



How To Buy An Online Business With Jaryd Krause



How can you build a portfolio of businesses to finance a life you love? Find out when we interview Buying Online Businesses's Jaryd Krause.



Jaryd Krause

James: James Schramko here. Welcome back to SuperFastBusiness.com. This is Episode 724. We'll be talking about buying online businesses. And for that I've brought along Jaryd Krause from Australia. Welcome.

Jaryd: Thanks so much. I appreciate being here.

A plumber turned multiple-business owner

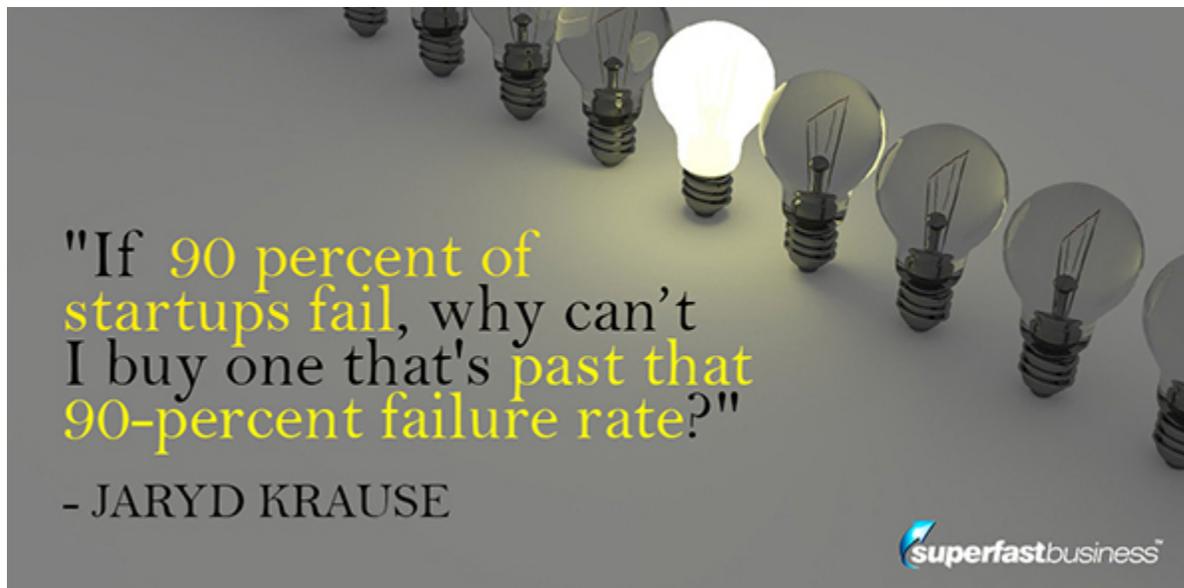
James: Jaryd, we've got a mutual friend in [John Lint](#), he's the founder of [10XPRO](#), which is a platform you've been using for parts of your website at the very least, and raving about, which caught my attention, and we'll probably get to that a little later.

But first up, you used to be a plumber. Is that right?

Jaryd: Yeah, I did. Yeah, I used to be a plumber driving from the Gold Coast all the way out to Ipswich and sometimes beyond to work. So an hour-and-a-half commute each way in the car. And that was a fun time for this move.

James: So did you move directly from plumbing to being an online business empire teacher?

Jaryd: No, I obviously had my struggles, right? Like I realized I'd really hated my work, and I'd kind of saved up a lot of my money at the time. The Ozzy dollar was doing very well, so I was able to go travel and surf and snowboard around and realized one day that I don't want to be, you know, doing this. I don't want to be going back to the lifestyle I've got. So I tried to, I literally typed into Google, "how to travel the world and make money online". That was my goal. And then started my website businesses and failed very successfully at that.



And as you know, it's pretty hard to start a business. Ninety percent of startups fail. And then I realized over a longer journey, well, if 90 percent of startups fail, why can't I buy one that's past that 90 percent failure rate? And that led me to buying them, and then over time, people were digging into me when I was out in the surf overseas or on the mountain snowboarding, and asked me, how can you travel for so long without having a job? And then they started asking me, practically begging me, to tell them what I know about buying sites. And that's what spawned into what I do now.

James: I can tell them part of the answer is that you look quite young and you probably don't have kids. Because it's so much easier. I remember when I read the 4-Hour Work Week about this young Ivy League punk, you know, talking about travel hacking and stuff, and I had, like, four kids, a mortgage. And I was like, come on, this isn't real. And there's a few guys in your generation – you do look fresh and young in your pictures, right? – who are doing that Instagram thing, that they're usually an affiliate for someone else. They're really making this curated, lifestyle travel thing out of the Instagram, and that might work for a few of them.

Just what does he do with the businesses?

But I think as life catches up, wouldn't it be great to have that substantial portfolio of actual assets that you can run in the background? So what I do like about your story is that you've actually gone out and figured out how to acquire websites that have already been successful. What I am interested in is, did you keep them? Did you flip them? And how long did you do this until other people wanted you to show them how to do it?

Jaryd: Yeah, so I've kept all my businesses. I'm at a stage of selling one at the moment. It's quite a small one. And, yeah, I started buying them, and within sort of a year, I bought two. I took a lot of my money, I was investing in the stock market where I wasn't really getting the returns in those traditional investments, and transferred it to buying some sites. And within a year, I kind of had replaced my income as a supervisor of the plumbing firm I was with. And then the year after that, I bought another one. And so it kind of took about a year and a half to two years where people realized like, oh, wow, like, this is a thing. Like, I didn't even know you could buy websites.

One of the tipping points, I guess, was I got invited to a Thailand retreat, a business retreat, and I was just an attendee. And then a lot of people started questioning me about what I was doing, and seeing that I had a couple of small businesses, and were like, well, you know, “Can you teach us after the event how to do this?” And then that just grew from that.

Where the money comes from

James: So you basically, you buy a website, you hold it, and then you get money from it. Talk us through how you get the money from it.

Jaryd: Yeah. So there's many different business models. Like you said, affiliate, you can have a content website, which could be an affiliate site where you make affiliate commissions for doing reviews or pushing people on to valuable products that are of value to them, not trying to push people to buy something that's not right. And then also ads on the site as well. So there's different types of content sites. Then you've got ecommerce sites, and they could be a drop-shipping type business. Or you could have an Amazon affiliate, Amazon business, sorry, FBA, so Fulfillment by Amazon, where you can buy or design a whole bunch of products over in China or wherever in the world and send it over to an Amazon warehouse and they will store it. And they will be connected to Amazon, when purchases get made, they'll dispatch it out for you. And so then you've got lead generation websites where you can sell leads to different firms. And there's a couple of different types of business models and how they actually make money.

And you have a favorite?

Jaryd: Originally it was the drop shipping. That's what I tried to start. I tried to start a drop-shipping business after my first business was a travel blog. And like you said, everybody, you know, with a phone, became a travel blogger. Everybody became my competition, and I realized I needed to get out of that pretty quick. And then I turned to drop shipping, because that was quite a hot topic at the time. And I came home, and I spent about a month before I could get back to work into my plumbing gig, to see if I could build this drop-shipping business. And I built one up in about a month, and I didn't know what marketing was. Like, I didn't know how to market it. So I built this site, and I didn't know what I was going to do to get sales. So that didn't work out. And then I realized, well, maybe I can buy a drop-shipping business and I moved that route and started buying them. And now I'm more particularly interested in the content sites, which I'll be looking at buying some more this year or next year.

James: Okay, very interesting. I'm also going to be comparing some of my own notes from Episode 704, where [we talked with Matt and Liz Raad about how much your business is worth when you want to sell it](#). Because they use some filters to decide on selling a business and what it could potentially be worth, which of course will work as a buying filter.

Where to buy sites and how to go about it

But I expect the big make or break thing for you is how you actually buy the website. I'm sure we're going to have to ask things like, where do you buy them? And what's your process?

Jaryd: Yeah. So where you buy them, it's just like when you are buying any real estate, right? You go to a real estate broker. And you could go to RealEstate.com.au, or Domain, you know, and it's the same when you buy a website. I just say it's like you're buying a digital property where you can make money online. So you do go to a website broker. And there's multiple different brokers. You've got Empire Flippers, and then you've got Quiet Light Brokerage, you got FE International, and you can just Google search a bunch of these different type of website brokers. That's where I suggest buying them from. It is hard to buy them from marketplaces such as Flippa and Exchange Marketplace or Shopify Exchange, where it's a pretty open marketplace and sellers can contact directly buyers, or they can be in direct contact with each other. Although a lot of those listings are quite spammy, and that's where you say you need to know what you're actually doing and what you're looking at buying and how to do your due diligence. I actually had a message just today from somebody who did buy a site from Flippa, he just joined my membership, and he said Look, I just bought a site from Flippa. I know you say not to go down that route, but I did. And now I can't A, transfer the Google AdSense Account over into my name, and I set up another AdSense account and it's not getting approved. He applied for it on his site to get it approved. So he can't get an income with that site that he's bought, just because he didn't know those few things that you need to be checking when you're doing your due diligence.

James: So what do you tell him, to go over to Ezoic or something?

Jaryd: Yeah, so you may Ezoic or Mediavine, and and particularly get as much feedback from Google ads as you can and get your site ready to be accepted. Because the more it becomes accepted on that outlet, then it can on others, and it's going to be set up with better SEO and and help you gain better traffic in the rankings, too.

Training your mindset for the space

James: Cool. I'm really interested in the process of going from a plumber to having your portfolio. Like, thinking in the context of one of my kids who is almost 20, and he was an apprentice mechanic for Audi, what would you say to him if you were sitting next to him? Because he's seen this world of online through what I've been up to, but it seems a long stretch from logging, you know, clocking onto your job, shifting around some things with spanners, and dealing in a traditional workplace. Did you have to retrain your brain?



Jaryd: Hugely. I think a big piece of the puzzle is definitely mindset and personal development. So, I started in personal development quite early, you know, when I was still plumbing. And I got involved with multi-level marketing when I was coming out of school, and that helped me a lot. It didn't really go anywhere in terms of financial, but I learned a lot from it. And that was a great foundation for me. Also, you know, what helped a lot was the travel. So if I was to sit next to your son, I would say, Hey, you know, save up a bit of money, you can in Australia, it's quite good. And just be strict with your savings and go travel and experience and see what sort of lifestyle you actually want. And this is what I did.

And then you can work backwards from that. So say, maybe, you do want to keep traveling. You can work backwards and say, okay, what can I do to be able to maintain that lifestyle or have that lifestyle? And then you can put pieces of the puzzle together. And sometimes, it's not going to work, right? Like me starting websites – I'm not the greatest at that. And then I just learned and adapted and moved on to something else and found what worked for me. It is a lot of trial and error, unfortunately. But what comes with that is a lot of lessons, like a lot of life lessons. And you get those significantly through travel. So I would suggest that. Have a bit of a break. Enjoy yourself, enjoy traveling and have a good hard think about what may be right for you, and try a few different things, and you'll find your route.

How do you pay, and how much do you pay?

James: So, that sounds nice. But then we'd sit there with our pen and paper. You've mentioned a couple of brokerages. I think some of them, we've even spoken to on this particular podcast, FE International for one example. So that's great, but how much do we need to spend for a website, and do we have to pay all cash, or can we arrange some other kind of deal, like a vendor finance or a third party?

Jaryd: Yeah. We'll get to the different structures in a second, but how much should you pay for a site? This is a common question. A lot of people start, you know, saying I want to buy something for, dip their toe in the water with a couple of thousand dollars. To be honest, it's really hard if you're going to buy something for a couple of thousand dollars. In my opinion, what you're doing is you're buying a shell. You're buying something that's still in the startup phase. And you need to put a lot more time, effort and energy into it for it to hopefully pass that 90 percent startup, or failure rate, sorry, and then start making some income. That's why I suggest buying above the \$10,000 range.

And you can work all your way up to, like you say, FE International who is a broker that you may have spoken to. They're selling sites all the way up to 10, 20, \$30 million. And I caught up with the founder last, maybe not last week, the week before, and we had a good conversation, and he said that they're predominantly sticking towards those type of bigger sites, because that's where the bigger brokerage money is, which is great for them. But there's other brokers out there that do sell these sites in the 10 to \$70,000 price range, such as Motion Invest, who just got started, so check them out.

And then when you do come to looking at buying the site, there are different structures. Like you say, you can do vendor financing or what they call in this biz seller financing. What I particularly like people to do is to do that, but call it and frame it in a different way. By calling it a burnout.

James: So it's performance-based.

Jaryd: Correct. And it can be performance-based or it can be non-performance-based. But, you know, say you're going to buy, just for a round figures, say you're going to buy a \$100,000 website. And you may not have all the money, or you don't want to put most your capital, if not all of your capital into it, which I don't suggest doing, is you can offer 80 percent down, and then, you know, pay off over a six-month, 12-month period or maybe even three months which the seller will be probably going for, the rest of those funds, about \$20,000, month by month. And that's what I suggest, before speaking about financing. Because then when you do seller financing in those monthly repayments, you may need to make over a three to six or 12-month period, you may need to put interest on top of that as well.

So it's all about how you word it. And before you even get to that, I like to ask the seller, Hey, what's more important to you? Would you rather a larger sum for the business, or would you rather take a little bit less, but take it up front, in cash? And then you can start to create an offer around what's right for them.

James: Yeah. And I think another really good question is, what are you going to do with the money? Because sometimes you can find a creative way to help them have that happen. Maybe they want to buy a vintage car and restore it, and maybe you can find a way that that can happen without it having to be paid by you up front straightaway. So the motive for selling can be really good leverage in a deal.

Jaryd: Yeah, for sure. And sometimes, you know, I've had clients that have bought sites where the owner just didn't want to operate the site anymore. And this person was a first time buyer, and they wanted to learn a lot more about the space. So they came up with a deal where he would purchase 50 percent of the business, get advised by the original owner, but operate the business himself, which was huge because it minimized these risks. He kept that owner involved, and he got to learn so much as well. So there are those options. There's a few and far between. But that's definitely a great way to go as a beginner.

James: Yeah. It sort of starts to diverge on some of the things I've talked about, and have in play, which is like the [revenue share deals](#), where I actually let the business owner keep 100 percent of it, and they just pay me out of performance-based gains for advising them and helping them grow it through market distribution or intellectual property, or creating a group of high performers who help each other. So there's so many different ways to do this. I love it.

But I think, you know, what you've done is great. You're building up this portfolio of assets, you're keeping them, you've now got the byproduct of that, of course, is this knowledge and intellectual property that you sell to other people who want to learn the same process, guys like my son and so forth, who say, yeah, this is better than being on the tools; this is better than a traditional job. I can see there's so many parallels to the property industry, but I can also see the online space is a tremendous growth opportunity compared to traditional real estate.

The way things have changed

What sort of changes have you seen in the marketplace in the time you've been in it, in terms of how it's been commoditized, or are big players coming into the space disrupting it or being competitive for the stock? And are there any significant shifts that you think are worth mentioning?

Jaryd: Yeah, it's been amazing just to see the growth in the years that I've been involved. The cool thing that I like about this space is that, you know, the internet has been around for what, like 30 years. I feel that we're still very much in our infancy in the industry, like buying website industry, and even building and growing websites.

One of the key things that I have seen change, and you would have seen change as well, James, is that the business models change, you know? Like where drop shipping was quite good for a while and it was a hot topic, and then, you know, different business models opened up. Like, Amazon has made their Amazon Associates program, or their affiliate program, much more lucrative, and it's really well done. And it's the most predominant affiliate program, whereas used to be Commission Junction and different types of affiliate programs like that.

And then also Amazon's sticking to that theme, there, is that they have FBA businesses that I mentioned before. And, you know, the business models do change. There used to be more lead generation businesses; now content websites are pretty good businesses for being hands-off businesses with not too much risk other than being involved in the SEO game where the algorithms can change.

I've also noticed that the multiples are going higher, and I've seen more institutional money coming into the space where sites are, it's kind of like a seller's market at the moment, where multiples have risen and you can get more bang for your buck when you're selling your website business.

And then even bigger money, like PE, private equity firms, are being brought in and they're buying up smaller brands to add to their bigger hundred-million-dollar portfolios and stuff like that. So the space is like, it's slowly starting to move really fast, if that makes sense. It's just getting some steam behind it. And yeah, there's been some great changes so far, but I know in the next five to 10 years, it's going to be exciting to be a part of it.

How big is the team behind it?

James: Sounds like you are. Now, when it comes to you actually running the business, how big is your team?

Jaryd: Team's very small. I have, as you know, I work with Charley, [Charley Valher](#) from [Valher Media](#). He basically runs my podcast production. And I work with Charley closely, which acts absolutely excellent. And then it's just me. So I have a couple of other people that help me here and there with little website techie things, because I'm not the most techie person. But yeah, it's a very small team.

James: Nice. And let's talk about technology. Because small team means you either have to have contractors, or a tiny tiny business, or you have a tool set that's pretty easy going.

Jaryd: Yeah.

The technology that makes it work

James: So what sort of tech stack do you have to operate your information business?

Jaryd: Sure. So I have my WordPress site, which is the face of the business, as you will, and then the rest of it is on [10XPRO](#). What John has created, is absolutely amazing with 10XPRO, is that I have all my marketing funnels done through 10XPRO, and my whole membership area is through 10XPRO as well. And it's just, it's seamless. I'm getting more of my clients now off from Facebook and messaging me via email onto the platform. So I have one port of call for people to message me, and not many different ones. It makes the business far more productive for me as well. And yeah, as I said, being non-techie, it's quite easy to do a few things by clicking around that userface and making things work.

James: Right. Well, it's really handy to know.

Do you ever set up websites using that platform that could be a business in your portfolio? Have you gone down that path? I just say that because that's exactly what I'm doing at the moment.

Jaryd: Setting one up with 10XPRO?

James: Yes, I've set up two sites on 10XPRO, which I'm hoping will be assets that build in value that I could sell one day.

Jaryd: Awesome. I haven't actually built one through 10XPRO, but I could see how easy it would be. I haven't gone into the website and blog side, it's mainly kind of back end that I'm using. But I could see it will be quite easy to use. And if I was going to go down this route of setting up another membership site, I wouldn't bother making it between two different platforms. It just seems silly to me to have more things to log into, and two userfaces to understand and learn. It's just not productive. So I'll certainly be going down that route, for sure.

James: You know, I expect if I were to sell it, then I could transfer the domain. I can sign the 10XPRO account across, I've checked that's possible. And then they can just put in their own Stripe details or even possibly pass over Stripe, if I set up a new account. But I think logistically, all the same things will apply as when you buy someone else's other site and you take possession of it. It might just be easier. It's kind of like, you've already set up a rental agreement long-term, and all the bits are in one place. It's easy. And then of course, wherever your media is, the source files, they could easily be transferred across to from wherever they're being hosted. Videos or audios, etc., PDFs.

Jaryd: Just eliminating that migration.

James: Yeah. Really can be a hassle.

Jaryd: Yeah.

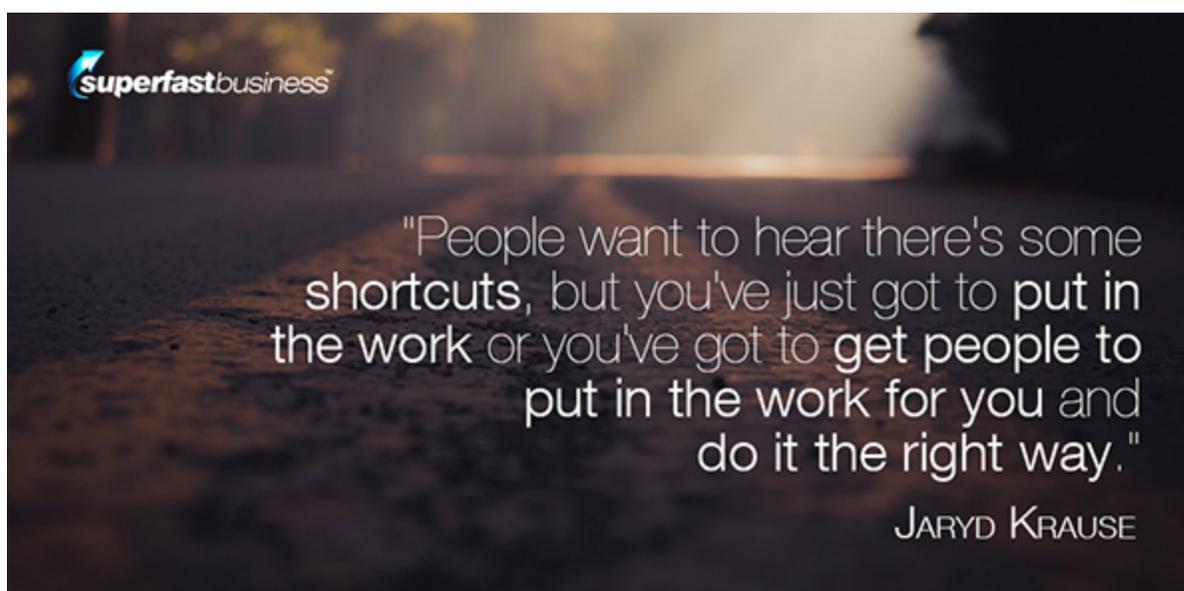
James: Well, I've built and sold a few websites, and certainly selling the websites was interesting. It was interesting enough and exciting enough for me to want to do it again. I enjoyed the payout. It's really like bearing the fruit from the harvest that you've planted and tended for so long. And it's hard selling a business sometimes, emotionally. There's a lot of mindset involved. You've got to have good reasons. But I also like having a portfolio of sites that chug away and build wealth, because that's really what I think most people listening to this want, is something they can build.

Making sure you don't get ripped off

I'm interested that you go through the brokers, I'm interested that you've got some things you recommend for due diligence. How can we protect ourselves from being ripped off?



Jaryd: It really does come down to being great at due diligence and understanding what you're actually buying, and understanding what risks are there. And you know, sometimes people believe that there's just red flags, and they walk away from red flags, when that's not the right thing to do. A red flag means go in, dig deeper and get more information about it, and actually understand it if it's a real risk. And if it is a real risk, how do you minimize that or remove it? So there's so many different opportunities, and like you probably would have heard, problems are just opportunities in disguise.



So there's so many opportunities and things to be checking throughout the due diligence. And that's what I suggest people do to minimize that risk and not go away and buy a lemon, is just understand your due diligence. And as you scale up and grow bigger and buy bigger sites and stuff like that, is getting other people on your team to help you with due diligence, right? Different accountants, different SEO consultants to check things as well, like traffic. And then, you know, if you've got somebody on the same that's great at marketing, have them look at the marketing campaigns and all that sort of stuff. But really understanding the business. There's no sort of, I know people want to hear there's some shortcuts, but you've just got to put in the work or you've got to get people to put in the work for you and do it the right way.

James: Gotcha. And how long have you been doing this?

Jaryd: I bought my first site in 2014.

James: Okay. That's a long time in internet years.

Jaryd: Yes, six. So six internet years years. If we talk times up by seven...

James: That's like three guru cycles. Three guru cycles have come and gone.

Jaryd: Three times guru status.

James: I have a feeling you'll be around for a while.

The top three things you ought to know

So Jaryd, what do you think is good knowledge to impart? So, in summary, I really liked your story. You've gone from a traditional role, you've set about to travel, you've got experiences, you've decided how you want to live, you've figured out some due diligence process, you've built your team, you've got a team of advisors, you've got a small team for producing your show. You've got a really powerful output because of that, using a great tech stack, [10XPRO](#) – big shout out for them – which is how I met you, by the way, because I'm really interested in featuring 10XPRO success stories on this show, because [I'm a huge advocate for it](#), and you're doing it. So what do you think is good advice for someone listening to this, who thinks, Yes, I want to build a portfolio of websites? What would be your top three bullet point items for them to consider?

Jaryd: Number one would be to go out and learn the space. Learn about, you know, what's involved with owning a website business, and how you could possibly grow a website business or operate a website business. That will be really, really important.

Number two would be to learn due diligence. And through doing due diligence, like the second and third and fourth order consequences that when you do due diligence well, and you look at many sites that are for sale, is you have to look through them, and you should be speaking and have to speak to every single seller, and you learn their story and you learn about the business. And when you look at multiple businesses for sale, you could see what they're doing right, and you can see what they're doing not so right, and you can start joining up the dots. And that education in itself is massive towards buying your first site and building a portfolio of sites.

A lot of people that come to me, they just want to jump in hot and heavy and buy a site within a month or two of seeing my stuff. And they haven't put the foundational work in of just learning the industry and learning the due diligence. So that'd be the top two, is learn the industry whilst you're doing the due diligence.

Number three would be working on your mindset. I know we talked about this at the start, but that's certainly helped me so much, because I've been through times where, you know, I was spending a lot of money on marketing and I wasn't getting a return. Or like, you know, this time last year, I had to sack a team of four, a sales team, and, you know, get rid of my marketing guy as well. You've got to have the right mindset to get through that and just not give it all away. Because I could have just been in that position where I just gave it all away at that time frame. And, you know, I've had clients as well that have bought sites and they had a bad month, and they freaked out. It's going to happen in business. It happens in life, it's a normal thing. But when you start to learn, you know, emotional intelligence and start to learn a lot of personal development, then that can help you get through those stages. So you can still keep reaping and rewarding yourself with all the hard work that you put through through those stages when times are good. So I feel that's a fundamentally important point.

James: I want to echo that. It is not a straight path to success. I've had so many setbacks that would stop a normal person. You've got to really want it. If you're [Tarzan swinging through the jungle](#), some of the vines are going to be a bit sketchy. They might even break and dump you on the jungle floor. You got to climb back up the tree and keep going, and you've got to want to. You've really got to need to be on the other side of the jungle to get through the inevitable setbacks.

And I'm sure you went out to the odd plumbing job where things didn't go perfectly. You've already chosen the vocation where you actually get to hang around with, you know, where people do their business sometimes and have to fix that. It's an extraordinary job to start with. It's right up there with being a vet on a country property, you know, where you have to put your hand in places that no one wants to have to put their hand unless they really love what they're doing.

So, interesting way to end. Jaryd, thanks so much for being generous and sharing your tips. Of course, I'm sure you do more of that over at BuyingOnlineBusinesses.com. I'm not an affiliate of that site. I don't make any commission if people go there, but if you're interested in what Jaryd's got to say, you like his message, then I'm sure he can probably help you with that stuff.

For now, this is Episode 724 of SuperFastBusiness. Jaryd, thanks so much for being generous.

Jaryd: Thank you so much for having me. Really appreciate it, James.



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that works for you with
James's help

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