



E23 - Jacob Asks, I'm At 50k mo - How Do I Get To 500k

Ryan Moran [00:00:02]

This is the Road to \$1 Million and I'm Ryan Daniel Moran. Hey, Capitalists. This episode is different because what you're about to hear is not something that we recorded to be a podcast. What you're about to hear is a kickoff call that I did with one of the new brands that I recently invested in inside of the Capitalism.com Fund. And every time I invest capital into a business, we do a kickoff call where we're going through the inner workings of the brand to find out what's working and where they're stuck, so that we can grow the brand. Obviously, I now own a stake in each of these businesses, so I want them to win. And so, I sit on their board as a consultant or as an advisor and I help open doors for them and I help them come up with a plan to hopefully 10x, right? And this is the kickoff call with Jacob who has a very unique brand.

Ryan Moran [00:00:57]

And he credits my book and the podcast with a lot of his success. So, obviously that strokes my ego and I'm really thankful to be part of his journey. I'm really thankful that he created a brand that was cool enough for my partner, Sam, and I to invest capital into the business. So, I always wanted to document some brands from the very beginning. It's why we started having these interviews on the Road to \$1 Million. So, Jacob comes on and we talk about how we can 10x this brand over the next couple of years. And you'll hear me tell him, you know this is going to 10x over the next couple of years if you follow this plan. Now, remember we didn't record this as a podcast. This is a very in the trenches interview with a brand that is growing and doing well. Now, Jacob has a brand that on the surface looks pretty simple.

Ryan Moran [00:01:48]

It's a cup holder. And if you listen to any of my content, you know that I don't like brands that sell things like spatulas and just average everyday things. I don't like those kind of brands. I like brands that do something different. Well, Jacob does sell a cup holder, but it's a different kind of cup holder. You'll see that it has a much bigger vision than just being another cup holder company. I think this will really clarify for a lot of you the difference between selling a product and building a brand, and Jacob is doing this the right way, and it's already showing really healthy signs of life. I think you'll see why this was a brand that my partner, Sam, and I decided to invest in. And I think that you're going to feel inspired to see how solving even a little pain point in your own life can become a really big business, like what is happening for Jacob.

Ryan Moran [00:02:43]

And I also think that you're going to learn a lot by hearing his challenges and the questions that he asks about how to take his idea and grow it to a multi-million dollar business. You'll also



hear my partner, Sam. He's on the call with me, and if you want to work Sam and myself and get capital for your business, or just have me sit as an advisor in your company, you can apply for consideration at Capitalism.com/fund. And remember, whenever you're ready to start your road to 1 million, come join us in The One Percent over at Capitalism.com/1.

Sam Prentice [00:03:25]

Hey Jacob, how's it going, man?

Jacob [00:03:26]

Excellent. How are you Sam?

Sam Prentice [00:03:28]

Doing well. Jacob, why don't you give us a two or three minute high-level of your brand just to catch Ryan back up to speed and then a [INAUDIBLE 00:03:36]. We'll go digging in from our questions [INAUDIBLE 00:03:37].

Jacob [00:03:38]

For sure. Yeah. Great to meet you as well, Ryan, super surreal experience to even be here. So I really appreciate it.

Ryan Moran [00:03:46]

Does that mean you've been listening to the podcast for a long time and I need to speak to you in podcast voice for the rest of this meeting?

Jacob [00:03:54]

For sure. It sounds a little more familiar, but yeah, I'd say borderline obsessed with the podcast and the book would probably be a better description, so yeah.

Ryan Moran [00:04:02]

That's great. Did you discover the podcast or the book first?

Jacob [00:04:05]

I believe podcast was first and it was around the exact time the book was being released, so it all timed out perfectly. Got the book immediately and really got all my stuff on track. So, yeah.

Ryan Moran [00:04:17]

That's great. I'm so glad to hear that. Congratulations.



Jacob [00:04:20]

Yeah. Thank you. Thank you.

Ryan Moran [00:04:21]

And here we are.

Jacob [00:04:22]

Yes, sir. Yeah. Super excited to be here, but, yeah, brand is called Essentially Engineered. We're going to be rebranding to the name Integral here very soon.

Ryan Moran [00:04:34]

Into grow?

Jacob [00:04:35]

Integral.

Ryan Moran [00:04:37]

Oh, Integral. Okay.

Jacob [00:04:38]

Yes, sir. Yep. So, I started Essentially Engineered back in June, 2019 as a side gig for just an Amazon brand while I was going to school for mechanical engineering and also working at the same time. And I started it by developing this product here, which is just simply a cup holder expander with an expandable base, grips in the vehicle's cup holder to accept larger bottles and mugs. That one took off pretty quick in 2019, just a single skew, Amazon only, no website. Then kind of started to realize, okay, there might be something here. So, after keeping it a side gig and Amazon only in 2020, I quit my job at the end of 2020 of December last year to pursue it full time, went to the website, started Shopify, started doing social media ads and yeah, it took off decently fast. Even through the website, it's overtaken Amazon a bit now. Single skew for 2019, just this product as the side gig. Did \$60 grand in 2019, just from June to January. Then in 2020 on Amazon alone, it did \$120, and now after pursuing it full-time and expanding the catalog up to September, we're already at half a million and that's only with basically two skews at this point with five more that should be live here in the next, let's say, two months max, there'll be at least five more products on the site,

Ryan Moran [00:06:10]

Is the second product the car console seat pocket?



Jacob [00:06:15]

That one, I didn't even actually consider it as another skew because it's kind of a mass seller. I don't think it's really going to hit the objectives that I would like to see. That one was a learning curve mainly because it's available to other sellers on Alibaba so it's just a bit too competitive, I believe. So it may get discontinued. This was the second skew, another cup holder. So, in 2020, or 2021, when I really started taking it seriously and talking to the customers a lot and seeing what they wanted, this one was more for water bottles and people were like, hey, I would also like to take my coffee mugs with me. Is there anything for that? And there was nothing available. So yeah, we came out with this one for specific coffee mugs now to take and that one took off pretty well. Well surpassed the 25 sale a day mark and is doing pretty well.

Ryan Moran [00:07:10]

Good. And did you say most of ... You're mostly ... The website's overtaken Amazon, but how do people find you?

Jacob [00:07:19]

Find me on the website?

Ryan Moran [00:07:20]

How do people find out to buy you at all anywhere?

Jacob [00:07:24]

So Amazon is basically all organic. I run very little PPC, just maybe some sponsored product ad campaigns that are very cheap. Website is entirely Facebook and Instagram ads.

Ryan Moran [00:07:39]

Who runs those?

Jacob [00:07:39]

I run them. So, it was a learning curve at first, but we've gotten it down to a customer acquisition of under \$4 on our better months with a \$28 average order value. So it's a pretty good return. I think it's going to get even better when we can finally get the inventory stocked in and sell as much as I would like to because my constant struggle through 2021 has been just running out of inventory.

Ryan Moran [00:08:10]

And to us.

Jacob [00:08:11]



Yes, it's ... I think it's perfect timing for this. It's going to work out very, very well.

Ryan Moran [00:08:16]

Good. So, when I'm asking these questions about where sales are actually coming from, there's something that's running around in my brain as an investor. I'm wondering, is this product hot because of a viral video or because they got some mentions in press somewhere, did an influencer shout them out? Did they run an ad that worked? Are they ranking on Amazon? Was there a once in a lifetime event or a lucky break? I'm trying to find the story about why there are sales. How are people finding you? Is there something that we can drag on for a really long time? Is there a real foundation here for us to scale something? When there is, that's when it makes a ton of sense to invest capital into the brand so we can grow those consistent and repeat sales. That's pouring gasoline on the fire and it frees up resources.

Ryan Moran [00:09:14]

Most people are expecting money to solve the problem of a lack of sales, but money is the amplifier of what is working or what is not working. Throwing money down the throat of a business that isn't taking sales is going to make money disappear. I'm always looking for that consistent thing that money amplifies. Sometimes that's as simple as we've got a pay-per-click campaign that's working really well and we're able to acquire customers at break even or better. And we have a great email follow-up sequence that is turning our \$20 lifetime customer value to a \$50 customer value. Awesome, great. That's something that I can work with because we can throw more money down that tube and we can buy more customers and improve that email sequence. You see where I'm going? When that nut is cracked, that's when I know that my money can go to work. That's when I go, we got something here. Let's go even deeper. Man, there were a lot of of that's what she said jokes in that little voiceover. So, when you say you have a \$28 dollar average order value, what ... Is there an up-sell sequence that is adding to that? How does that get calculated?

Jacob [00:10:38]

Mostly people ordering more than one product. A lot of people, assuming multiple vehicles, so they, a lot of people, buy two or buy a combination of both of the products.

Ryan Moran [00:10:52]

Okay. Do you have a funnel back there or how does ... Or is it just like, add to cart, add to cart, order?

Jacob [00:11:01]



Capitalism.com
— B E T H E C H A N G E —

The website, I've tried to structure the website mainly as a funnel, but what I'm seeing is since it's just a basic physical product that solves the clear issue, I'm basically just driving them to the website, mainly straight to the page. When they click add to cart, it takes them straight to checkout and a lot of people just straight up purchase from there. So there is a funnel structure to it where if you pass the products, I have some reviews listed there for buyer reassurance and whatnot. That definitely boosted the metrics, or sales metrics a little bit, but yeah, a lot don't spend a ton of time on the sites mainly there and just purchase.

Ryan Moran [00:11:39]

Could you zip me a link in this Zoom chat of if someone were to click on your Facebook or Instagram ad, what the landing page would be?

Jacob [00:11:48]

Yes. One second.

Ryan Moran [00:11:51]

Hey Sam, this is fun.

Sam Prentice [00:11:53]

That's good. Isn't it? While he's pulling this up real quickly here, I will say, Jacob is one of my favorites. He's just ... And as far as entrepreneurs that have their stuff together, when I asked him for his document, it wasn't three weeks to put stuff together. He actually uses real accounting and has his documents in a line. It's a good setup. I think [INAUDIBLE 00:12:15]

Ryan Moran [00:12:14]

Our best partners are engineers and accountants. Engineers and accountants. People who get all the building blocks and were like, okay, throw gas on it. This is it.

Jacob [00:12:27]

This will be the landing page straight from the ad. The price is a little lower right now than it usually is as I'm still waiting on my inventory to get out of LA. But when it does, they'll be up to \$24.99 for peak season.

Ryan Moran [00:12:42]

Okay.

Sam Prentice [00:12:43]

Pretty basic. Pretty simple. But it's working.



Jacob [00:12:46]

Yes, sir. Yeah. Played with it quite a bit. This has been the best method so far. I think in the coming weeks here, I may go back through and see if I can make some minor tweaks and measure the metrics, but, yeah, it's been working out pretty well.

Ryan Moran [00:13:01]

Okay, great. What are you spending on Facebook ads on average each month?

Jacob [00:13:05]

I would say on average \$3,000-4,000.

Sam Prentice [00:13:11]

That's a tough question to answer, I think to some degree because Jacob, you have been limiting your advertising spend because of inventory issues, right?

Jacob [00:13:16]

Yes. It fluctuates a great deal because I've basically ... It's tough to keep them from selling out previously. I think we're solving those issues now. I finally have a good 10,000 unit order in here that should be arriving next week, but, yeah, as far as previously, it was they just pretty much sold right out. So I'd have to pause the ads.

Ryan Moran [00:13:39]

Now, Jacob, your inventory issues, are they from order times, capital, cash flow? What's the biggest constraint there?

Jacob [00:13:48]

Biggest constraint I would say is capital combined with odd time constraints. There's really been no set time where I guess I can basically view the inventory, what I have left, order and get them here. It just hasn't been as easy as I figured it would have been that way because things with the shipping industry are just fluctuating so much now. My manufacturer is fairly consistent, I can pump out a good up to 10,000 unit order within 15 days and they'll get them shipped, but it's just I've had some shipments arrive in 20-25 days and I've had one now that's taken up to two months and taken even longer. So it's been kind of odd.

Ryan Moran [00:14:35]

It's been capital constraints with shipping delays. So you haven't had really ... Sounds to me like you haven't had just the predictable cashflow. It's not that you've got a cashflow problem.



You've got a predictability problem because you'll sell through and then you could be out of business for two months because it's sitting on a boat somewhere. Is that correct?

Jacob [00:15:00]

Yeah. That's very fair to say. Yes.

Ryan Moran [00:15:02]

Got it. I understand.

Jacob [00:15:04]

Yeah, I believe, if we do, with capital, if I could just have a reserve amount of inventory I think would really solve the problem if I can just keep a few thousand on hand would be good. Yeah, I mean, just the negative cashflow cycle in general of a physical products business is a little tough as just a startup as in not having ... While trying to build a catalog and also do these big orders of product. It gets a little tight.

Ryan Moran [00:15:32]

Okay. That makes sense to me. So our inventory financing side of this will really help in that sense of if we could order a hundred thousand dollars worth of inventory, we've cleared a lot of bottlenecks in terms of helping essentially engineered scales.

Jacob [00:15:48]

Yes. I think that's going to be the ultimate gasoline on the fire here is we can really ... Once we get that inventory in and we don't have to worry about running out, we can really test the ads and see what they're capable of. And I think we're going to see some great results off that.

Ryan Moran [00:16:03]

When you hear me reference the Fund or the Capitalism Fund, that is the investment portfolio that I've put together where I invest in businesses that come from our community that come from the Capitalism.com audience. So I have investors who have entrusted me with capital to put it into businesses and entrepreneurs that are good. What we look for is a business that at least has the first million in sight, and a business where I know that I can come in and provide help, advice, and a network to help that business grow. I specialize in e-commerce businesses, especially ones that have audiences, because I know that I can hit a few buttons and help their sales grow.

Ryan Moran [00:16:45]



Capitalism.com
— B E T H E C H A N G E —

So, if you're an entrepreneur with a business you're really excited about and you're willing to grow and you need capital and advice in order to become an eight figure company, you can put a notification on my desk over at capitalism.com/fund. This is probably the only place where you're applying for me to give you money rather than the other way around. [Capitalism.com/fund](https://capitalism.com/fund) is where you or someone you know can fill out a form and put it on my desk and to see if it's something that I might want to invest in.

Ryan Moran

Alright. So, where we are is we've got inventory that'll be hitting here in the next few weeks. We feel like we've cleared our biggest hurdle. At its peak. What do we expect sales to be? We've got a perfect world of inventory. Our ads are working. What is our kind of top end of what we can expect?

Jacob [00:17:36]

It's going to be tough to say that exactly just because I haven't had enough here to sell through it and actually see. But I am anticipating off of these two skis alone well over a hundred thousand dollars a month, just off of those. September was 95,000 and we still ran out at the end of the month. We've got some room to push and really figure that out.

Ryan Moran [00:18:02]

And is that coming from the Facebook ads or is that from Amazon really kicking on? Where's the surge coming from in September?

Sam Prentice [00:18:11]

That's a fun answer, Jacob. I'm excited for this one. Go ahead.

Jacob [00:18:13]

I'd say the main surge was ads and through the website. So we overtook Amazon by quite a bit that month through Shopify.

Ryan Moran [00:18:23]

Do you know the numbers?

Jacob [00:18:25]

Yes. One second.

Ryan Moran [00:18:30]

Sam is gleefully waiting for this right now. He knows something that ...



Sam Prentice [00:18:34]

He is. He is.

Jacob [00:18:39]

So, this will be September metrics here. Amazon was 28, over 28,000. Shopify did 52,000 excluding any discounts that I offer on the site. The gross numbers looked a little inflated. I didn't like it. It was over 95,000, but I took that off just for more accurate myself. Cost per purchase ended up being 5\$.42. When I was really pumping the ads, it was sub \$5. I want to say closer to \$4. But then when I turned the ad spend down to kind of put it on cruise control, it kind of damages the metric for the month a little bit. But that, yeah, that's how it's looking. These are all our sales channels and this is the general spread for September.

Ryan Moran [00:19:24]

So, getting customers for \$5 bucks. As of right now, they're worth \$28 with two products. So if we add some more products here, we have a little bit more of an up-sell flow. This makes sense. You want to tell me about the vision of where you want to take the product line?

Jacob [00:19:40]

Yeah, absolutely. As Sam was saying, my ultimate 10 year vision for the company is more of a white collar version of WeatherTech. I like a lot of their company, but I think they may have some crucial mistakes for the way that the automotive industry is going towards more EVs and white collar type things. I don't think their products necessarily fit into that market as much. And I also don't think they market to females and families as much as they do blue collar working type males and they're missing out on a big portion of the market. So my plan for that is my customer demographic is mainly 25 to 45 year old, 50/50 male, female, married with kids and the family aspect of products have really been selling. So I'm going to mainly go towards that demographic and expand more on from there.

Ryan Moran [00:20:34]

I love this. And so, you're thinking about the 39 year old mom of two who drives a Model X.

Jacob [00:20:46]

Yes. I think that's a perfect representation.

Ryan Moran [00:20:50]

Yeah, and that is the growing market whereas WeatherTech is more your 55 year olds, drives a truck in Missouri, and gets his boots dirty.



Jacob [00:21:04]

Spot on. I don't necessarily have a plan to go into floor mats directly, but just using that as an example, there's qualities about WeatherTech that people love and I want to keep those core values there, but I also want to see what they're missing out on. To me, their fitment and their durability is really great, but they're missing out on a lot of aesthetics and comfort features that people say driving a Model X really require because I don't really see them putting one of those stiff plastic floor mats in a luxury vehicle like that.

Ryan Moran [00:21:34]

Agreed, agreed. So, this makes sense. What product ideas are coming out of that vision?

Jacob [00:21:40]

So, as of now, the five and development, I still attack the cup holders pretty good off the bat because I have some knockoffs and competition that I can take away a lot of the total addressable market from them for a few small upgrades. So, my main seller is going to be upgraded ...

Ryan Moran [00:22:00]

Do you have a patent on this, by the way?

Jacob [00:22:02]

Yes. My entire catalog is patented and trade dressed.

Ryan Moran [00:22:09]

Okay. You know you can just have those other listings removed.

Jacob [00:22:12]

So, this one, I have just a trade dress for. Since this was the first product, there were kind of knock-offs that got to it before I could basically enforce this one very well. So, my next moves, this one was fully patented. This one will also be fully patented and I think this new version is going to take over the old one by far, simply because it fits this bottle and a couple others that the original does not.

Ryan Moran [00:22:40]

Okay. Do you know that if you've got a patent, you can just flick off all the people who are competing?



Jacob [00:22:47]

Yep. My attorney's on it. We're just waiting for, I guess, the numbers to go through. They're all pretty new. This was in June and the patent process started then. So we will be ...

Ryan Moran [00:22:58]

But I mean, you could just file them with Amazon and Amazon will take all of them down.

Ryan Moran [00:23:03]

Even before I get the numbers and whatnot?

Ryan Moran [00:23:05]

I'm not sure. I'm not sure.

Sam Prentice [00:23:07]

I can help you with that. I've had this thought a couple of times. I know Paul Miller actually did this, Ryan. I don't think he has a patent on his stuff. I think it's just a trade dress violation. You can go in and just prove first use and that kind of stuff and do some push there as well.

Ryan Moran [00:23:21]

Awesome.

Sam Prentice [00:23:22]

And a lot of times what will happen is these Chinese sellers that knock you off, you can freeze because you're the bigger fish, so you can freeze their stuff first and then they won't find it very hard because they know what they're doing.

Jacob [00:23:33]

Perfect. Yeah. My patents are all ... It's patented in China as well, too. So we're pretty stiff here. I don't have any urges to get in any legal battles, but it makes me sleep better at night., just, I don't have to worry about this stuff. Somebody else coming in and trying to ...

Ryan Moran [00:23:50]

It won't be a legal battle. You just ... There's nothing to fight, you just win. You just have them removed. Yeah.

Jacob [00:23:57]



Yep. But, I think I have four or five pending patents right now on all my new stuff because that's just part of the process for me now. I just want to make sure everything's secure and we don't have to deal with that type of stuff, so.

Ryan Moran [00:24:11]

Great. What other products are in the pipeline?

Jacob [00:24:12]

So other than these cup holders, there's another version of that, cup holder that has a phone mount on it. And then I have ...

Ryan Moran [00:24:20]

If you've ever seen Shark Tank, you've seen conversations like this happen in almost every episode. It's the conversation about patents and patents can be expensive and it can be a slow process, but if you can get them, they can give you a really strategic advantage. Specifically they can give you a strategic advantage if you are selling on Amazon.com. You see, Jacob is selling a product that he really invented. He really created something new in this space, and it's very easy for Chinese sellers or American sellers for that matter to copy you and to sell the exact same product on something like Amazon.com. It happens all the time. Now, most people who are building brands are not inventing anything, or they're just differentiating something slightly in order to stand out. This is especially true in food and supplement and beauty and any kind of consumable and all that's fine. By the way, that's really the focus of most of my e-commerce work is on those types of brands.

Ryan Moran [00:25:26]

But if you've done something truly unique, it is worth going through the process of getting a patent, but only if it's truly unique. And also don't wait to get the patent before you sell a bunch of stuff. Jacob did something cool, he's selling a bunch of stuff. Now he's going through the process of getting that thing protected. The reason why that is important is because you can just prevent people from being on Amazon selling the same stuff. It gives you a true monopoly on that specific idea, and you want to protect that, but you also don't want it to slow you down. If you're doing something truly unique, once you've shown that it has life and it has legs, go get a patent on that. If you're just slightly differentiating or if you're not yet at the part of the process where you know you have product market fit, put it on the shelf and do it later.

Ryan Moran [00:26:30]

When you've got a true invention, even if it's for a car cup holder, get the wheels in motion to patent it sooner than later, because if anybody else tries to sell that thing, it's like two clicks of



a mouse to have them removed. And you have that advantage of being the only seller in the marketplace.

Jacob [00:26:47]

This is a rough prototype that has quite a few modifications on the final one. As you can see these legs here, this sits in the passenger seat or whatever seat to level it and has a strap and a seatbelt strap to secure goods while people are driving around so things aren't bouncing all over the place. This is also a steering wheel mount for a tray, which I'm going to push pretty hard for the Tesla aspect of a lot of people sitting at the chargers, waiting for something to do. If they want the steering wheel tray, then keep their laptop, whatever goods they use to work on the go, bring it to the steering wheel. So, there's that one. There's a trunk organizer that I modified to fit reusable grocery bags. So, the grocery bags, I've had the problems myself where after the store, they're kind of sliding all over the place.

Jacob [00:27:39]

They have organizers now, but none that I've seen that really have any decent removable bags. So the beauty with mine is it'll sit in the trunk. You can take your bags in the store, put your groceries in them, slide them in the insert. They stop sliding all over your car. Can be used for a lot more things than just groceries. This one is pretty much ready to go. It's another cup holder version, but the emphasis on this one isn't specifically for a cup holder, it's for the phone mount. The phone mount and cup holders are a really massive market. Just for the placement of them, a lot of people prefer to have it in the cup holder, but the biggest complaint is that you eliminate a cup holder. It's like, why not build one that has a cup holder. [INAUDIBLE 00:28:26] charging capabilities.

Jacob [00:28:27]

A lot of those, 30,000 plus reviews, around \$30 dollar sale price on Amazon. There's no reason this one, I wouldn't think, would sell worse than that. So, I think it should be a pretty good seller. Yeah, those are the ones ... Oh, and a children's car seat tray. I shipped out my prototype so I don't have it in the office right now, but it utilizes that same expandable base for my cup holders to a car seat one. And then it's just a tray so that the kids have something to play or eat off of on road trips and whatnot.

Ryan Moran [00:29:05]

I want to throw an idea at you. The one thing I hate about my Model S is installing the car seats is the biggest pain in the ass of my life. Tesla Model S's have absolutely terrible car seat installations.



Jacob [00:29:26]

And why is that specifically?

Ryan Moran [00:29:28]

They're spaced out terribly and they're deep, they sink deep into the seat. I have to ... It takes all my strength. You would hear me going ... To haul this thing.

Jacob [00:29:46]

So yeah, that's very interesting actually.

Ryan Moran [00:29:49]

Now compare that to my friend who has an Escalade. I put my car seat in and it's like click, click, and I'm like, that's all it takes? Are you serious? So if there was an extension, as simple as I can hook this in and then pop up and now ... Game-changer.

Jacob [00:30:10]

Yeah, definitely want to look into that because, also in the future too, I would like to do more vehicle specific things, especially for very popular models like that, one of the best selling cars in the United States, that could be very huge. Even a car seat specifically for that model. That will be a little more expensive endeavor to do anything with a car seat because there's going to be crash testing involved but if you can do one, like you're saying, to solve that problem specifically, there's no reason people with that car wouldn't buy that one over another one.

Ryan Moran [00:30:42]

That's right. You have kids, I assume, based on the way you're talking.

Jacob [00:30:45]

No kids. Just a niece and nephew that I obsess over.

Ryan Moran [00:30:49]

Okay. Got it. Cool. So, when they're an infant, you have kind of the car seat installed and then you take the carrier and you just pop it in and out. It's the easiest thing in the world. Just pop and they're in but when they're older and they have to buckle themselves, the seat is not mobile anymore. I'd give a left nut to be able to have my car seat be as easy to install and uninstaller as the carrier was when they were babies.

Jacob [00:31:20]

Right. So, it upgrades into kind of a booster seat basically when they ...



Ryan Moran [00:31:24]

Correct.

Jacob [00:31:24]

Okay. Yeah.

Ryan Moran [00:31:26]

But the booster seat is unbelievably difficult to install and uninstall.

Jacob [00:31:30]

Right, right. Noted. Yeah. That's something I'm fully willing to dive in on. I think crash testing is even worth the money. I don't think it's that expensive and really ...

Ryan Moran [00:31:41]

What I'm imagining is when they're a baby, you've got kind of the frame that's installed. And when I have my carrier and I'm carrying my kid around, I just ... It just clicks into place. What I could envision is for the whole booster seat to have a thing that just clicks into place. So if I have a friend who's getting in the car I can just unclick it and move it. Whereas right now I have to dig in, go way back in the back of the car, pop it out on both sides. And then I'm like, I have to re-install this thing. That is the worst part of my week. It's just a big ... If you can find a way to make car seats and booster seats better and easier to install on a Tesla Model S, there's a big pain point there.

Jacob [00:32:33]

Yup. I'm in. I love the vehicle specific, especially since it's such a popular one and yeah, definitely solving a very clear pain point that will completely stick with my demographic too. So, I love it.

Ryan Moran [00:32:48]

What would you like to do with the remainder of our time today? I can kind of go through my sort of high-level analysis or you can kind of bring to me the specific things that are on your mind for us to move forward.

Jacob [00:33:01]

Maybe a little combination of both.

Ryan Moran [00:33:02]



Sure, sure. Why don't you go ahead and start then?

Jacob [00:33:07]

Yeah. At the moment, I'm just the one man show for this and I'm going to truck through Q4, but I would say my only addressable concerns starting 2022, especially when these new products come in and we really proved them and get them selling, I think will be outsourcing some of the other things to keep me focused on being CEO and steering the ship, I think is where I really need to be to grow this thing. Yeah, maybe discussing outsourcing, mainly just customer service and then fulfillment. We're already kind of in the ropes of getting that fulfilled, but I've almost been thinking of even taking a route of local warehouse, small part-time staff to fulfill orders if we get to that point, because I've been having some pretty rough luck with fulfillment centers, just because I think most are just ... The logistics industry is just crazy right now, obviously. I don't think that's going to change.

Ryan Moran [00:34:01]

When you say this, do you mean just a 3PL?

Jacob [00:34:04]

Yeah.

Ryan Moran [00:34:05]

Who are you using?

Jacob [00:34:07]

So I did use ShipBob and they gave me a ton of problems.

Ryan Moran [00:34:12]

Have you chatted or worked with Falcon Fulfillment?

Jacob [00:34:17]

I don't believe so. Sam, what was the name of the one we were ...

Sam Prentice [00:34:22]

Quetico and Be Fulfilled are the two that we've worked with so far on that front to pursue because they will also finance inventory as well.

Jacob [00:34:31]



Gotcha. Yep. We're having the discussion with Quetico and I had a quick meeting with ShipMonk, but nothing serious.

Ryan Moran [00:34:38]

Yeah. I mean, we send the most business to Quetico and to Falcon Fulfillment. Both will treat you well. I'm an investor in Falcon, so I can kind of ... I can yell at some people if things don't happen. And they take my yelling seriously. I have some pull over there. That would be a good resource for you, but Quetico does a great job too.

Jacob [00:35:05]

Excellent. Yeah. So that's plan one. I'm thinking maybe down the road getting a hub, but if everything's honestly solved with the 3PL this way, I think it'll just be more beneficial. We'll try to go with one of these routes for sure.

Ryan Moran [00:35:22]

Cool.

Sam Prentice [00:35:26]

Okay. What else?

Jacob [00:35:27]

Yeah, customer service including social media management are probably ... It's the thing that takes the next amount of my time.

Ryan Moran [00:35:36]

This is an honest question. I'm not trying to lead you somewhere, but why do you need social media for this brand?

Jacob [00:35:45]

Honestly just I'd say the biggest reason is me personally getting to know the customers has been pretty rock solid as far as building out the future vision of the brand and products. But, yeah, just having the brand in this space has been pretty beneficial compared to just those that do knockoff products and don't care, just slap them on Amazon. We had already seemed to be the go-to brand for this category.

Ryan Moran [00:36:12]

What social media platform are you mostly focused on?

Jacob [00:36:16]



Instagram has been my best results.

Ryan Moran [00:36:19]

What's the handle?

Jacob [00:36:21]

@essentiallyengineered.

Ryan Moran [00:36:23]

Okay. Do you know ... If you could estimate it, what do you think is ... Do you think that your Instagram results in sales?

Jacob [00:36:39]

Yes. It's not crazy at this point, but since I've had those months where I run out of inventory and turn off the ads, I still get organic traffic from Instagram quite a bit.

Ryan Moran [00:36:51]

Okay. Noted. Makes sense. What else? Sorry. I'm keeping a running list before I go into ... Before I come up with your prescription.

Jacob [00:37:06]

For sure. I have some notes here I'm going to scroll through as well, but I believe those are the main concerns. Let's see. Yeah. I think at the moment, those are the two addressable concerns. Obviously down the road, this list is going to build a bit, but those are obstacles I think we can tackle as we expand the catalog.

Ryan Moran [00:37:26]

Okay. Cool. A few things that I want to bring on kind of my list of recommendations. Number one, be very careful not to get caught in a cup holder rabbit hole. It can be really tempting to see something that is working and think that doing more iterations of the same product are going to create hockey stick growth, but they don't. They create incremental growth. So Sam and I have a partner right now, their business ... If they didn't work with us, they'd go out of business. The reason why they were struggling so much is because they're obsessed with perfecting their number one seller. They keep iterating on their number one seller. Meanwhile, the number one seller doesn't sell enough to build a business around. They've got to keep improving the business, not just the product. And I see you just on kind of the edge of flirting with that.



Ryan Moran [00:38:36]

Now, thankfully you're in a much healthier financial position than they are, but you have a very hard time scaling this business if you become product obsessed instead of brand obsessed. That's why I kept asking this question, what else are you going to develop? What else? What else? It's because your first answer was cup holder 1, 2, 3, and 4. And I was like, whoa, do we know who ... So, you'll never be WeatherTech if you don't expand beyond that. So I would really like to see you thinking about what new problem to solve and your brain is already there, but I want to see you accelerate the timeline for bringing those products out instead of waiting for the next cup holder, next cup holder, next cup holder. Does that make sense?

Jacob [00:39:29]

Yeah. A hundred percent. Yep.

Ryan Moran [00:39:31]

Those products will give you 10% lifts, maybe 20% lifts, but a new product that hits will give you a 100% lift, a 200% lift.

Jacob [00:39:46]

Yeah, absolutely. For what it's worth, the absolute main focus is basically any product that is not a cup holder. The reason there's been so many iterations is just because it takes basically zero effort. You can do ... I can just have the manufacturer say, hey, I'd like to add this on. And then they could ...

Ryan Moran [00:40:02]

It's a trap, Jacob. It's a trap. That's a trap.

Jacob [00:40:06]

I remember, you were saying something, I don't know if podcasts, maybe book or something about basically someone who did the same thing with basically getting caught up in different colors of the same skew and things like that. And just didn't make sense. So, no, it definitely ...

Ryan Moran [00:40:20]

He was actually ... I don't know if I told the ... Sometimes when I tell stories, I have to make creative omissions in order to protect the innocent. That story was based off of the yoga company that I sold. So, I sold my yoga company and yoga mats were ... They're crushing it when we sold this company, they were just crushing it. But we also had yoga mats, yoga towels, and what the company did was they said, okay, you've got a black yoga mat. Let's roll



out 11 more colors. Well, there went all your capital. There went all your focus for a 10% improvement in sales.

Jacob [00:41:08]

Yeah. No, that makes perfect sense and I need to focus a lot more on that because yeah. It's especially ... We're not here for 10% increments. We're for the next product that's completely different that does the same or better in sales.

Ryan Moran [00:41:22]

This company can 10x in two years.

Jacob [00:41:25]

Yeah. I fully believe so as well.

Ryan Moran [00:41:29]

I'm not telling you from a place of belief, I'm telling you from a place of experience, this company can 10x in two years.

Jacob [00:41:36]

I love it.

Ryan Moran [00:41:36]

Jacob has a real opportunity here to brand himself as a different, more white collar, more suburban mom, friendly kind of trusted car brand if he doesn't limit himself to being the cup holder guy, that's a really dangerous trap. And a lot of entrepreneurs fall into that trap where they have a product that's working and so they keep iterating on the same product and they have nine variations of the same product. That has diminishing returns. You can have two complementary products or two similar products, but if you pigeonhole yourself into the same type of product, just done nine different ways, then it's just really difficult to grow a big brand. You've heard him compare himself to WeatherTech, which is a car accessory brand. That's a billion dollar company and they're famous for selling floor mats and plastic floor liners, but that's just their entry point. They also have sunshades and seat protectors and trunk bed covers and mudflats and pocket hand sanitizer holders for germaphobes on the go.

Ryan Moran [00:42:44]

I mean, they have all kinds of stuff. They're just known for one thing. And then people come back and they buy all kinds of other stuff from them. Jacob has that same type of opportunity as long as he doesn't fall into the trap of being the cup holder guy. That's why I'm pushing him



so hard to think bigger and differently. So, remember, when you go to launch a new product, think about what is going to multiply the brand. By that, I mean, what's going to get new customers and entice your existing customers to buy from you again. Sometimes that question is as simple as asking, what's the next logical thing that my customer will buy on their journey? I know that sounds simple, but a lot of entrepreneurs will sell one product and then come up with a variation for that because they're now afraid of their second product bombing.

Ryan Moran [00:43:40]

And I'm here to tell you it might bomb. And that's when you move on to the next product that serves your person. When you are focused on that person and you build a nice halo of products around that person, these kinds of brands can grow really, really fast. And if you have the vision for it, it can happen. And Jacob does. You haven't had that experience yet. So that's belief on your end. I just know it. So, you might have to rent my confidence for a second, but if you go down the cup holder route, yeah, this'll be a \$700,000 business in a year, but if we go ... If we create new products, this can be a \$5 million business in two years.

Jacob [00:44:29]

I love it. Yeah, I'm going to take that very, very seriously.

Ryan Moran [00:44:33]

Good, good. The next thing that's on my list of recommendations is it would be worth your time and capital to spend \$5-15 grand to have somebody redo your website and your store. So your store's fine. It's obviously converting, and this is not ... So this is not an emergency problem, but as we're scaling and we're turning up Facebook ads and we want to be spending \$30,000-40,000 a month instead of \$3-4, that conversion rate is going to matter. You've got some what I would consider obvious conversion gaps, but it's obviously not holding you back that much, but it would be worth paying someone to come in and do a Shopify optimization, build out your copy, create some really good videos and testimonials, pieces of user feedback, videos that aren't just showing the product rotating, but also people using and installing and doing all of that, that will be worth your time and your capital, whether you do it internally, or you completely outsource it, or a mix. That's just worth your time and focus.

Jacob [00:45:45]

Yup. I've seen the videos like that work too, as a lot of my Facebook ads and stuff are pretty much exactly that. And they convert the best by far.

Ryan Moran [00:45:53]

But you should have them on your sales page.



Jacob [00:45:56]

Yep. I'll get that added. And as far as rebuilding the website, do you have any specific recommendations on companies or people?

Ryan Moran [00:46:03]

I sadly don't, but I'm more concerned about your landing pages than your website because that's where the traffic is going to end up going.

Jacob [00:46:12]

Yeah, absolutely. So, yeah, I'll get something vetted and get that in the works very soon.

Ryan Moran [00:46:17]

And I mean, that's something you could do ... If you told me, yeah, we're gonna plan for that for March, that's fine. It's obviously not holding you back that much. You want to get the sales flows coming in again and get your inventory in a good order before you turn up the heat, but that's something you should think about in the next six months.

Sam Prentice [00:46:41]

Jacob, are you in The One Percent group out of curiosity?

Jacob [00:46:42]

Yes. The Slack Backroom.

Sam Prentice [00:46:47]

No, the Slack Backroom is ...

Ryan Moran [00:46:47]

The One Percent is our community.

Sam Prentice [00:46:49]

On Facebook. If you're not, I'm going to ... What I will do is I will poke for the time being for you, but that's a great place to ask for a lot of these things like website, landing pages and stuff like that. That's a great place to ask that is what I've found.

Jacob [00:47:01]

Yeah. I'm not in the Facebook group but I would love to be.

Ryan Moran [00:47:04]



Well, Capitalism.com/1 is how you join The One Percent, but the Slack channel, there'll be plenty of people in there who can help you in the Backroom, but you should just be in The One Percent overall anyway, it's just a really good community. Okay. So, the next thing on my list, hiring a customer service slash social media person is a very easy hire. Write a job description, put it on UpWork. Don't give yourself the burden of having to hire anybody, but you're really talking about a 10 hour per week person at \$16 an hour to have a very good one.

Jacob [00:47:45]

So, yep. I'll check. You said UpWork is usually your go-to.

Ryan Moran [00:47:48]

Yep.

Jacob [00:47:48]

Cool. Yep. Yeah. I've been highlighting a lot of the major pain points of that and things they would need to know along the way. So it should be even ... Making the description and getting them trained to be extremely easy at this point.

Ryan Moran [00:48:02]

And then the final thing on my list is this might go hand in hand with hiring somebody to redo the landing pages. But when you've got some additional products, a proper funnel will go a long way for this business. And by a proper funnel. I mean that as soon as they check out, they see an ad, a one-click up-sell option for the steering wheel tray. And then they see another option for something else. That alone can take your average order value from \$28 to \$40 dollars.

Jacob [00:48:41]

Yep. I love that. I'm absolutely planning on that when the catalog expands. At the moment, I tested out some mugs that I sell as well and up-sold them with one of the cup holders and it worked out pretty well as well, but that's not the focus of the business. I'm not concerned with the mugs and going to stray away from that. So, but, yeah, just a little proof of concept.

Ryan Moran [00:49:06]

That's what I got for you, my friend.

Jacob [00:49:08]

Yep. This is ...



Ryan Moran [00:49:09]

Our path to victory is pretty straight forward.

Jacob [00:49:12]

Yeah.

Ryan Moran [00:49:13]

Good work my friend.

Jacob [00:49:15]

No, thank you. I owe it, pretty much all of it , to you honestly.

Ryan Moran [00:49:20]

Thank you. I'm going to clip that and use it as an Instagram post.

Jacob [00:49:24]

Please do. This thing has been a lifesaver. I'm telling you. I've gifted that book to probably 10 people.

Ryan Moran [00:49:30]

Thank you. Thank you. I appreciate that.

Jacob [00:49:32]

That's so much ... When they're like, I'd like to get involved with some physical products or e-commerce, I'm like, don't take my word for it. It's like, there's your roadmap right there. I was like, ask if you have any other questions beyond that, but start there.

Ryan Moran [00:49:45]

Well, I want you to know, I wrote the book so that I could have more conversations like this. So, I know you're thankful for me, but you're also helping fulfill the vision that I had when I did this was I wanted to write a book that would get me more deals to where I could provide value to people who had great products and great businesses. So, I'm just as thankful for you as you are for me.

Jacob [00:50:07]

Greatly appreciated. I can clearly see that in all the value you provide us. So I'm ... Yup. Can't say it enough. Just so happy to be here. This is pretty surreal for me.



Capitalism.com
— BE THE CHANGE —

Ryan Moran [00:50:15]

Thanks man. Appreciate it. Hop in The One Percent so that we can get you involved in the community as well. And we're here if you need us, just shoot us an email. Or on the Backroom channel or whatever you want.

Jacob [00:50:28]

Yeah, for sure. I hope to have some great updates for you guys here real soon. We're going into the most interesting sales time of the year. And I'm always excited for that.

Ryan Moran [00:50:37]

Good. We'll hopefully meet you in January at our next meet up, and we'll be here if you need us in the meantime.

Jacob [00:50:43]

[INAUDIBLE 00:50:45] to be there in January.

Sam Prentice [00:50:47]

We'll catch up here soon, man, but this is great meeting you. Super excited for you, bud.

Jacob [00:50:50]

Absolutely. Thanks again, guys.

Ryan Moran [00:50:52]

All right. Great to meet you. See you, bud. If you found value in this podcast and you're ready to go deeper, here are three resources where we can help you. One, you can grab my book 12 Months to \$1 Million on Audible or Amazon. It has over a thousand reviews and it's the playbook to building a seven figure business. Second, you can join our community of entrepreneurs who are following a plan to build a 1% net worth by building businesses and investing the profits. You can get plugged in at [Capitalism.com/1](https://capitalism.com/1). And third, if you're looking to go deeper and build a seven figure business that you can sell, you can work closely with us inside the Capitalism Incubator, and you can get on the waiting list and find out what we do over at capitalism.com/inc. That's capitalism.com/inc.