



Proven Sourcing Interview With Brett Bartlett – Part 2

Jim Cockrum: Hey everyone! Thanks for listening to this interview. Brett and I are back. When we first did this interview series, we did one interview. We thought we would cover a lot of ground and it's something that we put into people's hands. What we quickly discovered, thanks to my team actually implementing the ideas that we learned from Brett is that actually there's a few more things that we wouldn't mind asking him. So I asked some of my leadership team as well to review the first interview. We went through it and we came up with some really good questions that kind of get you to the next step. Because, while that first interview was very comprehensive, there's still a few things. The reality of building a team and bringing people into your organization and getting them all working on the same page and paying them and giving them incentives. All of that – there's some little rough edges that we left out of that first interview. So this is interview number two. If you haven't heard the first interview, go back and listen to it first. This is a little deeper content now, where we get into some specifics.

Just to give you an overview of what Brett and I will be talking about today – this is about how to pay your team. What do you actually send them out doing? What do they test? Do they have cash in their pocket, or do they have a credit card or gift card in their pocket? When they get back, how do they track whose inventory is whose? How do you reward them and incent them for the hard work that they've done, versus someone who maybe didn't show up this week because they were busy, so someone else carried the weight that week? Do they get extra reward for that? How does that track?

So we're going to talk a little bit about some of those issues. Not that Brett has it all figured out. This is a pioneering industry. Literally, this type of business did not exist, even a few years ago. So we're off into some new territory here. Brett is the guy. Between Brett and I, hopefully, we can put a structure behind a business where – I'm going to sum it up as neatly as I can – you've got people out there shopping for you. Finding great inventory that you can flip for high profit on eBay or Amazon.

How did I do, Brett? What do you think?

Brett Bartlett: That's perfect! The key point here is - to cover every little detail that I've seen in the last two and a half years, that would be about four days worth of a phone call. So every time we do one of these, the cool thing is if people implement them, they're going to grow, but they're also going to have more questions, which is a great sign of growth and

action. So it's great, it's really cool that your team went out, executed on the phone call that we had before and now are coming back with more questions. That shows me – and I read through the questions – that they did what we talked about. So it's always a good thing to have your next round of questions ready, because it's showing that you're growing and you're implementing the strategies that are out there.

Jim: That's a nice segue too to point out the fact that you've agreed – and my team and I have agreed – and when I say “my team” I mean everyone from my mom, who runs my eBay/Amazon business for me, to the people she's hiring and the people who are moderators. The coaches – we've got paid staff that helps with our support services. They're all in one big, happy Facebook group, talking about this stuff all the time. I know you've got Facebook groups as well, Brett. We're making ourselves available after this interview. So you may be listening to this well after it was recorded, but we're still here for you and we want to help you answer those questions. We are part of a community. It's not just Brett and I answering these questions. We're part of a large community of people who are running these kinds of businesses around the world. So jump into the community. The details are on the Thank You page or the download page where you got this audio. Go back there, you'll see a link to Facebook groups and other resources. Over time, I'm sure there will be more things there. So if we don't hit your question today, you can ask it and someone will help you.

So with no further introduction needed, because we went through a lot of good stuff in the first interview, let's just jump right in to some of the questions that my team and some of the others have sent to me that will help them on that next step.

I like starting out with this one, because we're talking about trusting someone by sending them out with a wad of cash or a credit card in their pocket and we're saying, “Go find profitable inventory.” What do they actually take with them? Are they taking a credit card? Do you teach them how to properly use it? And are you collecting the points? Is it one business card that everybody passes around? How does that work? I know that you're doing some yard sales as well and that, of course, is going to be cash.

Brett: Right.

Jim: But when they go into a retail store, what do they take in with them? And how do you possibly take advantage of having a large team and all of that going through the same account? Give me some logistical details there.

Brett: Well, I can tell you starting off, I was super scared. So if you're scared, that's okay. The second part of it is, remember that when you're building out a team, or just working with people in general, the first step with everything is trust. You have to be able to trust these people. If the trust isn't there in the beginning, you don't want to hand them anything. So trust is the foundation.

Second thing is, it's an “It depends” question. If we're focusing specifically on retail, my team actually most of the time, we buy with discounted gift cards. At first, I started with what you're talking about, Jim. I had a company credit card that everyone used. That ended up, I actually

left some money on the table. What I found out was that most retail stores have what is called a discounted gift card. You can find those on Gift Card Granny dot com. They will basically sort out the discounted gift cards for you. That is a much better and easier way to manage your cash with a team. Basically, you can allocate a certain amount of gift cards to a team member and see how they perform with it as opposed to running a mass credit card, or handing out tons of cash or debit cards.

For us, we found, I'd say in the ninety percent range, we buy discounted gift cards up front and then distribute them to our team at our best stores. Those discounted gift cards, typically over time give us more of a discount than any credit card program or anything out there.

So I started with credit cards, then I moved to a debit card. Now we're doing discounted gift cards. Which you can find most of them at a database called Gift Card Granny dot com. From there, you can see who you want to purchase them from.

Jim: Give me a specific example. Let me set up a scenario for you. I know, for example, here where we live there is a store called Kohl's. If you use your Kohl's credit card, you get a significant discount at the register on top of whatever discounts you may have received otherwise. Are you kind of missing out if you go with the gift card route, versus using the in-store credit card?

Brett: Well, from what I know of the discounts, the in-store credit card, you'd end up...it's kind of a give and take. I've used Kohl's credit card before and everything like that. When you're growing your team and the scalability of it, for us it became better to do the up front discounted gift card. If you're running the credit card model - which again, we've done before - and it comes down to numbers, if that's the store you hit all the time and you run the numbers and it's truly a better model, then the way you run the credit card program is you have your top buyers who handle the credit card and every other person who comes through your ranks - they shouldn't have access to your credit card until they've really proven out as a buyer.

So for us, we never gave them access until we knew they were going to be with us for the long run. So typically, we would put them on a thirty to sixty day trial. Once they proved on that thirty to sixty day trial, we would then hand them a credit card. So logistically, all you do is you get their name on a credit card. Add their name as a person on there. Again, in the end, we actually felt more comfortable with the discounted gift cards and that's the one we ended up running. So we buy them in bulk. We ended up sticking with the discounted gift cards, because you can still combine the full cap, you can still combine all that stuff. We save most of the Kohl's credit cards for online purchases.

Jim: Oh, cool. So you can still take advantage of that online and get all that stuff. But you're keeping the credit cards in the office and you're sending people out with the gift cards. Now the way this Gift Card Granny site works and the way other gift card sites work - correct me if I'm wrong, but you might find someone out there selling a fifty dollar Best Buy gift card, or Sears gift card for forty-three dollars, for example.

Brett: Right.

Jim: So you will snag it, and it's worth fifty, right? You can take it to the store and spend it. So people cash in their gift cards and you're just gathering them because you've got a lot of shopping to do. You're getting your discount right there when you buy the card. Is that pretty much how those sites work?

Brett: Yeah, exactly. A lot of times, what people don't realize is that the different programs that go on at retail stores have caveats. That can only be used on this, until you reach this limit, or whatever. When you come in with a discounted gift card, that is all off the table, That discount will automatically be applied no matter what, because it's a gift card.

Jim: Right. It's a gift card.

Brett: Right. We were running into a lot of problems when we were scaling this out with spending a thousand dollars, three thousand dollars, five thousand dollars at the store. We would go to use the card and they would say, "Okay, well that works with this, but not this..." I said, "I can't build a team that way." Remember, I'm always trying to remove myself. I would be getting these phone calls all the time. That's why we moved forward with the gift cards, because then I know for sure, no matter what, they're going to get that extra six percent over and above everything else.

Jim: A gift card is basically cash in their pocket for the store they're going in. There's no restrictions on it.

Brett: Exactly. And it's less of a risk with a team member because you hand them a thousand dollars cash, they can do a lot of things with that cash. You hand them a thousand dollars at Kohl's, the worst thing they can do to you is go buy some stuff from Kohl's. You know, buy a couple blenders for themselves.

Jim: They buy their kid some shoes while they're there. Right.

Brett: Right.

Jim: Okay, okay. Cool. So one of the other questions that's come up is: 1099 versus employees. Contract versus...you know, how are you handling that? I know a lot of this is dependent on "consult your accountant." And everyone's business is different, but without holding you to any legal standards like, "We're going to take your advice and go run with it." How do you set your business up? Everyone is going to be a little different, but how is yours set up?

Brett: That's a great question. To let everyone know, we run both. We have people who are on payroll, then we have people who are just 1099 team members. I don't mean "just" - they're essential team members for us. The best way for me to answer it, what I've found - you've got to remember, I have an actual office. We have people who come around every day. Right now I'm at my house, so there's probably like twelve to fourteen people in our office right now who are buyers and processors. Those people who are with us a majority - and this was

passed down to us by our accountant – those people who are spending the majority of their time with us and we are most likely their only employer, the person they work for – those are the people who get put on payroll.

Now there are some goods and bads with payroll. That's what you're calling an “employee.” The good is that it builds more of a team atmosphere and they feel that they are in it for the long run. I think it's just a mental thing. I didn't really anticipate it, but over time, I've seen that those people have a different type of buy-in than the 1099 people.

That's the positive. Negatives are, any time you slip into employees and payroll, it's just a whole different monster. You've got to be ready as a business to allocate cash towards that. If you're not, stick with the 1099 for right now. I underestimated what that looks like. You've got to be able to have the cash flow to support those people on payroll with Worker's Comp and everything like that.

That's my explanation on people who are employees. Basically, if they're with you, working thirty plus hours a week and you're their only employer, or the only way they are making income, they will most likely be considered your employee.

A person who is 1099, those are more considered a “free spirit,” I call them. They're the people who don't want to be tied down. They don't ever want to be called an employee. You've got to be able to recognize that within people. Those are the people who go out and do a lot of our garage sales. That's mainly what they're doing. They want to make a ton of money working for four hours on a Saturday. And that's all they want to do. They want to go out and garage sale for a couple hours, buy a couple thousand dollars worth of stuff, come to us.

We actually buy – here's how the 1099 works with them: We buy the products from them. So we don't pay them hourly. They're like the first step in the supply chain. They're coming to us, we pay like a ten percent margin on top of it. So they make some good cash on that. Then we take it and resell it. That's where they make their money. They're almost like a distributor or wholesaler to us. To our company. That's the way our 1099 team members work.

Jim: Interesting. I didn't realize you were doing that. That instantly brings up a couple of human nature questions in my mind. One of them is, what keeps them from saying, “Oh wow! This is a great find. I'm keeping this one!” What keeps them from doing that? The other one is, ten percent. How did you come up with that number? Do they all like that number? I'm thinking, if they know full well that you're going to take this hundred dollar item and sell it for eight hundred dollars, are they happy only making ten bucks on it? Are they truly happy knowing that you're about to make seven hundred bucks and they just made ten? Is there any other kind of profit sharing built in to that?

As you're thinking about those two questions, Brett, let me throw one last caveat, just for legal purposes here. We've not given anyone legal or accounting advice at this point. There are some very specific rules about who must be on payroll and who you need to withhold taxes for. So you'll definitely want to consult an accountant. Brett's just throwing us some general ideas here about who his employees and salaried folks are and who his 1099 folks are.

But these yard salers. Let's jump back over to them. Hit my question. Are these people happy?

Brett: Yeah. So, I'll start with the beginning. One of the biggest mistakes I ever made was I chose to give my golden information to someone who I didn't even trust in the beginning. So always start with the trust factor. They weren't bad or anything like that. Actually, my biggest mistake is, I never invited them to be a part of my team. I should have done that in the beginning. So if you're confident that you are building a great team culture and you are honoring those people and you are truly building something for them, you will be shocked at your defect rate. Our defect rate is still zero.

To answer your question, no one has ever left. Most people want to quit their full time job to come here. I actually had another team member that we're training right now come to me and say, "Hey, I'm working full time at X Place" - which is a good job - "but I want to quit and come work full time for you guys." He's been with us for three days. It's a testament to the culture that we've built, but at the same time, you have to be aware that any time you're bringing a person in, you have to - you HAVE to - you have to trust them.

So starting with that, to answer your question, most of these people don't want to run a full time business. So when you're talking about buying something from them and giving them a small margin on top of it, they don't have to worry about the sell-through rate. They don't have to worry about storage. They don't have to worry about anything except getting up early on a Saturday, or going to a retail store, loading up their car, coming and dropping it off at a place. They love it! They're not interested in the long haul of it. They're interested in that nice, quick, short hit and they get their margin. That's the type of person that you want in it.

As far as incentive, that's the base. That's the base of what we do with this. Again, remember, this is specific for our yard sale team. Our hourly people are different. But typically with our yard sale teams that is what we do. Any time they hit certain parameters – for example, if they hit well over five hundred dollars, we'll throw in an extra bonus. I'll give you a case example, somebody this weekend – actually it was one of our new retailers – she bought eight hundred and seventy-five dollars worth of stuff for...I think the grand total was forty-five dollars. She spent forty-five dollars for eight hundred and seventy-five dollars worth of stuff. So we loaded on the bonuses for her. We paid her – I think at the end of the day, she worked about four hours and got a hundred and twenty-five dollars in pay.

Jim: Cool! Now how did you determine eight hundred and seventy-five? Where does that number come from?

Brett: We have spreadsheets that they all have to fill out when they come back. We pay them while they're filling it out. We allot time for it. They come back and that's kind of their invoice. They're submitting their goods to us. We're on the other side. We're going to buy them almost all the time. But at the same time, it's a great way to grow your team and make them accountable for what they're bringing. So they fill out the sheet. The sheet has product name, what platform it's going to sell on, how much it's listed for and then how much you paid for it. Then at the end of it, we have an estimated return on investment, average margin. So it's a pretty

detailed list. They have to submit that to us.

Just so you know, I don't actually oversee the garage sale – I actually have a person who oversees the whole garage sale thing. I just come in and get the numbers every two weeks, something like that. I like to look over the numbers. But he is the one who looks over everything and makes sure everything gets out. He gets the form, he looks over it. He determines the bonus based on the structure that we talked about. That form is really the most important thing to submit. It's like an invoice. They get paid based off of that. It's a great way to keep people accountable and kind of walk them through the process. That form was a big part of when we were growing that out.

Jim: Now is that form something you'd be willing to share maybe a blank version of? Or maybe a sample, filled out version? We're adding a lot of value to this.

Brett: Yeah. I'll have to ask my guy for them. I actually enjoy garage saling, so I'll go once in a while, because my wife likes finding vintage furniture. But I'll have to get the form from him. That is the beauty of when you're growing out your team. This guy was one of our original garage salers. He knows it like the back of his hand. And he's built it into something amazing. Really, I've just been a cheerleader from that point on. It's a testament to when you grow the right people in it.

Jim: Your system is always improving. I imagine you've added a few columns to that spreadsheet over time of things like, “Hey, we should be collecting what time of day or what part of town, or the address that was.” So you're constantly adding new information to your spreadsheet that just helps you later to data-mine for where's the opportunities. “Hey, the south side is a gold mine. We should be concentrating more people there.”

Well, that's cool. That's just incredibly valuable information so far. People who are still listening, if they've listened to the first interview and they've listened this far into this one, I can tell you they are on the edge of their seats. This is such cool stuff. I'm learning as we go, too. I really appreciate your time doing this for us.

Brett: Yeah.

Jim: What about tracking expenses? There's a lot of deductions that go into jumping in your car and going around shopping all day. The mileage, even if you have a meal out, you're kind of working on the road. Do you help people track that? Do you train them on how to track that, so that either you get the deduction if they're an employee, or they can get the deduction themselves? Have you done any training along those lines with your folks?

Brett: Yeah. I'm glad we're talking about that. Basically, when you move into a professionally managed operation, it can't be as loosey-goosey as it once was. Everything is based off a standardized sheet of some sort. Remember, the way everyone sources is different. So if you're just doing wholesaling and you're a person who has hired a team member to do all your purchasing on wholesaling, that's going to look different than someone who is doing retail arbitrage and driving to stores. That's going to look different from someone who is doing online

arbitrage. That's going to look different from someone who does garage sales, or someone who does coupons. There's all these different models inside of it. Liquidations, like your LIT course.

The most important thing is, you can take these skeleton models – so let's take my spreadsheet for yard sales. You can take that and adapt it to what type of sourcing is working for you. The most important thing when you're tracking expenses or anything like that is you have to be aware of what people are doing and then add it to that sheet so they are accountable for putting it on there. So yes, everything we do: mileage, time, car depreciation. You name it, it's on that sheet and every time they come in, they have to fill that sheet out. It's just a great way to truly be the CEO of your company. Because you're using that data to navigate the ship, as opposed to you being the one out there filling out the sheet. You have to get comfortable with training people and holding them accountable for the standards you put in place.

Jim: Beautiful. And I'm sure it's a constantly improving system. It's not like you guys have got everything figured out. I'm sure there's a great new idea almost daily around there. “We should be tracking this.” Or, “Here's a more accurate way to bonus everyone. The number is more accurate.” Getting a peek at the shell, the structure you guys have is really good information.

Brett: That's the fun part, Jim. Honestly, going out and shopping is not that fun. Building a new bonus structure or a new way to track something or identifying a new opportunity, that is super fun! It's what I love to do every single day. If I had to wake up every day and I was the guy that had to go shop, I'd be bummed.

Jim: Right, right!

Brett: So for me, it's super, super exciting.

Jim: That's the beauty of it, maybe there's somebody listening to this right now and the thought of tracking the numbers freaks them out. But they'd love to shop all day. We're not saying you have to have my personality or Brett's personality to do this. What we're saying is, you need a combination of talents and interests. This allows you to build a team of different people with different passions. It would kill me as well to have to go shop a yard sale. I can't stand getting up early and doing it. Every once in a while, I'll find myself up early and I'll go out and do it. I'll say, “What was I thinking?” Even if I make five or six hundred bucks for an hour's work, I'm still like, “Ugh, I wasted my time.” It doesn't do it for me. But like you said, I'm more of the systems guy too.

But we're going to support every angle of this. Over time, we're building a community of people who are doing this. So if you want to be a part of our community...as you find good solutions – if you're listening to this recording now and you've found a better way or an interesting way to do things, share it with the rest of us. We're all trying to build our businesses here.

Let me ask you this one. I know everything starts with trust. I know you're going to say that as part of your answer. But who all has access to the online accounts? For instance, your Amazon account. How many people in the organization can log in and upload items in to FBA? Is there

just one person who is assigned that task, or is the whole team kind of doing it team-work wise? Three or four people logged in to the same account at the same time? How does that work?

Brett: That is a really good question. I have multiple answers for it, but I'll kind of give it my general one. Yes, multiple people have access to all of our accounts. Meaning Amazon, eBay, anything like that. But here is the rule: Only in our office – because we do have people who oversee every step in the office – it's computers that we have in the office that we have bought specifically for this business. Meaning that computer doesn't go home. We buy Google Chromebooks for two hundred to two hundred fifty dollars. So a pretty minimal investment. They're mobile. We can do a lot with them. We bought, I think five or six of them in the office. We bought them over time. They stay there. They don't go anywhere. That minimizes any problems of login or any potential hazards. Anybody who is outside of our office who is part of our team in some way, shape or form, we run everything over Google Docs. Because I can't oversee every possible abuse of an account. Which is very scary. We limit that. Most of the remote stuff can be run over Google Docs anyway. I hope that answers most of the question.

Jim: Yeah. It's a great answer. For people who aren't familiar with what Google Docs is – there might be some people. My fourteen year old uses it to do projects with a dozen friends from around the world. I know everyone younger than us knows what it is. But we may have somebody that doesn't know what it is. Gmail is free. You can get a free gmail dot com. That is Google's free email service. When you do, when you sign up for a Google account of any kind, you have access to Google Docs. You can share a spreadsheet or a document or a presentation. In this case, it's primarily a spreadsheet that we're talking about sharing. Where people go in and they can see all the same columns everyone else does. They can add in their data. They can add in their information. Two or three people can be working at the same time, even. It keeps it all...it's collaboration. It's a really cool collaboration tool that allows multiple people to work on the same document, so everyone can put their hours on the same spreadsheet. You just organize.

I'd be curious to see the structure of what kind of Google Docs you guys have. Maybe that's something that we can include as a resource for this. “Here's some of the Google Docs that we use every day” and just list them out. The ones that you don't mind providing a blank example, like “Here's what this one looks like when it's not filled out. Here's the columns. Here's the one we use to track mileage.” Just the way you're structured. Anything like that that you could share with us would be invaluable. So people could save some time as they're setting this up for their team as well.

Brett: Yeah. They're pretty simple. I'd be happy to share them. One thing I should have mentioned. When you're using Google Docs, there is still one more step at the end of it. What you're doing is you're limiting people's ability to log in to your account or manage your account – potential hazards to your account. So what you do is there's one more step at the end. All that data that is on your Google Doc is on a spreadsheet, or multiple spreadsheets. So you still need someone in your office or wherever you are, who you trust and who is overseeing that – they need to put that information into your account. So you do have that one extra step. But really, it adds like, it's not that much increase at the end of the day. If all that information is there and all that person does is inputting data, it's pretty quick.

Jim: Okay, so let me clarify something. I think I may have misunderstood you. Let's say you have twenty people who shopped today and they all bring their stuff back and they fill out their Google spreadsheet and they're all combined into one big spreadsheet. You have one person then, that uploads all that information into Amazon or eBay. Is that correct?

Brett: We have multiples. But I'm saying if you're building this out and you have one person that you're looking at right now – which is probably where most people are – then you have that one person input the stuff. For us, anybody that comes in to our office – which is the majority of our team, but we actually have people in different states doing it. We're actually launching a new team in Arizona and I'm in California. Anybody who is outside of our office, those are the people who are mainly using Google Docs.

Jim: Right. I'm with you. Because you have to be in the office to get into the Amazon account.

Brett: Right.

Jim: I like that rule. You can't get in from home. So they're just submitting their information via spreadsheet. Somebody in the office then, whose time is logged in and tracked there in the office...there's a greater degree of accountability there.

I'm with you. I have a guy in India who I've never spoken to, never met. I saw a little picture in a profile on Odesk when I hired him. He does all of my eBay listings for us. I give him full, complete control over the account. He could destroy my business if he wanted to. But he has no incentive to do that. We're paying him well to work for us. If there ever was an issue, it would just be a matter of contacting Amazon or eBay and saying, “Hey, our account was hacked. We need to change our password” or whatever. It's a pain in the butt, but you can get it all back. No one can truly destroy your business.

With Paypal, something I've learned too, you can have multiple different access levels into your account. Some people can only see the balance and give refunds and that's it. Or they can log in and see the transactions, but they can't see the balance. There's all kinds of levels. Most services now, like eBay and Amazon, they're starting to realize that people have employees logging in and they don't necessarily want full access to everyone. So there's levels of protection that you can put in there as well. I'm sure that's only going to get better over time. Because the reality of having other people in your account, that's just the reality of a lot of businesses with multiple employees.

Brett: Right. I will say the outside people that don't come in to our office, it really wasn't a trust issue, but a logistics issue. Imagine Monday morning when we have twenty teams come back and everybody is processing their stuff and loading up shipments. What I noticed was, the people who weren't coming back to the office and able to talk to each other. If I had somebody in Arizona and they're doing the same exact thing, nobody knows where that shipment is and it starts to confuse everyone. So it was really Google Docs that allowed the collaboration and bringing together multiple people from outside the offices to be able to communicate and understand and see it before it kind of got all crazy inside the account.

Again, I trusted these people in the beginning, so it was more logistical than like, my fear of them hacking into my account.

Jim: Gotcha. It was more of a logistical issue. It was never really a trust issue.

Brett: Right.

Jim: I'm with you. So I imagine you guys have weekly meetings, or bi-weekly or whatever. I have this picture of you guys hanging out and having a good time - everyone dressed casual. It's got to be a good feeling.

Brett: It's awesome, man. It is awesome.

Jim: You've got these people and everyone is building something they believe in and they enjoy doing. You're serving your community and having a great time doing it. What kind of topics...Anything interesting come up?...What problems have you guys solved, or have you learned anything like, this is the agenda that we stick to? Help us manage our team as we start to grow. A little bit of advice. Just brainstorm on that topic for us for a minute.

Brett: It's funny between what you think it's going to be like and then what it actually is. First off, the fact that I'm even overseeing multiple teams for online businesses, it almost makes me laugh. Because four years ago, I was the guy who was like, "Am I ever going to make a penny online?" Now all of a sudden, I'm like the captain of a team and multiple teams and running all this money. It's crazy! When I sit back and I get to do all these phone calls. It's nuts that I get to talk about it.

This is actually my favorite thing to talk about – the growth and inspiration of your team. First off, the most important thing when you're meeting with a large group of people, or even if it's only with one or two team members: You have to make it about them. They don't care about making you a ton of money. Nobody does. That gets no one excited. They care about them and what they can do and being acknowledged and being given awards and stuff like that. That's what they love. So first thing, don't make it about you. Don't even make it about your business. Make it about them.

We do a weekly meeting. The most important meeting we do is Wednesdays. We try to limit meetings, because I hate meetings, man. My meetings are like, minimal but important. I don't try to overdo it on the meeting side. The most important meeting we do is on Wednesdays. It's an hour long. I go buy everyone lunch. It's an all-team meeting. This past one we had added three new team members, so we had the highest attendance so far. We get together and it really revolves around estate sales, thrift stores, garage sales and Craigslist. So basically all these kind of one-off kind of buying. Meaning the stuff where people are handling cash. It's the stuff where we have multiple teams going out at the same time. Really it's an opportunity to bring all these different minds together in a constructive and structured way, so that the people who are the three new team members can get a glimpse into the mind of the team member who has been doing it for two or three years. So the idea behind it is you want to catch those people up who

are just starting, but you also want to reward those veterans with the ability to speak to others.

We give out a lot of our bonuses at that time. What we did this week, we give out an award for the highest grossing product. Meaning the highest value product. So this week, someone got a five hundred dollar printer. So we literally pull out a twenty dollar bill at that moment and we hand them a twenty dollar bill. Another one we give is for the highest profit for the weekend. That went to one of our newer garage sales who got, like I said, eight hundred and seventy-five dollars worth of stuff for forty-five dollars. Walk over and hand her a twenty dollar bill. The coolest thing is, I say a couple things at this meeting – again, the person who manages and oversees the garage sales, I kind of work with him to help him inspire the team, because I don't want to be the guy. That's always my thing: I don't want to be the guy. Try your best always to build yourself out of the situation. Don't build it around you.

Other things we go over is availability for the week. Wednesday is our standard day for, “Hey, you need to tell us when you guys are going to be available this week so we can map it out.” You can imagine, if you're sending out ten team members for a weekend, that's a lot of scheduling. We have to grab the money for the weekend. So we need to know availability. Availability is really important.

We then go over research. We talk about different things we're finding. Like the pulse of what things are out there in the reselling world. We talk about different things we're seeing on Craigslist, things we're seeing at garage sales. For us, garage sales change during the season. You get this chance to have like a mastermind collaboration.

Then the third and probably most important thing we share, we share hot selling products. This is our team now, so we can share everything and the kitchen sink. So we just kind of roll through: this is selling, this is sold, this is trending. Watch out for this at garage sales. All of a sudden our team is kind of growing their palate of what to buy. Because a lot of these guys have no idea. Some of these are just college kids who are like, “This is a cool atmosphere, but I have no idea what you guys do.” So you have to catch them up. You have to give them a brain download. We share documents at that time.

A lot of times, Jim, you know what I do? I will go and buy information. I'll buy some great training. I don't want to learn it. And I'll just go, “All right, guys. Here's some training I found on eBay. Here you go.” And we kind of go over it. It's just a great time to go over that information together.

Jim: That's great. I would imagine the script kind of writes itself as you get a few good leaders, get some interesting ideas and they're driving the ship. I love what you just said. You said it very casually, but it's key. It's vital. You instinctively want to serve the people in your organization. Versus wanting to rule over them and “We're going to do it my way!” And, “How can I twist people without upsetting them, so they'll do it my way and make me the guy in the middle?” You don't have those instincts. I've been around ministry long enough, too, I think that's where I learned that as soon as somebody makes it about them - game over.

Brett: Right.

Jim: That's a common mistake being made. Just a side note here, in the Internet marketing world, there are so many strong, dynamic, entertaining, funny, energetic personalities – but their organization is all about them.

Brett: Right.

Jim: If I had to identify a Secret Sauce to the success that I've had and the success of guys like you and so many others. If you drew a bulls-eye around these circles of influence that I have, you've got the big general crowd of people who are like, “Yeah, I think I've heard of that guy” all the way down to this small circle of people who are really hitting it, they really get it, we're kindred spirits – inside that small circle in the middle of the target, it's all people who think the way you just described. Which is, “I'm not here to make my life great. Although that's a nice benefit of serving. I'm here to serve the people around me. Not just my customers, but my employees, and the people who come into my life and work for me and with me. I want them to feel I'm serving them. That I'm sacrificing for them. And we both benefit.”

It's God's formula. When I give, give, give, give, give, I get blessed for it. We understand that. It's just God's nature of the way the world works. If you don't understand that, it can be kind of frustrating building a team.

If you want to get the right mindset, I'm going to recommend a book again that I recommended in the first audio that Brett and I recorded, *Entreleadership*. It's a great book for getting your head on right. It's by Dave Ramsey, *Entreleadership*. He grew his organization from his garage with a couple people up to two hundred and fifty people. So it's going to be a lot of these concepts. It's more of the day to day stuff you're going to face: schedules and what kind of people should you hire and how can you have a good hiring process. We're not going to pour through that. People smarter than Brett and I have already been down that road and written great books about it. We're talking more specifically about this kind of business and the specific challenges that you'll run into in this business.

But I think that was a good side note for everyone. If you don't have a servant's heart, you're not going to be a good leader. It's that simple. So work on having a servant heart before you even try to do this business model, or any business model where you're going to be leading people. No one wants to work for a jerk. But people will lay down their life and their time and their schedule and their energy and their money for someone who they feel they can follow, because they have your best interests in mind, ahead of their own. And they're truly serving. Sounds like that's the kind of team that you've built. That's to be commended, Brett.

Brett: Thank you.

Jim: There's a couple other things that I want to get to. I don't want to keep you too long. We're about halfway through my notes. Well, we're well past halfway, actually. Have you done any – you mentioned you've done some competitions with your team, like most profitable and who brought in the most. How accurate would you say your numbers are? How much time do you spend pouring into keeping every line accurate so you know exactly who actually won

the most profitable? Some weeks, it's easy. Other weeks, it's like, man that was close! How do we know? I've been in sales before and I know how frustrating for the sales person it is. It's like you don't really control your own destiny when it comes to the bonus. But that's also one of the more difficult things to do. So without giving us all the nitty-gritty details, give us a shove in the right direction. If there's some little lessons you've learned. How difficult is that tracking detail? How difficult is it to track those things?

Brett: The initial build-out is a little herky-jerky. But once you get it, it's not bad. The most beautiful thing – Jim, you pointed it out – we're in a new time and world. Where all the information that we'll ever need to access, we can go online and find it. When people bring back their inventory, there's really no place to hide or fluff or do anything. Because if they're bringing it in and you're looking it up and helping them understand that you're empowering them for the future, there's not really a part where you could mess up on the value of your inventory. So the best thing about what we do is, when they come in on a Monday or a Tuesday or whatever day, we've built a checkpoint where they have to do a nice review of what they brought in. We're at a point now where our seasoned veterans can kind of do a bird's-eye and get an idea. But the new people who come in, a lot of it is a step by step. Like, “Okay, see this camera? You thought it was worth four hundred and thirty-five dollars, but look. This is used. It's really worth a hundred and thirty in good condition. Look at the lens...” Et cetera. That's the beauty of a build-out. First you get that first round of people coming in, next you have them oversee. Then the people after that, you eventually have a manager or a person who oversees that entire division.

So to answer your question, between competitions and bonuses and stuff like that. First off, if you do well, you get a bonus. It's not even in competition with another person. Second, the competitions that go on among each other are just cherry on top of stuff. You want to make sure that people are paid well. Make sure that they get bonuses no matter what. Then the cherry on top of stuff, it's all verified. You can't hide from information now. Being able to check all that stuff is super easy.

Jim: Yeah, I guess all the numbers are pretty straightforward. There's not a lot of ambiguity. It's pretty easy to directly reward somebody for their product. They brought Product X in and it sold. It sold for significantly more than we thought it might, because we put it on eBay and it went nuts. So you can report those final numbers. The math isn't real tricky. I guess as long as you're keeping your numbers accurate, it just becomes a straightforward game of rewarding those who are doing well and truly treating them like team members versus employees. Regardless if they're an actual employee or not by the legal definition. Everyone is a team member. So when there's a great quarter – I know I've done this with my team – I've just surprised them with a nice chunk of change. I say, “We've had a great quarter. We've had a great six months, guys. Here you go!” Boom! Out of the blue. That really goes a long way toward making them feel like they're appreciated. As your business flourishes...

Brett: I will say, with bonus structure, be careful. The first thing you want to do is you want to start low, not high. If you start super high and you're like, “Crap, wait a minute, I've got to lower that.” They're going to be really bummed. So start low, not high. That's a lesson I learned the hard way. I wanted them to be super happy and excited. But at the same time, now I

know that can bring the morale down.

Next is, if you're just starting out with a bonus structure – like I said, I started out with four hundred dollars. Cash has always been tight for a period of time inside the business. If you're talking about bonus structures and everything like that, you have to be careful about up-front bonuses as compared to sell-through bonuses. Up-front bonuses, I would probably lay off that until you have the rhythm of it. The backside bonuses, what you can do is you can put the accountability on them. So you can make the initial spreadsheet of what they bought. Then we have our new people track the sell-through of those products and we cross-compare. They have to give us a download of, “Hey, you thought it was going to sell for this. How much did it actually sell for?” Then we can kind of run through the profit numbers at the end of it and bonus out from it.

So if you're starting out, I actually like to tie it to the back end rather than the front end. That especially tests your team members to see if they're in it for the long run. If you tell them that you'll track the sell-through and everything like that, they might say, “Forget this. I'm out!” And that's good! You want them to burn out before you invest a ton more time and money into them.

Jim: Good. Good. Right. Great advice, man. I'm looking at one of the more interesting questions. It may seem like one of the more obvious ones, but I think it's one that we could do a whole hour segment on. But it's also one where, I think if you spend two minutes hitting it, we'll get ninety percent of what we need, if not more. That is this: What is the basic training or knowledge that you want in my head if I'm standing at a yard sale and wondering, “Hm. What am I looking at here?” What app am I pulling up on my phone? What metric am I using as the basis to make my decision? Am I pulling up eBay, looking at recently sold items? Am I pulling up Amazon, an Amazon tool and saying, “This has a low enough rank and the price is different enough between what it's selling for...”? Is there a formula there? Is there a standard there that has to be met? Or is there a lot more instinct involved?

Brett: This is a great question and it's one I answer almost every week, so it's a pretty easy one for me to answer. Number one is, is it new or used? If it's new, you're going to be checking Amazon. Here's the apps you're going to be rolling through for Amazon and the priority we give them. Number one, we use Profit Bandit because it kind of does all the work for you on the side of calculating returns, everything like that. Next, we use Amazon Price Check, which is a free app. After that, we use Amazon Sellers. Those are the three apps right there that will put money in your pocket. Those apps are used in that order.

What Profit Bandit does, is it tells you your profit if you were to buy that item and sell it at the lowest selling price. So the quick answer is, if they type in what they're buying it at and the profit is four times what they're buying it at, then that activates the buy for them. You've got to remember, these people are green and they have no idea what they're doing. That is a nice, easy way for them to know, “Okay, I won't get in trouble for this.” And it's a great way for them to bring back and talk through it.

Again, if it's new, it starts with Amazon and then it goes Profit Bandit app, Amazon Price Check, Amazon Seller. I like to use Profit Bandit. If the profit on Profit Bandit is four times the buy

cost, that's their standard. If they're standing at a garage sale or yard sale and they see an eBay item, they open up the eBay app. Go to "Refine," go to "Show more" and click on the "Sold Listings." They are only allowed to buy eBay items that have a ten times multiple. And that has sold for a ten times multiple. Not the bids for currently selling items. That's the baseline, man. That's like, that will take you ninety percent of the way.

Jim: That's exactly what I'm looking for. I think you nailed it almost exactly at two minutes. I wasn't timing you, but that was good. I love the ten times and the four times rule. Although, the ten times rule...that's pretty aggressive! Even if it's eight times, you'll walk away from it?

Brett: This is for the new people to keep everyone safe from getting burned. You can progress eventually to a two to three times multiple. But starting off, people are going to mess up and you don't want them to mess up on expensive stuff.

Jim: Exactly. Is there any bottom dollar limit, like never buy anything under five bucks, even if it meets the ten time rule?

Brett: On eBay, it has to be above twenty, and on Amazon, it has to profit for more than eight. Those are the bottom dollar rules.

Jim: Okay. Now when you say, "twenty," you can spend twenty dollars on the item, or you have to sell it for at least twenty?

Brett: It has to sell for at least twenty.

Jim: Interesting. So you're dealing with some smaller, nickel-and-dime type of items, but at the end of the day, that adds up over time. That's going to be your philosophy.

Brett: Yeah. Remember, all of this is a numbers game for me. It's not a time situation, because I've still got a team. So the ten times rule keeps that safe, because they're only spending two dollars on that item. That means my eBay guy is going to list that within ten minutes and maybe my total amount invested in that process is an extra two to three dollars for the person who bought it and maybe another two dollars for the person who listed it. So that's six bucks for a twenty dollar item. That's how I run the numbers on it. That's why we look at a ten times multiple for people who are first starting.

Jim: Gotcha. That makes a lot of sense. People may be thinking, "Wow, how do you find anything?" That stuff is everywhere.

Brett: Oh yeah!

Jim: I'm envisioning coming back with trunkloads and carloads. That stuff is everywhere, if you just get out and do the work. There's very, very few people – especially with eBay – I said this in the first audio and I'll say it again in this one now: eBay has kind of lost

some of its luster. A lot of sellers have abandoned ship. But a lot of shoppers are still shopping on eBay dot com around the world every single day.

Brett: Oh, it's amazing.

Jim: Tens of millions of people are snatching up stuff every day. So these yard sales – they are being virtually ignored. It used to be, if you went to a yard sale five years ago, ten years ago, you would run into three or four other eBay sellers combing through stuff. Now you could be the only one there all day, all weekend.

Brett: Yep.

Jim: There's just so few people doing it now. But the opportunity is still huge.

Brett: Yeah. And the unfortunate thing is, most of the time, this is what people say, “I'm not going to do eBay, because it's not worth my time.” That's like the worst way to look at something! You want to look at it as, is it a scalable business? Then get good at building a team. If there's money to be made in a business, why would you leave that on the table? Your time should never be the equation for whether it's an actual business or not.

Jim: If it's profitable.

Brett: Right. Exactly.

Jim: Is it profitable or not? And can I build a system to support finding that profit and extracting it from the market? If so, then yes. It's a viable business model. That's exactly what we're talking about doing here.

Again, this is a business that couldn't have been done ten years ago. It wouldn't have made sense. We're pioneers. As so many of the business models that I get into, we're pioneers. You look to the left and right, there's no one else within six states doing what you're doing. It's like it's never been done before. It's because this tool that we have available to us – these power tools that we have available to us – that so few people are using the right way – allow us to have these great businesses.

It wouldn't surprise me a bit, Brett, if you had a team – a hundred people here, a hundred people there and you've got managers and all kind of things. It has that kind of potential to just continue to expand and grow. So maybe someone is saying, “I don't want a team of fifty people or thirty people.” Even if you just had one or two people, everything we're talking about here, with one or two people, we're easily talking about three or four hundred thousand dollars a year with very high profit margins with just you and one or two other people and you're not really working that hard. Just to put some perspective on it. If you work hard, now you've got a million dollar business. If you work really, really hard and you're willing to grow, now you're talking about a multi-million dollar business. We're not talking about chump change for the weekend here, we're talking about...and all you're doing is, you're going to yard sales, you're going to retail stores, you're scanning stuff, you're getting some instincts on what sells and what doesn't.

I know we're seeing it in my business. My mom is excited, we're hiring people, bringing them in. We're out shopping, finding stuff. Every time I go by the office now, we've got stacks of all kinds of cool looking merchandise. I don't like taking the kids over anymore, because every time we go it's like, "Oh look! Fifteen My Little Pony playsets!" "Well, it's for the business." "Can I have one?" "Okay..." It's like pillaging the inventory. There's just so much cool stuff laying around. I just see money. It's profit laying there in front of me. It's just a matter of processing it through.

Brett: Yeah. Just a little confidence booster, I'm scared to death of eBay. I'm not at all an expert in it. I think we talked a little on the last one. Just to put people in motion – you don't have to be the expert. All you have to do is find someone who is. That's it! And you have to be able to build around it. I couldn't even do like eighty percent of what most of your community knows about eBay, Jim. And I'll put to the test that within six months I'll be one of the largest ones in the community, because of the team. Not because I'm awesome, but because the team is awesome.

Jim: Oh yeah. That makes total sense. We covered last call – I don't sell on eBay anymore. I'm still known as "Jim the eBay Guy" and I haven't logged in to my own eBay account in months. But I'm still known as "Jim the eBay Guy." I'm fine with that. Some people have a problem with that. That's just because they don't understand building a business versus working in the business and putting your nose to the grindstone every day. I'm more qualified to teach it because I've actually built a team that runs it for me. Versus someone who has their nose down every day, I can let my team teach you. I've got a community of people who understand these things. I don't need to be the man who knows the answer to every question. That means I'm too busy putting my face in the monitor every day, instead of growing a true business. Hopefully that makes sense to people. If it doesn't, send me an email. I'll talk you into seeing it our way. Because you don't want to spend your life doing fifteen dollar an hour work. You want to spend your life growing businesses and seeing them flourish and grow. So you can launch other businesses. Multiple income streams. That's what it comes down to.

Brett: Right.

Jim: Well, I'm looking at my list of questions here. We've hit some great ones. I have just a couple more and I think we can wrap this thing up. Personal items. If someone brings a bunch of stuff from home, is that handled just the same as anything else? Do you guys do anything with that? I'm thinking that's a good place to start. If a newbie comes in and says, "I brought a bunch of stuff from home."

Brett: Right. Right. Well, there's two ways to do that. One, you can sell it on consignment. Which we've done. You just have to make sure you have good tracking. You'd be surprised, even with three team members who bring stuff in – one will sell right away, one will sell three months from now and one will sell like a year from now. So you've got to make sure you have the tracking set up. That's where we use a Google Doc, "Susie brought in XXX" and you have a sell-through date. It's pretty easy. So you can do it on a consignment model and you

set up some kind of profit sharing. Typically, for me, it's always about that other person. So I don't take any profit from it. I do it for them. I do it as a way to get them excited about being on our team. That's me. You guys can do whatever you want to do.

The other side, which I actually like more now, but it depends on where you are cash-wise. When someone comes to me with that offer, I say, "Great. We'll buy it from you." Typically, we'll do some kind of percentage on top and if it's great inventory, we just buy it. Then they don't ever have to worry about it again.

Jim: Right.

Brett: So those are the two models that we run. If you want to turn it into a learning experience, I'd do the consignment model. If it's more of a money issue – and you have to gauge your team – if that's their biggest concern, maybe their car broke down or something like that. Then buying it from them goes a long ways. So be able to look at your team and say, "What is it that they really want out of this situation?" And then deliver it.

Jim: Fantastic interview, man. There's a lot of different directions we could go. But what I'm trying to do is keep this interview very general. Stuff that's going to apply to everyone. There's going to be specific things to your business that might come up over time.

Brett and I and his team and my team and the community that we are building, we are all here to think through and work through this together. So let us know if you have any questions. One of the things that people might be asking at this point is, "Okay, so where should I source product? How can I source product? Where are the good places to go?" I just want to end this series, this second interview – and I think this is probably all the interviews we're going to do – by saying the Proven Amazon Course and the community behind it is where you want to go. There is a discount link, if you go back to Proven Sourcing dot com, which is where you paid for this interview, there's a discount link there to purchase the Proven Amazon Course. That is a resource of all the best places, all the best systems, all the best ways... Because Brett and I have talked a lot about sourcing inventory locally with a team. That's just one of about a dozen ways to get your hands on incredible inventory.

Brett: That's for sure.

Jim: We've got people going to trade shows. We've got people who stay home and work trade shows. We've got people importing inventory from China. And your team can support all these. This is all training that your team can take as you start to build out your team. That Proven Amazon Course is where those ideas are kind of collected over time from great guys like Brett and others who have creatively found new ways to source inventory. That's one of the things that we're really good at with that course. We could give you a list of ten ways to go source inventory and by the time you hear this interview, maybe a month or two or longer after we've recorded it, there's going to be another three or four great ways to source inventory. There's no shortage of inventory. What there's a shortage of is two things: leaders. More importantly, leaders that know how to build systems.

Brett: Right.

Jim: If I can turn you into a leader that knows how to build systems, you're set. The inventory is everywhere. Within ten miles of where you're standing right now as you're listening to this – unless you're in the middle of the ocean or the middle of the desert – within ten miles of where you are right now, there's millions of dollars of opportunity that you can grab and flip. Would you agree with me, Brett?

Brett: Oh, yeah. I mean, you talk about multiple revenue streams and that is beautiful. The coolest part of it is, eventually you're going to build out multiple sourcing opportunities, which typically leads to multiple streams of revenue. When people come up to me and go, “You can't do this model. All the sources of inventory have been taken.” I literally just kind of laugh and I go, “That's totally not true. There's so much opportunity out there.” Typically, what people have a problem with is they get stuck in a rut. They do just one thing. If you're building a team, that's the beautiful part about it. That's the easiest way - to build out multiple person opportunities. That's why this interview is really important. Really take it to heart. When you build out a team, it gives you more and more opportunity because you're not the main thing anymore. Your time is not your constraint.

Jim: That's beautiful. Great advice. Hopefully, we're giving people a lot of confidence. That's one thing our nation needs, especially in the United States right now, is confident entrepreneurs going out there, building in the face of all the opposition. We're all being told, “No one can find a job! The job prospects are horrible and the future economic situation looks terrible.” And we're sitting here looking out our window, like I say all the time, watching hundred dollar bills blowing around in the wind – frustrated that we can't get other people to see them. It's like it's right there. Look, I'll reach out and I'll grab them.

Brett: Right.

Jim: Boom, I come back. “Look here's a thousand dollars in my hand. You see how easy that was?” They're like, “Oh no. That will never work here. That only works there. It only works where Brett lives and where Jim lives. It doesn't work anywhere else.” Our community is big enough now that I laugh when I hear people talk that way. This works everywhere! I mean, I've got Barrington on an island, literally on a sandy beach island in Jamaica, he's from Jamaica and he's selling product on Amazon all over the globe. There's no warehouse in Jamaica for Amazon! Yet he's one of our big power hitters. I've got story after story after story like that. It takes a little creativity. It takes a little leadership. You've got to be able to build a system and stick with it. Once you get through it, the opportunity is just vast.

Well hey, Brett. You're awesome, dude! Thanks for your time. I think we'll wrap it up here and we'll turn this into a transcript and get it out there and everyone can, for a few bucks, everyone can get their hands on a wealth of information.

We'd love to hear your feedback on what you thought of this course. And like I said, if there's anything else that we can do for you, look up the information on the resource page where you downloaded this interview or where you're listening to it at Proven Sourcing dot com. If you

haven't bought it yet and you're listening to it for free, jump back over, do the right thing and pay for it and then get access to all the resources that were included in this series at Proven Sourcing dot com.

Hey, Brett. Thanks, man. It's been great. We'll probably do this a year from now. Who knows how huge things will be? We'll probably do this again and get everybody up to date on where we're at.

Brett: Awesome, man. Sounds good.

Jim: All right, Brett. Thanks, buddy. We'll talk to you soon.

Brett: See ya.