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James: James Schramko here, welcome back to SuperFastBusiness.com, and my co-host for this series podcast, Matthew Paulson.

Matthew: Hey James. How are you?

James: I'm going well. Matthew Paulson from mattpaulson.com, with two T's, so I believe. Now, it's great to have you back for part 3. We've already covered a few episodes that have had some great reactions. In part 1 of this 6-part series, we talked about how to grow and monetize an email list of 250,000 emails. We got some nice comments about that. Part 2, we talked about side projects and why you probably shouldn't do them. A nice case study there. We both had some great inputs for those episodes.

Now part 3 is going to be a little more about you Matt, because in this one, we're talking about a $400,000 website sale case study. So why don't you get us started with this one.

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Matthew: Yeah. This kind of dovetails off of our last conversation. We discussed why side projects generally aren't a good idea, and it's mostly because they're a distraction from kind of your main thing. So about a year ago now, I had two big businesses. One of them made more than a million dollars a year and the other made $200,000 a year, but they both took about the same amount of time. So I decided it was time to find a new home for the smaller business and just try to find a way to sell that and get rid of it and hand it off to somebody who wants to put the time and to grow it.

I wasn't neglecting it but I didn't have the time to grow it because I was too focused on the bigger thing. The smaller business that I sold was just becoming a little bit of a distraction so I decided to sell it and cash out at that point.

James: So it will be interesting to find out what the steps are. We understand why you wanted to sell it because you realized that it wasn't giving you the same bang for buck as your primary business, and you wanted to stick to your core business and offload this one. So the motivation is there. Just on that topic, what sort of things do you think a business owner might think about when they're deciding if they should sell or not?

Things to consider before selling

Matthew: I think if you're thinking about selling your website, and you're having those feelings that it's maybe time to get rid of it, it's probably time to get rid of it. It's really kind of a "trust your gut" thing, but if you're kind of sick of working out, you're not giving a website the time and attention it deserves, you're focused on something else, it's probably a good time to cash out, because if you have a website and you're not working on it, you're not keeping it up-to-date, that kind of an asset tends to decline in value overtime and fade into the history of the Internet.

James: So basically, you've got to have a bit of a passion for the business. Even if you're not passionate about the market, people confuse that one sometimes, but you've got to be passionate about getting out of bed and thinking about this business and putting more energy into it.

Matthew: Yeah. If you lose that passion, it's probably time to give it to somebody who has that passion and you'll get a chunk of change and then you can focus on something that you're more passionate about.

James: Are there any tips that should be kept in mind just prior to putting your business up for sale? I've heard some varying viewpoints on this. Some people say you should make it more cashflow-friendly, make it work less without you. Other ones say, "Hey, don't change it too much because savvy buyers are going to detect recent changes just prior to sale to stagger sale price."

Selling tips

Matthew: Yeah. I think if you are going to make changes like that, you should do it probably 6 months before you want to sell it. That way, all the changes that you make

have time to bake in and that way, the buyer is going to know what they're getting. So if you want to try to improve the monetization, if you cut back on expenses, if you're doing any kind of exploratory marketing that you're not sure if it works or not, you should probably cut that out.

So it's really just a matter of cutting the fat and letting it run for 6 months so you can prove you know what the numbers actually are after you've made those changes, cut expenses, tried to generate additional revenue, and try to get yourself out of the business. Once you have that lots of time passed, then you can get away with those kinds of things a little bit easier.

James: Right. So it's important to have a consistent set of numbers that lead up to the sale point that someone who's looking at the business could look at and say, "Hey. I see what I'm getting into here." Let's talk about what's involved with the sale itself. Tell us about the steps you went through.

Selling steps

Matthew: Sure. Actually, there are two different ways to sell your website. You can do it through one, a broker. So there are companies that will broker your business for you or your website. They will find a buyer for you, they'll set up the deal, they'll handle everything. Some of the big ones are FE International, so that's feinternational.com, there's Justin and Jill from the Empire Flippers, they deal with smaller websites. There's a company called Quiet Light that deals with larger websites. There's a few different ones and some are better than others. Let them just handle that for you and they'll scrape up a buyer if you don't know how to go find one yourself.

I actually didn't go through a broker. I thought, you know, if I'm going to hire a broker, this is going to cost me 10% of the business just to sell it, so that would be $40,000 that I'd have to pay a broker to sell it. So I thought you know, maybe there's a way I can do this without having a broker and save that fee. I'm not against using a broker but in my case, it worked out to not do that. I tried to sell it myself prior to calling the broker and it just happened that some buyer showed up about a week before I was going to give a broker a call. So the way that I found those buyers was there's a conference in October every year in Las Vegas called Rhodium Weekend.

James: What's that all about?

Matthew: Yup. So that is a conference for website buyers and sellers, and there tends to be a lot more website buyers there than there are sellers. So I hit every up at that conference and just kind of said, "Hey, I'm thinking about selling this," and a couple of guys, the names are Andrew Pincock and Dave Parkinson, they're a couple of guys that do lead gen in Utah. They hit me up and said, "Hey Matt, we're interested in your business." So I sent them over the numbers and then we negotiated from there.

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James: Right. So what you're saying is you might save a brokerage fee and reinvest it into a weekend in Las Vegas.

Matthew: Yeah. I mean that trip cost $2,000 to get the plane tickets, get the hotel, lose some money gambling, hang out with people, get some drinks.

James: So it comes down to if you enjoy selling things, and if you are good at it, but I imagine one of the big benefits of a broker might be distribution. They may have the customer that you're looking for that you can't find yourself, but you've just solved that by going to a buying and selling convention, which is pretty clever.

Matthew: Yeah. I mean, I recommend a broker in most cases. I just happen to get lucky by finding a buyer before I gave a broker a call.

James: There's another broker too, Jack at Digital Exits.

Matthew: Yeah. Jack's a good guy.

James: He's a great guy. He came to one of my first workshops, I think my fourth workshop actually, he came to, and sat in that workshop and just switched on to the whole online marketing and just went on an explosive growth rampage. The guys at Empire Flippers, are fantastic as well. There are other marketplaces as well, like I think Flippa, is a marketplace.

Matthew: Yup, there's Flippa and a couple of other companies getting to that market, too.

James: But like any marketplace, you really have to do your due diligence and sort through the good deals from the bad ones. At least one tip there might be to look at what actually sold in the past year so that you can get a feel for where the market actually is versus what people are asking for, which is often very optimistic.

Matthew: Yeah. And if you're going to sell a website in Flippa, you'll find that there are a lot of non-serious buyers. There's guys from, I hate to say it, but India, Pakistan, who will want to give you a lowball offer and just try to waste your time. So you just have to be careful for time wasters on Flippa. If you're going to list your website there, any website that's worth maybe more than $50,000, I don't know if I'd list it on Flippa. I'd probably give it to a broker. But first of all, the website Flippa can be a nice place to go.

James: OK. So we've given some ideas about where you might sell, where you might find customers. Let's talk about how you do this. How did you determine valuation and also, did you put together a sale book? That's the proof document that most people put together when they want to sell a business. I can talk about what would be included in that. Just wondering what process you went through for your $400,000 sale.

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Determining valuation

Matthew: OK. So what I did was I came up with a document that outlined the business, how it works, what the growth opportunities were, what the risks were, revenue history, all that stuff.

James: That, my friend, is the book. That's the sale book.

Matthew: Yeah. So I put that up together. It was probably just 5 to 10 pages in length. I sent that over, got an NDA in place.

James: So let's just slow that down a bit here because we're into the meaty stuff. NDA stands for?

Matthew: Non-disclosure agreement.

James: Right. And the reason you have it is?

Matthew: You know, if you give them all the details about your business, it makes it pretty easy for them to copy.

James: Exactly.

Matthew: So you don't want them to copy your business if they're not going to do the deal.

James: So some of the good brokers will only reveal the book after they qualify a buyer. In some cases, the buyer may even have to pay a deposit to get a look at the book. So I've got a list of things here that might go into a sale book. Shall we just go through that and see if you had these or not?

Matthew: Sure.

A checklist

James: So the money part, you're going to have things like tax returns, bank statements, financial proof of what was actually going through the business.

Matthew: Yeah. You just want to be able to show, this is what the business actually made over the last 12 to 24 months, and then just have documentation to back that up.

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James: Right. So P&L, profit and loss charts. Then you're going to want to have things like analytics to show what's happening on the website and opt-ins and all of those things.

Matthew: Yup.

James: Then you want to have a look at the business plan. Where does this business operate? Who are their customers? What things are happening in the future for the business? What's likely to happen, like projections including assumptions and those sort of operational things.

Then you have anything like official documents. You may need to have trust deeds or trademarks go along with the business sale. A lot of people don't look at this one, but the domain name obviously for an online business is kind of important. So did you include those sort of things?

Matthew: Yup. There was a trademark for the business that was included. There is a form you fill out in the website and the U.S. Patent Trademark office website, they do a transfer. That's actually pretty straightforward. There are several domain names involved that got transferred is part of the deal.

So the document just listed all the assets that were included so there wouldn't be any confusion about that. That made it clearer, prevented issues from somebody thinking this was included, you said this was included but it's not. So that way, they know exactly what they're going to get in the sale.

James: Exactly. Then you might put things like job descriptions for people who work in the business if you have anyone or yourself if you operate it, any supplier agreements, description of your customers, marketing plan, traffic sources, major competitors and any barriers to entry to the market because they can widely impact the valuation of the business.

Matthew: I think a good thing to put in there is what are the risks involved with the business. In every business, there's something that can torpedo you, so it's good to list out what those things are ahead of time, so that way, if something goes horribly wrong, you can say, "Hey. It was in the sale document that said that could happen." It was a risk of the business that hasn't happened in my case but it's good to put that in there just in case.

James: Exactly. You can also list your unique, competitive advantages and of course, things like debts or any sort of loans. I was offered half a business twice actually, or even three times. Each time, I did my due diligence and found out they had cross collateralized loans and those are risks that if a different business went under it would pull back under the business that I was offered. So watch out for those ones.

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Then there's things like your refund rate, your lease size, what sort of support requirement is there, what sort of training you've done, if there's standard operating procedures. List out all your products and offerings, and of course, they're wanting to know why you're selling the business in the first place. A good reason why might help. How did you explain that one to your seller?

Explain why you're selling

Matthew: I showed them what the numbers were from my other business and said, "Hey, this other business is a much bigger opportunity for me. I just need to focus on that. This is no longer an area focus for me and that's why I want to sell it." That was a good enough of an answer for them.

James: Nice. So let's talk about how you arrived at the valuation because there's a few things that can help you get there. Risk, you mentioned already, like whether it's a high risk or low risk might impact the multiples of profit method, if that's the way you want to sell it. You might be selling it based on traffic or the market position, what sort of growth potential or easy wins are there, or whether it's maxed out. You might be selling it based on not having to be involved in it, so it's really a good investment style thing, but it could also be more like a job if you're heavily involved in it.

Someone might be happy to take that on. People seem willing enough to buy franchises so they love buying themselves a job. And then it could be just based on its asset value, like the collective value of the trademark, and the website, and the members, and the content and all the things involved. But usually, it comes down to some kind of a profit times risk multiple right?

Deciding on value

Matthew: Yeah. So typically, websites for sale between say 20x monthly revenue and maybe 36x monthly revenue for just depending on the age of the website, the quality, what are the risks and just a lot of other factors.

James: So you decided on 24 months profit?

Matthew: Yup. So the website made about US$16,500 a month. So it was about 24 times that was $400,000. It's a good business. The reason why that valuation was higher because there was only one primary marketing channel and it was a pretty aggressive channel. If I had been a little bit more diversified, I think that multiple would have been a little bit bigger.

James: So you had a one-legged stool.

Matthew: Yes.

James: Well, nice one. Now, I'm really curious, how long ago did you sell it? From this time of recording.

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Matthew: The transaction was about 6 months ago.

James: What happened to the business now? Do you have any idea if it's gone well or gone badly?

Matthew: Yeah. What happened with them was that after they bought the business, their main business blew up, just kind of like mine did. I think they're on track to do about US$6 million this year. They haven't been able to focus on it like they should have. Honestly, I'm not quite sure why they would have wanted to buy it if they had that other business going on, but at the time, it made sense for them.

But I think a couple of months after that, it didn't make sense for them. So they had a virtual assistant kind of running the business and that's never a recipe for success. For a couple of months, they were asleep at the wheel, the site went down for like 30 days and they didn't fix it.

James: So do you think maybe they bought it to get access to the customer base or something? Simple like that.

Matthew: Absolutely. I'm pretty sure that's why because they sell SEO services and a bunch of other marketing and advertising services and they wanted the customer list more than anything.

James: So they probably just bought the business. Started cross marketing their existing business, and maybe the blowing up of the original business was helped by this additional database.

Matthew: Yeah. That's definitely possible.

James: They might have worked out well. You've got X number of customers, we'll pay you $400,000. That's probably less than what it will cost us to go and find this many customers of this quality and caliber with our marketing channel but we can have them today, so we'll just bring forward that marketing.

Matthew: Yup. But they have gone back and we've got the website fixed and running, and it's making basically what it made before I sold it for them. I mean even from the business, it's helped them make that money back over the course of the next year and a half.

James: And they could always exit the business if they want it again.

Matthew: Yeah. I made a few mistakes with this sale.

James: Let's talk about those. People love to listen to mistakes.

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Selling mistakes

Matthew: So the deal was I'd get $250,000 upfront and the remaining $150,000 over the next 13 months. How excited do you think they were to send that monthly transfer over every month to make their payment?

James: Not much. What's that called? An earn out?

Matthew: Yeah. So I had to chase them down every month to make the payment. About a month ago, so 5 months into the deal, I said, "Hey, if you'll just send the rest to me today, I'll give you a 10% discount on your balance, so I don't have to chase after you anymore." They did that deal.

James: Right. So that's factoring or it's buying debt at a discount. It's a very good debt collection technique, is to incentivize people to pay early. It's one of the things I advise my students. If they can't go on auto billing or pay in advance, I recommend that they offer a lower amount for early payment or the original amount for a later payment because time is important when it comes to money. Money now is worth than money later, right?

Matthew: Another mistake that I made was it wasn't clear like how much support I would have to provide them after the…

James: The transfer?

Matthew: Yeah, after the transfer. So like 3 months into this thing, their virtual assistant who was running the business was like emailing me, asking like level 2 customer support questions, and I was like, I didn't sell this business so I can keep dealing with this crap. I don't want to have to deal with this crap anymore, so why am I getting this email? I should have made it more clear that, hey, if I'm going to be helping you after this transfer is completed, you're going to be paying me some pretty good money to do that. I didn't do that and it cost me some money.

James: So you could put yourself on a consulting rate for support additional above and beyond a 30-day handover period or something.

Matthew: Yeah. When we did the handover, they didn't quite do it properly, like they didn't have the domains or anything, or the sites moved over to their server so they had to fly out to where I live for a couple of days to move everything over. Three, 4, 5 months after, the deal was done. Just getting everything moved over and that took up 2 days of my life that I'm not going to get back. It was fun to hang out with the guys.

James: So if you were doing this again, how would you protect yourself against these challenges?

Matthew: That's good question.

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James: That's my job in this podcast Matt.

How to protect yourself post-sale

Matthew: Yes. I'd have a clear consulting fee. I'd say I will put up to 20 hours to transfer this business. Anything after that will be $250 an hour, or something like that.

James: What about the domain migration?

Matthew: Yeah. I actually still have the domains in my account.

James: Wow.

Matthew: They have not transferred them over.

James: That's crazy. It really is astounding. I mean we're a services business as well with our websites and SEO, and sometimes, people will buy something for a substantial amount and then not give us the things we need to do the work. Like give us access to the host so that we can install their website they paid for. It is interesting, but I guess that's partly what you might be looking for in a buyer is someone who's willing to go along with your price and pay upfront. How do you think you'd protect against the part payment situation that happened?

Matthew: I won't finance any more than 6 months because as long as they owe you money, you're kind of obligated to help them.

James: Right. So it was really just a straight loan rather than an earn out where you had to do something for that money.

Matthew: No. It was just straight cash payments. It was a straight loan. So I got 60% of the money upfront and then like $12,500 for the following 12 months.

James: So you might have had like a $300,000 buyer who was prepared to pay a premium because they wanted to buy it over time.

Matthew: Yup.

James: Did you have a lot of haggling involved when you proposed the price?

Matthew: So they ahead approached me a couple of months before that we did the deal and they offered me a lowball price and I just started to get lost. They came back again and offered more serious price and then we went back and forth. I think I started that maybe 450 and I think they started out like 325 and we settled on 400, which I thought was a fair price.

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James: Did you have any competition? Any other buyers?

Matthew: Yeah. There was another buyer that I was talking to but he wanted to partner with a few different people and I think it just made more sense to sell to two guys that were already in partnership versus a partnership that hadn't been formed yet of 4 or 5 people.

James: Right. In one extreme version of that, you can have a scenario where your staff buy at the business. So you have multiple people, like the whole team buying out the business. The term that we're talking about before when you're learning to buy some money, that's called vendor finance. Making it easy for them to buy the business for you but you do take some risk.

So what are the parts about this sale case study do you think would be important to share while we have the platform?

Important things to remember

Matthew: I think it's just really important to pre-qualify who your buyers are. Do they have the money to pay? Do they have the skills to run this business? Do they have the time, motivation and ambition to run this business?

It is amazing what people will buy and then they're just totally not prepared to run. So if they buy a business and are prepared to manage it, then the business will crash and burn because they didn't know what they were doing and then they will look at you and point the finger at you and say, "Your business sucks." It's your fault that they bought a business that they couldn't handle. So it's really important just to make sure that you have good buyers and just people that kind of know what they're doing.

I probably wouldn't sell it to somebody who was buying their first online business because I don't want to hold somebody's hand and explain to them a lot of the common practices that happen when websites get bought and sold.

How a broker helps

James: So you'd probably take a fraction less but not deal with the headaches. Would a broker buffer you from some of these challenges and have documentation that protects you from some of the errors?

Matthew: Yes, they would. A broker can make the sale a lot easier. I mean it comes with a cost but they tend to insulate the communication between the buyer and the seller so that the seller is talking to the broker, or the buyer is talking to the broker and not necessarily to the seller a whole lot. And the broker will also help you just package your website and help you fix anything that needs to be fixed before you sell it and just make a really good presentation. Obviously they have a pool of buyers too. That's always nice to have if you can't go to a conference in Las Vegas.

James: Yes. And I imagine there'd be quite a lot of people. It'd be interesting. I'm sure that Joe from Empire Flippers or Jack from Digital Exits will be listening to this podcast. At some point, their name will have popped up in the transcription and they'll have a Google alert. I'd be interested if either of those want to come and talk about a sale from a broker perspective, but what you've given us is a great outline of how you might go about doing it yourself.

I think you've got a great price for the business. It sounds like it went well, but I am curious, how did you handle it from a customer communication perspective?

Matthew: That was kind of the nice part about the business. It was that my name wasn't plastered all over it. It would be very difficult for you to sell SuperFastBusiness because your name is closely associated with it.

James: I wouldn't be so certain about that, but I think I'd have to take a year or two to extract my name off the website.

Matthew: OK. Let's say that Pat Flynn would have a very difficult time selling his business.

James: Yeah, chrisducker.com, it ain't happening.

Matthew: Yeah. So some of those guys. It's tough. But if you went to the website that I sold, my name wouldn't be at it at all. The focus was entirely on the name of the brand, which made it very easy to sell. I'm still getting emails from people today, asking questions. Former customers, they'd been buying the service for 6 months and they had no idea it was sold. They probably don't even care because it's the same service.

James: Yeah. I'd very deliberately don't build any business out of my own name because I believe that you can extricate yourself from a business name. If you give it enough time, like we're talking about very early in this episode, have a plan, move yourself out of it, bring in people. You have to pay someone to do some of the things that you were doing. That's what the commercial salary component is.

If you have a business that's run pretty much by you, you have to take the profit and then extract a reasonable, commercial salary to make an allowance for what you contribute to the business and then whatever's left after that is probably the number that gets put on a multiple. Very interesting discussion.

I've done a lot of thought around this topic and that's why at times, we've merged our domain names, we've separated them out. Then there's other factors that can be wildcards, too. There is another business that uses the same name that I have in a different market. That's a multinational corporation. I'm always open minded. They might come along and pay me $10 million to buy back the name that they like to use in their market but I have the global stranglehold on the use of it. So there's other reasons

someone might pay you to buy your business other than the value of the list or the value of the profit. It might be to have global domination.

Matthew: Yup. And James, I know you sold a bunch of websites a while back that used to be part of a network that you had. You had a lot of websites to sell. Could you tell us a little bit about that process and how you sold those?

How James sells his websites

James: Well, I've done everything, from fully-blown business in a box through to just the domain. My favorite for a lot of the reasons we talked about in this particular episode is just selling a domain. It's so much easier. I often sell domains. I sold one last week for $5,000. I sell a lot of domains in that $2,000 to $6,000 range. Nice premium domains.

Matthew: You sell those to Sedo.com or another website? How do you do that?

James: I just put them on Afternic. Afternic is so easy to use. You just go and put the domain name and you put a bunch of prices. Like the price you want to put it on the site for, the minimum price that they can sell it for without having to ask you, and then your absolute lowest price that you wouldn't consider going below type stuff.

What I've found, and this is really interesting, is that almost all of the domains I've sold there are to one person. When I go and look the domains up a few months after the transfer, I can see that this person has found the right buyer for that domain. They're good brandable domains and they found the perfect match, the person who should have that domain and they've probably flipped it or brokered it. That's good. So I guess what you could say is I've taken more of a wholesale approach to disposing of the domains. But I always made a profit on what I purchased the domain for, a good decent profit.

So here's what happened: I bought it maybe from Sedo through to the main sites where they just pop up after expiration. Quite often, I bid on them. Pool.com was an example. I learned a lot of what I learned from Kenny Goodman. So a bit of kudos back there. I snapped up a lot of domains, hundreds of thousands of dollars' worth of domains about 4 or 5 years ago. I then built sites on a lot of them. We used a lot of them in our private blog network. We had over a thousand, which meant that we could own the SEO world.

When all of that stuff was starting to not work for other people and we were researching and developing this, we knew early. We stopped private blog networking, and we went to organic ways to do it well before those blog networks got slapped down and shut down and railroaded. That's why we still have an SEO business and they don't.

Then, we have these websites that had lots of content on them and over time, it was easier to just basically kill the website and to put the domain back on the market for sale and sell it for premium. I think sometimes, probably a lot like a good house in a good area but is sort of in need of a bit of a renovation, I think you're selling a bit of a potential. Someone sees this great two-word branded domain, and they see potential on it. They

think about what they can build on that and they start valuing it according to its potential rather than a pure historical sale price.

Why people buy domains

Matthew: Do you think people are buying those domains just for the names or are they buying it for any backlinks pointing to the website, too?

James: Combination, but I'd say most of the ones I'm selling would be someone who's got a vision or really wants that name. The name is important.

Matthew: OK.

James: For example, a domain like financebroker.com, that is going to be worth more than just its age or its backlinks, of which it probably has both, but it's really a brandable domain for a finance broker. It says what it is. It's clear and proud. So I think it's good in that regard. So my process is simple. I've got most of my domains at namecheap. If it's a cheap domain, if it's a crap domain, I don't need it anymore or the site is just some .net or whatever, I just turn it off. Turn off auto-renew and list it for $27 or $17, and it pretty much always sells in the last day. They list all their last day things, and people are just buying them.

I'm sure most of the domains like that are bought at 3 a.m. When the willpower is low, sugar energy is low, they've got the opportunist at the keyboard willing to pay up that $27 for their next run. And they're probably buying it for keywords or links or PR. A lot of my domains are 6 or 7 years old now. So there's that one.

Just basically the delete, the sell of cheap, if it's worth anything more than a few hundred dollars or a thousand dollars plus, I'll stick it on Afternic. And I'll just leave my domain on auto-renew, and I usually just kill off the website and point it to Afternic so that people visiting the site or the domain can see that it's for sale. I see how many people visited it in the last X number of days. It gets put across all different platforms. So I've really founded a very easy platform and they deal with escrow service there for you.

So if they sell it, you simply just flip the domain to them and they handle the payment and send you the balance less the commission. Very easy, low risk, you always get paid. It's great. I've basically been able to recycle my domains from the time I bought them to the time I sell them, in the meantime, making millions from services from the back of those domains.

The few times where I've sold an actual business is where I actually set up a reseller site that would resell our own services, websites and SEO. And then sold that to a customer who was buying those services so that they could sell more of those services and they could get a foothold into the way that the site should be set up, designed for conversions, and easily integrating into our own forms. I think I sold that for about $6,500. I imagine I could sell a lot like that.

I've also sold blogs before. I've sold them a hundred at a time, like 98 blogs, 70-something blogs, where I've bought a domain, built something on it, and then sold it in part of a package, usually from platform, where I'm selling training courses, coaching with me, and a website, a done-for-you website, bought, built, handed over. And again, even with those, a percentage of people never even took receipt of their free website that we hand built, which blows my mind.

Matthew: It's amazing.

James: Occasionally, I get an email like 5 years later, "Hey, I think I was entitled to a website. Can I have my website now?" I'm like, "Really? That's a long time ago. Let me see what we can do." But yeah, surprising.

So that's what I found. But I think I'm into the next phase now. I want to be selling websites for $400,000, just like you Matthew. That's why I thought it'd be good to chat about this topic. I started the process of separating out business units that I want to move on. I'm keeping in mind all of the things we talked about in this episode, and I most likely would use a broker at the point where I've got all the book ready and the financials in place and that the business can be established, and clearly, it has to run without me.

Where to find buyers easily

Other ways that you can easily find a buyer is looking into your customer list. In the case of services, the best buyer for my business will be my biggest customers because they'll end up with an extra margin and they're already in the space, and they can leverage off all the other customers as well.

Matthew: Absolutely. I guess, I didn't think to do that. Usually, the people that were buying the service that I had wouldn't be the people selling it, but that's an interesting idea.

James: In my case, I'm a vendor. So we have power buyers. They spend hundreds and thousands with us, so it's an easy, strategic purchase. The other type of good buyer will be someone who has a complementary product or service. So a marketing agency with 800 customers would be such a good customer to buy a website business or an SEO business because they can just plug it into their business, offer a whole new service, or replace an outside contractor that they've been using, where they might not have had enough control or quality.

Key points from this episode

So I think there's good money in building teams, and service businesses, and selling those. There's good money in building software businesses. There's good money in building information product businesses. But one of the keypoints is if you do plan to sell it, don't do the personal brand marketing thing, where you build on your own .com. It seems very popular in the blogging circles, but I think it's probably a mistake.

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Matthew: Yeah. I was looking at a website that talks about dividends that was for sale with one of the brokers. It was a good website. It had some great backlinks from CNBC and places like that, but the whole website was the guy's personal blog and his personal opinions. His name, which is so closely tied to the website, that I couldn't buy it no matter how much I wanted to because I could never replicate his personality. It was just so much based on that one guy that was a deal killer in that case.

James: Exactly. So just be mindful. It can be a great cash cow to have your own brand and you've got a unique point of difference. That's his barrier to entry is no one else can be him. It's also a barrier to selling.

Matthew: Yeah. I mean, you can't sell yourself, so if you're going to create that kind of business, that's what you're signing up for.

James: Exactly. It's often a cash cow business, you know, high income, good market protection, good personality brand. But just keep in mind what result you want. And have a look a little further down the track. I think one of the key points from this episode is think about your next few moves in advance so that you don't have to make rush decisions.

Matthew, it's been a great episode, this one. I'm looking forward to the next episode. In part 4, we're going to be talking about how to double revenue in a failing business in 6 months or less. This is something we've both got a sweet spot for. So looking forward to joining up on that one. Thanks so much.

Matthew: Yeah, that will be a fun conversation. I fixed a failing business and I know you've done things like that too, so we'll have a good time talking about how to turn something around.

James: It used to be my primary mission, was to fix up failing businesses, so I'm really looking forward to part 4.

Matthew: You know who Marcus Lemonis is?

James: Nope.

Matthew: There is a TV show in the States called "The Profit," where the guy just goes into a failing business like a pizza restaurant, and turns it around, and fixes it. It's a very entertaining show here in the States.

James: I've heard of "The Profit" and I've read something about him on some websites, but I didn't recognize his name. There you go.

Matthew: I think that's it.

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James: All right, we'll catch up soon.

Matthew: Thanks.

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