
Jaime Masters: Welcome to Eventual Millionaire. I'm Jamie Masters and I'm excited to have Adam Hudson on this show. Now, He's a serial entrepreneur ranging from cloud-based software to homewares to Amazon business, and you run reliable.education, so it's reliable.education, which is amazing. Well, there's no .com, and it's just that. Thank you so much for coming on this show today, Adam.

Adam Hudson: Great to be here, Jamie. Thank you.

Jaime Masters: I love your domain name, Number.1, because I was, like, wait a minute, the dot is in between, right? It was a little confusing at first, what made you decide to choose that?

Adam Hudson: Well, you know, getting great domains now that are short are actually quite difficult to find in a .com. So, resource the guys were starting to go into these different tailthese, so we decided to go to reliable.education and it's just much easier [00:04:00] to remember and it works really well for us. Hasn't affected our ranking at all.

Jaime Masters: It's amazing. Tell me a little bit, because you do have such a breath of experience, in general, different types of businesses. What do you think the learning curve is? Because I hear people that are like, "Ah, SAS business." You got to learn this and then you got to learn this for Amazon, but it seems you're in a couple different spaces. So, you tell me how long has it taken you to understand each space?

Adam Hudson: I've been an entrepreneur for over 20 years. I'm just approaching 40 straight now and last I've ever had a job, I was 20, so I've been self-employed for that long. Over 20 years of being in business, you learn a lot. I'm certainly not just starting out. To get across the different companies, it looks like a lot because I have four separate companies, but they're all around me, Amazon Ecosystem now. But my story prior to that was I owned an animation company in Hollywood, California, which was a successful business, but it involved a lot of people and selling services, and [00:05:00] I was really looking to – and I was online. All our marketing was online, but we had physical offices in L.A. and I wanted to get into online only for the same reasons everybody does, and so, I started a little side business selling on Amazon and as I grew, I saw other services that sellers needed and sort of filled those gaps as well.

Jaime Masters: See, that's a perfect trajectory. Tell me though why you went from the agency-type model? Because that's the thing, it's usually faster

to revenue, but it's also annoying as all heck. So, tell me about that transition?

Adam Hudson: You mean from the animation company?

Jaime Masters: Yeah.

Adam Hudson: It was mainly the people in the offices. I would wake up in the morning with \$100,000 bill in front of me every month just to pay the employees and the staff – sorry, the staff in the office and ad works and all that sort of stuff. So, waking up in the morning on the first of every month knowing you need to make \$100,000 to pay the bills, no matter what anyone tells you, that's stressful after a while, and most of my physical [00:06:00] business people deal with the same stress. It's extremely stressful in traditional business for that reason.

Jaime Masters: Overhead is ridiculous. Starting every single month going, "Sell," right? But, unfortunately – I shouldn't say unfortunately – but we are sold this dream of passive income, and look at the leverage we have without an office and no overhead. But you know the real truth because you have everything behind on the Amazon side, too. There's still overhead. Tell me what you love about this side and what you don't like about this side, too, because I feel like we idolize it a little bit too much.

Adam Hudson: I think the fundamental thing that I learned, all my career I'd always been in service businesses. Animation companies, finance companies. I had a first crowd-funding platform in the world down here in Australia where I first started it. We raised well over \$100 million for entrepreneurs and stuff. Though, effectively we were selling services. And the problem with selling services, is you're selling time. Either yours or somebody else's, and if it's somebody else's, you have to spend your time managing with somebody [00:07:00] else.

It wasn't until I got Amazon, that I ever created a physical product. The advantage, the fundamental level of a physical product is that people are buying the product, not your time. These sales occur when – I don't even know about it. I just get an email from Amazon saying you made a sale.

That shift, it's very, very subtle, but when it actually happens, it's quite phenomenal to have somebody telling you that you made money rather than you go, "Yeah, I know I made the money. I just

made the sale myself.” So, it’s a big, big difference. That was the attraction to a physical product business.

Jaime Masters: Now the leverage is totally there. You don’t have to be the guy selling it, but it also has a hard cost of goods sold also. So, trying to level that piece up is also interesting for margins and cash flow. So, how did you end up pushing – because some people don’t realize when we start to get into the Amazon space because you said you listened to Steve’s interview, Steve Chu, and so it’s a trend, [00:08:00] people are hopping on this or trying to give the real facts on where we’re at right now. So, first, tell me about that. How do we cash flow especially getting into this space?

Adam Hudson: Well, it’s a great question and it’s something that the industry, the education industry, doesn’t cover very much. There’s a lot of this topline quoting of revenue, “I’ll come and learn it at course, and you’ll be making \$100,00 a month in revenue.” And that numbers completely irrelevant because in business, it’s not about turnout, it’s about leftover.

That’s the first thing, how much have you got left? It’s no good doing \$100,000 in sales if you’re spending it \$101,000 to get those sales. And that’s very nuanced, and in particular, at Amazon, there’s a million ways to hide those numbers. For example, Amazon pay-per-click ads, they can shuffle your profit and all this sort of stuff.

In what we teach with Amazon, is we say to people, “Look, if your successful in Amazon in the first year, you won’t make any money and you [00:09:00] definitely won’t make any money in the second.” And people, sort of – and that’s if you’re successful. And people’s eyes start to spin and go, “Why is that?” And I say, “Well, it’s a physical products business. So, if you sell an iphone case, and that iphone case does well, what’s the first thing you’ll want to do? You’re going to want to expand into another iphone case and chances are you didn’t buy enough inventory in the first place to satisfy the demand that’s there at Amazon.

Because Amazon is an absolute beast. The demand is – I’m still investing into my Amazon business with lines I started four years ago, trying to keep up with the demand which is – Because Amazons growing 20 percent plus a year. So, just if you get one product that is successful, you got to keep up with that 20 percent growth, which is more inventory just in the line you have, let alone the lines you want to launch.

Amazon businesses chew cash like crazy because they're physical product that you're selling. So, the good news is there is a light at the end of the tunnel. I say to people, "Treat a physical product business like an investment." [00:10:00] If you start with \$10,000 dollars in inventory, and you turn that inventory over at 30 percent in six months, you've got \$30,000 back from your \$10,000 investment, and if you can do that twice a year, which is very realistic in the Amazon market, you're getting 60 percent ROI on your money, which is triple what Warren Buffet's been able to do throughout his career. He averages about 20 percent.

So, when you look at Amazon as a mechanism for compounding cash, it changes the way that you view the platform. Because fundamentally, that's all it is. It's a place you put money in and pull it out with a margin. And big money is starting to realize this now. It's an efficient and extremely efficient compound interest machine per capitol and the name of the game is to get your inventory level to a point where it will produce enough cash flow through those cycles that you can now sit back. And, let's say, you got \$100,000 in inventory that you turn over twice a year at 30 percent margin, you make \$30,000 every time that you rotate the inventory. [00:11:00] If you do it twice a year, you have \$60,000 a year income off a \$100,000 inventory base. So, the only question is, how do I get to the \$100,000 inventory base as quick as possible? And that is by compounding and not spending your profits as soon as they come in.

Jaime Masters: So, that's the thing. People are like, "I have money! Oh, wait, now I have nothing to sell".

Adam Hudson: Exactly.

Jaime Masters: Awesome. And there's this line, especially for new business owners, but what made – and we talked about on Steve's interview where because it seems like such a trend. Yes, Amazon is growing, but also the amount of people searching to try and be like you because you're successful and awesome, is also going up, right? And so, the amount of competition is way bigger also.

So, what we should be afraid of, if we're risk of verse, is we invest in all this product and then go, "Oh, wait. We thought we were going sell this much because we did for the past six months and now we're not." What do you tell people on that side?

Adam Hudson: Well, it's kind of counterintuitive – we realize that what people really want is a [00:12:00] reliable business. Most people out there – they been around long enough to know that the thing that is easy and quick is usually not easy and quick, right?

Jaime Masters: People finally understand this, yes great.

Adam Hudson: [Inaudible] [00:12:13] getting this, and we went or market with our Amazon [inaudible] saying to people you won't make money for three years. You will not do this full-time for three years for now. Do not bank on it. Keep your job, keep your own business, compound your profits, and then in three years, you should have a reliable ongoing income.

And people tell us we never ever sell at cost. There's no way. There's no way. You've got put a headline that's going to be the complete opposite of that. And we sell plenty at cost because people are loving the fact that finally its making a mathematical sense and a logical argument for a real exit from the day-to-day. So, the question – What was the question, Jaime? Competition?

So, in terms of competition, what I always say to people is what you want to be afraid of is what's easy. Because what's easy means it's easy for somebody else. [00:13:00] We teach people that the work in finally starting in a commerce business is in the research and in the subtle, softer stuff. So, yes, you use software, Steve mentioned Jungle Scout, which is a great product, a great way of a competitive product to Jungle Scout called **Zomguru**, few slight differences, but great product as well.

Jaime Masters: I like what you did there by the way. That was smooth. My competition is cool. We have a comp – it was cool. I love that, by the way.

Adam Hudson: They've done a great job and he's a great person. But the research phase is great. You need to research carefully, but when you're researching, be aware of what's scaring you because what's scaring you is scaring others. And we teach our students that what you want to stay away from is the easy to get into markets where it requires a low investment.

So, most people love things like iphone cases that you can buy for \$1.00 and sell it for \$10.00. I would run from those sorts of niches. [00:14:00] My cheapest product retails for \$40.00 and I go up to \$130.00. And at that \$130.00 retail price, where I'm spending

\$30.00 a unit, \$25.00 a unit to get it there, there's much, much fewer people willing to go out and buy 500 units of something that costs \$30.00 to start.

Therefore, I'm in niches where I want to be the premium. I'm not afraid of being the most expensive guy on Amazon for what I sell. I only sell 10 products and most of those products there on page one or two despite the fact that the next nearest guy to me pricewise is literally half the price. So, my \$40.00 item and the next guy is \$20.00 and everyone else is cheaper and mostly they giving more of the product than what I give. And the reason I do that is – I'm able to get that money is because of the premium photography, premium packaging and I'm in niches where those things actually matter.

I go into things that are harder, that require [00:15:00] taste. I like to sell things where design matters. Because if you're selling a functional item that people just don't really care about, it doesn't matter, it's a price driven product. But if it's so that people are going to gift or something that people are going to put on display in their house where design matters.

That's what I always say, women are great at this because they tend to have an eye for this detail and that they're great shoppers, whereas guys are much more process driven. If you get into things where design matters, the nuance, the subtleties matter, that's where I go and I charge a premium price. My margins are 40 percent plus on everything I sell which is outrageous for Amazon, and I'm still –

Jaime Masters: Yeah, that is insane. Okay, question. Does branding matter when you're involved in all this? Do you care about your brand or do you have something like that?

Adam Hudson: Absolutely it matters, long term. I'm only interested, at this age of my life, in building stuff that's going to be here long-term. I'm not interested in selling hot products. I'm not [00:16:00] interested in jumping onto trends. Because trends come and go and I've spent that time to build it. And when a trend pass –

Jaime Masters: To have or change again and again and again, yeah.

Adam Hudson: I look for evergreen, noncyclical, nontrendy stuff that's been around forever, but I want to find a way to make it better and spend that time dealing with a manufacturer, and most people

don't do that. They just want to make money. So, they go to the manufacturer – it's good enough, I'll just send it to Amazon. And then they find out they've got a problem and then it's a dead end because as soon as you bad reviews, it's game over.

The reason I love a brand – and something interesting happened yesterday, I got a phone call through our company website from a lady going, "I just want to know how much this product is supposed to weigh?" And I was like, "Wow, that is an odd question. I have never been asked how much it should weigh." And I told her and she goes, "Oh, that's good because I was trying to sell it secondhand. I've had it for years, and I was trying to sell it on Ebay and a guy came around and he said he owned one of yours and wanted to just [00:17:00] make sure it was an original one of yours." And I was like, I bought this thing from China and package it, but anyone to verify the authenticity of my brand. I was like, "Oh my God, I'm literally becoming a Louis Vuitton here."

Jaime Masters: Designer.

Adam Hudson: It was a great pat on the back that I packaged and branded myself so well, that people are now considering it a legitimate brand. I started this thing part-time four years ago, around my animation company, but I paid attention from day one to the branding because now others are trying to come in and I've had a couple people copy some of my stuff, and people are commenting on my competitors' products and saying, "Yeah, these are nice, but they're not as good as the real thing." And the real thing is just a better logo, photography and box.

Jaime Masters: I love that we can do that. Not that we – you're probably better in lots of other ways, efficiency and all that other fun stuff as a business, because that's the other piece that people don't see behind the scenes [00:18:00] of really caring about what you do, unlike a lot of other people that are out there.

But why Amazon? If somebody had the choice right now. Because you also have a cloud-software company, and no offense, that's also a hot trend right now, so people are like, "Oh, build a SAS company and it's got so many margins and you don't need a lot of people." So, you tell me, would you pick right now between SAS or Amazon?

Adam Hudson: SAS is a great way to – I lose money for a long time. One of my wealthiest friends, he's probably worth about \$100 million and he's

one of my best friends, had a SAS company and he sort of mentored me into the SAS space. He rings me up today and he goes, "How much money are you losing this month on your SAS product?" And then he'll ring me up next month, "Okay, how much money are you losing this month?" And the key is that every time I answer the question, it has to be less than last month. You spend money for aiding months to years, depending on the product, and then it gets to a point because it's subscriber based. [00:19:00] Well, you have to have customer support. You have to have ongoing development that the market you developed the SAS product for is changing, so your code needs to change, your features have to change and so on.

But what happens, is you hit a point where you break even and then you start acquiring. You continue to acquire customers and you slowly build income. And I love the SAS business because it's really hard and really expensive. The numbers are phenomenal once you get past the breakeven point and there're very valuable businesses in the event of an exit. So, SAS is definitely a long-term, a very hard business to beat, but very hard to compete with.

The other thing that I don't like about SAS is you're competing with very smart people. People that are actually make it to the start line and actually get past that breakeven point is smart. Nobody dumb does that. So, you got very intelligent competitors in the SAS space. But the good news if you just have 1000 customers and they're paying you \$50.00 a month, you can do well. [00:20:00] SAS is cool, but it burns money, it's difficult and unless you have a tech background, it can be really stressful because you mostly don't know what you're dealing with. You're relying on third parties.

The reason I love Amazon, it's the only thing that I've ever taught people how to do, and I had a number of successful businesses. I've sold several and I've taken one public, I've got a very strong background in business. But the only reason I teach Amazon is because, all the things that people teach out there, the average person if you – most of them don't have it within them to be an expert at something. They might be an expert, but they can't sell. They can't sell themselves as an expert, and they don't feel comfortable in front of a camera and all those things at all. Or they want to get into ecommerce because they love the business part, but they don't really know how to find traffic or they can't afford to find traffic or they don't have a tech background and it's all stressful.

At Amazon, they have a very innate proposition which is “We’ll warehouse your stuff, we’ll find the customers, we’ll send the stuff out for you [00:21:00] and we’ll do all this remarketing on your product.” Like when you go look at something on Amazon and they remarket you over and over trying to get to [inaudible] [00:21:06]. They take care of everything. All you really have to do is find the product and make it better than the others in the market and Amazon will bring everything else.

That, to me, is remarkable and I've seen people with limited background in any kind of business going to Amazon and succeed and that's a very rare thing to see. And that's why people are joining Amazon.

But that being said, I'm not overly concerned because mostly people are stuck in their views of spending as little as possible, taking as little risk as possible. Thinking that's the smart thing to do, but it's actually the most dangerous thing to do in competitive markets.

Jaime Masters:

Everything you said, I love how unsexy, but real it was. I don't feel like people talk about – all business is tough, right? We take on a lot when we say yes to this journey, and people I don't think understand when they say, yes, what they're getting into. Which is probably a good thing. [00:22:00]

But you have a really valid point in that Amazon does so much for you. It's kind of ridiculous how much they do for you. That being said, when we start looking five to ten years out, do you still think that it will just be those people trying to hit that cheap – not cheap – but you know what I mean, invest as little as they can and that's where it's going to implode and the rest is going to be okay? Or you really think that it'll change five to ten years from now?

Adam Hudson:

I think thinks it's Pareto's principle, there's always going to be 80/20, but it's probably more 80/10 or 95/5. There are people who approach, like Steve Jobs and really good knowledge-bounds in that podcast with you, when he said, “I don't start something unless I'm doing it for three years.” And he sort of passed over that comment. That's such a common trade in millionaires that they think very, very carefully about what they're going to enter into and don't expect results for two to three years. Where the average entrepreneur in business expects results now or in six months or in three months or they'll just buy the **caush** from the guy who tells

them what they want to hear. And that's why most people don't [00:23:00] become millionaires.

So, I think what Amazon's doing, and what – I was on Sky business news hear about a week ago because Amazon just announced they're coming to Australia, and I spend probably four months a year in Australia and the rest in the U.S. and Singapore, and they had me on to talk about the impact of Amazon on the Australian retail sector because they're very, very nervous here about the arrival of the big American company. Because we don't have Amazon here.

And I said to them, what people need to understand is that Amazon is currently about wanting dollars that are spent in a U.S. retail, online retail, every second dollar is spent inside of Amazon, which is phenomenal. But where the growth is, is that Amazon. in online retail, still only represent a small portion of the retail as a whole in America and the rest of the world. What's going to happen in the next five to ten years is you're going to see an enormous shift of capitol from people going in brick and mortar retailers and spending [00:24:00] it online, and Amazon is going to take a line share that, especially with things like drones.

Over Christmas, they did their first commercial drone delivery to a real customer and that was a 13-minutes from click to delivery. So, they clicked and dropped it off in a little box in the backyard in 13 minutes. Now, if I was a brick and mortar retailer right now, I would be petrified because nobody, apart from 7-Eleven and a couple of other companies, are anywhere near Amazon when it comes to drone.

Amazon's been at this for years trying to get this through in their technology. If you're at Walmart.com right now, you've got all this catching up to do. So, Amazon is going to be pulling this huge, billions of dollars from big and mortar retails into online retail and Amazon is the number one – they are growing at an increased rate despite all the coming competition like Walmart and like Jet, there's still striving ahead of the competitors, because they have been reinvesting and they haven't announced a profit for years and years because the invest everything they have into growth.

So, when people say, “Amazon [00:25:00] is going to get [inaudible] [00:25:01].” No, that's poverty mentality. There's a torrent of money coming to Amazon and you just need to put your

bucket into the river and show up with an amazing offering. Not a good offering, you need an amazing offering. The reason Australians need to worry about it is because in America, the American Amazon sellers who are working in a competitive market, all they need to do is have their product shipped from China straight into the Aussie warehouses when they open, they're going or slaughter the Australian retail market because it's summer time there.

Jaime Masters: And now you're getting me excited. Amazon has robots. Of course, we should go after Amazon.

Adam Hudson: Exactly.

Jaime Masters: It's funny though because I'm a huge fan. I came from a tech background, I'm a huge fan of technology and where things are trending, hence the reason I ask ten-years questions instead of everybody else asking three-year questions, right? So, when we start looking at where that is going because you must be looking at that also, when we look at drones or whatever it is, because to me, I'm also one of those people, so I want it right this [00:26:00] second. I order everything on Amazon, I literally – insta-cart – I haven't been to the store in I don't know how long. Thank goodness, I don't like shopping. But I've spent so much money on Amazon because I can click and it's ridiculously easy.

So, when we're looking at drones and stuff like that a couple years out, what do you think are those big – I don't want to say trends, but what are the things that are tried and true that will be there for a really long time? Because I know people trying to get on Amazon care about this product stuff so much. Do you think that there's an actual thing you can go by to find the right product?

Adam Hudson: Yeah, common sense, which is not that common. I think what's happening is people are getting tired of rubbish products and people underestimate. They always think everybody has no money. America has 13 million millionaires. So, you guys over there [00:27:00] live in this land of incredible wealth.

I moved to America five years ago to start my animation company and become a millionaire in a couple years during a simple little business that I started for less than \$20,000. Just off that business, I became a millionaire. My American friends would go, "I've never seen somebody work as hard as you." And I go, "Because I'm an immigrant. I'm five time more likely to be more successful than

you because you take it for granted. You have 320 million consumers, all with credit cards who love to shop and you're sitting here saying, 'I have no money.'" It's crazy. You have such a massive opportunity, but the beautiful thing with Amazon is that opportunity extends globally. So, if you think America's too crowded, go and send your products to Amazon U.K. where you can rank on page one if your product's great, which most products on Amazon are crap. If you have a good product, or if you have a great product, the part where you go spend six months going back and forth in the research phase where you're trying to supply –

I have [00:28:00] on what's at my supplier, he texted me, that's the relationship I have with her, she sends me photos on the packing day, she sends me photos of it getting on the tram to go to the factory to do the work and all this stuff. And she goes to trade shows because she has to sell products, and she goes, "Mr. Adam, I've been going around the trade show and I've done some really weird stuff that I know that you'll like." Because my mandates are with them are show me the weird stuff. I want to see stuff that's visually differentiated. I don't want anything that looks like anybody else is selling. And she sends me photos of other products and she acts as a buyers-agent for me then and buys it for me. She says, "How much do I have to get this for?" And I tell her. I then she negotiates her margin in there. But I tell her I want the weird stuff. I want the stuff that nobody else wants. Because when it goes on Amazon, Amazon is like Tinder. The first thing we look at is the photo, right? And if it doesn't –

Jaime Masters: You give us Tinder tips. I like it.

Adam Hudson: So, I look for products that look visually differentiated because that's the first battle. On the Amazon battlefield is to have something that looks unique, something that is shaped differently or whatever. [00:29:00]

What I'm saying is that – what was the question? I've lost the line of thought for the question.

Jaime Masters: It is 6:00 a.m. over there, by the way, don't feel bad. What you were saying, actually, I have a follow-up. When I was in Thailand, everybody, as I said on Steve's if you guys haven't listened to that interview yet, was all about Amazon. But they were saying; now you have to go and fly to China or fly to Thailand, and source your stuff specifically, and a lot of people can't do that. So, the fact that you actually have somebody that you know and trust, which is kind

of hard to find, that can actually do that research and stuff like that for you is insane. I'm assuming you had to build that relationship with them for a while, so how many times did you have to go back and forth in order to have that good of a relationship?

Adam Hudson: I only went to China for the first time last year. I was buying from her for three years. I found her on Alibaba, and just build a relationship. I did a two-pallet order when I first began, and now we're shipping containers, of course. [00:30:00] But I started with a two-pallet order, built a relationship.

But I did little things, Jaime, that most people don't do. So, when I get quotes from Alibaba suppliers, I say to them, "I really appreciate your quote. Thank you very much. Can I ask you, if I was prepared to pay 20 percent more than what you've quoted, what could you do to this product to make it amazing?" And nobody asked that question. Because the average person is, "I'm starting my first business. I need to price negotiate. They get five quotes in and they email back the ones that say, "Look, I like your price, but I need it to be cheaper because over here, I've got a cheaper supplier."

And my suppliers look at me and they're like – I said, "Look, I'm going to be selling on Amazon, and on Amazon quality matters." Because the first thing people do is review, and if this product is not A1 class, I'm wasting my money with you. I'm going to just lose my money and I want to make a product that I charge a premium for. I want to be here for the long-term. And the Chinese respect the heck out of that because nobody does it. They all treat the Chinese like crap. They treat them poorly. [00:31:00] They negotiate ruthlessly with them. And the Chinese will say yes to everything and then just take quality out of product in ways you never even think of because you're not the expert.

So, if you sell this article and say, yes, we can make that case at that price. And what they do is they strip out some sort of chemical in there that makes sure it's black, and then it turns all cheese-colored or something.

The economy and the mathematics behind that is if I'm buying an iphone case for \$1.00, if I offer them another \$0.20, that's going to probably going to go close to doubling the margin they would have made on the first quote, but I get it at price, I only need \$0.20 extra for it to market to recover my capitol. In reality, I could probably get \$2.00 extra or \$3.00 extra for the changes that are made. And

where it comes to stitching or packaging, whatever, you can do a lot with 20 percent or a dollar or two if you are buying product for \$5.00 or \$10.00, you're really starting to get additional things.

So, I look for real quality, not just [00:32:00] lip-service. I really spend time, and I'll send something back four, five, six times and never say it's good enough because I'm speaking out for my customers wants at the start, instead of apologizing forever. That's the key to building up.

I did an interview in the U.K. with a press outlet there, with retailer.com and the headline for my story was, *The Lazy Amazon Seller*. Because I literally spend, probably, 10 minutes a day on my Amazon business, a seven-figures a year business. I got no employees. Actually, I got one part-time employee in Thailand and nothing else. It's ridiculous how little time I spend on it because of the work that went in at the start where I was brutal product tester for my own products.

Jaime Masters: So, on that start because you were saying that the first one or two years you're not going to make a lot, how much time are we talking to invest before we actually start seeing a return two years later?

Adam Hudson: You mentioned the book that did with Steve Chu, with Seth **Gartensbrook**, and the dip in Amazon, in my opinion, is the first 12 months. Because, in reality, what people generally do is they buy a course of some description and they'll spend – they think they're going to get through that in a week, and it takes them a month because they got kids and a life and all the other things that go on. And then they're going to procrastinate for another month or two or they'll follow the Facebook community until one day somebody who joined with them posted their \$10,000 last month and they go, "Oh my God, I got to do that Amazon thing."

So, the first year is just getting education, reaching out to a supplier, going back and forth, getting samples. It could be, on average in at cost, it's six months for the rabbits, for the quick ones before they have a product live, and it's nine months on average before they have their first product live. By the time they done their research, back and forward and done their photography and really spent the time.

And then they get the products in and you're still not ready to go because the next thing you need to do is get at least ten reviews on Amazon. You're not really in business until you got ten reviews

[00:34:00] because your business isn't in any state that people trust it yet. So, then you spend the next month getting ten reviews by breaking Amazon's terms of service and getting your friends and family to buy it, refunding them privately and asking them to write a nice review.

And then you're at the start line. You have a good product, which has enough reviews that people trust it because it's not a big difference in conversion from 10 – 100 reviews, but the conversion rate happens again when you get over 100. But from 10 -100, it doesn't matter if you got 10 or 20 or 30, it's all the same conversion rate. Well, it's pretty close.

It can take 9 - 12 months to have a product. Now, most people will go, "Oh, I can't do that. I need money now." Well, do something else. Amazon's not the right thing. Because if you do Amazon properly, and you don't want to get slaughtered when you get there, that's what it takes to do that. And then all of a sudden, you start getting an email, saying "Oh, we're sending you \$3000.00." And you go, "That's pretty awesome." And you get another one next month, you go, "Oh my goodness, [00:35:00] these things are going to keep coming." And then they keep coming and coming. And then you get paid by Amazon, you go, "Oh, now I need to restock because I didn't buy enough."

My brother's a perfect example. My older brother had an engineering company, multi-million-dollar business, three young kids under 10 and he said, "I want to start this Amazon thing." After four years watching me. "So, I'm going to start."

So, he started last year. He bought \$15,000 worth of inventory, he sold it out in 30 days. He put it on Amazon, turned it over at 40 percent margin, he went, "Holy smokes. I didn't think that would work." And, so then –

Jaime Masters:

Oh, my gosh! You're saying it, so I'm so used to people going the low end. But you, your brother, service-base businesses that are really, really successfully, you already know business and yet you feel like this is really, really important. Which – anyway, I just haven't heard that perspective. I've heard a lot of Amazon sellers, don't get me wrong, and I think that's awesome, but it's never been to this level. So, that's really interesting. I should test it. [Crosstalk] [Inaudible] [00:35:55].

Adam Hudson: There was a big Amazon course that sold tens of thousands [00:36:00] of people are in this course, and they all said \$0.00 to \$40.00 products that are in the top 100, which they changed to top 1000. But the problem is everybody's doing that and the top 1000 best-seller list doesn't mean anything. It just means they're selling the most of them. I don't care if I sell the most of anything. I care if I sell something at a profit. My average product is ranged over 20,000 in the best-seller rank. Over 20,000 and I make a ton of money.

So, my older brother, to finish that story, this past Christmas in December, and he only got his back stock in October, and he's only been on the platform for four months. On Christmas, he did about \$150,000 in December, just for the month, and I think he did close to \$100,000 in November, as well.

In his very first year, he sold his engineering company towards the end of last year, and now he's at home, full-time with his family, paid off his mortgages, and is an Amazon seller with a simple range of products. [00:37:00] He's got **Ford** end-products that are very simple, but differentiated, beautifully top-photographed.

Jaime Masters: Do you think, though, considering, he had a lot of business; you have a lot of business, right? So, do you think that somebody that is not necessarily an amazing business owner and own multiple companies beforehand, has this same opportunity as him to be able to do something like that?

Adam Hudson: Absolutely, because neither of us went to the market, like – people would accuse me of being a good sales person because of my personality. I love to talk and you would be the same. But I don't sell any of this stuff. I'm not there selling. I just have a normal – actually my listing copies actually are pretty average. I could improve it.

But I've got amazing photos which I didn't take. I put an amazing logo on the box, which I didn't design. I use 99designs. If you want an amazing name for your business, I'm just launching a brand, I used a company called Squadhelp, and for \$150.00 I got 800 business names and I was blown away by the thought people have put into these things. I would have never [00:38:00] thought of the things they came up with.

So, I didn't come up with the name, I didn't come up with the logo. All I did was spend hours and hours and hours combing

through the Alibaba catalogues for the diamonds – for the needle in the haystack, that one product that looked really cool, that if photographed correctly, would look incredible.

And that photographed correctly thing is a really important thing. It's sick. I look at an iphone case, if I was going to sell this, I'd look at it and I hold it and people go, "Dude, you've got like a foot fetish thing for iphone cases." Because that's how I look at it. I look for the beauty and the – like an iphone charger cord has engineering in it that's not showcased properly in photography. People just lie it down on a white t-shirt the bought from K-mart and take a photo.

Whereas I'd get that thing 3D scanned and a close up of where the cable joins the nozzle – you know what I mean. I really think, how do I sell the features that are here? Because that's where the work is. It's in those soft things. It's not in business skills, it's in [00:39:00] understanding when people buy something online, the photographs is as close as their going to get to touch it.

Other's photographs amazing. Study Rolex. Study Mercedes Benz. Study Monte Blanc. Look at the way they photograph their products and if yours are not up to their speed, reinvest in a better photographer.

Jaime Masters: Okay, so what if though, that we picked the wrong product even if we had the – is there a wrong product that you can pick? Because, like you said, it matters on photography and everything. But what if it was crappy? Not the product, but the market for it?

Adam Hudson: There are wrong products. That's where tools like Zomguru, Jungle Scout and so on can help you do that research. Zomguru does a similar thing to Jungle Scout, where you have the different methodology where it actually tracks inventory levels so you know exactly what the sales are. You can do that.

There is a little bit of that softer sense. When I looked at my niche, everybody was selling the product I sell for \$40.00 for \$20.00. That was the top of the market [00:40:00] and I was like, people give this as a gift, and if this has an amazing box and much – because the photos here are pretty average. I would pay \$40.00 and not \$20.00 if the box looks amazing because I'm giving the box really. I want people to go, "Oh, wow," when they open it for me.

It's just common sense of like – let's say it was pens, Parka pens, nice pens. Everybody is selling \$20.00 pens in an okay box, where as you put it in an amazing box with a silver-embossed logo or whatever, you can get an extra \$10.00 for that. So, some soft-business skills. But more set of life skills, common sense skills of trusting your gut and trusting your instinct a little bit, where some people that wouldn't work if you're selling certain products, the box doesn't matter.

There are some softer skills that are in there and the worst-case scenario, Jaime, is if you get a product that's just a dud product, you sell it for your Chinese cost plus your freight and duties, which should be, if you done it right – If you buy a product for \$1.00, [00:41:00] you should be retailing it for \$4.00 - \$5.00 on Amazon. So, you go a lot of margin to come down by the time you're losing money.

Jaime Masters: When do you realize that, though. When you're like, “Okay, let's get rid of it. Let's do something else.” When is that time?

Adam Hudson: Well, hopefully before you started. But if you are stuck there, basically write down a list of everything you could do to get this product working and join a mastermind, or if you bought a course, usually there's masterminds attached with those things. If you've done everything you can, then just clear it out and start again.

In business, it's not a case of – everybody's afraid if they're going to fail. Let me give you the tip. You're going to fail. Everybody's going to fail. I've failed.

Jaime Masters: Jeeze.

Adam Hudson: I know. At the same time, I started my Amazon business, I started a flight simulator business in Los Angeles, and I close the door on it. I spent \$170,000 opening a 7-4-7 flight simulator off Hollywood Blvd [00:42:00] to try and attract tourists in and I had to close the doors. It just failed.

Jaime Masters: That sounds so awesome though.

Adam Hudson: And everybody that I told about that, was like so excited about the flight simulator – no, that Amazon thing sounds boring. But that flight sims sick! And it had nothing to do with me as the entrepreneur. It wasn't about me, it was the model, and people beat themselves up all the time. But at the end of the day, if you're on a

dog, you're on a dog. You're not going to win the horse race. You need to get off the dog and onto a horse, and don't take it so personally.

Jaime Masters: I'm sorry; I'm just too busy laughing about the dog in the horserace. But that was really good point.

Adam Hudson: Well, the persons around the world tells us it's all about us. If you're failing, it's because of you. You got to look in your heart and find out where moments of thinking is. You know what? That's crap. Sometimes businesses are crap. It's just a crappy business.

Jaime Masters: But you won't know until you gosh darn do it and that's what such a pain in the butt. That's why this stuff matters even though we don't want to have to deal with failure at all. How [00:43:00] did you come back from that, anyway?

Adam Hudson: I just copped a \$100,000 kick in the guts. You just keep going. You just have to move on and I've failed at way more than I have succeeded at. I could give you a resume of all the businesses that I tried and failed. I've owned a hair salon, I've owned a flight simulator business, I've owned so many different things. I get excited about Amazon because it's a thing where I can see that most people can't see their way, that fear rules and I'm not a fearful person, so I love that market.

Jaime Masters: I really do want your resume list of all the failures. It makes everybody else feel better, seriously. And knowing that you're ridiculously smart and you also fail – that's one of the reasons why I do this podcast, but I don't think I can say it enough that. Yes, everybody fails. Yes, we go through whatever we need to go through and you pick yourself back up and do it again, anyway.

What did you tell yourself because any failure hurts, [00:44:00] no matter how much money you have in the bank. Any failure hurts that no matter how much it is really. Unless you're just throwing out money and assume you're going to lose it for gambling. But when you lost that, what do you tell yourself to get back on the horse? The real horse, not the dog.

Adam Hudson: Well, it's an interesting question. One of the videos we send out to people that are interested in that program, is the video where I tell a story about a few years ago, I was flat broke, almost. I've lost everything. I took my company public, which I mentioned, and it's

a great headline story, I probably had \$12 million in stock. It was only a small public listing in the scheme of public listings, but I had about \$12 million in shares addition to a property portfolio. I guess you tell I was doing pretty well.

Then 2008 happened and the stock market just collapsed and our business was in a very speculative area, and my \$12 million turned into \$300,000 in a month. And I couldn't sell it because I was still escrowed.

So, one month ago, [00:45:00] I'm thinking I'm the king of the world, and then a month later, I have \$300,000 of stock I couldn't sell. The company's hemorrhaging money. I had to sell all my investment properties at rock-bottom prices to get the equity back that I had in them, and I had to pump it all into the company to save it. The CEO walked out, I walked in and I spend the next year and a half working for free, just to save this company which, basically, almost sent me broke. And I had to start going door to door selling a text message marketing service. It was the only thing I could think of that nobody was doing here.

And, so I tell the story of how I drove down the local shopping strip, got out of my car, and when – I said I'm going in here – I had a little flip-chart, it was on paper, and to explain my services, and I got out of the car and walked into the first door and looking – because I was going to talk to the business owner and tell him how I would send marketing text messages to their customers. I walked in and I talked myself out of it and walked out before talking to anybody because I was afraid. Then I went to the next one, same thing. Next one, same thing. I was there about a half an hour, I'd walked up and down [00:46:00] this street, and I got back to my car and started making excuses.

And I sat in the car, I was about to turn the key and I just had this moment, a realization, and I was like, “Adam, if you turn that key, you will never be successful because this is it. This is your moment that you either get out of the car and go sell that product that you designed and is good and get over your fear, or you just drive home and get a job for the rest of your life. Because it doesn't get any – it's never going to get easier.”

So, I got out of the car, and the first coffee shop I went into signed up, and it was a \$100 a month recurring payments to me. And then I did two more sales that day. I had \$300 a month recurring income at the end of the first day and then I built that business and that

eventually got me out of it and into America and ending up franchising it and that. But it was that moment where time, fate and circumstance said, “Well, Adam, what is it going to be? You going to be one of these people who step back and just get a job, or are you going to –” And this is 15 years into an entrepreneurial career. I was unemployable. [00:47:00]

And then from now, and I've failed since then as well, now I'm just like, it's not about me. If I fail, I did the best I could do. The market didn't like what I was selling. Change or sit back in the car and go get a job and be a loser, to me. So, that was the moment of truth for me, and my life turned around from then and I never looked back and I built back everything I lost and more.

Jaime Masters: Okay, so when we talk about failure, we're talking about the epic, worst that you could ever even fathom what you [crosstalk] [inaudible] [00:47:31] could do.

Adam Hudson: Billions of dollars.

Jaime Masters: Yeah, especially having to knock on doors and really have that same experience when you had \$12 million beforehand, right? They're like, no, I was past that. What the heck.

Adam Hudson: I had \$12 million and I was knocking on coffee shop and asking if I could get ten minutes of their time to sell them a \$300 a month service. That's where I had to start again because that's how broke I gotten in a year and a half to try to save the company.

Jaime Masters: Anybody who's listening to this right now, [00:48:00] stop your silly excuses – like, it's funny, I'm actually going to show this piece, this end piece to my children because we tried walking around to neighborhoods because they wanted to sell. We were selling rosemary for \$2.00, they couldn't make it to the door and they cried and sad. And I'm like, “It's okay.” But showing that you went through the exact same thing, not children way different than adults, but everybody goes through this exact same thing and the fact that you talked yourself up out of it is ridiculously inspiring.

So, I know we have to start ending soon, and I love that story, anybody that's listening, you have no fricking excuse. Just saying. Alright. So, Adam, I have to ask the last question. I want to have you back on the show, though. You've got so much wisdom in there. Maybe we'll do it in person when you're in the U.S. the next

time. But what's one action listeners can take this week to help move them forward towards their goal of a million?

Adam Hudson: I think the biggest action is really to sit down and just write your goals. And I know, we hear this over and over, but most people [00:49:00] still don't write their goals and extend the timeframe on the goal. Because I'm a huge believer in Tony Robinson's statement that, "We overestimate what we can do in short-term, and underestimate what we can do in the long-term." If you can just move into that [inaudible] [00:49:15] that this dude, Chu mentioned, and I'll reiterate. Think about a three-year time horizon and not a one year time horizon because three years goes like that. It gives you that little bit of breathing room to – if you start a business and you go, "I'm not expecting to make money in 12 months." You approach that business very differently to the person next to you who says, "I need to make money in six months."

If I was going to invest in one of those two businesses at the end of 12 months, I'd invest in the guy who spent a year getting the product ready. Every single time.

So, I would set your goals, extend your timeline, really stop and think that what you want in life and write it down because it's very, very scary when it actually shows up when you do that.

Jaime Masters: Patience is a hard thing for us, impatience entrepreneurs are one of the most important skill sets that you should [00:50:00] try and learn when you're going through, I can tell. So, thank you so much for coming on. Where can we find more about you and your wisdom in business in general?

Adam Hudson: Probably, the first place is reliable.education. So, www.reliable.education. You can find our software at zomguru.com. We have a seller photo company launching soon for sellers who sell ecommerce products called sellerphoto.com. The website will be live shortly. Any of those places is probably the best place to find us. And if you're launching, if you're an Amazon seller and you want help launching with markethustl.com with no 'e' at the end .com, We help Amazon sellers get a fast start with launching their products, getting velocity on the platform.

Jaime Masters: Smart man that goes, "Oh, need in business? Go make another company." "Oh, need a business, make another company." Diversification within one specific thing. Thank you so much for coming on this show today. I really appreciate it, Adam.

Adam Hudson: Thank you, Jaime. Appreciate it. Bye for now.

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Duration: 48 minutes