



SPI 270

What You Need to Know Before You “Get Physical” with Richie Norton

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Pat: This is the Smart Passive Income Podcast with Pat Flynn, session number 270. Let's get ready to rumble. Let's go, let's do it.

Announcer: Welcome to the Smart Passive Income podcast, where it's all about working hard now so you can sit back and reap the benefits later. And now your host . . . during college, his miracle morning was simply waking up to see the morning . . . Pat Flynn!

Pat: Yo, what's up everybody? Thank you so much for joining me in this session of the Smart Passive Income Podcast. I'm really thankful you're here today, and it's going to be a really interesting episode because we're going to dive into the world of manufacturing and getting things sourced, and getting prototypes and working with people in other countries to get those things done and shipping across the ocean, and all these kinds of things related to getting your physical products done. So if you're doing any sort of eCommerce, or if you're planning on doing any eCommerce or selling through Amazon FBA, or for example, doing a Kickstarter campaign for some physical product idea that you have, well, you're going to get the ins and outs of that situation with a good friend of mine, Richie Norton, who was introduced to me by a good friend of ours, John Lee Dumas from EntrepreneurOnFire. Richie and John worked together to launch and produce what's become a very popular journal now, kind of a workbook, called The Freedom Journal. You may have also heard of The Mastery Journal, which John also published. Richie was a major component of that situation and John's success.

So I've invited Richie on today to talk about this whole process of everything from manufacturing and shipping and ideation. It's just such an interesting conversation, so whether you plan on doing physical products or not . . . I'm actually undergoing an experiment myself right now with physical products, You'll hear more about that in a little bit . . . But whether you're involved or going to be involved in that industry or not, it's just really interesting to learn how this all works and what can be done and what's possible. It's going to open your eyes to certain things that you might be seeing every single day, so let's not wait any longer. This is Richie Norton

from Proud.com. That's like "proud" and "product" together. Proud.com. And also the author of a book that I love, it's called The Power of Starting Something Stupid, and we'll talk about why that's the name and what it means at the end of the show. But here we go, here's Richie Norton.

Richie: What up? So excited to be here. Thanks man, I'm really excited. Grateful to be here, Pat. You're the man.

Pat: Oh no dude, you're the man. You've already helped me quite a bit. I'm so excited to dive into a number of different things today. As many people know who are listening to the show right now, this is "physical product month," if you will, on SPI, and you've helped me a lot already with my approach to my physical product experiment, and we'll get into that a little bit later. But first of all, you also wrote this amazing book that's getting rave reviews. It's called The Power of Starting Something Stupid, and I also want to dive into that as well. But before all this, I just want to say first of all again, thank you, and tell us how you got to where you're at. Tell us your one- or two-minute origin story. Where did Richie Norton come from, and how did you become an expert on all this stuff?

Richie: Well I'm the stupidest one of all, that's for sure. The start of it all is when I was a kid, I asked my dad, "Hey dad, I want to get a job. What should I do?" It's the worst thing a dad could say, but maybe the best thing. He's like, "You don't want a job." I'm 16 years old and my dad is telling me not to get a job. I'm like, "What's wrong with you, dad? I want to make money." Dads aren't supposed to say that. He said, "No, if you work all summer with minimum wage, whatever, you're not going to make any money." I'm from San Diego, he says, "Go to El Centro, buy watermelons from the watermelon patch that are irregular sized because they can't sell them to the grocery stores." I'm like, "Okay," and I take out the seats in our minivan and we fill it up, me and my brother, fill it up with watermelons to the point where the car's like a full on low-rider. I sell them on the fourth of July and make more money in one day than I would've made the whole summer.

So when I realized I didn't have to trade my time for money, everything changed. Since then, my first business, I was in college. I met this family from Mongolia I know, and I got my start in real business in outer Mongolia. Started a cashmere company there, started getting involved more with stuff in China, and then as things go and the internet becomes more popular, I started getting into books, online courses, training, speaking, in addition to the physical product stuff that I do.

Pat: And how long have you been doing this for, the online stuff?

Richie: Probably about 10 years, more or less.

Pat: The way that Richie and I got connected was actually through a mutual friend of ours, John Lee Dumas, who you all know. John spoke very highly of Richie and I connected with him after that because Richie, you help John with some of his stuff. You want to talk a little bit about what you had done for him?

Richie: Yeah, so podcasting . . . Just to be clear, I don't have my own podcast yet. I'm going to do it one of these days, but I'm on a lot of podcasts and it's changed everything because it's a great way to reach people with a great message, and it's mutually beneficial for the listeners. So when John had me on his podcast, basically what happened is a listener of his and a reader of mine introduced us. So I got on his podcast, and at the end he asked something like, "What fires you up? What's your next big thing?" And I'm like, "Well I have this company called Proudct where we help entrepreneurs source things from China because Alibaba's not necessarily the best way to go." We can get into that later. He's like, "Really? I want to talk to you more about that."

So I'm like, cool. He tells me about his idea for The Freedom Journal, I explain to him how easy and or difficult it's going to be, and I met with him in San Diego, and we went from there. So we helped him. He wrote the book, he did everything, he's amazing, and we basically put the whole package together in China. Everything from having them physically make it, ship it, re-

organize stuff, orchestrating the warehousing, and the warehousing ultimately does the fulfillment. So we helped him orchestrate that part of it while he went off and did that amazing Kickstarter that did \$453,000 in 33 days, and then he went on and did The Mastery Journal which is crushing it too, and the rest is history.

Pat: Yes, absolutely. And so the company, your company's name is Proudct, like "prouduct," right?

Richie: Yeah, like what are you saying? Is that some kind of random accent that you have? And I'm like, no. It's product, it's proud. Products you're proud of: Proudct. It just so happened that domain was available, and I'm like, score. So Proudct.com. Proud-U-C-T.com.

Pat: I love it. I love it too because you want to make a product that you can be proud of, and the more proud you are of it, the more likely it is that you're going to succeed with it. That's just common business mindset as you go into it. So speaking of that, I want to talk about physical products. You've helped JLD; you've helped me a little bit as well with some consultation and connecting me with the right people. At the time of this recording, I'm still right in the thick of it. Actually Richie, I don't know if you even know, but I have now collected a number of beta users who are going to be starting to use prototype versions of our calendar project, and then it's going to move into more of the . . . Then, we're going to design it out and stuff.

Richie: I love it. I think I saw something on your Instagram stories, a picture or a little video of something, and I was like, "Whoa, he's making something happen." So that's cool.

Pat: I know a lot of people, they either have a business online already which is doing fantastic, and they're doing courses and stuff. Other people, they want to start a business, but it makes sense for the solutions they want to build to build a physical product. So the first question I want to ask you is, what are the things that somebody needs to really consider before even making this decision to go into the physical product world? Because to me, it's not as easy as just, "Okay, I'm going to sign up for Teachable or something and set up

an online course and then drive people into that.” There’s a lot more to it. Give us the rundown on what we need to know before we get into this.

Richie: Okay, I’m going to cut through all the fat and just tell you exactly. First I’ll say what not to do and then what to do.

Pat: Thank you.

Richie: What not to do is to think that you have to do and be everything. Because if you’re like, I’m just going to say a widget, “I want to sell a physical widget,” well what many people think is, “Now I have to learn how to make a prototype, then I have to learn how to manufacture it, then I have to learn how to ship it, warehouse it, deliver it.” And what ends up happening is that process could cost them millions of dollars. For example, this isn’t a manufacturing thing, but it is a physical product: Somebody contacted me, they inherited some money, and they wanted to sell organic chocolate, and I’m like, cool.

And their first thing was, “I’m going to spend a million dollars on a building.” And I’m like, “No! Just look at private label chocolate bars, and let’s have these done tomorrow. Go start selling, brother.” So you don’t have to do everything. There are people who are experts. You have to be the master at orchestrating the whole thing, having the idea that is something that’s sellable. Make it consumable to the person that you’re trying to sell it to. Okay, that said, you don’t have to be everything because what happens is when you realize you have to be everything and or it costs tons of money and time, you just end up doing nothing.

Pat: Exactly.

Richie: It’s too big. “I will do it when I retire and I have a million dollars.” Yeah right. You’re never going to do it. So for the action-takers that want to do stuff right now, here’s what you do. Honestly, I’m going to try to make this so simple. If you have an idea for a physical product, obviously Google it, and if possible, find it or something similar to it

on Amazon. Find it, and you're not going to copy them, you're not going to steal it, but you want to see what it looks like and how much they're selling it for because that's kind of the benchmark. Now, you can decide if you're going to price it higher, lower. That's another whole story, but you kind of not want to know where it's at. So if they're pricing this thing at, say, 30 bucks, well you have to assume there's all these fees in the middle. How much did they make this thing for? Did they make it for \$1, \$5, \$10? And then you can work backwards. So if you were do it completely on your own, I know I'm kind of hard on Alibaba, but you could start there or GlobalSources, and there's other websites too. But you go find this thing. There is somebody making that thing, and they're out there.

Pat: Mean like, somebody's creating that thing, manufacturing it?

Richie: Someone in China. I mean, 99.5% of the time, it is made in China. If it's clothing, maybe it could be somewhere else, but usually the stuff is China. Not always, but a lot of the times.

Pat: And you would go to Alibaba or that other one you mentioned and literally do searches there?

Richie: Alibaba.com. Again, this is for doing it on your own, not using a service like Prouduct. Alibaba.com or globalsources.com. Those are my go-to websites. And you'd go there, and I'd type in "fly fishing rod."

Pat: Nice. You've read my stuff, yes.

Richie: There you go. We actually have a fly fishing company, by the way. I should show you it sometime. Anyway, so you figure this out and you're like, "Whoa. There's all this stuff people are making." And you know what? They might, but they're probably not going to tell you the brands that are using it. But I'll tell you this: I've been into a fly fishing rod manufacturing place in the boonies in China. Like, boonies, boonies, boonies. And I've also been where they make the reels and all that good stuff. And I'm like, "Hey, is there somewhere we can go test these out?" And they said, "No, there's no rivers

here. There's nowhere to go." I'm like, "Wait, how do you know these things work?" And they said, "We don't. We have no idea. We just make what you guys tell us to make." And I'm like, "Oh. That makes sense."

So in that sense, you have to understand when you go to somewhere like China, if you tell them to make it wrong, they will make it wrong because they don't know nor do they care. They want to make it right for you. That's where it gets tricky because you might not know the thickness of the material that's being used. That's why I say start on Amazon because on Amazon, with a link, it might tell you exactly what it's made out of, or close to it, so you now have a starting point. And if they don't tell you exactly what it's made of, you can literally send that link to someone that's going to make it for you, and they're so smart. We were at one factory, and we're making skateboard helmets. They looked at the plastic of a helmet. We said, "We want it like this." And she puts her fingers on it, and she says a number and a letter, like, "What? What does that mean?" And she says, "Oh, that's the name of this type of plastic." She knew the number and letter of the material just by touching it. They're experts.

You want to get close to it, so you send China the link of what you want. You're not going to copy it, you're not going to steal it. We're not going there. But it's a starting point, and they can look at it and they can go, "Oh yeah, we already make that one." Or they'll say, "Yeah, we can make that." And at that point, that's where it starts getting tricky because here's what you don't understand. Maybe you do, but a lot of people don't. When you contact someone, in America, it's like "Yeah, here's you're quote, you're done," and whatever. In China, they're not just getting hit up by Americans. They're getting hit up by every single country in the world every day. And they don't know if you're real, they don't know if you're a competitor, they don't know if you're trying to get a free sample, which happens every single day to them. They don't know.

So they're going to start throwing out some crazy numbers to see if you know what you're talking about. So they might say, "This reel is

30 bucks,” and if you say yes, they know that you’re an idiot. It’s still a good deal to you, but they’re going to take you, they’re going to take you for everything.

Pat: They’re testing you, yeah.

Richie: I’m telling you this fishing story because this actually happened. I’m looking at a reel, and there’s no brand on it. I’m like, “This thing look really expensive,” but they were selling this thing to me for like 10 bucks. Not a joke, and so I go on to Amazon right there in China. They call it “Yamazon,” or they say it differently. But I go on to it, and someone’s selling it on Amazon and on eBay for \$300. And I’m like . . . ? But it had the brand on it. It’s the exact same one, and I realized the brand is what’s selling this. On the same search, I’m looking at another reel that’s the same reel with no brand on it, and it’s like 50 bucks. And the comments on it are, “This one’s fake, don’t buy it.” And I’m like, “Actually, it’s the same freaking thing.”

Pat: It’s the same exact reel.

Richie: So these are tips and tricks. That’s kind of where you start, but at some point you gotta know, what’s your quantity? When do you need it by? How much does the shipping cost? Because the numbers will change. If you want to buy 100, they probably won’t even talk to you. Maybe they will, but they have their own opportunity cost. If they have to shut down their line to make your thing for only 100, the real costs are in getting it started to get going. It’s not in just shooting off another hundred, because yours is unique. So they want to do bulk.

Whether you’re doing a small amount or a large amount, that’s where the negotiations come into play, and that’s why Prouduts . . . Anybody can find anything online, great. Prouduts is a connoisseur service, so we’re like, “Hey, we have people who speak Chinese, we go to China, we know what we’re talking about.” And when you go to Alibaba, you’re probably not talking to the manufacturer anyways because the only one that speaks English there probably is either the owner who’s not there, or the college girl intern that

just learned English and has no idea what's going on and has to ask her boss anyways.

So we come in and we're like, "Hey, we know the game. We're going to negotiate this." They respect us, we respect them. It's all about that thing, relationships, and at the end of the day, with us you get the best deal possible, even better than what you would've got on your own. But if you want to do it . . . Really, the little plug for myself, but when you go do it on your own, that would be the process. Kind of go back and forth, make sure it's real, get a sample, test it, and then go to town negotiating to order as many as you want.

Pat: Okay, let's go back to that reel. Not real, r-e-e-l. Well, it is a real example, but it's also a reel example. The one that you found on Amazon for 300 and then also the same one for 50 because it was not branded.

Richie: That's a real story, man. I was like, it was insane. Okay, keep going.

Pat: If I find that, is that a sign that that's a good opportunity because it's only being sold for 10? You had mentioned, yeah, you're not stealing or anything, which you're not because you're just pulling from the same manufacturer, but there's this big brand there that you said was already selling it for 300. Why even go down that route in the first place, or can you change it? Or . . . you go.

Richie: So let's talk about this for a second. People who are hearing this are probably super confused right now because was it a knock off, was it not? What is it? So be careful, but one thing: Patents in America are only good in America. Your patent is for America, not the whole world, so recognize that. But once you take something from another country and bring it into America where there is a patent or a copyright or whatever it might be, now you might be infringing. So there's that. Second thing is that's kind of a myth is that China's just knocking everybody off. It's not true. It's your neighbor who sees your cool thing, calls up China, and says, "My neighbor is making this, I want you to make it too." China, they don't care. They're just going to make you want you want. It's your neighbor that rips you off.

I'm not going to say that there aren't knock offs out there, there are, and it's usually for really huge brand name things. But for stuff that you and I might be creating, if someone's going to rip it off, it's going to be your neighbor, and they're going to ask China to make it. So there's that. In this example, that reel was made by the manufacturer. They own the rights to it, and then a brand went there and said, "We like that one. Will you put our logo on it?" "Yeah, that's why we made it." And so in that case, unless they get some kind of exclusive agreement, the manufacturer can sell that same reel to everyone, and now it's the brand game, and that's that. Now if you were to go and say if that reel was proprietary in some way, like it's unique to them, a really good manufacturer wouldn't have even shown it to me and it would be in the back. You wouldn't see what's called a mold, like how they actually create it.

None of that would be happening, so that's where you have to be careful, too, is sometimes there's manufacturers that don't care. But the good ones, you would never see that. So at the end of the day, yes. Great deal. Buy that thing for \$10 every day, sell it for 30, 40, 50, or whatever you want, and let people know. You could literally say, "Guys, this is the same thing that brand is doing." Now I don't know if you want to play that game or not, but you could say, "This is not some kind of cheap knock off. You can compare this, test it, 30 day money back guarantee." All the stuff you normally do to sell it, but yeah. That's a fantastic deal.

Pat: Could you take something like that and say, "Hey, you know what? I really like this reel. Obviously this big brand is using it. I would like to see an extra gear in there, or an additional extra space to do something with."

Richie: 100%. So that's why I'm saying go to Amazon because you go there and you go, "I like this, but I want it to have this material, these colors, I want this added on." I am not a lawyer. I am not going to pretend like I know anything about every industry, but there is a percentage. It might be 20%, more or less. It depends that if something's different . . . I'm not a legal person, but at a certain point, if yours is different enough from something that's original,

it's not infringing on anything because it's different. So there's that. Talk to your advisor about that, but in the meantime, 100%. Find something, tell them you want it this much different, and go to town. That's what people do all day long.

Pat: Okay, and maybe you don't start on Amazon, maybe you have an idea for a physical product, similar to my calendar idea, which was initially, Richie, was just going to be a calendar only. Now it's a calendar/a workbook for specific goals, which is really cool. Everybody's really excited about it, but initially we had talked about just the calendar. I had presented the idea of the calendar to you, I wanted some really interesting, fun ways to keep track of certain things that you were doing, different projects all at the same time, and different ways to show that on the calendar. So this isn't something that anybody's every created, so if you're coming up with something like that, you can't go to a manufacturer because that doesn't exist yet. In that realm, how do you start?

Richie: Couple things. You're right, you can't just go to someone and say, "Make this for me." Unless somehow, miraculously, this manufacturer has an engineer on board. That's a whole separate thing, and that's a nightmare to work. It could work out, so let's just say there's a possibility that could happen.

Pat: Meaning they have their own engineers that could take your idea and do it for you, that's a possibility?

Richie: It's possible.

Pat: But rare.

Richie: But rare, especially because it's really hard because even with all of our expertise, I will be completely honest: An email or a phone call doesn't always translate perfectly from English to Chinese. So at some point, you have to get it back and go back and forth. That's just part of it. Now, so let's say you're in wherever your country you're from. We're in America, so fortunately we have an engineer or multiple engineers on hand, but . . . I'm trying to think because

you, you're cool. You're like an architect guy, you can draw stuff, you can do things. But I want to say this to the person who has no idea what to do. Of course you can start with Google, but at some point you have to somehow get the idea out of your head and on to paper, whether it's a drawing or writing it down. That's the first step. The second step is to talk to someone that could possibly either make it or point you in the right direction, which is what you did. When we first talked, I'm like, "You didn't know if I could make it or not, I didn't know either." But once we started talking, I'm like, "Oh, I have this guy I think that could do this."

And so at that point, it's really hard because what's it made out of, and so it depends. But if it's a piece of clothing or fabric, I promise you there is someone, even a freelancer online on Upwork or wherever, that will make you that thing. Elance, Guru.com, all those awesome freelancer websites, all that stuff. There is someone who is an expert at this and will make it for you for a decent price, even if it's a 3D molding model thing or whatever, it can happen. I don't know how much it's going to cost because it depends on what the heck you're doing, but then once it's done and you have that physical thing in your hand . . .

Pat: This is the prototype essentially.

Richie: It's the prototype, and you're looking at it and you're like, "This is not what I thought it would be," or "This is awesome," or "Let's change it." And so once you get that right and then you want to scale, you should start try and get quotes locally because then you don't have those shipping costs and things like that. I'll tell you this: I tried to get quotes. And people who have tried to unfortunately knock off what John Lee Dumas is doing, his book, because it's this faux leather, super fancy, it's expensive. I've tried to get quotes in America, I just tried, just to see. And I can't tell you his cost, but I will tell you that I have heard people tell me in America, "We cannot make this; it's too custom."

And I have had other people who have called me and said, "Sorry Richie, I tried to knock off what John was doing. They told me it

would be \$80 a book.” This is not a joke, and I’m like, “What up?” So sometimes it makes sense to go overseas, let’s just be honest. And so at that point when you want to scale, you can send that prototype to them and they can reverse engineer it. They are magic, they are so good at copying and doing exactly what you want them to do. Trying to get them to understand what you want from your head is almost impossible. Once they have it, game over. So get it right, then send it to where you’re going to have it made to scale.

Pat:

Yeah, in my calendar project before the workbook part of it came into play, I had a chat with you and I had a chat with an engineer friend that you pointed me to, and we had an hour long phone call about what this thing was going to be like and how it was going to work, and we came to a conclusion to test our first prototype run, and this person 3D printed some of it and manufactured one version of it. It was on wood, and it had plastic parts and all these pieces into it, and it worked the way I had described it. But then when I was actually playing with it, I was like, this is going to be cumbersome and there’s so many pieces here. It just doesn’t make sense.

Because what I wanted to happen was have specific colors that you could pick out that were clear that you can put on top of a specific date, so you could still see what it was, but you can start to color match what’s happening and when, and it was a really cool idea in my head, but then when I saw it being played out and I had this baggie of all these different pieces, I’m like, “This is just LEGO.” When you have a meeting, people are just going to lose these things or step on them, or maybe kids will choke on them or something, so I went back. I needed that prototype, though, in order to make those decisions, and it was super handy and I learned a lot, and that’s the whole purpose of a prototype. But if I get to the point where okay it’s ready to go, then I call or find somebody in China, if locally doesn’t make sense, to just send it to them? Is that safe, sending a prototype, the only one you have, and then . . .?

Richie:

I would start with pictures, of course. Pictures, pictures, pictures. If they require the actual prototype, it would behoove you to make a

second one. And hopefully the second one is less expensive than the first. You never know. It again depends because it might have been done at cost, it might be done as a favor, but supposedly the second one will have less time put into it because it's already there. The first one . . .

Pat: Coming up with as you go, kind of.

Richie: It's a lot of work to draw it and then put it in the CAD design or whatever. It's work, but once it's done, it's done, and you can print it again, which is whatever. But whether it's safe to send your second prototype to China or not is obviously debatable because you're like, will they rip it off, will they do this? And I will say you will see more and more. It's actually happening and you don't realize this. China, because the internet is getting . . . They're saying, "Why do we even need someone telling us what to make and then we sell it to them at wholesale or manufacturer's cost?" Not even wholesale, and then they resell it. A lot of them are saying, "Screw it, I'm going to put my own brand on this." And they're hiring companies to brand them to whatever country they want to sell in, and you don't even know you're just buying stuff straight from the manufacturer. You don't even know. It's happening all day long on Amazon, especially if you get something in the mail from Asia, then you know that's happening a lot of times.

Pat: So in terms of finding a supplier, manufacturer, would it be best to, say, start with your network if you have somebody who can let you know?

Richie: For sure, and then know this. I mean, this is my personal opinion. First of all, piracy is better than obscurity.

Pat: What do you mean by that?

Richie: If you're afraid someone is going to rip you off, and so instead you do nothing and don't show it to anyone, you have nothing anyways. It's better to take the risk that someone's going to steal your stuff, in my opinion, because in reality they're probably not going to steal it

or rip you off. But it is better to try and have someone rip it off than not try at all. At least in my personal opinion.

Pat: No, I agree with that. This is what I talk about in my book Will It Fly? When you have an idea, share it with people because the feedback you get from people is much more valuable than the con side of it which is maybe somebody could take that idea, but you're the one that's driven to do it, so do it anyway.

Richie: And so if you were to send it to China and your fear was they're going to steal it and rip it off, I guess it's a possibility, but it's very low because especially if it's a new product, they don't want to rip anything off that doesn't already have a market. They're ripping off something they know already sells. It's probably not going to happen, so you should feel okay making this thing, sending it over there, taking that risk, and doing whatever you can to make it happen, being the first to market or maybe second. Whatever you gotta do to get this thing done is way more important than the fear of everyone ripping you off. Because yeah dude, even if your neighbor did pick it up and change it 20% and do their thing, that could happen anywhere, anytime. I mean, it happens everyday, so it's just part of the world and unfortunately that's the way it is, but if you're going to play the game, you gotta play the game.

Pat: Okay, so I have it over in China, they're reverse engineering it, and they're like, "Yeah, we could do it for this dollar amount." You could place a large order for it. I imagine that the moment before you place that large order, there is a lot of things coming across your mind in terms of is this the right thing to do, is this the right price, is this even going to work? Is there anything that you could say to help a person validate that idea or put their mind at ease?

Richie: Sure. It's terrifying, but if we were to back up, like way up, and you probably teach this every day, but I personally . . . and what I ask my clients to do is start with a survey or something. Ask people what they want, and give them what they want. And that's where the prototype comes in. If you can't communicate to someone what it is and how it will help them, that's where this whole Kickstarter

thing comes in, or whatever you want to do. You show people it and you can have people . . . The best way to do it is to pre-sell. What if you're not putting all this money down and hoping people buy it, what if you're literally putting other people's money down that pre-paid for it? That's the best thing in the world. So yeah, validating it, knowing it's going to sell, is critical. Especially to someone who's not just throwing things out and seeing what sticks. Someone who's being really intentional about what they're doing, you should've done your market research even before you made this thing.

Pat: Right, right. Of course. We probably should have talked about that earlier, but we're good.

Richie: That's good, that's a good point.

Pat: Okay, so I'm going to order 1000 of these widgets and then place that order. What happens next? I imagine there's obviously some lag time to wait for that. Do they give you a couple to ensure that yeah, this is the way it's supposed to go, or where do we go from there?

Richie: So I'm going to tell you all the secrets. So what happens is before you make it, please, even if you have to pay for shipping or pay for another sample, even if the sample's super expensive because they have to shut down the whole line and make one, get the sample in your hand. Make sure it's what you want. Because if it comes back different, you're going to be mad and they're going to say, "That's what you told me to make." And it will be true.

Pat: Befre you make, like, 1000 of them.

Richie: Yeah, so make sure it's right. Then once you're past that point, this is what will happen. These are the parts . . . well, I'll say most of the parts. There's probably a few things in between, but I'll try to get them all in there. So, it's like this. They make it. The making, depending on what it is, could take 20 to 30 days, more or less depending on the volume, how many, where they are, where you are in their queue of when they can make it, all that kind of stuff. So let's say there's a month there, more or less. Then let's say it goes to shipping. So they will take a truck and move it from their

warehouse to a port, and then it will get on a boat or an airplane depending on how you ship it, and if it's on a boat from China, it's going to take four to six weeks. It just will. And so you need to plan for that. If it's on an airplane, it can be there in maybe three days.

Pat: But you'll pay for it.

Richie: But you'll pay for it, that's true. So there's that. And then it comes on the boat and it'll get to LA or wherever, and it's going to go to customs. Sometimes depending what it is, there's some insurance that's involved, there's taxes involved, whatever customs do, so there's that piece. Then once it gets to its customs, then it's going to go to wherever you want them to put it. If it's going across the country, they'll probably put it on a train. We have people using FBA fulfilled by Amazon, so we have stuff getting on a truck to a warehouse, and usually the warehouse we use are what are called third-party logistics companies, 3PL's, so you don't have to have your own building. You just pay, basically, per pallet size. And then they will also ship it for you. So if someone buys it, they will mail it for you to them. They have bulk discounts because they mail so much stuff out on shipping fulfillment.

So anyways, we'll have a truck go to a warehouse in LA or whatever, and then we'll have a train and or a big truck going to different locations around the country, all the way to the east coast, whatever. This is big stuff. Or it's just going to your garage. At that point, it's all on you. You have it in your house, and if you want your life to be, "I'm going to the mailbox every day," or you're going to hire someone to go to the mailbox for you every day, the post office, that's up to you. But you gotta start somewhere, and at some point you're going to realize that going to the post office every day is horrible, and you're going to move it to a warehouse or hire someone to do that part for you. But those are the pieces.

Pat: Yeah, no that really helps frame all the different things that need to happen and space requirements. Amazon FBA, there's fees involved, but I can definitely see that being worth it for many different products, for sure. One last thing because we've talked about a lot of this already, but let's say it's selling, and it's going

very well, and at some point you're going to run out. Let's talk about getting more of that product. Are there any things to worry about, is there a certain point at which you should start thing about that, like 50% inventory? Even my friends who do some of this stuff, they say that the manufacturers just can't make them anymore because of this reason or that reason, or it's delayed.

Richie: That's true too.

Pat: So all these kinds of things.

Richie: Okay, so about that, just so people understand: Things just don't happen. There really is a person, an individual. It's not just a machine; there is an individual. Like for fly fishing rods, I saw a person sitting there with a paintbrush. This is not a joke. The pole, the rod, is spinning and the person sitting with a paintbrush while the rod spins to put that little line around. These are people, so sometimes supplies run out, sometimes the price of materials goes up, kind of like the stock market. Every day, materials change prices. It's crazy stuff, but long story short, assuming that everything's fine, when you do another order, you don't have to go through that whole process of how to make it. It's just a matter of okay, now make it. We already have the price, we already have this. There's more to it than that, especially with the shipping, logistics, and fulfillment, but still. You gotta watch how fast your inventory is turning. If the turnover is super fast, and you know it's going to take 30 days to make it and six weeks to get to you plus the three or four days it takes to deliver it to the person from your garage to their house, we're talking two or three months out.

There may be a point where you're like, "I need a quick order, hurry, just rush it to me. Just make a few. It's going to be super expensive, but it's okay, put it on an airplane." That might happen. But if you're a planning person, well yeah. You gotta see how fast you're turning over and just plan ahead. Like for John, he is the most, just like you, transparent person in the world. So we first did his first order of his Freedom Journals, and he's like, "Oh, crap. These are selling like crazy. I need more." And we're like, "Yeah, you do." And actually, we had already made more than he intended in the first place because

we said, “Look man, you’re a cool guy. You’re going to sell a lot of these. The shipping is going to be kind of the same price, so it’s going to be almost like twice the shipping. You might as well make more now.” But then it did even better than we expected, and we had to do it again. So there’s a lot to it and you have to understand how fast it’s turning over.

One more example. We have a lady making . . . She was on John’s podcast too. Her name’s Mihoko. She’s making these hair things for girls. She’s crushing it, selling tons of these things. She’s running out of them really fast. “What do I do, what do I do?” And so we talk to a manufacturer. At this point, we’re negotiating with them saying, “Can you just hold off on other people’s stuff and do ours, please?” And so there is some negotiating on time, and actually you can negotiate on time too, on pricing. So you go, “Hey, if you can take longer to do it, can I pay you less?” There’s all kinds of tips and tricks there, too.

Pat: It sounds like there’s a lot involved, obviously, and this is why services like yours exist. An amazing one that can help take care of a lot of these things.

Richie: It’s all the stuff no one wants to do. It’s like, “I just want to sell something. Why do I have to do all this other . . . ?” That’s where we come in.

Pat: Proudct, P-R-O-U-D-U-C-T.com. Is that right?

Richie: That’s right.

Pat: Is where you should guys go if you want to check out that, and Richie do you have a blog or a website where people can go to to find out more about you?

Richie: Sure, so just me. RichieNorton.com. R-I-C-H-I-E, and I have something called the 76-Day Challenge. I have a son; he passed away. He was only 76 days old, and so I try to plan my projects around that time period. I’m like, “You know, he only lived that long. What could I do in that time period?” And I realize it’s almost three

months, I can do anything in that time period. So I put this hold you by the hand thing, like here's an idea, here's the next step, and I hold you accountable to get it done in that time period. So there's that, it's a freebie. RichieNorton.com/76daychallenge, and yeah man, Google me, whatever. I got all kinds of good stuff for you. 99% of the stuff's free. I'm like Santa Claus or something.

Pat: You're awesome, man. Thank you for that. I'll make sure to put the link in the show notes for everybody. Last thing, your book, which was actually published in 2013 but still getting a lot of great rave reviews. It's called *The Power of Starting Something Stupid*. What do you mean by that, and why should we start stuff that's stupid?

Richie: Well, I started doing a bunch of research on what makes people successful, just like a lot of people do, and I realized it was obvious that people who are successful in one way or another, however you define it, start things. And then I created an acronym for the word "START," which is serve, thank, ask, receive, and trust. I found that everyone from activists to hardcore business people, they start with service. They thank people they're working with, and they earn the right to ask for something in a way that matches their mission with their mission. Then they receive the opportunity to take it to the next step, then they trust the process.

That was the idea, but what was interesting was the people I was researching, they didn't just start something. They started something that someone once called stupid or crazy. "You can't do this," or "It should be for somebody else." And once I saw that angle, everything changes. I started diving into the history of people that started things that were successful to see were they called stupid, did they think they were crazy, was it this? And it was, overwhelmingly, yes. How many times have you thought of something and go, "This is a stupid idea," but you do it anyways and it turns out to be the smartest thing you ever did? It's not always that way, but even starting your podcast back in the day when you first did the first one, someone's like, "You think you're going to make money doing this thing?" I don't really know, but it's that way all the time and so I try to inspire people with those stories but then make it actionable and say if you have a stupid idea or you want one,

here's how to get it so you can live a life without regret, and here's how to do it. So we teach people how people have done it before and how you can do it, too.

Pat: That's sweet. Thanks for that, and I'll put the link in the show notes for *The Power of Starting Something Stupid* by Richie Norton. Richie, thank you for coming on and inspiring us and giving us the lowdown on how this all works.

Richie: I love you so much, thanks brother. That was really fun, really cool. Thank you.

Pat: We'll follow up, I'll keep you up to date on all the calendar stuff and everybody else listening too, we'll keep you up to date as well. Thanks, Richie.

Richie: Thank you brother, appreciate it.

Pat: All right, I hope you enjoyed that interview with Richie Norton, again from prouduct.com. That's P-R-O-U-D-U-C-T.com, and also the author of *The Power of Starting Something Stupid*. A lot of people when I started this podcast, they thought I was stupid, they thought the way that I was going to do it was stupid, having these random fun facts about me at the beginning of every episode. But you know what? Turned out to be an amazing thing, and I think we all have to get through starting something that may seem stupid in order to get to the great stuff. So keep starting stupid stuff guys. Keep doing it. Again, thank you Richie for coming on the show. If you want to get all the links and the resources mentioned in this episode, head on over to the blog. Come on over: Smartpassiveincome.com/session270 is where you go.

Then finally as a reminder, hey guys, find me on Facebook right now. Go to Facebook.com/smartpassiveincome. Join me there because I'll be doing a lot more live streams. I'm going to be doing AskPat Live, where you can ask me a question and interact with me every single Friday, 1:30 pm Pacific. Again, that's Facebook.com/smartpassiveincome, plus many other live streams ready to help you with whatever you need help with. I appreciate you guys so



much. Thanks for taking the time out of your day to spend it with me, and if you have a moment, head on over to iTunes and leave a review. I'd be very, very thankful for you if you did that. Keep crushing it guys, take care. See you in the next episode. Bye.

Announcer: Thanks for listening to the Smart Passive Income podcast at www.smartpassiveincome.com.



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- RESOURCES:
- [Prouduct](#)
 - [RichieNorton.com](#)
 - [*The Power of Starting Something Stupid*](#)
 - [*The Freedom Journal*](#)
 - [*The Mastery Journal*](#)
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