

157 TRG Transcript

Mike Stohler

What if you could be doing something smarter with your money that creates income. Now, if you're wanting to get ahead financially, and enjoy greater freedom of choice, if you want a comfortable retirement, and you know you'll have more choices, if you can do more with your money. Now, if you've wondered who else is creating ways to make their money work for them, and you want actionable ideas, with honest pros and cons, and no fluff. Welcome to the Richard geek podcast. Where you here helping people find creative ways to build wealth and financial freedom. I'm Mike Stoller, and in this podcast, you'll hear from others who are already doing these things, and learn how you can too.

Everybody welcome back to another episode of the richer geek podcast. Today we have Blake Hutchison. He's the CEO of flippa.com flipa.com. It is the world's largest marketplace to buy and sell online businesses. He leaves the teams to build out a product empowering exit and ownership for business owners and entrepreneurs globally. prior to running Flippa, Blake's held leadership roles across multiple fast growth tech businesses, across e commerce and SAS. How's it going, buddy?

Blake Hutchison

Very well. Thank you. Thanks for having me on the show. I appreciate it.

Mike Stohler

Absolutely. So take us back, man. I mean, you've done your resumes. Very impressive. Take us back to what did you get that entrepreneurial bug? Did you work for someone hot? Give us a little bit of a backstory?

Blake Hutchison

Yeah, so my first ever job was with a company called Lonely Planet. And Lonely Planet was a travel guide book publisher producing over 600 different titles, the titles were essentially destination guidebooks, you know, New York City, Scottsdale, Tokyo, Japan, Italy, and the rest. So as the leading guide book publisher, globally, and I have them to thank for giving my giving me access to some world class entrepreneurs. And and I suppose that entrepreneurial Bargo was working in San Francisco. Technically, I was based in West Oakland. But I was living in San Francisco, and I was licensing our travel content. So we had digitized the

content. And I was licensing it to portals like Yahoo, travel, Expedia, American Express, and then we started licensing it to mobile phone companies. And ultimately, you know, got to sit around the room. As the, you know, makers of the iPhone, Apple started to talk to publishers about leveraging the new iPhone to build apps. And so as a function of that really exciting and dynamic role. You get to meet some really smart people doing really interesting things. And so the mind starts to wander. That's probably the beginnings I think. Yeah.

Mike Stohler

And well, you can't imagine because you think about, that's not my suit. I'm not the wanderer that the creative part. And I wish I was because you think of, you know, people that create flip of people create all these things, you're like, man, that, that type side of the creative side, I'm very good at operations and very good at running things and finding things I can't create, you know, a rock if I had to. So, it's, it's so cool that you found that niche and your unique ability to be able to do that. So fast forward to Flippa. What is a flipper?

Blake Hutchison

Yeah, thank you. I mean, flip is at its heart, and entrepreneurs marketplace, actually. It's the number one marketplace to buy and sell digital assets and online businesses. So let's just simplify that a little bit and give you a couple of examples. So we had a blogger in Philadelphia, she had a blog, which was about crochet. And that blog, had been running for 13 years. She was in her mid 60s, if I remember correctly, she was looking to sell that blog to somebody else who had an equal passion for crochet, but also understood the monetization aspect of that blog. And she sold that for \$90,000 within 48 hours of listing it on our platform. On the flip side, that's you know, that's a lower priced assets, that's \$90,000. On the flip side, we've had app publishers out of Singapore, sell their app portfolio for in excess of \$30 million on the platform. So you've got small you've got big It doesn't really matter for us. We are price agnostic, we're a marketplace, we have buyers who are both private individuals like maybe your AI, as well as investors who are clearly coming in with bigger wallets and different strategic needs. But regardless, the marketplace is kind of there to make the make the concept of an exit, available for everyone and democratize business ownership.

Mike Stohler

And the concentration is, you know, this, is that somewhere that you can the physical asset type companies, it's more of website ecommerce, is that correct?

Blake Hutchison

Yes, it's digital, so long as it can sit on a platform or a domain, you can sell it on Flippa. So a platform would be something like the iOS or Android store, of course, all those apps that are sitting on your iPhone, or it could be, you know, a, a Shopify Ecommerce store. So it's digital only Mike. And I think that that's probably that helps us because it enables us to market ourselves in a certain way. But it also helps out with our strategy, because we plug into all of the data sources. So we plug into Xero, QuickBooks Online, Amazon, Google Analytics AdMob, the list goes on, making it really easy for business owners to kind of expose their financial performance, and celebrate all the successes they've had using that data. And on the flip side, it helps out buyers making informed decisions. So we pride ourselves on having a very, very strict focus on digital only.

Mike Stohler

Now you have all these listeners out there, it's like, oh, I have a blog, I have this. What would you say to the our listeners? At what point? Would a something like a blog be marketable? Does it need links? Does it need guest links? Guest? What what does it take?

Blake Hutchison

Yeah, I would guess the simplest answer to that is age, revenue, and traffic. So let's just work through that very quickly. It's highly unlikely, unless for whatever reason, you have amassed substantial traffic, that a buyer would be interested in something which is not, not older than two years or more. And the reason being is you kind of need to establish a web footprint, and about 24 months, in about 24 months, you kind of you can establish that web footprint, you can build a brand around a particular niche or category, you can build some defensibility, around your SEO, search engine optimization, you can do some partnerships where you've got multiple links in and out, inbound and outbound links, in such a way that you're protecting that footprint. So age is a really important piece. And so people shouldn't just set it spit up something and then suddenly sell it on Flippa. That's not the way the game works. Despite the name, and just by the brand name. Revenue, you know, I think you're in the hotels game. Like at the end of the day, this is a business, whether it's small or not. And so that blog that needs to, that wants to exit needs to have some traction, and traction is best presented in the form of financial data. So is it how much money isn't making Now typically, you know, once you sort of making over \$25,000, you'll have an asset, which is of interest to someone. Clearly, that's a type of buyer versus an institutional buyer, which is looking for something far bigger. But yes, once you've got some stable, consistent income, be it coming in from advertising or affiliate revenue streams, or any other for that matter, but we're talking about blogs for the moment, then yes, \$25,000 would be a really good

milestone for a blogger to have before they were sitting on an asset of some value to somebody else. And then finally, you know, traffic, as I said, So, blogging is really exciting and interesting still, because, you know, clearly there's the challenges of AI now, but at the end of the day, so long as you've got the ability to attract a user to your site, and do that consistently over a long period of time, proving that you have good quality content that people want to consume, that will be reflected in your traffic data. And that will be looked upon favorably by a potential acquirer.

Mike Stohler

Now, given your name, as soon as I hear Flippa, you know, I'm in real estate, so I'm thinking of the fix and flips and all that sort of stuff. People do that with E commerce and businesses are They create it set it up, wait, and they're just kind of churning them out. They know how to do it how to, you know, the whole, the puzzle pieces? And then once it gets they just start flipping them.

Blake Hutchison

Yeah, no, like not really it does happen, I would agree it is a use case, I would say what is more common is buy, fix and hold. And so I buy an E commerce business, from someone who has put their blood sweat and tears into it over the last five years. At that point in time, that person's waving the white flag, there's certain things they're really good at. And there's certain things they're not so good at. So I buy that asset. For argument's sake, let's say I buy it for \$500,000. And I've paid a two times multiple on that. So for argument's sake, that business is doing \$250,000, I've acquired up to two times. I'm a savvy operator, I recognize that, that ecommerce asset, while good, has some major inefficiencies that I can assist with. And so I do that, and now I've got a better quality business than the one I acquired. And I'd say that's a more common use case.

Mike Stohler

Yeah, that makes a lot of sense. So flipper. Someone wants to get into this business, they want to learn how to, you know, get the business, put it on Flippa, what are some of the other services or handholding that you do to help the business owner?

Blake Hutchison

So I think there's, there's really three things. The first thing is, the benefit of flipper is our access. So if you are a business owner looking to exit, we have the world's largest number

of buyers. And we all organize buyers, and programmatically using AI. We match them up to relevant businesses based on their latent and hidden intent. It's actually a relatively complex, proprietary algorithm that we've built here. So you're getting access. And then that makes the process really straightforward, because ultimately, you want to know what the potential biocide base looks like for your business. And we have them we organize them and we match them. This thing is services to get the deal done. And so we have embedded an embedded deal room. And in that deal room, you can review the buyer profiles, you can shortlist buyers, you can favorite buyers, you can obviously communicate, negotiate, the buyers themselves can issue a letter of intent, they can use our integrated financing partners to get access to financing in the event that they needed that in the event that they weren't a cash buyer. They can set up deal structuring, they can use our integrated payment services, including our connections to escrow.com and other trust accounts. So that your NPCs is critical to the process that we built. So

Mike Stohler

you know this interesting, at first, I thought, okay, Flippa is this is just a marketplace for someone who wants to sell something. But you also have that buyer side where you walk them in, you get off market deals, you have an advisory team, some tailored services. So let's talk about okay, I may not know what to buy, I have an idea. Talk about on that side. If I'm interested in doing a side hustle and buy something. Yeah, that's

Blake Hutchison

a really important point. I mean, I, I would say there's really two things. One, you need to establish it's a little a little bit like buying your first home, Scott, you, you need to kind of establish Michael, sorry, you need to establish what your budget is. And then to some extent, we always encourage people to discount that. So if you've got \$100,000 to spend, we would always say to people, well, let's go and have a look at something for \$75,000 so that you've got \$25,000 leftover or for some effort and energy around building the business out. So first thing is to establish a budget. Second thing is to establish a business model where you think you have a skill set can complement the needs of that business model. And so if you don't know anything about e commerce, don't get into E commerce. However, if you have worked in retail, and you understand good quality merchandising, you're a really good buyer. You can negotiate with suppliers. Maybe you even have supplier relationships already. Then to some extent you can take that skill set and then find others around you but actual If on the books or through a platform like Upwork, or Fiverr Pro, to complement some of those skill sets, you might not have to get a more 360 degree view of of the skill set that you need. We encourage people to go after a category that they love. And the reason being is you and I both know that running businesses and building businesses is hard. So some

people get caught up in the shiny bright lights of the performance metrics. And that's great. That's really critical, obviously. But inevitably, the performance metrics, important for that buying journey you're on, they can go south very quickly. If one, you don't have the skill set, which we already spoke about, but too, you don't have the passion and the energy to put into this business over a longer period of time. So they're probably the three tips. We have a podcast called the exit. And it's about buyers and sellers who have done this. And they'll give you some really, really good tips of what the process looks like, how they undertook the process, and some of the intricacies in that,

Mike Stohler

as there's something that you could do an E commerce, just, you know, something you said, well make sure it's something that you love or something that you like, well, there's a fine line between, I really love this, but it's not going to make that much money, therefore it becomes a hobby, you know, depending on what it is. So how important are candy do some type of a market research or market analysis on? You know, for instance, I had a buddy that absolutely loved high end car parts. He started a little e commerce, and then realized the Megan monsters that he was going up against, you know, and then it lasted a year or two. So what kind of analysis can you do?

Blake Hutchison

So that's a really important point. But I will put my hand up and admit that we don't do a good job of providing the research around the industry. What we do a good job of doing is providing benchmarks and comps. So we'll show you how the asset is performing in its industry, and its business model type against all of the other assets that we have seen on our platform. And so that helps people make an informed decision as to whether the refund rate is too high. Perhaps the average order value is higher than the competition, perhaps its traffic base in its bag. backlinking basis is lower or higher. So we'll provide you those comps. But, you know, Mike, I think that what you've just talked about there is really critical. And we haven't planned to invest in that. But we don't have the the industry research built into the platform today. And and I would put my hand up and say we would like to do that. There

Mike Stohler

you go. That'll be your next, your next thing to do. Because I just know how important that is, you know, if I build a hotel, to the market even sustain and what kind of how many rooms? How many, you know, it just goes on and on and on. So talk about, you said you've written some books.

Blake Hutchison

And now I've written some books, but I, I certainly have some favorite books, I can talk to

Mike Stohler

you. Okay, so talk some that feeds along with what this is and how the mindset of an entrepreneur, a lot of these people just been in tech. They've had their jobs. And now it's like, Okay, I think I can do this well, can they?

Blake Hutchison

So, I think that I will talk about those books in a minute. But I think they're building a business today is easier to get started, and arguably harder to scale. And so that's, that's a bit complex, isn't it. But the number of platforms are out there right now, that enabled me for a very small amount of money to launch means that there's more businesses starting than ever before. The problem with that is, of course, that it's actually more competitive than ever before. And as a function of that, it's actually a lot harder to grow a business and scale it to what would be considered above a small business definition. But small businesses that great small businesses are the lifeblood of the American economy. And you can hear my thick Australian accent that's certainly the case here in Australia as well. So I would encourage people to kind of, I'm not saying put a ceiling on your capability. That's not what I'm suggesting. But be reasonable about what you're trying to achieve. And you and I both love side hustlers. And we love people who create side projects. So that's a really good place to start, you're thinking from, can I actually build a side project or a side hustle? And can you target \$100,000 in revenue in the next, whatever, 24 months, 36 months. And so start with, again, not encouraging people to put a ceiling on their capability or their ambitions, but start with an achievable goal. Because I think that that's, that's the journey that a lot of our customers have gone on really well. And they tend to do better off than those people who are striving for something, or striving for greatness don't quite get there, they may have given away a part of their company. And then when they come and sell it on Flippa, they're left with cents in the dollar, because their investors take it off the table instead. So it's more about just balancing out what is the potential for a big business versus the quality of a small business. So those books, I mean, my two favorite books, which I've gone back to the well on a couple of times. One is black box thinking. And, you know, we're all familiar with the black box concept, as formed by the aviation industry, and it's very much about learning from your mistakes. And so, if you have a feedback loop, and you reflect on your mistakes, and you analyze the reason why something happened, it's far more likely that you don't make that same mistake, again, you put in place, the processes, the procedures,

and the workflows that ensure that and the protections I should say, that can ensure that those mistakes don't happen again. And the worst businesses are those that keep making the same mistake. It's wonderful to keep making different mistakes, because then your learning process speeds up. But the same mistake you would never encourage. And that book does a really good job of talking to you about one that that process of learning. But secondly, the industries that do that really well. And the industry is very poorly. The aviation industry does it very, very well. The medical industry does that very, very poorly. So have a good look at that book, because I learned a lot from that. And it's actually made me think differently about making mistakes. So I hopefully, hopefully, some people can get something out of that. And then the other thing I really like is the hard things about the hard thing about hard things, which you know, you can kind of guess what it's about really, but it is about figuring out a pathway to growth during the hardest moments and hardest times of a business's journey.

Mike Stohler

And only sales during COVID or

Blake Hutchison

hotels. So it's more about wartime leadership versus peacetime leadership. It's more about figuring out obstacles in a business's growth journey, versus celebrating all the growth journeys. And I got a lot out of that, because there's just so many good lessons broken down into simple tips and actual examples from when Horowitz was running a business himself. So take a look at those two books. And hopefully you can get some wisdom from

Mike Stohler

sounds great. Yeah. And I think another thing, when people have these small businesses, they do too much on themselves. Number one, they say okay, well, I can't afford anyone that at what point do you have to have someone in order to grow, you have to know what your unique ability is, and then delegate and at some point, say, you know, what, if I need to grow, I have to grow or want to grow? The importance of actually of sick, okay, now it's time that I need to get help. What is your thoughts on and I'm sure you did the same thing when you started out?

Blake Hutchison

Yeah, so I've never been great at delegating. And I've always wanted to do more. Because I believe that was the right thing to do for the business and the individual that was working with me. I'll help you more. When in fact, you learn pretty quickly don't do that. People are extraordinarily capable. And in many cases, you should just leave them to do the very best they can which ends up being more often than not a very, very good result. But I will say that, you know, people love talking to someone who's got experience doing what they're trying to do. And I experienced this only recently when I, I went to visit our team in Austin, Texas. And I had one on ones with every single staff member in that in that building. And I said, What is one thing that you need help with right now? Just give me one thing. And they were all vast and varied in nature. But inevitably, having done so many different things in my career and lived through so many different business experiences, you're able to add context to those issues. And you're often able to help people who are earlier on in their journey, find a pathway through a challenge. Or sometimes it's not a challenge, and just an opportunity to do something just a little bit different that may have a different result. And so, yes, delegation is really important, but also imposing yourself on a situation for the betterment of others, I think is a really, really often missed leadership quality.

Mike Stohler

Yeah, it is. And, you know, I really appreciate you coming on Blake. It's it's been really enlightening. Something that you didn't even know existed, you know, a company like Flippa. And for me, and I think the listeners just to learn from your vast experience is just absolutely wonderful. In case people want to reach out to you, where can you be found LinkedIn?

Blake Hutchison

Yeah, LinkedIn, my, my chosen platform, but I hope you don't mind Michael, I'll give people my email. You can give me a blake@flippa.com. If people need some advice about their small business, or they're looking to understand the exit process, just just get me directly so that you heard me speaking to you, Mike, and I'll help you out.

Mike Stohler

Absolutely. Everybody. Again, it's flippa.com FLIPP. A. If all of you have that side hustling, you're wondering, like, at what point can you sell it? Do you want to sell it reach out to flippa.com and look through their services? I really appreciate it, Blake. And thank you for coming on the Richard geek podcast. Thanks for tuning in to the richer geek podcast, where we're helping others find creative ways to build wealth, and financial freedom. For today's

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