

Everyone, welcome back to The Richer Geek Podcast. If you're curious about owning an online business, but you don't want to start something from scratch - in fact, we heard from Tommy Griffith in Episode 16. He talked about starting his business from scratch, Clickminded, and he's been successful with that but that took a long time. And if you want it accelerate that speed that up or really just don't have an idea of your own, but just want to go find something that exists. This is the episode for you. In fact, on episode number four, remember man talks about his technology business that he started and he was looking to start from scratch. And he realized that buying an existing technology company would be more cost effective than starting a complete new business from scratch. And I thought that was really fascinating when he talked about that. Now I can relate from a real estate perspective, because mostly we're buying built in real estate businesses. We have numbers and data and we can actually see improvement opportunities, and then the bank can evaluate based on actual revenue. So all of that gives you a better position to be in versus building something from scratch. So in that spirit of talking about online businesses and not building something from scratch, I am really excited. Today's guest is Stefan Von Imhof and Stefan is the head of product at a website called flippa.com. And this is basically where online businesses are bought and sold. Now prior to Flippa, Stefan founded an e-commerce retailer, which is how he ended up actually probably learning about Flippa because he sold on that website in 2012. And then he held product roles at Citrix, Linda calm, which is now part of LinkedIn, and HD insights. He's excellent, and I'm so excited to welcome him to the show. Welcome, Stefan.

Hello.

So let's jump right in with tell us a little bit about your background that I didn't fill in and your experience with Flippa.

Yeah, certainly. So I've been working at California tech companies for the better part of the past six years or so. And like you mentioned prior to that, I had Had a ecommerce business that I actually sold on Flippa. And that's what drew me to Flippa. Originally, I was fascinated by the idea that there could be a marketplace for buying and selling businesses. And this was back in 2012. And frankly, I just didn't know that that existed. It certainly does exist. Flippa has been fantastic for me. I've actually sold and bought a few sites on there. But yeah, the original big site that I sold was back in 2012. And you know, I've really just been drawn to the to the company ever since.

Well, I am excited to share with the audience, we'll get into all of the nitty gritty details of this. We already talked about. Flippa is a place where you can buy and sell online businesses, but maybe you can give us just a little bit of more overview and the services offered.

Sure. So Flippa - it is a marketplace, like you said for buying and selling online businesses. It's really super easy for sellers to list. Man, it's free for buyers. It started over 10 years ago. So we're not you No, exactly a early stage startup, we have been around for quite a while, we've got quite a lot of experience in, in helping sellers sell their sites. I mean, every few minutes of businesses bought and sold on Flippa we've done over 250 million dollars in transactions. And we currently today have a huge database of buyers and people looking to buy sites that represent a wallet size of over \$8 billion. So there's certainly a lot of buyer side demand out there. And, you know, our goal at Flippa is really to connect buyers and sellers. For sellers. This means exactly what you expect the means and exit, right, it means selling the business. And for buyers, you know, this means the side of something really great. It could be buying a passive income stream, or maybe buying a hobby or a side project or an active income stream or even buying your next job. And in terms of services, we definitely have a bunch to offer and on the sell side. We've got everything from evaluation tool. So if you'll Looking to price your business and figure out how much it's worth and how much you could potentially get for it, we have a tool that can help. We've got a broker matching system, which actually matches you to different brokers that you can select. And a broker basically, for those who don't know is a business or a company that will kind of list and sell your business for you and then take a little bit of commission. We also offer an account management service that's similar to a broker, we're going to go ahead and learn everything we can about your business, find out what makes it special, what makes it unique, write the listing, promote it and see it through to a sale. And so we offer this to select sellers. And then on the buyer side, we've got a ton of free services. We've got a buyer preference Center, which right after you sign up for Flippa you basically let us know what types of businesses you're interested in. And we will try to match you to those types of businesses when they come online. You mentioned I think you're about to mention the three businesses, emails that we send out every day. That's called our Flippa daily, that a lot of that is geared towards people who are kind of browsing and looking for the right kind of site and kind of seeing what Flippa has to offer. So everyone gets that email, we've got something called Flippa financing, which allows you to get an SBA loan and even use your 401k to buy a business. We have some due diligence services, which I think I'll expand on probably a little bit later, but help you verify the claims made on a listing and make sure that what you're buying is legit. And finally, we have Flippa Escrow, which is our secure payment methods. So works very similar to real estate escrow services, where both parties put the money in escrow and then once the assets have been transferred over, the money is released. And all of these are free services for buyers. So it's really great services out there for buyers. I'll mention one more service that we have. It's actually a paid service for buyers, but it's a new one we're really excited about. It's called Flippa Finder. And it's basically a simple way for first time buyers to find and acquire online businesses really designed to take the friction out of the acquisition process. Now this service cost \$50 a month, but we will give you a dedicated account manager will help you find the right business for you. And for what you're looking for. We'll set you up with a data room, we will validate the seller and do our due diligence, and we'll negotiate everything from the price to the terms of the sale. So that's a \$50 per month service. And that's called Flippa Finder.

I love that one. So you're basically advising someone, you're doing all the due diligence. I mean, obviously, the buyer would still want to do their own, but based on your experience and what you see, right you guys are leveraging that knowledge and that database to ask the right questions.

Yeah, well, we'll do due diligence, but we're not a due diligence company. And we definitely encourage buyers to do their own due diligence, but what we can also do is we can hook you up with the due diligence partner, right that specializes in this. And so we have a couple of different due diligence partners that we work with. And we're more than happy to assist with that. Because it is a very important part of the process. You want to make sure what you're buying will make sure a fact is a fact before we call it a fact, so to speak, and due diligence services can definitely specialize in that. So yeah, we're happy to help you on that front.

And then you also mentioned which I thought was cool the financing and that you can use your 401k are you talking about like a self directed or like a Rob's 401k? Is that something that you guys are offering or structuring?

So we actually are partnering with a company called Guidant financial and as long as you have \$50,000, minimum and funding and a minimum of 690 credit score. You can basically get an SBA loan or a user 401k to fund the sale and so through this program, Gordon financial actually help you out with that. So we can kind of set you up with that and help you qualify and, you know, get you on your way.

Perfect. So for those listening we, we have talked about Rob's 401k, often seen in the franchise industry, but also could be used when you mentioned guidance. I know they're in that space as well. So that is great. Because basically, you can if you see something on Flippa that you're interested in, you have all these different resources. And then depending on how much money we're talking about, because some of these websites are not expensive, we'll talk about that in a second. You would want to get a due diligence partner involved. So can I just read the three that came out today because these are so fun, that come out in my email. Okay, so for those listening, there's basically a low amid and a high business that are featured every single day, basically, seven days a week, you're getting this email. So today's was a two year old business that sells practice. knives, swords, trainers, self defense products, okay, with a high organic ranking, and then they talk about a few other but the stats are the current price is about \$5,000. The average monthly revenue is about 1000. So that's your low range. And then there's a mid, which is a membership site that basically provides content and tools for entrepreneurs. This seems like it's pretty established. I don't know how Oh, four years old. Okay. So the asking price is undisclosed, so we would have to dig into that. And the average monthly revenue is almost \$18,000. And then on the top end, for all the tech people out there, this is a 13 year old site, which has a virtual library of commercial PHP scripts and software solutions. And the asking price is close to a million dollars with average monthly revenue of \$45,000. So you get kind of the full range in your email every day. I think it's based on things you're interested in. But maybe it's just different businesses across the board.

It's a it's a great example today, you know, we see such a wide variety of businesses here at Flippa. And there's just so many fun examples. You know, a few more really cool ones. I like this one that just sold called podcast rocket. And podcasting space, obviously, as we're doing right now is a really huge and growing space. And there's a whole bunch of kind of whole sub industry growing now that it's growing

so fast. And so podcast rocket is a product eyes services company, that kind of AIDS clients and more of the technical aspects of podcast production, including audio mixing and mastering and admin support. So that was a really, really cool one to see. We had a crochet blog at 20 year old crochet blog. I'm not personally into crochet, but it definitely has its fans. And yeah, that one sold really, really quick. We just we see such a cool variety of businesses here at Flippa. come online and it's just it's so I can't tell you how happy it makes me to see something different. businesses get bought and sold.

I feel like a kid in the candy store when I go and look on the site, because I'm just like, Oh, that's so cool. That would be fun. How could you grow that? How could you make it bigger? Now, one thing that if you could share with us the type of businesses that are available, because when we talked about passive income, that would be obviously one type that's on the site versus, you know, e commerce, which might be a little more active.

Yep. So there's a few this but four different types of businesses that are available, we break them down by established businesses or established sites, which are exactly what you expect. businesses that have a history of generating revenue and income and traffic and trust over time. So what most of our businesses, you know, fall into that bucket. We also have something called starter sites or template sites, which are kind of the, you know, a template for a, let's say, a certain type of blog or a beginning of something great, right. It's like the design is there. The name of the Main name is included. But there's really not a whole lot of traffic yet, in probably no revenue. So you're kind of buying like something that could be something great. We also sell a lot of apps. So you know, iOS and Android apps, games, but also like utility apps. There was one I saw the other day was really cool. It helps engineers in the field, the term in the right mix of oil and water. And clearly it's out of my realm of knowledge and understanding. But it was really cool to see something so specific like that for sale, and we also sell domains. So this is just strict domains, nothing special, you know, no revenue or traffic or anything like that, but just the domain. But yeah, we really place an emphasis on the established businesses and the established sites and, and within that we have a few different kinds. We've got content sites or advertising sites. So these are typically blogs or forums or to communities where really it's just about monetizing that traffic, right. So these typically have traffic that is monetized through AdSense or another maybe an affiliate account. The user has. So this is actually one of the best types of sites available on Flippa. Because content advertising sites, they don't take a whole lot of work that they're pretty passive in terms of income. There's lots of work to do to maintain that and to grow it. But it really is as close to kind of turnkey as you can get. We have ecommerce sites, which includes traditional e commerce, so shipping goods yourself. We also have drop ship companies, which are basically you reach out directly to the supplier when an order comes in, and they ship it for you. So you don't have to carry any inventory. Those are really popular. We also have FBA or Fulfillment by Amazon, which is basically Amazon's version of drop shipping. So you're actually using Amazon as the drop shipper and the warehouse there. So those are those are really popular as well. And then we also have traditional SAS subscription companies, you know, where your users are paying for a subscription to a service. We have marketplaces for sale. There was an interesting spreadsheet marketplace that sold a few months ago that was really interesting. And it was basically just a marketplace for buying spreadsheet templates, right. So like, if you're, you know, a, let's say, you're in real estate, and you're looking for a very specific

kind of spreadsheet to plug all your numbers in and get all these cool graphs, you know, this, this is a marketplace to buy and sell spreadsheets, just like that. And then we have traditional services that come online. So we see a lot of, you know, ad agencies or logo design companies, or even writing services or editing services. So there's a whole wide variety of businesses for sale. And it's really great to see them all.

Thank you for talking us through that. And now in the beginning, I mentioned why Personally, I like buying something that exists versus, hey, we're going to develop a brand new property and we're going to have some formulas and try to come up with numbers. But tell me on from your standpoint, why should someone buy an existing online business versus just starting one From Scratch?

Yeah, that's a great question. That's something that a lot of people definitely ask. And, you know, it's kind of, you know, a lot of people don't realize, first of all, that you can buy a business. It's just not something we were trained to think about, you know, we're entrepreneur first culture, a hustle culture, and there's so much attention and time paid to starting a business. And that's fantastic. You know, I've started a couple businesses, I love, you know, being an entrepreneur, it's great. But the reason that you'd actually want to buy a business instead of starting from scratch is there's a couple of reasons. One is that you're actually you're buying age, right? One of the biggest things you can do to establish trust is have a site that has been around for five years, 10 years, maybe 20 years. As we know, SEO, for example, requires a lot of patience, right, getting your site to be found in Google. It takes a lot of time and effort and patience, and it's not a bad thing. But you know, entrepreneurs don't always have that patients have time. So instead of bootstrapping for many years, and playing the SEO game, which takes years to pay off, right, you can essentially buy your way into the game, you're buying that trust, you're buying that traffic, you're buying that domain authority. And that is one of the biggest reasons to buy a site for sure. But another reason is, you're actually when you're buying a business, you're buying the fruits of the businesses past successes, without buying the pain of the past mistakes. What do I mean by that? What I mean is, you know, every business goes through ups and downs, and there's some things that work and there's some things that don't, and that's fine. But when you're buying a business, you're buying the successes, you're buying the stuff that's worked without having to go through the pain of what didn't work yourself, and that is a huge time saver. Oftentimes, when a buyer buys a site from a seller on Flippa one of the first things they ask the seller is Okay, so what's working and what's not what have you tried in the past? What did you do well, at what did you not do well up, and this is all super valuable because it saves So much time and trial and error. So that, you know, those are two of the biggest reasons to consider buying a business or starting one.

I love that you were talking about buying age and such a great point, you know, even just with my website for this podcast, trying to get SEO trying to maximize all that is obviously from scratch, right? And it only been around for a few months. And then you're going to pay someone to do all of that SEO work. So you might even end up with about the same cost equivalent and you just get to speed all that up. Because now you're buying something existing. I love it. I love it. I just again, like I said, I feel like a kid in the candy store when I'm on that website. So tell us what is the process if anyone's listening and

they say, Well, I started a blog and it's three years old and I don't really want to maintain it anymore. Could I maybe sell that particular online asset? Tell us what is the process for someone who wants to list a business?

Yeah, we'd love to have you. We'd love to have you list on the site. So it's really easy to get started. Just go to [flippa.com](http://flippa.com) and click 'start selling' and choose your type. We try to make it really easy for sellers to list what they're selling. We have a bunch of integrations, including a Google Analytics integration, which will basically, you know, you connect to Google Analytics through Google and it'll suck in all your data and display it on your listing page for you. So all your traffic, your bounce rate, your trends over time, all that you don't have to do any of that work. We also have a QuickBooks Online integration. So if you're using QuickBooks Online, or QBO, will do the same for your revenue and your financials and all your numbers. So that can save a huge amount of time, if you're using QuickBooks will just take that data and display it on your listing for you. And we're working on adding some more integrations because we see them as you know, really valuable. If you don't have QuickBooks Online, that's fine. You can still enter your financials manually. Just be ready to provide evidence of revenue if you have it. Again, not every site Revenue some sites sell based on promise or traffic or design or all sorts of reasons. But the sites with revenue are the ones that really get the highest multiples. And you know, those are the ones that buyers are looking for the most. So be ready to provide everything from you know, screenshots to order reports or video walkthrough. Again, it's not actually required to do this stuff, but you'll definitely get questions if you don't have it and buyers will be skeptical. So the more proof you have the merrier. After you've entered your financials, we basically can choose whether you want to list as an auction or as a fixed price. And, you know, it's important to remember that businesses can take on average, you know, two to three months to sell, right? It's about finding the right buyer and in our job and our goal is to find you that right buyer and match buyers and sellers together an auction there's pros and cons to each you know method. I would say that if you want to generate a bunch of buzz and activity and you think it's something that can sell within 30 day auction, by all means do an auction. I would if you do an auction, I would recommend that you have the confidence to start with a low bidding price and a low reserve and let the market take care of the rest. It's a little weird. I've been on both sides of this. And I've seen you know how nerve wracking it can be to have a business your baby out there. And, you know, maybe not getting as many bids and stuff as you'd think. But you got to remember, all the activity happens at the end. And that's when the bidding wars can happen. And that's when you can far exceed your wildest expectations for what the site sell for fixed prices and other option it's typically if you have like more of a niche that maybe doesn't have as much interest or maybe there's something special about your site that you know you really looking for to find the right buyer. And you know, an auction just doesn't feel right for you, then you may want to consider a fixed price. But, you know, it's really it's really up to you. We what we do now. Actually is when an auction ends unsold, we actually just convert it to a fixed price anyway. So the bottom line is if your listing your, your business on Flippa, it's in the system and we'll work hard on getting it sold. You also do have the option to make your listing confidential if you're concerned about privacy or employer or anything like that. So when you have a confidential listing, buyers will have to sign an NDA in order to access the details about the site, they'll still see the some details but to get the real details, they're going to have to sign an NDA. So we manage that process for you. No problem at all. But yeah, I would say just go to Flippa and just start selling and go through the process and see how easy it is for yourself.

Perfect. Now on the flip side, how does a buyer go about buying a business? Let's assume they're not using Flippa Finder. So it's just they're leveraging your free tools doing this on their own? How, how do they go about doing that?

So, you know, as a buyer, the first thing I would do is just - Figure out what kind of business you're looking for. And I don't just mean what kind of industry you want Oh, that's kind of important as well. But figure out what kind of business you really want to buy. For example, do you want to dabble in something that you already know a little bit about? Or do you want to learn an entirely new skill? Or something in between? a surprising number of buyers are actually agnostic about this. It's really interesting. Many buyers out there are just looking for an investment and that can mean different things to different people. But they're, they're surprisingly agnostic about the industry or, you know, the vertical, but figure out if that's important to you, or if it isn't, and the other thing to figure out is, do you want a you know, a turnkey site or a turnaround site? So what do I mean by that a turnkey site is one that is making consistent money, right. It's either flat or it's up into the right. And it's basically you're going to get the keys and you're going to start driving and you'll have money coming in right away. And there's maintenance work to do, but it's less ramp up. those sites, obviously, are in demand, right. And so everyone wants those. And so those sites are typically going to get a higher multiple than a turnaround site. But there's a lot of value in turnaround sites, right? There's a lot of sites out there that just aren't making a whole lot of money but have a ton of potential. They have may have a bunch of traffic, I've seen sites that have a ton of traffic and they just are not monetizing it. Well, that's a perfect turnaround opportunity. If you have traffic, you can turn that into money with not a ton of effort. So figure out if you want to, you know pay a little bit more maybe for something that's turnkey, or a little bit less for something that you want to turn around yourself, and think about how much time you want to put into your investment. And then you know, at that point, it's basically once you've kind of found the right site, just it's really just about communicating with the seller. So once you create an account, you can contact almost any seller on the site and we encourage you to do exactly that. Ask questions, do your due diligence. You know, these are humans on the other side of the, of the wall here, these aren't faceless corporations, right? These are real people that are more than happy to tell their story and, and they want to pass their the site on to someone who's just as passionate as they were right. So they're more than happy to talk through what's worked, what hasn't. They can provide Google Analytics access. So we display a bunch of traffic data on the listing for buyers, but buyers can actually get access or read only access to Google Analytics as well. And so that's really helpful for buyers to really dive into the numbers in a big way and understand the story of the business. So yeah, I mean, I would basically say, you know, in terms of due diligence, you're going to want to look for verified sellers. So we do verify individual sellers, through a three point system of verification, email address, phone number and government ID. So you're going to want to look for those sellers. That Have those verifications listed on the listing? Yeah, I would say you know, review the financials, review the traffic, do your due diligence, schedule a call with the seller right to understand more about the site and speak to them live. Keep the communication on Flippa to protect yourself and to make sure there's nothing shady going on. Use a due diligence partner if you if you would like or if you have reason to. And use Flippa escrow when you have made the sale so you can protect yourself all the way to the end of the transaction.

Perfect. Thank you for walking us through that because I think you covered a little bit of the due diligence. You also covered, did the differences between turn key and turn around and turn around being a great deal opportunity if you know what to do with the side and you know how to monetize anything else. Any other advice would give listeners looking for a great deal.

Yeah, absolutely. I mean, there's so many great deals to be had and buyers are going to grab Take towards the sites that are that are making the most money. Right. And that's just kind of the nature of the beast. And that's fine. But you know, in addition to, there's other metrics to look at, in addition to just pure revenue multiple, right? So you're going to want to look at how well, a site is monetizing the traffic it has. And this is actually something we want to help bring to light for buyers in the coming months. We want to make it easier to figure this kind of stuff out. But in the meantime, it's not terribly difficult. If you just look at the numbers, you can figure out which sites are doing a better job monetizing than others, and the ones that haven't good amount of traffic but don't have a lot of revenue. Those are often where you get some really, really good deals. You also want to look at how when you dive into Google Analytics, you want to look at how loyal the site's users are. You want to really pay attention to the bounce rate and the return rate. So you know, for example, A site that has a, you know, huge amount of users that are returning every day. You know, that's, that's really inherently valuable compared to a site with a high bounce rate that may have good traffic, but people are leaving, you know, pretty much right after getting to the site, or there, they never come back. Right. So there's there's all sorts of, you know, ways to really dive into the numbers. You also want to look at the there's a difference between the page views and the unique visitors, right? So you can have a site that doesn't have a lot of visitors, but the deepness the amount of page pages that each visitor visits, you know, per visit is really, really high. And so that that's a great metric to go on. Look at the current bid look at the number of views and Watchers on the site, right and just kind of figure out if maybe you're looking at, you know, a diamond in the rough or a kind of a hidden gem that the market doesn't know about yet, and reach out early. Here's the other thing. I'll tell you a quick story about one site we had it was called water marquee calm. And the site was fascinating because it's a water marketing site for photographers. And it worked client side. So it ran through the browser. So there was really low overhead costs. And this gentleman that was running the site that was sitting on a gold mine, and he decided to sell the market was asking some questions. So there was, you know, a fair amount of activity on the on the listing. And one of the questions was interesting, it was saying, hey, so I realized that you are monetizing this service with lifetime subscription, any chance of you know us as a buyer coming in and changing that to a monthly subscription? And the seller basically said, Yeah, yeah, it's a lifetime subscription. And you could certainly change it to a monthly subscription. Well, some really quick, you know, back of the napkin math indicates that if you just transfer to everyone who is on a lifetime subscription to a monthly subscription, the businesses inherently immediately Much more valuable, right. And as soon as that information came to light, the bidding just went through the roof. And it was fascinating because if you had noticed that earlier, yourself, you could have just reached out to the buyer made an offer on the spot and snag that side of it at a great deal and for far less than it ended up selling for. So you kind of want to really pay attention to the listing and what's going on in the listing and think through the implications of how the former operator has been doing things. And really try to find those nuggets of gold that the data isn't always going to tell you the best data in the world isn't going to be able to



surface those kind of insights. Right? It just takes some creative thinking some due diligence, and looking behind the numbers and looking at what the numbers maybe don't tell you.

I'm wondering too in that situation, you talked about reaching out setting up a call with a seller. In that case, instead of asking that question in the public forum. My advice to that person would be like just get on the phone with them. Close. Do quickly public where everybody could see that.

That's right story. You're not wrong. I mean, it's, as soon as you have some information that you think, you know, is not known by the market at large, it may be best to keep it for yourself and reach out to the seller and, and, you know, snag a great deal.

Exactly. Okay, that was a lot of great information. So everybody listening, don't worry, we have transcript on the website. And we also have links to some of the resources and the pieces that Stefan has been mentioning. But Stefan, what other resources would you recommend for listeners to learn more?

You know, I think if you're looking to buy in, you're just kind of browsing in or you're serious and ready to go either way, just create an account on Flippa and set your preferences. Just go to [flippa.com](http://flippa.com) and click register as a buyer on the upper right hand corner, and go ahead and set your preferences that we're going to start sending relevant emails your way As far as resources, just start doing research and asking questions. You know, I mean, it's kind of a learned skill that there's a, you know, a baseline set of rules that I think I've outlined here today for you, but a lot of it, it's, you know, it's more of an art than a science in many ways. And it's the art of, I want to say the art of the deal. That's the art of finding a great deal. And it's really just you got to get in there and just start browsing, start asking questions and start understanding what you're comfortable with what you're good at, will help you along the way for sure with our free services, even our paid ones if you'd like. But yeah, just start doing research. Start asking questions, and just have fun.

I love it. Thank you so much. And we really appreciate you coming on. I've learned a ton. I have a bunch of notes as well. And like I mentioned, for everyone listening, if you're in the car and you're driving and you're thinking oh my gosh, that's just a bunch of things that were just listed. Again, check the show notes on our website at [therichergeek.com](http://therichergeek.com). Thanks so much, Stefan.