



The Owners Model - How To Pivot From "Entrepreneur" to "Owner" Transcript

[00:00:01] Hello Capitalists. Welcome to Capitalism.com. I'm Ryan Daniel Moran. It's a chaotic day here at home. Esther had surgery today, and my goodness, just breaks my heart to watch my kids in pain. If you're a parent, you know exactly what I'm talking about. I am getting ready to give a presentation at SellerCon which is in a couple weeks. You can still get tickets if you'd like to watch virtually. It's presented by the good folks at Amazing.com. I think you can get tickets at Sellercon.com. It's a digital event.

[00:00:35] I'll be flying out to the event headquarters to give a presentation in front of their tech team, and it will be streamed out to the world, and I wanted to give you kind of a preview of the theme that I'll be talking about there, because it's going to really help you out. This is going to really help your business, and it's going to help you think about sitting in the driver's seat of your business and even running multiple projects without adding anything to your to do list.

[00:01:05] So, most entrepreneurs who have been playing in this game for more than a couple of years end up with a really full plate, more stress than they had even when they were working a full time job, and more concern over their financial futures because everything is riding on their shoulders. And there's a different way, there's a different way to structure your businesses, whether you're starting something new or you are in the middle of scaling a business and you're not able to see how you're going to turn this around, or how you're going to grow this to the level where it can really set you financially free.

[00:01:44] Now, the kind of basis of what I want to share with you is the difference between what I call an entrepreneur versus an owner. And we have to define *entrepreneur* first. An entrepreneur is kind of a catch all word at this point that really encompasses a variety of different types of business leaders.

[00:02:13] You could call a full time freelancer an entrepreneur. You can call somebody who just does affiliate marketing an entrepreneur. You can call somebody who just trades stocks for a living an entrepreneur. You can call Jeff Bezos an entrepreneur. You can call all of these different levels entrepreneurs because we have used the word entrepreneur to cover anyone who is able to work for themselves and earn enough money to not have to depend on someone else for their lifestyle.



[00:02:46] It's the person who is willing to do whatever it takes to not have to work for someone else, which is also the mentality of a homeless person, and homeless people pay fewer taxes than entrepreneurs. Jokes aside, I tell you that because we talk about being an entrepreneur, but we don't really define what we want out of being an entrepreneur. We want financial freedom, yes. We want to make a lot of money, yes. We want to do cool projects, yes.

[00:03:20] But most people never get out of that mode of doing more to make more and never really being truly financially free. And the way out of that is to stop thinking like an entrepreneur and to start thinking like an owner. Now, I'm going to tell you something that some of you are going to be repulsed by. Warren Buffett is not an entrepreneur. Jeff Bezos is not an entrepreneur. Oprah Winfrey is not an entrepreneur. Elon Musk is not an entrepreneur.

[00:04:02] Now, you can make an argument that all of these billionaires used to be entrepreneurs, but they no longer are. They are no longer hustling in the grind and they are no longer trying to scrape away for every dollar, and they built their businesses from the very beginning using, what I call, the owner's model. None of these billionaires are entrepreneurs, they are all owners. And if you are stuck in the same trap that most people are, which is often working twelve hour days, sixteen hour days, worried about money, and have everything on your back, then this is going to really help you out.

[00:04:42] Now, I had a couple of shifts that led me to this conclusion. The first one was, about four years ago, when I was working with a new mentor, and that mentor's name was Peter Shallard, and Peter said to me that the job of the business owner, the job of the person in charge, is to do three things, and no more than these three things.

[00:05:09] The first is to set the overall vision of the company. Number two was to secure the very best talent that could carry out the vision. And number three, to ensure that the company had enough money, enough capital to continue marching towards its vision. That really stuck with me because I was doing all kinds of things in my company, and none of them were recruiting talent, making sure the company had enough money, or setting the overall vision.

[00:05:43] It was more like doing the things that it took for me to make money so that I could keep growing, and there was no vision behind it, no direction behind it, and I wasn't even hiring people at that time, or my team was very small at the time. So, what gives? What's going on here? What am I doing wrong? Why am I so frustrated? Why am I working all the time? Why do I feel like I can never get ahead?



[00:06:11] And that was really answered when behind the stage at one of the Capitalism Conferences a couple years ago, I met Brian Lee, and Brian Lee is an owner, an entrepreneur, who has built four billion dollar companies. He built Legal Zoom, he built Art of Sport, he built The Honest Company, he was the first investor in Honey, the app which sold to PayPal for \$4 billion dollars a couple years ago. The man is a machine, and he's only in his mid to late forties, he's got three or four billion dollar companies on his resume. It's crazy.

[00:06:52] And I was talking to him backstage and I was listening to him talk about how he structures the businesses that he starts. Brian isn't in there leading every company. He's operated as CEO of a few of them, but it's not like he is running a bunch of different projects. He has a little skill set that is seeing the overall vision and direction of a company, raising the money from a few investors to be able to ensure that company has enough capital to grow, and then he goes out and looks for talent. He looks for a CEO, he looks for people who can help out the business, he builds a network.

[00:07:34] Now, Brian works hard. Brian has great projects. But, he is not running a bunch of different businesses. He's doing what he does best which is to see an overall vision, recruiting talent, and making sure there's enough capital to be able to move forward. I interviewed him for the Capitalism Incubator, and Brian said something that I thought was so wise. He said, "Look, I want to build billion dollar companies. If I only own 10% of a company, I'm doing just fine."

[00:08:07] So, he sets really big targets and then he goes out and gets the assets to ensure that that company can carry out that vision. Now, if you look at someone like Jeff Bezos, one of the richest people in the world. I know he's in an arms race with Elon Musk at this point. But, Jeff Bezos only owns, like, 17% of Amazon. That's where all his wealth comes from, from selling shares in that company, from the shares of that company going way up. He has hundreds of thousands of employees. He has lots and lots of investors. He's the owner of it. He is the CEO of it. But he is not trying to fix every problem at Amazon.

[00:09:00] And most entrepreneurs are trying to fix every problem in their business. One of the things that I have been working with with some of my students is getting them to think first about setting the vision of the company, and then being able to present that vision in a simple pitch deck to an investor who might put up the first hundred thousand dollars, or even \$250,000 in order to fund the systems and processes and the team of that business.

[00:09:30] And there's always pushback about this. There's always pushback around an entrepreneur raising money. They say, "I don't want to give up 25%," or, "I don't want to give



up 10% of the company," or, "I don't want to give up control of the company." Well, all of that is negotiable. All of that is on the table for you to decide how you want to share that. But, to say that you would rather operate from a stressed-intense place than to be able to carry out a vision of a business, that will keep you stuck.

[00:10:07] This is especially true for those of you who are Amazon sellers, for those of you who have been selling on Amazon and you've got some sales and you've got a few products and you have not figured out how you're going to grow into the mid seven figures, or position yourself for an eight figure exit. It is often because that entrepreneur is making enough in order to pay themselves, but they are not making enough to be able to grow the business.

[00:10:37] I had a friend named Perry Belcher who used to say the worst businesses in the world are seven figure businesses. That always confused me, so I would say, "Perry, what are you even talking about?" He would say, "When you're running a seven figure business, you have to hire really good talent, but you don't have the money to hire really good talent. You have to have the cash flow to be able to reinvest into growth but you don't have enough cash to grow the business. You're just stuck paying yourself and then getting by on the rest of the revenue. You're able to pay the people there with you, to pay for your overhead and costs, and pay yourself, but you get caught into this trap where you're not really able to grow to that ten million dollar point, or even higher."

[00:11:30] And, in my opinion, the only way that you can do that is to go back to those three things that a business leader needs to focus on, which is your vision, your talent, and your capital. And today, those three things are easier than ever. Today, those three things just require enough focus, enough time, enough freedom for you to be able to think about them and for you to be able to communicate them with the rest of the world.

[00:12:04] Here's an example of that. Today, you don't really have to hire any employees. My buddy, Trevor Blake who's been on the show has built four or five companies worth over a hundred million dollars, and he has never hired an employee, and he advocates against hiring employees. He says you don't need to hire employees, there are enough agencies out there that can handle anything that you want to do. Anything that you want to do, there are teams out there that are doing that for other clients, just hire that agency and get out of the way and have them report to you.

[00:12:44] Now, here is the kicker to that. If you're going to hire agencies to take pretty much everything off your plate, to be able to grow your business, then you have to have enough capital for you to pay them and not freak out. So, this is the kind of order of operations that I've



been putting our students through and that we'll be continuing to put our students through. It's basically a three stage process.

[00:13:12] The first stage is setting your vision, and we go through a process of casting a vision and communicating that vision. So, if you've been listening to the podcast, we do this thing called Pitch Week where we have our students come in and pitch their vision to the rest of the group, where they're sharing what their plan of attack is, what their targets are, and what the audience is that they're targeting, and what the product suite is going to be. And they know all of these things within a few weeks so they can start building out that vision, and that's kind of step one, it's casting that vision.

[00:13:49] So, the question of what product do I sell is not only answered, it is a small piece of an overall vision, because the first product is just the first step in a process of building a really exciting company.

[00:14:05] And then, the second stage is ensuring that you've got enough capital to be able to carry out that vision. And so, that requires you to have some conversations to see where is there capital available to you. I was speaking with one of our students who ... I was encouraging him. I said, "Look, if you don't know how to value your business, then I want you to value your business at a million dollars, and I want you to go raise \$250,000 at a million dollar valuation, and I want you to do that because I want you to start thinking like a seven figure business owner right now even though you don't have a product yet."

[00:14:44] "I want you to start thinking about this vision as a million dollar vision." He's a really young kid, and he was like, "You think I need \$250,000 to start this business?" "No, no I don't think you need \$250,000. I started mine with \$600. But, I sure wish that I'd started with more and gone even harder and I'd gone even bigger, and I had really stepped on the gas, because then I would have had a \$16,000,000 exit, I'd have had a \$60,000,000 exit if I'd had the capital to go even harder and to build the team that can do this even better than I could on my own."

[00:15:19] Now, today, once again, there's capital everywhere. There's capital next door, there is capital in your family, there is capital on crowdfunding sites, there is capital with funds, like the Capitalism fund. There's all kinds of money available. There is so much capital. There's more capital than there are deals. So, if you've got a well thought-up vision, money just flows your way. It just comes to you.

[00:15:50] And we put our students through some processes to be able to do that, and some of our students are having active conversations with investors where anywhere from



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\$50,000-\$250,000 dollars is being offered to them for a small minority stake in the company which will give them enough capital to be able to order a big round of inventory, for them to outsource work right from the beginning.

[00:16:15] And part of that outsourcing is knowing what agencies and partners to look for to be able to create those relationships to grow that company. So, for example, inside of The Capitalism Fund, we've got a small list of Amazon pay per click teams that we recommend that people talk to. We have a few Amazon agencies that we recommend people talk to. The one we recommend most is Jeff Leiber over at TurnKey Product Management. There's a couple of ecommerce and Shopify teams that we recommend. There's a couple retail brokers that we recommend.

[00:16:55] There's kind of this group of agencies or partners that we recommend people ... that we invest in in the fund, go over and work with. Well, the same is true for a new entrepreneur who's coming through something like the Capitalism Incubator. We have that same group of agencies that we recommend the teams go and talk to and interview them to see if it would be a fit for them.

[00:17:19] Now, once again, the key here is before you go talk to a marketing agency or an Amazon agency or a branding agency or any of that, you first have to have the vision and the capital to be able to fund that. Now, consider this for a second. If you took the time to cast a clear vision for your company, even if it took 6-8 weeks when you want to be selling product, but you sitting down and actually casting a true vision for your business, and the vision becomes so clear that you're able to communicate it to someone in a way that compels them to invest in your company and you sell, from the get-go, 25% of the business for \$250,000 and you have this pile of cash that you can now use to buy inventory and have an expert take over Amazon and manage it for you so you're not doing it yourself, and a Facebook ads expert who is driving traffic and leads and sales to your Shopify site, from the get-go without you having to learn it or do it yourself.

[00:18:32] Do you think that you could operate the business with a little less stress and a little more vision? That is being an owner, that is sitting in the owner's chair. The owner does not sit down and learn how to build websites. The owner does not go on Amazon and learn how to print shipping labels. I, to this day, have no idea how to print shipping labels or to get things over to Amazon's warehouse. No idea.

[00:19:00] I'm a visionary. I sit down and I cast a vision for a company, and I ensure there's enough capital to be able to execute it, and then I go find people who are better than me at



the skill sets that the company needs in order to carry out its vision. That's being an owner. An entrepreneur is doing whatever it takes to stay in business and to not go broke. An owner builds something that is scalable and sellable.

[00:19:31] Something that comes up quite a bit is an entrepreneur who is at the helm of their business and wants to sell their business because they're working 12-14 hour days and making \$190,000 dollars a year, and they're not happy in their business, and they're working too much, and they want to sell their problems. That business can't be sold because no one wants to buy a business that is going to require hiring someone, or the new owner themselves working 12-16 hours a day. It's not going to happen.

[00:20:05] From the beginning, if you want to win, sitting in the owner's chair and casting the vision and recruiting the talent to be able to execute upon that vision is the way to scale a business or build a business that you can sell. And the cool thing is that once you put those pieces together, it's not like you're completely done, but now your business is being built without your direct involvement. This owner's model keeps you in that owner's chair and does not require you to come down and do the job of every person.

[00:20:42] The analogy I like for this is, one day I want to own the Cleveland Indians, whatever they'll be called by the time they're ready to be purchased, and the owner of the Cleveland Indians never goes onto the field to pitch. I'd be really upset if the owner of the Indians went in and pitched this year. Their ace is Shane Bieber, he was the best pitcher in baseball last year. I do not want the owner of the team taking the spot from Shane Bieber. Give Bieber the ball.

[00:21:20] So, the owner's job is to ensure there's enough money to go get the best talent, which is debatable with how he's doing on that one, but you get my point. I want the owner to sit in the owner's box. I do not want the owner to be on the field taking batting practice. I don't want. I don't want Paul Dolan in the batter's box. Put him in the owner's box.

[00:21:48] What about you? Are you sitting in the owner's chair, or are you operating every piece of your business? If it is the latter, then you are probably way overstressed, way undercapitalized, way confused about the direction of your business, and growing really slowly. Whereas if you're an owner, your only job is to ensure that the teams and the people that you've chosen are executing effectively, and if they're not then you can replace them with other people or other agencies, or you can go get more capital to put into the business.

[00:22:29] That is how really exciting businesses are built. They don't get built by you stressing about the direction and the finances of that business. They come from you staying in an excited



mode and bringing in the pieces without thinking about, what am I going to lose? What am I giving up to make this happen? Your job is to build the vision, and the vision builds your net worth, because by building the biggest pie in alignment with the vision for that business, you end up growing an immense amount of value in the form of the price or the valuation of your company.

[00:23:13] Most entrepreneurs are looking at cash flows, and cash flow is really important because you can't pay your team and execute on your vision without cash flows. But we obsess over cash flows rather than the value of the business for when it is sold, for when somebody else takes over, and that is what you think about when you're building something that can be scaled or sold.

[00:23:38] This is why tech companies do big raises, because they need that capital to be able to build the team and acquire customers. This is why tech companies are valued so highly even though they're not profitable. This is why big brands are able to outspend their competitors and to go into big markets like food and beverage that don't look profitable on a short term P and L, but once they get enough market share, become very, very wealthy companies that can be sold for hundreds of millions of dollars.

[00:24:10] That's how it is done. Not by trying to manage short term profit and loss, which again, is important, but for the purpose of paying your team and paying for your systems and processes to keep carrying out the vision.

[00:24:25] So, once again, most entrepreneurs are stuck in that "what can I get?" mode, "what can I extract from this in order to not have to work a full time job?" An owner bypasses that thought process and they think about three things. They say, what's the vision for what I want to build, what do I want to create, and what problem do I want to solve? And then they say, okay, who can help me with this? What team or what person can I partner with who can help carry out this vision with me and for me? And how do I ensure that the company never has a capital problem, they always can meet their obligations and they can ensure that the company continues to carry out that vision. And it doesn't usually require them putting money from their pockets into the business. It means going out, and ensuring that investors that can help and back the company are involved and excited to be a part of this vision.

[00:25:24] If this is resonating with you, if you like the direction of what I'm talking about here, this is the format of what we put our students through inside of the Capitalism Incubator. We're not teaching them how to pick products to sell on Amazon. We are teaching you how to cast a



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vision for an eight figure exit and then to go carry out that vision by bringing in partnerships to be able to execute on that.

[00:25:49] We cast your vision within a few weeks, you launch within a few months, and then you start creating partnerships to help grow that business over the rest of your time. And over about twelve months, you'll have built the foundation for a seven figure business that you can sell, and if that calls your name, I'd love to have you inside the next round of the Incubator.

[00:26:10] All you need to do is go over to Capitalism.com/inc and to go through the details on there and consider filling out an application. I geek out on this stuff, and guess what, I'm an investor in this kind of stuff. So, sometimes, my fund invests in the students who are coming through the Incubator. So, what we do is we go through your vision together, we have resources for capital, and we have those partnerships that we can introduce you to to help you carry out that vision. So, if that excites you, come join us inside the Incubator. I hope to be working with you. Thanks for listening to this podcast. If you know an entrepreneur who is stuck, please share this with them. Alright guys, thanks for listening and I'll talk to you next time.