale to \$10 million. What you *do need* is the discipline to keep improving each of those three so you get there.

### IMPROVE YOUR PRODUCT

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When you first launched your business, you likely saw an opportunity to create a better product than what was currently available at that time. Well, once you hit \$5 million in sales and want to go to \$10 million, other hungry entrepreneurs are now looking at *you*. They're looking at what you offer and how you sell it. They're reading your reviews. They're thinking, "How can I make this better so I can make some money?" Don't make their job easy. Keep improving your own product so you always stay ahead.

### LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

Why do big companies like Facebook and Google seem to *copy* what's popular in other products created by businesses far smaller than them? Why not just wait to see if that feature becomes *really* popular to add it to their own products? Because, they can't afford the risk. They don't want to give *anyone*, even a business *far smaller* than them the opportunity to destroy what they've built over decades.

When TikTok surged in popularity because of its short-form vertical videos, Facebook didn't wait long to add that feature via Instagram and Facebook Reels to its products. Google did the same by adding Shorts to YouTube.

We don't have to add every feature our competitors add, but we shouldn't ignore them either. We need to keep an eye out for what people are buying in our market, especially with products closely related to, or that are substitutes for our own product.

Keep looking at what your customers are saying about your product, what customers are saying about your competitors' products, and what your competitors are releasing that's working. Aim to keep improving your own product every year, or every quarter, so you're never playing catch-up.

#### ***IMPROVE YOUR FUNNEL***

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Nobody has a single sales funnel that performs at the same level forever. That would be nice, but it doesn't happen. Ad costs increase, competitors copy you, and people's preferences change. The only way to keep your sales funnel working to \$10 million and beyond is to keep improving it all the time. Fortunately, it doesn't take a lot of time or effort, just *consistent* effort applied over time.

**First, keep trying to improve your conversion rate.** Use a split-testing tool to constantly run at least one split test on one significant element of your landing page such as the headline, substantial changes to the body copy or appearance, or the main offer (pricing and terms). These tools change over time, so just search in Google for "best A/B split-testing tool" and use one of those to run this type of simple test.

**Second, keep trying to increase your average order value (AOV).** The higher you can get your AOV, the more you can afford to spend on ads. This gives you a *vast* and lasting advantage against your competitors. If your AOV is \$100 and theirs is \$50, you can spend twice as much to get a customer. While they're *losing* money on every sale, you're *making* money on every sale. Who do you think is going to scale bigger and longer with their ad spend until the other company gives up? To keep increasing your average order value, test higher prices, bigger bundles, smaller discounts, more pre-purchase upsells, higher shipping costs, and better post-purchase upsells.

### ***IMPROVE YOUR ADS***

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The biggest ad platform for most businesses today is Facebook, which includes Instagram ads. Most platforms, including Facebook, Google, and others, are moving to a model that encourages you to target a broad audience and let them (the platform) find you the most profitable customers. Usually, this works great. You can likely manage your own advertising up to \$20,000 to \$30,000 per month with little sophistication other than what we're about to cover. However, once you get to above that level, you likely want to hire a *good* agency. We'll talk more about agencies in the next section of this chapter.

Since most platforms are moving to generally good automatic ad targeting, the biggest lever you have to pull to improve advertising is to create better ads. (This assumes you have a good product and are constantly improving your sales funnel.) The way to keep improving your ads is to keep testing new concepts. The most significant determinant of an ad's success with Facebook is the image or video used. The text copy around the photo or video is worth testing, but it tends to have a more minor impact.

You want to keep creating new ads. The more you spend, the more ads you need to test. Try new images and new videos. Use Facebook Ad Library ([facebook.com/ads/library](https://www.facebook.com/ads/library)) to see what other advertisers are running. Model their ads to test them out in your own business.

### LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

The general approach is to create a few widely differing ads with completely unique concepts. For example, you could test a customer testimonial video clip versus a weird, unrelated image that can tie into your product. Once you find a concept that's working, then start creating variations of *that* ad to make it even better. However, never stop testing completely new ideas - you never know where your next homerun can come from. A single great ad can drop your ad costs *in half*. So keep creating new ads to test.

## Blueprint: 7-Figure Operator to 8-Figure Freedom

I have two primary role models in business, Warren Buffett and Richard Branson. I've studied Buffett for years and most appreciate his rationality and values. He's one of the only uber-successful business leaders that has almost zero adverse personal history. Buffett has aimed to live an honorable, respectful, and good life based on old world values. He's been able to build nearly a trillion dollar company from the ground up while working with almost zero appointments or anything on his calendar and nobody telling him what to do.

I have great respect and admiration for Richard Branson because he's lived a big, adventurous life, trying to make a positive impact based on his beliefs ever since his first student newspaper business. For Branson, business should be fun, should be purposeful, and shouldn't be based on the sole goal of making money, though he's enjoyed living on an island and being a billionaire for many years.

With those two unique examples of extraordinary lives and success, we have a great goal to aim for that's possible for any of us. We can build businesses that allow us to impact others positively, thus giving us great purpose and fulfillment. We can also develop our businesses in such a way we get to do what we *most love to do*, while other members of our teams do what they're great at to fulfill *all* the necessary functions of a business. Our businesses can be a vehicle for growth and positive change in the world. There's a *blueprint* we can follow to accomplish this

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goal. While venturing down the path from seven-figure *operator* to eight-figure *freedom*, let's remind ourselves of the quote attributed to Henry David Thoreau:

“The mass of men lead lives of quiet desperation, and go to the grave with the song still in them.”

I see too many bright entrepreneurs spend years, or even decades, coasting through life. They energetically build a business from zero to moderate success. Then, they stop growing. They stop pushing. They get comfortable and never realize true freedom. Don't let that be you. Keep pushing a bit longer so you get to the point at which you can do *anything* you want.

I always find it interesting to see someone such as a rough, biker-type guy, covered in tattoos with a leather jacket, big beard, a shirt that basically says “F the world” or some variation of it. The pessimism on his shirt alone makes me wonder what he was like as a child. My guess is that he was like most children, full of joy and just wanting to play. But, then life took a turn. Challenges happened. Possibly, the child experienced terrible hardships. After years of getting beat down, the child becomes a man with a rugged exterior, closed off to a greater, more fulfilled, happier life.

Don't become the entrepreneurial equivalent. This is part of what I admire so much about Richard Branson. He's been sued, he's had companies fail, he's had his fair share of hardships. But, he's never lost his youthful and playful zeal for business and adventure. Let us be more like him as we grow our businesses to \$10 million and hopefully far beyond.

What follows is a blueprint you can use to guide you as you go from a seven-figure operator, with the whole business and all responsibilities on your back, to a level of eight-figure freedom, with a company that runs itself while you do what you most love. The more free and fired up you are about your business, the greater an impact you'll make on your employees, your customers, and everyone else you reach. That's the real purpose of this book - to create a world in which more people are more fulfilled, happier, and loving their lives.

## LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

### *FOCUS TO FAST-FORWARD*

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There are two cycles we go through in business. In the first cycle, we're stuck, we're not making significant progress, and we're frustrated because nothing is moving forward. The way out of this cycle is massive action. We set a big goal, then we throw a bunch of stuff against the wall to achieve that goal. Through relentless, energized action we create results. This frenetic energy and activity helps us reach our goal, but it creates the second cycle.

In the second cycle, we have too much going on. Too many projects, too many opportunities, too many products, too many people who need us. This drains time, drains cash, and leads to slipping backward in progress. To get out of this cycle, we need to *trim*. We need to *focus* our efforts and energy.

Most entrepreneurs, by nature, are action takers. They relish in throwing a lot of stuff against the wall and figuring it out as they go. This is a good thing and is why they can be successful. However, it's not without its downsides. Usually the regular practice needed for entrepreneurs is to *focus* if we want to move faster.

The first element of the blueprint to eight-figure freedom is *focus to fast-forward*. As an entrepreneur, you'll inevitably create more chaos in your business by doing too much. That's okay. For now, where do you need to focus? It is likely one or *all* of the following:

- Focus on the one business with the most potential or current results - trim or delegate the others
- Focus on the one *product* driving 80% of your sales or profits
- Focus on the one *sales channel* or *traffic source* driving 80% of your sales
- *Remove* everything that's no longer serving you or your business such as expenses, agencies, people, traffic sources, products, and entire businesses, if necessary

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Every 90 days or so, make sure you're clear on where you want you and your business to go. Then, examine where you're at today. Lastly, determine where your focus should be applied and what needs to be let go of to clear up the time, money, and mental bandwidth to pursue your goal.

### ***MARKETING SYSTEMS***

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We've talked a lot about marketing so far. Most of what we've already discussed is what you need to do as part of the blueprint to go from seven-figure operator to eight-figure freedom. As a recap, here's what you should continually monitor and, eventually, have someone else monitor:

- Sales funnel performance
- Advertising performance
- Conversion rate
- Average order value (AOV)
- Lifetime value (LTV)
- Marketing system 1: Lead capture
- Marketing system 2: Lead-to-customer flow
- Marketing system 3: Customer-to-repeat-customer flow

The only other critical marketing system to add or improve once you start scaling beyond \$5 million to \$10 million is a marketing calendar. This includes a 30 to 90-day schedule of the promotions and content you'll put out to make the most of your growing list of leads and customers. It's not uncommon for this simple system to add a million dollars or more per year to a business approaching \$10 million. Every week, review your marketing calendar and make sure the promotions and communications you'll send, including the specific audiences for each, are defined for *at least* the next 30 days (90 days is better). Priorities and objectives change, so your marketing calendar may change as you go, but this 30 to 90-day plan gives you a baseline to work from.

## LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

### *FINANCIAL CONTROLS*

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Entrepreneurs, especially *new* entrepreneurs, typically hate finance and accounting. Financials can be confusing and can seem trivial. “Who cares how much profit the accountant says we made last month, I can see the cash in the bank account!” I get it. I was once there too even though one of my majors in college was finance and I worked at an investment bank out of university.

In 2015, our e-commerce training business exploded. We were producing a lot of sales and had thousands of customers who loved the product we sold. But, our finances always felt like a mess. In some months, we’d produce a lot of sales and then look at our bank account and wonder, “where did all the money go?!” It was that year we put on a private event for successful e-commerce entrepreneurs in St. Lucia. I was talking with a guy attending our event who had been in business for many years. I told him about our financial confusion and he laid out a simple plan that’s helped me ever since make managing the financial side of a business relatively painless.

Here’s all you need to properly manage the finances of your business to \$10 million:

1. A good accountant who is responsible for bookkeeping, taxes, and producing full financials by the 15th of every month including a profit and loss statement, balance sheet, and cash flow statement
2. A quick weekly check-in with your accountant to solve any issues or provide any data necessary
3. A monthly financial review (likely 1-2 hours) to go over each financial statement in-detail - your goal is to understand every part of the financials of your business, so ask lots of questions
4. A daily cash email from your accountant that tells you your current cash balance and how much cash went in and out the previous day

If you put in-place each of those four items, you’ll have enough to manage your business to \$10 million per year. However, if you want *true* freedom so you can better hold your team, yourself, and your company accountable to results, I recommend putting in-place one last financial control:

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**The Rolling Forecast:** This system was taught to me by a mentor I worked with for four years who took a company public in his twenties. All you have to do is forecast your sales, cost of goods sold (COGS), and the five or so major categories of operating expenses for the next 12 months by month. You should have a number for each of those for each month for a year. Then, each month during your monthly financial review, you look at what you said you'd produce for the previous month and compare that to what you actually produced. This practice makes you better at forecasting future performance. Then, update the forecast for the future based on what you learned, and push the forecast out one additional month so you always have 12 months forecasted. That's it. This powerful system has saved my businesses *millions* of dollars by making the future impact of our short-term decisions much more transparent.

### ***A PRODUCT ROADMAP***

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In addition to marketing systems, we need a *product system*. That means a product roadmap that includes the following:

- Product improvements to make
- New products to launch
- New variations of existing products to launch
- Products to discontinue

This is a necessary system for your business and any good Chief Financial Officer (or accountant you hire part-time for that role) will ask for it to plan the financial forecasts. It also gives you focus. You'll be more proactive rather than reactive. It also forces you to make explicit your ideas for the brand. If you own a brand of kitchenware and decide you want to add a line of seasonings to it, you're forced to think through if that really fits within your brand. There may not be a correct answer, but having a product roadmap makes you put your ideas for new products down on paper. For every new product you launch, you take time, attention, and money. You can't launch an infinite number of products. A product roadmap enables you to make the best decisions possible.

## LEVEL 3 (\$5 MILLION TO \$10 MILLION+): SALES FUNNEL SCALING

### Build an Autonomous Team

If you were to list my business skills in order of ability, managing people would *not* show up at the top. Yet, I've been able to build multiple 8-figure businesses. I even eventually figured out how to do so with very little stress or time required. It wasn't because I'm great at creating complex, automated systems that somehow magically run an entire business *without* people either. It was because I figured out a way to hire good people and get them to do good work without much involvement from me.

#### *HIRE PART-TIME FIRST*

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My businesses have hired at least 100 to 200 people. The more interviews I did, the less confident I was in my ability to pick out a great candidate from an interview. At some point, I heard about two ways to hire great people: (1) hire them young and train them or (2) hire them for part-time contract work, then turn them into full-time employees. I've never had the patience or desire to hire brand new college graduates and train them from scratch. However, the second approach, hiring good people for part-time contract work and then offering full-time employment, is how I've gotten most of my best team members and partners.

In my experience, you will know how someone will do at a job once they actually *do* it. So, hire someone to do a job on an hourly or project basis. If you like their work, keep working with them more. If you don't like their work, find someone else. One of two things will happen. First, it gives you room to figure out the people you actually like working with and the people you could use their skillset full-time, so you offer to work with them full-time. Or, you find out they're great, but you only need them part-time, so you keep your costs down by only working with them as needed.

***BEWARE OF AGENCIES***

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I've worked with about 30 agencies across my businesses for marketing and other functions. Want to know how many I'd recommend to a friend? One or two.

A lot of agencies are run by good people. But, their incentives could be better. Most are paid based on ad spend or some other metric that's only loosely associated with what you really want. I hate to say it, but most agency owners run agencies because they don't like the risk of actually having to produce results. There are almost *zero* agencies that will work purely for performance and, even if they are willing to, there are few who won't screw you over by focusing only on short-term results. We hired a sales agency that did work purely on performance, but we eventually paid the price when we needed to get out of \$25,000 deals they committed us to with clients by overpromising and, at times, straight out lying to get their commission.

Because of their incentive structures, most agencies end up doing the least amount of work to get paid. This inevitably produces bad results. Entrepreneurs tend to compound this problem by hiring an agency and not holding them accountable to producing good results.

At times, hiring an agency can be reasonable and necessary. But, be warned the success rate is meager. The only way you're going to produce good results with an agency is to *watch them closely*. Be clear and upfront with the agency what results you expect. If you expect ads to be profitable after their fees within 90 days, don't let them make excuses about why that didn't happen. Fire them immediately and move on. A good agency will tell you upfront what they believe they can produce. Armed with that information, you can decide whether or not it's worth working with them at all. Write down your initial expectations and review it weekly while you work with them closely throughout the entire engagement.

## CONCLUSION

### *CULTIVATE LEADERS*

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After building my first large business for three years, I noticed something surprising: I had to give far less instructions to our team. What happened was some of our employees had then worked with us for three adventurous (some of them might say, chaotic) years. They knew what I expected, they knew how to do their jobs, and they had done much of what we needed to do before. Life became much easier for me in some respects as the CEO.

What you really want to build, aside from a company with great long-term team members, is a group of *leaders*. These are people you invite in on significant discussions, that review financials with you, that understand how you think and make decisions. The more responsibility you give to people on your team over time, the more likely you are to cultivate one or two who could eventually run the business for you. That's when life gets very, very interesting.

Warren Buffett's Berkshire Hathaway owns 41 businesses including: Duracell, Dairy Queen, GEICO insurance, Benjamin Moore Paint, BNSF Railway, and others. These are *not* small businesses. Yet, he spends almost *zero* time managing those companies which, in most cases, continue to grow year-after-year. How does he do it? He has a single great manager who is responsible for running each business. Buffett's only responsibilities are to (1) monitor the financial performance of those businesses and (2) make sure there is a good manager in-place for each. If Buffett can have someone manage a \$23 billion railway business for him, I think we can get someone to manage our tiny (in comparison) businesses for us.

Look for and build up someone in your company who can make many of the critical decisions for you. Grow their level of responsibility over time. Coach them and give them feedback. Let them make non-fatal decisions and learn from their mistakes. They get smarter and you get more freedom.

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Eventually, you'll want to set up an incentive structure for one or more people in your company that aligns them more like an *owner*. Here are the three main parts of such an incentive structure:

1. Salary: Pay a decent wage to cover lifestyle expenses (we all need and like this)
2. Bonus: Give a bonus for performance in their duties
3. Equity: While this isn't completely necessary, the more of an equity or equity-like component you can add to a key manager's compensation, the more aligned they'll be with you (a non-equity option is to give a percentage of total company profits as a bonus)

With these elements in-place, you're ready for the final test of your eight-figure freedom.

## Take a Month Off

In 2017, my wife and I jumped on a plane to Hawaii to be there for a month. I was going to learn how to fly a helicopter, and, after five intense weeks, I walked away as a licensed helicopter pilot. It's a life experience I'll never forget.

My business kept running smoothly the entire time. In that case, the critical *manager* was my business partner. He had a salary, equity, and a bonus incentive to make sure the business kept growing. The company didn't miss a beat while I was gone. I came back more energized than I had been in years.

I've since used this as a litmus test for any business I'm involved in. I should be able to take a month off, wholly disconnect from the company for an entire month while the business still runs and grows. If not, something is wrong. It could be that the business's products, marketing systems, or financial controls need tweaking. Or, it could be that there is no one I've been working with closely for long enough in-place that can run the business in my absence.

## CONCLUSION

In almost any business Richard Branson has been involved, other than in his very early years of being an entrepreneur, he has a manager who runs the business for him. I believe that's the secret to *true* freedom. I've known zero people who have built a genuinely automated business that can run without anyone's involvement. I think that's a myth. If that type of business exists, soon it faces a competitor run by a highly motivated and adequately incentivized manager who eats their lunch.

People are motivated by incentives. Use that as your secret power to build a business that can run itself. By "running itself", I mean *without you*. It will still require people. The good thing is, with the right people and right business, you can enjoy increasing wealth and freedom while you get to do exactly what you *love* to do. You can focus on the areas of business which give you energy, or, you can focus on pursuits outside of your business that light you up.

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# Conclusion

## CONCLUSION

# Smoothly Progressing Through the Three Levels to \$10 Million Per Year

Building a business can *feel* challenging. But, most problems are preventable. Here's a list of the main issues *any* business is likely to face without actions taken to prevent or resolve them quickly:

1. A product doesn't sell well
2. A marketing campaign flops
3. A key employee quits
4. Cash flow gets tight
5. Expenses get too high
6. You get sued by an employee, partner, supplier, or other party
7. A payment processor withholds too much of your money for "reserves"
8. A customer gets upset
9. Too many customers get upset because of poor experience with your business
10. You run out of drive and motivation to push your business forward

But, don't worry. All 10 problems above have been faced by almost every entrepreneur before you, even those that have built businesses to \$10 million, \$100 million, and \$1 billion.

The reason business can feel hard is we don't take time to think through, "Hey, what if this doesn't work out as well as I think it will?" As the late Charlie Munger would say, "Invert, always invert."

By all means, shoot for the moon. But, don't bank your whole company on something not guaranteed to succeed (that's *everything* in business). Set aside a reasonable budget to *test* new products, new marketing channels, new team members, and new processes. Also, give yourself some extra *slack* in your busy schedule to help develop key team members, monitor what's going on with your

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business financially, see if customers are happy buying from you, and check-in with yourself to make sure you're doing work you actually enjoy doing. If you do those items, combined with what we've covered in this book, you will have a *much* smoother path to \$10 million and beyond, regardless where you're starting from today.

As a recap, let's cover the three levels one last time.

### **Level 1 (\$0 to \$1 Million): Finding Product-Market Fit**

The best way to launch a successful business is to find a way to make a product that's already selling well *better*. This can mean more tailored to a specific audience, improving a minor feature of a product, or completely re-doing an existing product from scratch. Without a better product, you'll have a hard time winning in any marketplace. But, fortunately, your inexperience and smaller business size (because you're just starting out) are your *advantage*. You can go after opportunities big companies can't afford to spend time on. Pursuing a good niche opportunity like this can get you to \$1 million per year.

Once you have an excellent product to sell that people want, you need to reach the right people. Today, this is easier than ever. But, before you start spending money on paid traffic, take the time to create a good sales funnel like we discuss in Level 2. Then, you can start turning on targeted traffic using search-based advertising platforms to grow sales for your new product.

### **Level 2 (\$1 Million to \$5 Million): Scale Testing**

Congratulations, you've reached \$1 million per year in sales. This is a significant achievement, but is by no means the end of the road for you as an entrepreneur. A \$1 million business is a stressful job in disguise. The slightest slip-up can mean you go back to working for someone else because your business fails. That's why I call this level of low 7-figures the *7-Figure Trap*. Too many entrepreneurs get stuck

## CONCLUSION

at this level and never get out. They never experience the *true* freedom of having a lasting business that can be run by other people, while paying them good money as the non-operating owner.

To grow your business from \$1 million to \$5 million per year, you need to do *less*, not more. Most business owners start launching all kinds of products, sell on many different platforms, and start hiring a lot of people they *think* they need because of all this chaos from overactivity. Instead, you need to figure out if you have the *right* product that can *scale* to \$5 million and beyond. Launching many new products to multiply your sales is a much more challenging route than growing with a single, great product a significant market wants.

Analyze if your current top products can get you to \$5 million per year in sales. If not, see if you can broaden their appeal to a bigger market. If not, then you need a new product that caters to a bigger market, but still fits within your current brand. You do *not* want to start a new brand at this point because you've already built significant momentum with your current brand.

Armed with the right product that can scale, create a good sales funnel for that product. We covered the main elements of a good sales page in the chapter on Level 2. Make sure your core sales page covers each of those elements if you want the best chance at accomplishing the first objective of your sales funnel: convert strangers into buyers. Once you've created a good sales page and the rest of your primary funnel that can convert strangers into buyers, next you need to get customers to buy more upfront, which is the second objective. 75% of people who buy from you are likely *never coming back*, even if you sell great products. The first sale is the *only* sale you get from the majority of your customers, so make it count. Use price testing, bundling, pre-purchase upsells, add-on fees, and post-purchase upsells to increase your average order value so *you* can be the one who can afford to spend the most to acquire a customer. Then, you win.

### Level 3 (\$5 Million to \$10 Million): Sales Funnel Scaling

To build a \$10 million per year business, you only need *one* good product, *one* good sales funnel, and *one* good traffic source. The whole goal of your sales funnel for your main product is to get customers for *free*. If you can break-even on your customer acquisition costs from paid advertising, you can acquire thousands of customers at zero cost because the profit you make per order covers the cost of advertising. If you can get thousands of customers for free, you can build a \$10 million per year business that's highly profitable.

Growing from \$5 million to \$10 million, assuming you've created a good sales funnel that's working to get to \$5 million, is all about improving your funnel performance. You need to apply consistent effort to improving your product, increasing conversion rate, increasing average order value, and improving your ads. Each week you should dedicate time to improving each of those areas. When you do, competitors won't be able to catch up to you and you'll be able to keep scaling your sales bigger and bigger, *without* relying on any new homerun products.

Another big focus needed to grow from \$5 million to \$10 million per year is to measure your lifetime value over 6 months, 12 months, and, even longer. The greater the lifetime value of an average customer for your business, the more you can scale your sales through advertising and other traffic sources. The more you scale your ads, the broader the market the platform has to target to get you customers, resulting in higher advertising costs because the platform is now trying to get you customers less and less like your core base of buyers. As long as you keep improving your sales funnel and measuring your lifetime value, you *will* be able to keep scaling because you'll build the cash flow to be able to increase the amount you're willing to spend to acquire a customer as your business matures.

# The Fastest Way to Grow Your Business

I've spent 17 years building businesses. I can trace every major leap in my success to meeting the right person at the right time.

There is someone out there who has already done what you want to do. They've put in the hours. They've spent the money. They've made the mistakes.

Learn from them.

Don't repeat all their mistakes.

I feel it's my duty to pay forward all the help I've received.

That's why I write books like this. That's why I put out content for free on YouTube (@matt\_clark), X.com (@mattclarkhq), and Instagram (@mattclarkhq).

That's why I also, from time to time, work with a handful of founders directly.

If you own a 7-figure e-commerce business, this is for you:

What got you to \$1M+ won't get you to \$10M+.

Stop pursuing niches.

Stop doing everything yourself.

Stop adding more to your business.

Go to [mattc.com/growth](https://mattc.com/growth) to learn how I can help you double your business while removing yourself from 90% of day-to-day operations.

—Matt

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